



**GBST**

**ANNUAL  
REPORT  
2015**



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

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

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**GBST Holdings Limited (GBST) will hold its Annual General Meeting at 3.30pm (Brisbane Time) on Thursday 15 October 2015 at McCullough Robertson, Level 11 Central Plaza Two, 66 Eagle Street, Brisbane.**

# THE YEAR IN REVIEW

Continued

# STRONG

international growth

Revenue up 16% to

# \$114.3 million

NPAT up

# 52%

 to \$15.3 million

Cash EPS up

# 35%

International sales now

# 55%

 of total

## Group Total Revenue

2015 **\$114.3m**

2014 **\$98.5m**

2013 **\$83.0m**

2012 **\$77.0m**

2011 **\$67.5m**

## EBITDA

2015 **\$24.5m**

2014 **\$20.5m**

2013 **\$16.5m**

2012 **\$14.2m**

2011 **\$13.7m**

## Cash EPS

2015 **28.9c**

2014 **21.5c**

2013 **16.5c**

2012 **13.8c**

2011 **11.6c**

## Dividends

2015 **10.5c**

2014 **8.5c**

2013 **6.5c**

2012 **5.0c**

2011 **4.0c**

# GBST SNAPSHOT

Established  
**1983**

ASX listed  
**2005**

About  
**600** employees

More than  
**60** clients worldwide



Flagship products:  
**GBST Syn~, GBST Shares**

Focus:  
**Client accounting and securities transaction processing**

Customers in:  
**Australia, Asia, Europe, North America**

Flagship product:  
**GBST Composer**

Focus:  
**Wealth administration and registry**

Customers in:  
**Australia, Asia, New Zealand, United Kingdom**



# CHAIRMAN'S & MANAGING DIRECTOR'S REPORT



**John Puttick**  
Chairman



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

**"WE ARE PLEASED TO REPORT ANOTHER YEAR OF STRONG PERFORMANCE. THIS REFLECTS THE RETURN OF MANY YEARS OF INVESTMENT IN OUR BUSINESS WHICH HAS ENABLED GBST TO EXPAND ITS OPERATIONS AROUND THE WORLD."**



Dear fellow shareholders,

We are pleased to report another year of strong performance. This reflects the return of many years of investment in our business which has enabled GBST to expand its operations around the world. FY2015 was the first year that international

sales exceeded Australian sales, demonstrating the continued success of our global growth strategy.

GBST is a financial services technology leader. Through our flagship software products GBST Composer for wealth management and GBST Shares and GBST Syn~ for capital markets, we enable some of the world's leading institutional banks, stockbrokers and wealth managers to complete financial transactions and administer investments and registries – actions which are fundamental to the global financial system.

## Another year of record sales and profit

GBST reported record sales and profit. The group's net profit increased 52% to \$15.3 million, up from \$10 million in the previous year. Adjusted cash net profit after income tax rose 35% to \$19.2 million, compared to \$14.3 million. EBITDA grew 20% to \$24.5 million, up from \$20.5 million.

Strong sales of GBST Composer in the United Kingdom helped drive a 16% increase in revenue to \$114.3 million, compared to \$98.5 million. International sales were \$63.0 million, 55% of the total, and Australian sales were \$51.3 million. The value of our investment in software platforms and sales infrastructure globally is shown by our progress.

Our business model is focused on building and developing long-term recurring revenue streams. This enables strong cash generation. In FY2015 cash flow from operations (excluding interest and taxes) was \$25.5 million, representing 104% conversion of EBITDA to cash. GBST repaid senior debt in November 2014, and at 30 June 2015

held \$7.5 million cash. The company maintains a strong balance sheet.

We continued to invest in our products and sales teams. Employees increased to about 600 in June 2015 from 470 in June 2014. We spend approximately 10% of revenue on product development every year to ensure high quality products and services for clients. Research and development related tax concessions reduced GBST's tax rate to 12%, down from 16% in the prior year.

## Dividends

Directors have declared a final dividend of 5.5 cents per share, fully franked, which will be paid on 14 October 2015. This brings dividends for the year to 10.5 cents per share fully franked, up from 8.5 cents per share in the previous year. This represented a payout ratio of 36% of adjusted cash NPAT.

## Investment in R&D supports growth

Product leadership is the cornerstone of our success.

In FY2015 we transformed our wealth management platform's capability to serve customers internationally through support of deployment onto multiple databases including Microsoft SQL. The update maintained a single line of code. Two UK clients are already using its capability, with five clients expected to be 'live' by the end of 2015.

We also integrated GBST Syn~'s straight-through processing capability with GBST Front Office, a new order management system for derivatives and more comprehensive business intelligence reporting and risk management. This enables us to offer a holistic software suite for retail and institutional stockbrokers, third-party clearers and custodians.

## Strong wealth management performance

GBST Composer is the market-leading wealth management and registry platform in Australia and the top direct to



## COMMUNITY PROUDLY SUPPORTING CHARITIES

During FY2015 GBST staff contributed \$128,000 to charities, including \$20,000 to the Sir David Martin Foundation, a non-profit organisation which helps young people in crisis; and approximately \$10,500 to Friends for Street Children, which assists disadvantaged and street children in and around Ho Chi Minh City, Vietnam. This contribution has been matched by GBST.

consumer software platform for the distribution of tax incentivised products in the UK. It provides a comprehensive platform for wraps and platforms, self invested personal pensions (SIPPs), individual savings accounts (ISAs), bonds, retail and wholesale unit trusts and open ended investment companies (OEICS).

Wealth management EBITDA increased 39% to \$18.8 million from \$13.5 million in the previous year. An impressive performance from our UK operations contributed EBITDA of \$11.4 million, up 74%, reflecting increased work from new and existing clients and scale benefits.

Sales grew 28% to \$69.1 million including international sales of \$50.1 million, up 41%; and Australian sales were \$19.0 million, up 4%. During software implementation we receive services revenue, and after the platform 'goes live' an annuity-based licence fee takes effect. UK licence fees were 35% of international sales, a proportion which is expected to grow over time; in Australia, where GBST Composer is well established, licence fees represented 80% of sales.

Regulation is a significant driver of our growth. In FY2015 the UK Pensions Freedoms legislation allowed people aged over 55 to draw from their defined contributions benefit schemes. GBST Composer's early compliance helped to secure new clients including a leading retirement products provider, a top three UK SIPP provider and an investment and financial services firm.

The total value of assets managed in the UK is estimated at £6 trillion, including £770 billion held in retail mutual funds, and £260 billion in wraps and platforms. The wraps and platforms market alone is expected to quadruple in size by

2020. Today, GBST Composer serves three of the top six UK wrap platforms and five of the UK's top pensions providers.

GBST Composer has become the first platform to support flexible annuities, and we introduced support for guaranteed pensions and improved foreign exchange and global custody capability. We have allied with Xchanging to leverage its business process optimisation expertise, allowing our participation in broader projects for the UK finance industry.

We began work with an existing client to service Asia through GBST Composer. As Asian markets mature there is a significant opportunity to reach mass retail customers through digital distribution channels.

Australian revenue was \$19.0 million, up 4%, as major banks and financial services firms migrated older systems onto GBST Composer. We enhanced its processes for Superstream rollovers, contributions and insurance.

### Capital markets

GBST Capital Markets revenue was \$44.7 million, up 1% compared to the prior year. This included revenue from the previous financial services division which has been integrated into the GBST Capital Markets. EBITDA was \$5.7 million. Results were impacted by the provision for a bad debt of \$640,000 related to a client being placed in administration.

Australian capital markets revenue was steady at \$32.3 million as GBST Shares and GBST Syn~ projects continued for existing clients. Approximately 80% of Australian sales come from recurring licence fees. Our initial project to transition a global institutional bank's back- and

## MILESTONES

2015: GBST Composer begins supporting multiple databases including Microsoft SQL



### RESULTS BOOSTING EFFICIENCY

Using GBST Syn~, our cornerstone US client increased trade consignment automation from 30% to 98%

- Automation prior to GBST Syn~

30%

- Automation using GBST Syn~

98%

middle-offices from GBST Shares to GBST Syn~ is ongoing. Margins were consistent with the previous year, a sound performance in a highly competitive market.

International capital markets sales were \$12.4 million, up 6%, despite delays to Asian projects. While international expenses exceeded sales due to ongoing commitment to product investment, these markets offer significant scope for growth.

In Asia, deployment of GBST Syn~ for a major banking and financial services company continued, extending settlement through the Hong Kong, Singapore and Indonesia Stock Exchanges. Another client used GBST Syn~ to provide back- and middle-office and custody services, increasing its efficiency. We will soon provide full integration and settlement with the Singapore Exchange for three clients.

Increased support for multiple asset classes led to new sales. An Asian customer began an exchange traded derivatives implementation and selected GBST Syn~ to process fixed income in Japan. We have a strong pipeline of potential new work, and growing opportunities, including potential to use the platform's Omgeo CTM connectivity to provide services in China; and fixed income and cash equities services in Japan.

### GBST builds US team

Our GBST Syn~ platform recently transformed the middle-office services of a cornerstone US client, providing a strong return on investment. This broker-dealer serves approximately 6,300 financial advisors, managing about \$496 billion in assets and 2.6 million client accounts from nearly 2600 locations in the US, Canada and other countries.

We are currently scoping work for the next phase of activity, and have strengthened our US team to build on this success including appointment of an experienced US CEO.

The US is the world's largest securities processing market, and represents a significant growth opportunity. Regulators are demanding greater transparency, such as consolidated audit trails for market reconstruction and surveillance. The market is considering regulation to shorten equity settlement from three days (T+3) to two (T+2). This would be a strong catalyst for change as many broker dealers will need new technology to meet these requirements, and GBST Syn~ has already proven its ability to meet T+2 regulation in Europe and Australia.

In Europe, we partnered with SAP HANA to roll out our GBST Syn~ Financial Transaction Tax (FTT) product.

### In the community

We have a long-standing commitment to assist local communities through matching staff donations to charities and supporting our employees' voluntary charitable work with financial contributions. During FY2015 GBST staff contributed \$128,000 to charities, including \$20,000 to the Sir David Martin Foundation, a non-profit organisation which helps young people in crisis; and approximately \$10,500 to Friends for Street Children, which assists disadvantaged and street children in and around Ho Chi Minh City, Vietnam. This contribution has been matched by GBST.

### Board appointment

Christine Bartlett was appointed to GBST's Board in June 2015. She brings a wide range of senior executive skills and international expertise to the Board. She is a non-executive director of the Mirvac Group and The Smith Family. Previously she was executive general manager of National Australia Bank's Asset Servicing business, and before that led NAB's NextGen business process and technology transformation program. Her experience includes roles as CEO of commercial property services provider Jones Lang LaSalle Australia and as COO for IBM's Business Consulting Services, Asia Pacific.

### Outlook

We remain well positioned to continue our strategy of global expansion. We are pursuing new opportunities in all regions in both wealth management and capital markets. Investment in product development and GBST's sales network is accelerating as we seek to diversify our business and penetrate the North American and Asian markets.

GBST maintains a strong balance sheet and cash flow, and is well positioned to take advantage of market opportunities.

Our achievements would not have been possible without the skills, dedication and hard work of our staff across the world. We would also like to thank our customers and shareholders. We are grateful for your support and confidence as we continue to build a strong global company.



# 2015 KEY POINTS

## AUSTRALIA



- GBST Composer sales growth supported by recurring revenue and technology migration projects from major financial institutions
- Solid capital markets revenue in an increasingly competitive market
- Significant investment to develop GBST Syn~ regional solutions

## EUROPE



- Strong UK GBST Composer revenue growth driven by ongoing legislation change
- Substantial increase in higher margin services work
- Continuing investment to increase product scale and capability
- Capital markets environment remains constrained

## ASIA



- Increased international GBST Syn~ revenue; investment required to support growth
- Global rollout for major international bank continuing
- Ongoing recurring licence fee revenue and higher sponsored work
- Technology development centre continues to contribute to development of GBST products

## USA



- Successful first phase of GBST Syn~ implementation completed for cornerstone client
- Preparations for second phase of development under way
- Strengthened leadership, sales and product strategy team to drive business growth
- Further investment required to support growth



# THE GBST PRODUCT SUITE



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








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

GBST's Derivatives and Client Accounting system (DCA) is a fully integrated client accounting system for derivatives trading. It is directly connected to the ASX's derivatives clearing system and processes most Australian derivatives transactions. GBST Front Office is used in the stockbroker's front office to provide client advisers with client management software including their portfolio, risk profile and investment preferences. GBST's Business Intelligence reporting (BIR) provides pre-built reports and dashboards for advisers, which can be scheduled, emailed and exported.

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

GBST Composer is the leading administration and registry platform for the wealth management industry, with the unique capability to support more than 7,000 investment options. In Australia, Composer supports wraps, corporate and personal superannuation, pensions, retail and wholesale unit trusts, life, risk, loans and cash management. In the United Kingdom, it offers a comprehensive solution for the management and administration of tax wrappers for self-invested personal pensions, income drawdown, individual savings accounts, bonds and wraps across multiple investments including retail and wholesale unit trusts and open ended investment companies.

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

Product	Capability	Market
	<ul style="list-style-type: none"> <li>• Wealth administration and registry software for the Australian funds management industry</li> <li>• Comprehensive platform for UK wraps, SIPPs, ISAs, bonds, retail and wholesale unit trusts and OIECs</li> <li>• Administers more than \$500 billion funds under management</li> <li>• Supports more than 7,000 investment options</li> </ul>	
	<ul style="list-style-type: none"> <li>• Global post-trade processing platform</li> <li>• Regional solutions for Asia, Australia, Europe and North America</li> <li>• Manages trades across multiple asset classes, entities, markets and exchanges</li> <li>• Consolidated business intelligence reporting</li> </ul>	
	<ul style="list-style-type: none"> <li>• Leading Australian client accounting and securities transaction platform</li> <li>• Services for capital markets' institutional and retail brokers</li> </ul>	
	<ul style="list-style-type: none"> <li>• Solutions include cash equities, derivatives and risk, margin lending, cash management and front office</li> <li>• Connects an extensive network of financial institutions</li> </ul>	
		

# GBST EXECUTIVE TEAM



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

Mr Stephen Lake joined GBST in September 2001 after an extensive career in the capital markets industry in Australia, the United Kingdom and Asia. Stephen became a shareholder

of GBST and was appointed Chief Executive Officer in 2001. Prior to joining GBST, he was Chief General Manager of Financial Markets at Adelaide Bank Limited. Stephen was Managing Director of BZW's Capital Market's Division Australia and also Managing Director of the Fixed Interest Division at BZW (Asia) Ltd. Stephen is a Member of the Nominations and Remuneration Committee.



**Patrick Salis** *Chief Operating Officer*

Patrick was appointed Group Chief Operating Officer in August 2012 following previous roles with GBST as Chief Executive, Global Broker Services from March 2010 to August 2012 and Chief Financial Officer from

October 2007 to March 2010. Before joining the company Patrick held senior financial roles in the financial services industry, most recently as Chief Financial Officer of Virgin Money Australia Limited. He has extensive experience working in wealth management, equities and derivatives broking, superannuation, mortgages and unsecured lending. Patrick holds a Bachelor of Accounting and is a member of the Institute of Chartered Accountants in Australia.



**Andrew Ritter** *Chief Financial Officer and Company Secretary*

Andrew commenced GBST in 2011 as Chief Financial Officer and was appointed to the position of

Company Secretary on 18 August 2014. Mr Ritter is a Chartered Accountant, holds a Bachelor of Commerce degree, a Graduate Diploma of Applied Corporate Governance and is a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators.



**Isabel Sanchez** *Chief Technology Officer*

Isabel was appointed as Chief Technology Officer in March 2008. Isabel has over 19 years experience in software development and has been a member of GBST's Wealth Management Division (formerly InfoComp)

for 16 years, where she acted in a similar capacity since 2000. Isabel holds a Bachelor of Computing Science from the University of Wollongong.



**Robert De Dominicis** *Chief Executive, GBST Wealth Management*

Robert is a founding partner of InfoComp, now GBST's Wealth Management Division, with over 25 years experience in the development of software applications. Robert holds

a Bachelor of Mathematics. Robert has a business and technical software background having been part of the Wealth Management Division's development and professional services teams.



**Denis Orrock** *Chief Executive, GBST Capital Markets Australia and Asia Pacific*

Denis joined GBST in May 2008 and was appointed Chief Executive Officer, Capital Markets in August 2012. Previously, he managed the company's Australian Broker Services and

Financial Services divisions. Prior to joining GBST, Denis was General Manager of Infochoice. Denis has worked within the Australian financial services industry for over 15 years.



**Barry Raskin** *Chief Executive, GBST Capital Markets North America*

Barry joined GBST in March 2015 after 28 years with the SIX Group, the past 20 serving as the Managing Director for the Americas. Barry brings to GBST extensive experience increasing growth of a non-US

based subsidiary through strategic alliances, product creation, team development and aggressive sales activities. He is a member of the *Inside Market Data* Hall of Fame and holds a Bachelor of Science from Cornell University and an MBA in Finance.



**Liz Bevan** *Chief Executive, Americas*

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

strategy development and execution, new product development, product management, strategies for pricing, marketing and promotion and risk management. As the company's first CEO for North America, she is charged with delivering overall business growth and targeted demand generation for the company's North American operations.



**Dr Justin O'Sullivan** *Head of Technology Strategy and Architecture*

Justin was appointed as Head of Technology Strategy and Architecture in February 2015. Having joined GBST in 2008, he has 20 years' engineering management experience and

previously held roles at Suncorp and RSA Security (EMC). He holds Bachelor and Master of Applied Science (Computing) degrees and a Doctorate in Philosophy from Queensland University of Technology.

# GBST BOARD OF DIRECTORS



**John Puttick** *Non-Executive Chairman* Dr John Puttick is the founder and Chairman of GBST. He holds a Doctor of the University from Queensland University of Technology and chartered accounting qualifications from Auckland University of Technology. He has over forty years' experience in building

commercial systems with information technology, over thirty of which have been in developing financial services solutions at GBST. John is a member of the Council of the Queensland University of Technology, as well as adjunct Professor, School of Information Technology and Electrical Engineering at the University of Queensland. He is a member of the Hall of Fame of the Pearcey Foundation.



**Stephen Lake** *Managing Director and Chief Executive Officer* Mr Stephen Lake joined GBST in September 2001 after an extensive career in the capital markets industry in Australia, the United Kingdom and Asia. Stephen became a shareholder of GBST and was appointed Chief Executive

Officer in 2001. Prior to joining GBST, he was Chief General Manager of Financial Markets at Adelaide Bank Limited. Stephen was Managing Director of BZW's Capital Market's Division Australia and also Managing Director of the Fixed Interest Division at BZW (Asia) Ltd.



**Allan Brackin** *Independent Non-Executive Director* Mr Allan Brackin was appointed to the Board in April 2005. He has detailed knowledge of the IT sector having served as Director and Chief Executive Officer of Volante Group Limited, one of Australia's largest IT services companies from

November 2000 to October 2004. Prior to this, Allan co-founded a number of IT companies including Applied Micro Systems (Australia) Pty Ltd, Prion Pty Ltd and Netbridge Pty Ltd. Allan is Chairman of ASX listed mining technology company RungePincockMinarco Limited (since November 2011), Chairman of IT software company Emagine Pty Ltd and Chairman of telecommunications carrier Opticomm Pty Ltd. Allan is also a member of the advisory board for several IT companies.



**Joakim Sundell** *Non-Executive Director* Mr Joakim Sundell was appointed to the Board in 2001. Joakim has an extensive career in private equity finance, merchant banking, and management both in Sydney and London. He is Managing Director of Crown Financial Pty Ltd, a private investment company. He was a Director of Infochoice Limited

(from 13 December 2006 until 5 February 2008).



**Christine Bartlett** *Independent Non-Executive Director* Ms Christine Bartlett was appointed to the Board in June 2015, and brings extensive commercial experience to GBST, across a range of sectors including finance, banking, superannuation, property and information technology. Christine

recently held the position of Executive General Manager, Asset Servicing at National Australia Bank (NAB) and successfully led the NextGen technology transformation program through the delivery of several key initiatives, including the successful migration of UBank customers onto NAB's new core banking platform. From 2004 to 2009, Christine was Chief Executive Officer of Jones Lang LaSalle Australia and prior to this served for eight years at IBM, culminating as Chief Operating Officer for IBM's Business Consulting Services in the Asia Pacific region. Christine is currently an Independent Non-Executive Director of the Mirvac Group (ASX: MGR) and The Smith Family (a national and independent children's charity), and is a member of Chief Executive Women, the Australian Institute of Company Directors and the UNSW Australian School of Business Advisory Board.



**David Adams** *Independent Non-Executive Director* Mr David Adams was appointed to the Board in April 2008. David has an extensive career in the funds management industry including the establishment of Australia's first cash management trust at Hill Samuel Australia in 1980 and Group

Head of the Funds Management Group for Macquarie Bank. He was a Director at Macquarie Bank from 1983 until 2001. David was Chairman of the Investment and Financial Services Association in 2000 and 2001. He was a Visiting Fellow (Management of Financial Institutions) at Macquarie University and holds a Bachelor of Science from the University of Sydney and a Masters in Business Administration from the University of New South Wales.



**Ian Thomas** *Independent Non-Executive Director* Dr Ian Thomas was appointed to the Board in December 2011. Ian currently serves as president of Boeing China, having previously served as president of Boeing Australia and South Pacific and, prior to that, president of

Boeing India. Prior to joining Boeing in 2001, Ian served in a variety of staff and policy roles in the U.S. Department of Defence and is an authority on U.S. and global security issues. He is co-chair of the US-China Aviation Cooperation Program. During his time in Australia, he served as President of the American Chamber of Commerce and Chairman of the Prime Minister's Manufacturing Leaders Group. In 2013 he received the Royal Aeronautical Society's Sir Charles Kingsford Smith Medal for outstanding contributions to aviation.

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

# DIRECTORS' REPORT

for the year ended 30 June 2015

The Directors of GBST Holdings Limited ('GBST' or the 'Company') submit their report together with the consolidated financial report of the Group, comprising the Company and its controlled entities for the year ended 30 June 2015 and the audit report thereon.

## Directors

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

Name	Period of Directorship
<b>Non-executive</b>	
Dr John F Puttick (Chairperson)	January 1984
Mr David C Adams	April 2008
Mr Allan J Brackin	April 2005
Mr Joakim J Sundell	July 2001
Dr Ian Thomas	December 2011
Ms Christine N Bartlett	June 2015
<b>Executive</b>	
Mr Stephen M L Lake (Managing Director and Chief Executive Officer)	September 2001

## Principal activities

The principal activities of GBST during the year ended 30 June 2015 were:

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

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

## Key Financial Results

- Total revenue increased by 16% to \$114.3 million (2014: \$98.5 million).
- EBITDA increased by 20% to \$24.5 million (2014: \$20.5 million).

- Profit before income tax increased by 44% to \$17.3 million (2014: \$12.0 million).
- Net profit after income tax (NPAT) increased by 52% to \$15.3 million (2014: \$10.0 million).
- Adjusted cash net profit after income tax (Cash NPAT) increased by 35% to \$19.2 million (2014: \$14.3 million)
- Senior debt was fully repaid during the year. Net Debt (total borrowings less cash) has reduced from \$3.6 million at 30 June 2014 to a net cash position of \$7.5 million.
- Dividend payout ratio of 36% on adjusted Cash NPAT (46% on NPAT) increased (2014: 40%).

## GBST comprised three divisions during the year:

- **GBST Capital Markets**, through the GBST Syn~ platform, provides new-generation technology to process equities, derivatives, fixed income and managed funds transactions for global capital markets. In Australia, GBST also offers the GBST Shares and DCA (derivatives) platforms which are the country's most widely used middle-office and back-office equities and derivatives systems. Other GBST products provide fully integrated solutions for trading, clearing and settlement of multi-instruments, currencies and markets.
- **GBST Wealth Management**, through the GBST Composer platform provides end to end funds administration and management software to the wealth management industry, both in Australia and the United Kingdom. It offers an integrated system for the administration of wrap platforms, including individual savings accounts (ISA's), pensions, self-invested personal pension (SIPP) and superannuation; as well as master trusts, unit trusts, risk and debt; and other investment assets. Other GBST products provide technology hub solutions, and data analytics and quantitative services for the measurement of portfolio performance.
- **GBST Financial Services**, incorporating Emu Design, provides independent financial data and digital agency services for interactive website design, development, hosting, e-commerce platforms, and mobile and social networking solutions. This division will now be integrated into the GBST Capital Markets division and will no longer be reported on separately.

## DIVIDENDS

A final fully franked ordinary dividend of 4.5 cents per share for the 2014 financial year was paid on 15 October 2014, as declared in the financial report for the year ended 30 June 2014.



An interim fully franked ordinary dividend of 5.0 cents per share was paid on 23 April 2015.

#### Dividends declared after the end of the year:

The Directors have declared a final dividend of 5.5 cents per share to be paid to the holders of fully paid ordinary shares. The dividend will be 100% franked and will be paid on 14 October 2015.

## Group results

	FULL YEAR TO 30 JUNE		
	2015 \$'000	2014 \$'000	% Change
<b>Total revenue and other income</b>	<b>114,250</b>	98,491	16
<b>Operating EBITDA</b>	<b>24,468</b>	20,210	21
Unallocated revenue/ (expenses)	–	264	
<b>EBITDA</b>	<b>24,468</b>	20,474	20
Net finance costs	3	(1,115)	100
Depreciation & Operating Amortisation	(3,191)	(3,100)	(3)
Investment Amortisation	(3,957)	(4,250)	7
<b>Profit before income tax</b>	<b>17,323</b>	12,009	44
Income tax expense	(2,053)	(1,978)	
<b>Profit after income tax</b>	<b>15,270</b>	10,031	52
<b>Adjusted Cash NPAT</b>	<b>19,227</b>	14,281	35
<b>Basic EPS (cents)</b>	<b>22.94</b>	15.07	52
<b>Cash EPS (cents)</b>	<b>28.89</b>	21.46	35

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

## Measures of profitability and basis of preparation

GBST defines Operating EBITDA as profit before net finance costs, tax, depreciation, amortisation, and other unallocated expenses. Operating Amortisation is defined as amortisation relating to tangible and intangible assets used as part of on-going operating activities; Investment Amortisation relates to intangible assets acquired through acquisition. GBST defines Adjusted Cash NPAT as profit after income tax plus Investment Amortisation. GBST uses Operating EBITDA, Adjusted Cash NPAT and Cash EPS

as internal performance indicators for the management of its operational business segments, and overall Group performance to allow for better evaluation of business segment activities and comparison over reporting periods.

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

## Group performance

### ANOTHER YEAR OF RECORD SALES AND PROFIT

GBST reported record sales and profit for FY2015.

Total revenue and other income was \$114.3 million, up 16% compared to \$98.5 million in the previous year.

International sales were \$63.0 million, 55% of the total and up from 48% in the previous year. This was the first full year that international sales exceeded Australian sales, a significant milestone in GBST's strategy for global growth. Australian revenue was \$51.3 million.

### STRONG WEALTH MANAGEMENT PERFORMANCE

The Group reported increased revenue in Australia, Asia and Europe in both of its main operating divisions, GBST Capital Markets and GBST Wealth Management. International growth was largely attributable to strong sales of GBST Composer in the United Kingdom, mainly driven by the UK Financial Services Authority's ongoing regulation change to protect consumers. Legislation change continues to be a significant driver of GBST's business.

EBITDA increased 20% to \$24.5 million, up from \$20.5 million in the previous year. The Company repaid senior debt in November 2014, and held net cash of \$7.5 million at 30 June 2015. Depreciation and operating and amortisation charges increased slightly to \$3.2 million. Investment amortisation charges declined 7% to \$4 million.

Cash flow from operations (excluding interest and taxes) was \$25.5 million, representing 104% conversion of EBITDA to cash flow.

GBST's strong momentum would not be possible without significant investment in software development over a prolonged period. Research and development related tax concessions reduced GBST's tax rate to 12%, down from 16% in the prior year.

The Company has also invested in broadening support for its products through its global product and sales teams. Employees increased to approximately 600 in June 2015.

# DIRECTORS' REPORT

for the year ended 30 June 2015 continued

from about 470 in June 2014, including staff in the Company's technology development centre located in Ho Chi Minh City, Vietnam.

The Company reported a substantial increase in net profit after tax to \$15.3 million, up 52% from \$10 million. The Directors are pleased to announce a final dividend of 5.5 cents per share, fully franked, up from 4.5 cents per share, fully franked, in the previous corresponding period.

## ONGOING INVESTMENT IN R&D

GBST's software innovation underpins its growth as the robustness, flexibility and scalability of software platforms ensures its product leadership and industry demand. GBST's clients include some of the world's largest financial institutions, stockbrokers and wealth management firms.

Among projects completed this year, the GBST Composer platform was equipped to support deployment onto multiple databases including Microsoft SQL Server. Two clients are already live using the new software, and a further three are expected to 'go live' by the end of 2015. This was a major program which transformed the product's capability and successfully maintained a single line of code, allowing customers to select the relational database that meets their requirements.

GBST Composer also completed major compliance modifications to support the UK Financial Authority's Client Assets Sourcebook (CASS) and Pensions Freedom requirements. GBST's track record of fast delivery of compliance changes, completed to meet strict deadlines, has helped to win new clients.

GBST Composer's capability has been extended to support annuities, a first in the market and an exciting development which will open new markets for the Company. GBST also added services to support guaranteed pensions; enabled settlement using the Certificateless Registry for Electronic Share Transfer (CREST) electronic trade confirmation used in Europe; improved foreign exchange and global custody support services, and increased scalability to enable further growth.

Enhancements for the Australian market included improved processes to assist Superstream rollovers, contributions and insurance. GBST Quant extended its platform, which supports after tax analysis of both Australian and global equities, enabling calculations on a broad number of underlying indices.

GBST's new generation software platform for post-trade processing, GBST Syn~, was strengthened with several new capabilities. These included a new Order Management System for derivatives, an enhanced GBST BIR business intelligence product for cross product reporting and GBST MarginSuite, which helps brokers

to manage risk. These applications, together with GBST Front Office and customer relationship management software, provide a fully integrated capital markets product portfolio with client advisory, reporting and risk capability, enabling GBST to provide industry-leading services to retail and institutional stockbrokers, third-party clearers and custodians.

## GBST Wealth Management

	FY2015 \$000's	FY2014 \$000's	% Change
Revenue – Australia	18,952	18,150	4
Revenue – International	50,094	35,607	41
Revenue – Total	69,046	53,757	28
EBITDA – Australia	7,362	6,956	6
EBITDA – International	11,454	6,564	74
EBITDA – Total	18,816	13,520	39

The UK's Retail Distribution Review (RDR) began a transformational change to protect consumers which is ongoing. This market represents a significant long-term opportunity for GBST Composer, which is capable of supporting more than 7000 investment options including unit trusts, equities, retail and corporate pensions, offshore bonds and investment savings accounts on a single digital wealth administration platform.

The total value of assets managed in the UK is estimated at £6 trillion, of which more than £770 billion is held in retail mutual funds, including £260 billion in wraps and platforms. GBST Composer serves three of the top six UK wrap platforms today and this market is expected to quadruple in size by 2020. GBST also provides services to five of the UK's top pensions providers.

Revenue from new sales, licensing and support of GBST Composer increased 28% to \$69.1 million, reflecting a significant increase in work for new and existing clients, particularly in the UK. EBITDA was \$18.8 million, up 39% from \$13.5 million.

International sales were \$50.1 million, up 41% from \$35.6 million. Licence fee was 35% of international income. International EBITDA was \$11.4 million, up 74% from \$6.6 million as the division benefited from higher volume services work and scale benefits.

In April 2015 the UK introduced new Pensions Freedoms legislation, a very significant change to the UK pensions industry. This legislation has enabled people aged over 55 to draw from their defined contributions benefit schemes for the first time. The government also introduced three

new pensions concepts including a flexi-access drawdown fund; the uncrystallised funds pension lump sum and flexible annuities.

Deployment of GBST Composer to support the Client Assets Sourcebook (CASS) and Pensions Freedom legislation helped secure new clients, including a leading retirement products provider, a top three UK provider of self-invested personal pension (SIPP) schemes and an investment and financial services firm. The diversity of these customers demonstrates GBST Composer's ability to assist both large and small clients with multiple offerings. GBST's product extension to support annuities is an industry first, providing new opportunities in this market.

Continued product investment remains essential as the market is developing and competition is growing. New digital technologies are transforming the wealth management industry as firms seek new ways to engage with clients and manage risk. This includes relationship management as financial advisors approach retirement, helping to maintain established adviser-client relationships. Increasingly, the industry is moving to target higher wealth, higher margin consumers and the wealth management and private banking/ high net worth markets are converging. GBST Composer will receive significant investment to ensure that it remains at the forefront of this change.

Aiming to enter new markets, GBST has established an alliance with leading business technology and services provider Xchanging to combine GBST's wealth management products with Xchanging's business process optimisation (BPO) expertise. Leveraging Xchanging's expertise will enable GBST to participate in a broader technology solution for the UK finance industry.

Work has commenced with an existing client to service the Asian market through the ongoing development and evolution of GBST Composer into a comprehensive wealth management administration platform with international capabilities. As Asian markets mature they are evolving, and seeking to reach mass retail customers through digital distribution channels. GBST's experience assisting retail banks in Australia and the UK market with sophisticated wealth offerings is highly regarded.

In Australia, GBST Composer is well-established. Australian revenue was \$19.0 million, up 4% from \$18.2 million, as major banks and financial services firms migrated older systems onto GBST Composer. Enhancements to GBST's platform in Australia included updates to improve MySuper and Superstream processing.

GBST Quant's Tax Analyser increased market share, securing new superannuation clients. Its' Australian and global equities after-tax service signed a cornerstone client.

## GBST Capital Markets

	FY2015 \$000's	FY2014 \$000's	% Change
Revenue – Australia	32,294	32,618	(1)
Revenue – International	12,412	11,722	6
Revenue – Total	44,706	44,340	1
EBITDA – Australia	8,976	9,188	(2)
EBITDA – International	(3,324)	(2,498)	(33)
EBITDA – Total	5,652	6,690	(16)

\*\* Former GBST Financial Services division (FSD) now included in GBST Capital Markets division. FSD revenue was \$2.9 million and EBITDA \$0.0 million in FY2015.

\*\*\* Includes write-off of \$640k due to BBY administration.

GBST Capital Markets revenue was \$44.7 million, up 1% compared to the prior year. EBITDA was \$5.7 million. Results were impacted by the provision for a bad debt of \$640,000 related to BBY Limited being placed in administration in Australia. While international expenses exceeded sales due to ongoing commitment to product investment, these markets offer significant scope for growth and GBST has a strong pipeline of new business.

## GROWTH CONTINUES IN ASIA – NEW OPPORTUNITIES IN JAPAN

Global institutional and regional banks and broker-dealers face significant business, operational and technological challenges to leverage their infrastructures to benefit third parties. There is a growing need for them to be able to deliver low-cost transaction processing, quality service and reliability. This requires highly automated, low cost, robust operational platforms that use high quality new generation technology such as GBST Syn~.

International capital markets sales were \$12.4 million, up 6% from \$11.7 million despite delays to the start of projects for Asia-based clients. Investment and growth opportunities are shifting across the region and markets can be grouped into developed markets – Hong Kong, Australia, Japan, Singapore and Indonesia – where cost reduction is the primary focus; and developing markets – India, Malaysia, Vietnam, China – that are higher growth environments, still building up their capabilities.

Asian deployments of GBST Syn~ for various customers provide; record keeping and self-clearing services for multiple Asian markets, including settlement through the



# DIRECTORS' REPORT

for the year ended 30 June 2015 continued

Hong Kong, Singapore and Indonesia Stock Exchanges; outsourced middle office services to broker dealers, including post-trade processing for equities, with fixed income and exchange traded derivatives to follow; back- and middle-office and custody services, enabling accounting and client settlement in several markets, significantly improving efficiency. GBST's Singapore operations will soon provide full integration and settlement with the Singapore Exchange for three clients.

Product development across asset classes continues with the first phase of GBST Syn~ exchange traded derivatives build commencing in 2015, for implementation with an Asian customer, part of a well-defined roadmap for a global derivatives product. The same client has also chosen GBST Syn~ for fixed income processing in Japan. The Company maintains a strong pipeline of potential new work and is exploring the potential to use GBST Syn~'s Omgeo CTM connectivity to provide services in China's mainland, as well as fixed income and cash equities services in Japan.

## GBST BUILDS NORTH AMERICAN ACTIVITY

GBST recently transformed the middle-office services of a cornerstone US client, enabling a full re-engineering of the firm's business processes. This has already demonstrated a strong return on investment as GBST Syn~ has greatly improved commission assignment, increasing straight through processing from 30% to over 98%. This broker-dealer serves approximately 6300 financial advisors, managing about \$496 billion in assets and 2.6 million client accounts from nearly 2600 locations in the US, Canada and other countries. Following provision of further services including validation, workflow, and collectivity for cross border trades, GBST is currently scoping work for a second phase of activity.

GBST has strengthened its US team to build on this initial success. New appointments include an experienced US CEO, head of product and head of account management.

The US is the world's largest securities processing market and GBST believes the main drivers of a transition to GBST Syn~ will be broker dealers' needs to meet regulatory compliance, cost control and client management objectives.

Regulators are demanding greater transparency and recent mandates such as the US Securities Exchange Commission's requirement for broker dealers to provide consolidated audit trails for market reconstruction and surveillance purposes provide opportunities for further GBST Syn~ sales.

The market is also considering T+2 regulation to shorten the settlement period for trading US equities from three days after the transaction date (T+3) to two days (T+2).

This could be mandated as early as 2017 and represents a strong catalyst for change as many broker dealers will need to invest in new technology solutions to meet these requirements. GBST Syn~ provides a new-generation platform which enables institutional trades to be matched before settling and accelerated processes for clearing and settlement, and has already proven its ability to meet T+2 regulation in Europe and Australia.

While GBST's costs are expected to increase ahead of sales, the opportunities for growth are very significant.

Discretionary spending in European markets remained constrained. GBST has partnered with SAP HANA to roll out its GBST Syn~ Financial Transaction Tax (FTT) product, which enables capital markets participants to manage tax payment and compliance. While the FTT has been implemented by France and Italy, activation dates across further European Union member countries have been delayed.

Australian capital markets revenue was steady at \$32.3 million as GBST Shares and GBST Syn~ projects continued for existing clients.

GBST's technologies support more than 60 Australian market participants, and approximately 80% of Australian sales come from recurring licence fees. The initial project to transition a global institutional bank's back- and middle-offices from GBST Shares to GBST Syn~ is continuing. Margins were consistent with the previous year and EBITDA was \$9.0 million. This was a sound performance in a highly competitive market.

The former financial services division has been integrated into the GBST capital markets division, and will no longer be reported on separately. Financial services division revenue was \$2.9 million in FY2015 compared to \$3.1 million in the prior year.

## Financial position

Net assets have increased by \$13.2 million to \$66.5 million (June 2014: \$53.3 million). Senior debt at 30 June 2015 was fully repaid, compared to \$5.0 million at 30 June 2014. GBST's net debt reduced from \$3.6 million to a net cash position of \$7.5 million over the same period.

## Significant changes in state of affairs

As at the reporting date, GBST has on issue 66,561,725 ordinary shares. During the period 547,415 (2014: 528,302) performance rights were issued to selected employees under the GBST Performance Rights and Option Plan which are subject to performance criteria.

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

## Subsequent events

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

## Future developments, prospects and business opportunities

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

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

## Environmental issues

There are no significant environmental regulations applying to the Group.

## Information on Directors

### John Puttick Non-Executive Chairman

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

Dr Puttick has numerous external appointments. John is a member of the Council of the Queensland University of Technology, as well as adjunct Professor, School of Information Technology and Electrical Engineering at the University of Queensland. He has participated in various Ministerial appointments and overseas missions.

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

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

### Interest in Shares and Options

4,559,356 Ordinary Shares of GBST Holdings Limited were held by Dr Puttick and associated entities at 30 June 2015.

### Stephen Lake Managing Director and Chief Executive Officer

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

### Interest in Shares and Options

5,146,109 Ordinary Shares and 465,663 performance rights of GBST Holdings Limited were held by Mr Lake at 30 June 2015.

### Allan Brackin Independent Director

Mr Allan Brackin was appointed to the Board in April 2005. He has detailed knowledge of the IT sector having served as Director and Chief Executive Officer of Volante Group Limited, one of Australia's largest IT services companies from November 2000 to October 2004. Prior to this, Allan co-founded a number of IT companies including Applied Micro Systems (Australia) Pty Ltd, Prion Pty Ltd and Netbridge Pty Ltd. Allan is Chairman of ASX listed mining technology company RungePincockMinarco Limited (since November 2011), Chairman of IT software company Emagine Pty Ltd and Chairman of telecommunications carrier Opticomm Pty Ltd. Allan is also a member of the advisory board for several IT companies.

Allan holds a Bachelor of Applied Science from the Queensland University of Technology and has completed the OPM (Owner/President Management) program at Harvard Business School.

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

191,943 Ordinary Shares of GBST Holdings Limited were held by Mr Brackin's associated entities at 30 June 2015.

### Joakim Sundell Non-Executive Director

Mr Joakim Sundell was appointed to the Board in 2001. Joakim has had an extensive career in private equity finance, merchant banking, and management both in Sydney and London. He is Managing Director of Crown Financial Pty Ltd, a private investment company. He was a Director of Infochoice Limited from 13 December 2006 until 5 February 2008.

# DIRECTORS' REPORT

for the year ended 30 June 2015 continued

## *Interest in Shares and Options*

5,781,610 Ordinary Shares of GBST Holdings Limited were held by Mr Sundell's associated entities at 30 June 2015.

## **David Adams Independent Director**

Mr David Adams was appointed to the Board in April 2008. David has had an extensive career in the funds management industry including the establishment of Australia's first cash management trust at Hill Samuel Australia in 1980 and as Group Head of the Funds Management Group for Macquarie Bank. He was a Director at Macquarie Bank from 1983 until 2001.

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

## *Interests in Shares and Options*

Nil

## **Ian Thomas Independent Director**

Dr Ian Thomas was appointed to the Board in December 2011. Ian currently serves as president of Boeing China, having previously served as president of Boeing Australia and South Pacific and, prior to that, president of Boeing India.

Prior to joining Boeing in 2001, Ian served in a variety of staff and policy roles in the U.S. Department of Defense and is an authority on U.S. and global security issues. He is co-chair of the US-China Aviation Cooperation Program. During his time in Australia, he served as President of the American Chamber of Commerce and Chairman of the Prime Minister's Manufacturing Leaders Group. In 2013 he received the Royal Aeronautical Society's Sir Charles Kingsford Smith Medal for outstanding contributions to aviation.

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

## *Interests in Shares and Options*

Nil

## **Christine Bartlett Independent Director**

Ms Christine Bartlett was appointed to the Board in June 2015, and brings extensive commercial experience to GBST, across a range of sectors including finance, banking, superannuation, property and information technology. Christine is currently a non-executive director of the Mirvac Group and The Smith Family. Christine is a member of the Minter Ellison Advisory Council, the UNSW Australian School of Business Advisory Council and the Australian Institute of Company Directors. Previously she has been a director of PropertyLook, National Nominees Ltd and Deputy Chairman of the Australian Custodial Services Association.

Christine is an experienced CEO and senior executive with extensive line management experience gained through roles with IBM, Jones Lang LaSalle and National Australia Bank. Her executive career has included Australian, regional and global responsibilities based in Australia, the USA and Japan. Christine brings a commercial perspective especially in the areas of financial discipline, identifying risk, complex project management, execution of strategy, fostering innovation and taking advantage of new emerging technologies.

Christine holds a Bachelor of Science from the University of Sydney and has completed senior executive management programs at INSEAD.

## *Interest in Shares and Options*

1,750 Ordinary Shares of GBST Holdings Limited were held by Ms Bartlett at 30 June 2015.

## **Company Secretary**

Mr Andrew Ritter joined GBST in 2011 as Chief Financial Officer and was appointed to the position of Company Secretary on 18 August 2014. Mr Ritter is a Chartered Accountant, holds a Bachelor of Commerce degree, a Graduate Diploma of Applied Corporate Governance and is a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators.

Mr Sean Norman was appointed to the position of Company Secretary on 14th February 2014. Mr Norman holds Bachelor degrees in Law and Arts from University of Adelaide and a Graduate Diploma in Legal Practice from University of South Australia.

## Directors' meetings

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

Directors	DIRECTORS' MEETINGS		AUDIT AND RISK COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
J Puttick	9	8	3	3	2	2
D Adams	9	8	3	3	2	2
A Brackin	9	9	3	3	2	2
S Lake	9	8	–	3*	2	2*
J Sundell	9	9	–	–	–	–
I Thomas	9	7	–	–	–	–
C Bartlett	–	–	–	–	–	–

\* At the request of the Audit and Risk Committee Mr S Lake (CEO) attends the Audit and Risk Committee meetings even though he is not a member of the committee. During the year, Mr S Lake resigned from the Nomination and Remuneration Committee in recognition of the ASX listing rule requirement for ASX300 companies, however Mr Lake will still attend the meetings as an invitee.

## Remuneration report – audited

The information provided in the remuneration report relates to the Group for the year ended 30 June 2015 and has been audited as required by section 308(3C) of the *Corporations Act (2001)*.

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

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

### (a) Remuneration Policies and Practices

#### Remuneration Principles

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

The principles for determining the nature and amount of remuneration of Key Management Personnel are as follows:

- The Group will use competitive remuneration packages to attract, motivate and retain talented Executives as determined by the Nomination and Remuneration Committee.
- The employees will be rewarded for sustained and sustainable improvement in the performance of the Group.
- Key Management Personnel are encouraged to make investments in the Group in accordance with the Group's share trading guidelines.
- Senior Executive agreements will not allow for significant termination payments if an employment agreement has to be terminated for cause.
- The Group will make full disclosure of Director and Executive remuneration.
- The Group's practices will be legal, ethical and consistent with being a good corporate citizen. It will comply with remuneration disclosures required by law and will seek to maintain the highest standards of clarity and transparency in communications with shareholders.

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

# DIRECTORS' REPORT

for the year ended 30 June 2015 continued

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

## Remuneration Structure – Non-Executive Directors

Remuneration of non-executive Directors is determined by the Board with reference to market rates for comparable companies and reflective of the responsibilities and commitment required of the Director. The remuneration of Directors is voted on annually as part of the acceptance of the Remuneration Report at the Company's Annual General Meeting. The current shareholder approved limit is \$750,000.

Non-executive Directors are paid fixed annual remuneration as set out in letters of appointment. Reviews of each individual Director and Directors as a whole occur annually. The annual fees paid in 2015 are \$135,000 for the Chairman, \$90,000 for Chairmen of Committees of the Board and \$80,000 for Non-Executive Directors. 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 existing GBST Performance Rights and Option Plan. GBST does not operate a scheme for retirement benefits to Directors.

## Remuneration Structure – Senior Executives

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

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

A combination of these comprises the Executive's remuneration.

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

## Fixed Annual Remuneration

The fixed remuneration consists of cash salary (base) and superannuation contributions. The fixed remuneration is reviewed annually based on individual performance, salary survey data and comparisons with data from companies operating in a similar industry. The Executives

responsibilities, changes in responsibility, experience and the geographic location for the performance of the work are taken into account during the review process.

## Short Term Incentive Remuneration (STI)

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

- Promote continuous improvement in annual performance outcomes;
- Align the interests of the Executives and staff with those of shareholders;
- Provide participants with the opportunity to be rewarded with at risk remuneration where superior performance outcomes are achieved over the measurement period;
- Reflect a strong commitment towards attracting and retaining high performing Executives and staff who are committed to the ongoing success of the Group; and
- Develop a culture where achievement of financial objectives is seen as a key measure of success.

Key Performance Indicators (KPI's) for Executives were agreed with each Executive at the beginning of the 2015 financial year. Each Executive had specific agreed goals for determination of Short Term Performance Incentives. The KPI's include measures of Group performance and individual performance against financial, non-financial and strategic goals. Achievement of performance objectives may entitle an Executive to a cash bonus. The Board, through its Nomination and Remuneration Committee, supervises all calculations of performance against the KPI's to ensure fairness for the Executives and the Group.

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

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

The payment of a performance bonus is subject to a consideration of whether or not the overall performance of the Group warrants the payment of a bonus. All bonuses awarded during the financial year fully vested and none were forfeited.

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



### **Long Term Incentive Remuneration (LTI)**

Performance rights are issued under the GBST Performance Rights and Options Plan approved at the Company's 2012 Annual General Meeting. Under this scheme selected staff are made individual offers of specific numbers of share performance rights at the discretion of the Board. The Board may determine the number of share performance rights, vesting conditions, vesting period, exercise price and expiry date. Share performance rights may be granted at any time, subject to the Corporations Act and ASX Listing Rules.

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

The Company uses Earnings per Share (EPS) as a performance hurdle for the LTI plan, measured by growth in earnings per share. EPS was selected to align employee and shareholder interests.

#### **FY13 issue**

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

The performance criteria associated with the FY13 grant of share performance rights to Executive employees outstanding under the GBST Performance Rights and Option Plan is as follows:

##### **1. Cumulative Earnings Per Share (EPS) Target**

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

##### **2. Service Condition**

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

#### **FY14 issue**

No performance rights were issued to Key Management Personnel. For issues to non-Executive Personnel refer to Note 29.

#### **FY15 issue**

On 5 August 2014 and 2 March 2015, the Group issued 190,923 and 43,682 performance rights to select Executive employees. There is a nil exercise price and the share performance rights vest in thirty-six months after the date of grant or the date of release of GBST's financial results for the 2017 financial year, whichever is later. The share performance rights expire thirty days after the vesting date. The share performance rights are conditional on the employees meeting continuous service conditions and the Group meeting certain financial performance measures.

On 16 October 2014 following shareholder approval at the Company's AGM, the Group issued 100,486 performance rights to Mr Stephen Lake, Managing Director. The terms and conditions relating to the issue to Mr Lake are the same as the issue dated 5 August 2014 and 2 March 2015.

The performance criteria associated with the FY15 grants of share performance rights to Executive employees outstanding under the GBST Performance Rights and Option Plan is as follows:

##### **1. Cumulative Earnings Per Share (EPS) Target**

Vesting of the performance rights granted will be subject to GBST achieving three year (2015 – 2017 financial years) cumulative EPS targets of 45 cents, 50 cents, and 60 cents for 25%, 50% and 100% vesting respectively (interpolated). There is also a vesting requirement that a minimum EPS of 10 cents is achieved in each year; and,

##### **2. Service Condition**

Continuous employment with GBST Holdings Limited from grant date for three years.

For issues to non-Executive Personnel refer to Note 29.

# DIRECTORS' REPORT

for the year ended 30 June 2015 continued

## (b) Group Performance and Remuneration

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

	2011	2012	2013	2014	2015
EBITDA	\$13.7m	\$14.2m	\$16.5m	\$20.5m	<b>\$24.5m</b>
Year on Year Growth	(16)%	4%	16%	24%	<b>20%</b>
Net profit/(loss) before tax	\$3.3m	\$4.5m	\$7.8m	\$12.0m	<b>\$17.3m</b>
Year on Year Growth	666%	37%	76%	53%	<b>44%</b>
Net profit/(loss) after tax	\$1.4m	\$3.3m	\$6.0m	\$10.0m	<b>\$15.3m</b>
Year on Year Growth	158%	135%	86%	66%	<b>52%</b>
Basic EPS (cents)	2.08	4.87	9.06	15.07	<b>22.94</b>
Year on Year Growth	157%	134%	86%	66%	<b>52%</b>
Closing share price	\$0.80	\$0.81	\$1.70	\$3.15	<b>\$5.73</b>
Dividends paid (cents per share)	4	4.5	5.5	7.5	<b>9.5</b>

## (c) Service Agreements

Remuneration and other terms of employment for Executive Directors and Executives are formalised in service contracts. All agreements with Executives are subject to an annual review. Each of the agreements provide for base pay, leave entitlements, superannuation, performance-related bonus and any other benefits. The Group is an international organisation and when Executives are seconded to other countries their packages are reviewed in line with normal employment expectations for those countries. This may involve adjustments for cost of living and the provision of benefits customary in the country of employment. The amounts of the benefits are set out in the table in section (e) below as Short-Term Benefits Other. The agreements also contain normal provisions relating to the protection of confidential information and intellectual property rights as well as post-employment restraints.

Service agreements with Executives are currently open ended. Mr Lake's service agreement is for a minimum term of three years and a maximum term ending in February 2016. Other Executive's agreements require up to six months' notice. No other termination payments are applicable.

## (d) Services from Remuneration Consultants

The Nomination and Remuneration Committee engaged Crichton and Associates to provide professional services in respect of Long-term incentive plans and supply associated documentation and valuation reports.

In addition, Crichton and Associates provided the following other services to the Company throughout the year:

- CEO remuneration benchmark data
- Commentary on the structure of short-term and long-term components for Executive remuneration

Crichton and Associates was paid \$14,962 for the remuneration recommendations for the financial year.

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

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



## (e) Details of Remuneration

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

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENT	Total Remuneration \$	Equity Based %	Performance Related %
	Base Salary and Fees \$	Bonus \$ <sup>1</sup>	Other \$ <sup>2</sup>	Super-annuation \$	Leave Entitlement \$	Equity Options \$			
<b>2015</b>									
<b>Directors</b>									
J Puttick	135,000	–	–	–	–	–	135,000	–	–
D Adams	82,192	–	–	7,808	–	–	90,000	–	–
C Bartlett <sup>4</sup>	1,405	–	–	133	–	–	1,538	–	–
A Brackin	90,000	–	–	–	–	–	90,000	–	–
S Lake	640,946	155,000	297,510	2,154	14,750	249,577	1,359,937	18.4	29.7
J Sundell	80,000	–	–	–	–	–	80,000	–	–
I Thomas	80,000	–	–	–	–	–	80,000	–	–
<b>TOTAL DIRECTORS</b>	<b>1,109,543</b>	<b>155,000</b>	<b>297,510</b>	<b>10,095</b>	<b>14,750</b>	<b>249,577</b>	<b>1,836,475</b>		
<b>Executives</b>									
R De Dominicis	438,795	130,000	121,205	–	7,373	122,211	819,584	14.9	30.8
D Orrock	338,288	54,795	115,440	19,587	6,154	122,211	656,475	18.6	27.0
B Raskin	111,833	–	–	2,237	–	15,982	130,052	12.3	12.3
A Ritter	240,000	9,132	–	22,791	4,615	43,059	319,597	13.5	16.3
P Salis	320,000	45,662	–	34,738	6,154	101,432	507,986	20.0	29.0
I Sanchez	318,333	82,192	–	38,050	6,154	105,094	549,823	19.1	34.1
<b>TOTAL EXECUTIVES</b>	<b>1,767,249</b>	<b>321,781</b>	<b>236,645</b>	<b>117,403</b>	<b>30,450</b>	<b>509,989</b>	<b>2,983,517</b>		
<b>GROUP TOTAL</b>	<b>2,876,792</b>	<b>476,781</b>	<b>534,155</b>	<b>127,498</b>	<b>45,200</b>	<b>759,566</b>	<b>4,819,992</b>		

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

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

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

4. Appointed – June 2015

# DIRECTORS' REPORT

for the year ended 30 June 2015 continued

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

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENT	Total Remuneration \$	Equity Based %	Performance Related %
	Base Salary and Fees \$	Bonus \$ <sup>1</sup>	Other \$ <sup>2</sup>	Super-annuation \$	Leave Entitlement \$	Equity Options \$			
<b>2014</b>									
<b>Directors</b>									
J Puttick	135,000	–	–	–	–	–	135,000	–	–
D Adams	82,380	–	–	7,620	–	–	90,000	–	–
A Brackin	90,000	–	–	–	–	–	90,000	–	–
S Lake	641,275	120,000	292,087	1,825	14,750	99,219	1,169,156	8.5	18.8
J Sundell	80,000	–	–	–	–	–	80,000	–	–
I Thomas	80,000	–	–	–	–	–	80,000	–	–
<b>TOTAL DIRECTORS</b>	<b>1,108,655</b>	<b>120,000</b>	<b>292,087</b>	<b>9,445</b>	<b>14,750</b>	<b>99,219</b>	<b>1,644,156</b>		
<b>Executives</b>									
R De Dominicis	438,795	70,000	121,205	–	7,373	49,609	686,982	7.2	17.4
D Orrock	349,604	70,000	236,575	–	5,385	49,609	711,173	7.0	16.8
A Ritter	240,000	–	–	22,200	4,615	31,750	298,565	10.6	10.6
P Salis	320,000	54,795	–	34,805	6,154	39,687	455,441	8.7	20.7
I Sanchez	300,000	63,927	–	33,823	5,769	39,687	443,206	9.0	24.7
<b>TOTAL EXECUTIVES</b>	<b>1,648,399</b>	<b>258,722</b>	<b>357,780</b>	<b>90,828</b>	<b>29,296</b>	<b>210,342</b>	<b>2,595,367</b>		
<b>GROUP TOTAL</b>	<b>2,757,054</b>	<b>378,722</b>	<b>649,867</b>	<b>100,273</b>	<b>44,046</b>	<b>309,561</b>	<b>4,239,523</b>		

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

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

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

## Group and Company Key Management Personnel

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

Key Management Personnel	Position
J Puttick	Director (Non-executive Chairman)
D Adams	Director (Independent)
C Bartlett	Director (Independent) (appointed 24 June 2015)
A Brackin	Director (Independent)
S Lake	Director (Managing Director and Chief Executive Officer)
J Sundell	Director (Non-executive)
I Thomas	Director (Independent)
R De Dominicis	Chief Executive Wealth Management
D Orrock	Chief Executive, GBST Capital Markets Australia and Asia Pacific
B Raskin	Chief Executive, GBST Capital Markets North America
A Ritter	Chief Financial Officer and Company Secretary
P Salis	Chief Operating Officer
I Sanchez	Chief Technology Officer

## Performance Right Holdings for Key Management Personnel

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

2015	Balance 01/07/14	Granted as Compen- sation	Performance rights	Performance rights	Balance 30/06/15	Total Vested at 30/06/15	Total	Total
			Exercised or Sold	Cancelled/ Forfeited/ Lapsed			Vested and Exercis- able at 30/06/15	Vested and Unexercis- able at 30/06/15
			\$	\$	\$	\$	\$	\$
<b>Directors</b>								
S Lake	365,177	100,486	-	-	465,663	-	-	465,663
<b>TOTAL DIRECTORS</b>	<b>365,177</b>	<b>100,486</b>	<b>-</b>	<b>-</b>	<b>465,663</b>	<b>-</b>	<b>-</b>	<b>465,663</b>
<b>Executives</b>								
R De Dominicis	182,588	50,243	-	-	232,831	-	-	232,831
D Orrock	182,588	50,243	-	-	232,831	-	-	232,831
B Raskin	-	43,682	-	-	43,682	-	-	43,682
A Ritter	116,857	-	-	-	116,857	-	-	116,857
P Salis	146,071	43,544	-	-	189,615	-	-	189,615
I Sanchez	146,071	46,893	-	-	192,964	-	-	192,964
<b>TOTAL EXECUTIVES</b>	<b>774,175</b>	<b>234,605</b>	<b>-</b>	<b>-</b>	<b>1,008,780</b>	<b>-</b>	<b>-</b>	<b>1,008,780</b>
<b>GROUP TOTAL</b>	<b>1,139,352</b>	<b>335,091</b>	<b>-</b>	<b>-</b>	<b>1,474,443</b>	<b>-</b>	<b>-</b>	<b>1,474,443</b>

# DIRECTORS' REPORT

for the year ended 30 June 2015 continued

## Performance Right Holdings for Key Management Personnel (continued)

Details of Performance rights held by Key Management Personnel affecting current and future remuneration

	Vested Number #	Granted Number #	Grant Date	Average Value per Performance right at Grant Date \$	Exercise Price \$	First Exercise Date	Last Exercise Date
<b>Directors</b>							
S Lake	–	365,177	08.11.12	0.8151	–	08.11.15	08.12.15
S Lake	–	100,486	16.10.14	3.4339	–	16.10.17	16.11.17
<b>TOTAL DIRECTORS</b>	<b>–</b>	<b>465,663</b>					
<b>Executives</b>							
R De Dominicis	–	182,588	08.11.12	0.8151	–	08.11.15	08.12.15
R De Dominicis	–	50,243	05.08.14	3.2800	–	31.08.17	30.09.17
D Orrock	–	182,588	08.11.12	0.8151	–	08.11.15	08.12.15
D Orrock	–	50,243	05.08.14	3.2800	–	31.08.17	30.09.17
B Raskin	–	43,682	02.03.15	3.4339	–	28.02.18	31.03.18
A Ritter	–	116,857	08.11.12	0.8151	–	08.11.15	08.12.15
P Salis	–	146,071	08.11.12	0.8151	–	08.11.15	08.12.15
P Salis	–	43,544	05.08.14	3.2800	–	31.08.17	30.09.17
I Sanchez	–	146,071	08.11.12	0.8151	–	08.11.15	08.12.15
I Sanchez	–	46,893	05.08.14	3.2800	–	31.08.17	30.09.17
<b>TOTAL EXECUTIVES</b>	<b>–</b>	<b>1,008,780</b>					
<b>GROUP TOTAL</b>	<b>–</b>	<b>1,474,443</b>					

Details of these performance rights are set out in Note 29 in the financial statements.

## Shareholdings

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

2015	Balance at 01/07/14	Received as Compensation	Performance Rights & Options Exercised	Net Change Other <sup>(1)</sup>	Balance at 30/06/15
<b>Directors</b>					
J Puttick	5,278,356	–	–	(719,000)	4,559,356
C Bartlett	–	–	–	1,750	1,750
A Brackin	381,943	–	–	(190,000)	191,943
S Lake	5,146,109	–	–	–	5,146,109
J Sundell	5,781,610	–	–	–	5,781,610
<b>TOTAL DIRECTORS</b>	<b>16,588,018</b>	<b>–</b>	<b>–</b>	<b>(907,250)</b>	<b>15,680,768</b>
<b>Executives</b>					
R De Dominicis	2,724,659	–	–	(2,298,192)	426,467
P Salis	16,135	–	–	–	16,135
<b>TOTAL EXECUTIVES</b>	<b>2,740,794</b>	<b>–</b>	<b>–</b>	<b>(2,298,192)</b>	<b>442,602</b>
<b>GROUP TOTAL</b>	<b>19,328,812</b>	<b>–</b>	<b>–</b>	<b>(3,205,442)</b>	<b>16,123,370</b>

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

## Indemnifying Directors and Officers

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

In addition, the Company has entered into Deeds of Indemnity which ensure the Directors and Officers of the Group will incur, to the extent permitted by law, no monetary loss as a result of defending the actions taken against them as Directors and Officers.

Certain legal expenses have been paid on behalf of a Director under the deed of indemnity with that Director. The Group is not aware of any other liability that has arisen under these indemnities at the date of the report.

## Performance rights

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

The number of performance rights over ordinary shares outstanding at 30 June 2015 are as follows:

Grant Date	Exercise Date	Exercise Price	Number
08.11.12	08.11.15	\$0.00	1,314,636
16.09.13	16.09.16	\$0.00	451,208
05.08.14	05.08.17	\$0.00	311,509
16.10.14	16.10.17	\$0.00	100,486
02.03.15	28.02.18	\$0.00	101,924

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

# DIRECTORS' REPORT

for the year ended 30 June 2015 continued

## Proceedings on behalf of Company

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

## Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the *Corporations Act (2001)* for the following reasons:

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

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services provided during the year are set out below:

Taxation services	\$77,410
Accounting & Corporate advice	\$17,000
	<hr/>
	\$94,410

## Lead Auditor's Independence Declaration

The lead Auditor's independence declaration can be found on the page following this Directors' report and forms part of the Directors' report for the year ended 30 June 2015.

## Rounding

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

Signed in accordance with a resolution of the Directors



**Dr J F Puttick**

Chairman



**Mr S M L Lake**

Managing Director and Chief Executive Officer

Dated at Brisbane this 12th day of August 2015

# AUDITOR'S INDEPENDENCE DECLARATION

for the year ended 30 June 2015



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

To: the directors of GBST Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

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

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that reads 'Stephen Board'.

Stephen Board  
Partner

Brisbane  
12 August 2015

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

Liability limited by a scheme approved under Professional Standards Legislation.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Note	30 Jun 2015 \$'000	30 Jun 2014 \$'000
Revenue from license and support sales		64,871	58,559
Revenue from sponsored work		46,292	37,646
Revenue from sale of third party product		2,589	1,892
<b>Total revenue</b>		<b>113,752</b>	98,097
Other income		498	394
<b>Total revenue and other income</b>		<b>114,250</b>	98,491
Product delivery and support expenses		(84,760)	(74,322)
Property and equipment expenses		(5,345)	(5,275)
Corporate and administrative expenses		(6,825)	(5,770)
<b>RESULTS FROM OPERATING ACTIVITIES</b>		<b>17,320</b>	13,124
Finance costs	4 (d)	(14)	(1,134)
Finance income	4 (e)	17	19
Net finance costs		3	(1,115)
<b>PROFIT BEFORE INCOME TAX</b>		<b>17,323</b>	12,009
Income tax expense	5	(2,053)	(1,978)
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>15,270</b>	10,031
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising on translation of foreign operations		2,746	1,945
<i>Total items that may be reclassified subsequently to profit or loss</i>		<b>2,746</b>	1,945
<b>Other comprehensive (loss)/income for the year, net of income tax</b>		<b>2,746</b>	1,945
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>18,016</b>	11,976
<b>Earnings per share</b>			
Basic earnings per share (cents)	30	22.94	15.07
Diluted earnings per share (cents)	30	22.50	15.07

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Note	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	7,785	2,339
Trade and other receivables	8	15,627	16,558
Inventories and work in progress	9	3,080	650
Current tax receivable		2,818	11
Other assets	12	2,262	1,582
<b>Total Current Assets</b>		<b>31,572</b>	21,140
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	8,225	7,091
Intangible assets	11	54,320	56,548
Deferred tax assets	15	6,304	6,669
Other assets	12	79	68
<b>Total Non-Current Assets</b>		<b>68,928</b>	70,376
<b>TOTAL ASSETS</b>		<b>100,500</b>	91,516
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	9,319	7,413
Loans and borrowings	14	217	657
Current tax liabilities		1,043	1,231
Provisions	16	5,756	5,000
Unearned income	17	10,413	11,115
<b>Total Current Liabilities</b>		<b>26,748</b>	25,416
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	13	2,698	2,878
Loans and borrowings	14	62	5,251
Deferred tax liabilities	15	2,086	2,519
Provisions	16	2,451	2,171
<b>Total Non-Current Liabilities</b>		<b>7,297</b>	12,819
<b>TOTAL LIABILITIES</b>		<b>34,045</b>	38,235
<b>NET ASSETS</b>		<b>66,455</b>	53,281
<b>EQUITY</b>			
Issued capital	18	37,664	37,664
Reserves	19	1,871	(2,356)
Retained earnings		26,920	17,973
<b>TOTAL EQUITY</b>		<b>66,455</b>	53,281

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Issued Capital \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve <sup>(a)</sup> \$'000	Equity Remuneration Reserve <sup>(b)</sup> \$'000	Total \$'000
<b>Balance at 1 July 2013</b>	37,664	12,934	(5,229)	230	45,599
<b>Total comprehensive income for the year</b>					
Profit for the year	–	10,031	–	–	10,031
<b>Other comprehensive income</b>					
Exchange differences arising on translation of foreign operations	–	–	1,945	–	1,945
<b>Total other comprehensive loss</b>	–	–	1,945	–	1,945
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	–	10,031	1,945	–	11,976
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Dividends paid (Note 6)	–	(4,992)	–	–	(4,992)
Share based payments – performance rights	–	–	–	698	698
<b>Total contributions by and distribution to owners</b>	–	(4,992)	–	698	(4,294)
<b>Total transactions with owners</b>	–	(4,992)	–	698	(4,294)
<b>BALANCE AT 30 JUNE 2014</b>	37,664	17,973	(3,284)	928	53,281

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

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

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Issued Capital \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve <sup>(a)</sup> \$'000	Equity Remuneration Reserve <sup>(b)</sup> \$'000	Total \$'000
<b>Balance at 1 July 2014</b>	37,664	17,973	(3,284)	928	53,281
<b>Total comprehensive income for the year</b>					
Profit for the year	-	15,270	-	-	15,270
<b>Other comprehensive income</b>					
Exchange differences arising on translation of foreign operations	-	-	2,746	-	2,746
<b>Total other comprehensive income</b>	-	-	2,746	-	2,746
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	15,270	2,746	-	18,016
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Dividends paid (Note 6)	-	(6,323)	-	-	(6,323)
Share based payments – performance rights	-	-	-	1,481	1,481
<b>Total contributions by and distributions to owners</b>	-	(6,323)	-	1,481	(4,842)
<b>Total transactions with owners</b>	-	(6,323)	-	1,481	(4,842)
<b>BALANCE AT 30 JUNE 2015</b>	37,664	26,920	(538)	2,409	66,455

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

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

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Note	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		122,510	105,939
Payments to suppliers and employees		(97,553)	(85,492)
Interest income		17	19
Sundry income		497	394
Finance costs paid		(164)	(875)
Income tax paid		(4,864)	(4,364)
<b>Net cash provided by operating activities</b>	24 (a)	<b>20,443</b>	15,621
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of plant and equipment		1	2
Purchase of plant and equipment		(2,947)	(1,890)
Purchase of software intangibles		(652)	(1,535)
Deferred consideration received		–	1,512
<b>Net cash used in investing activities</b>		<b>(3,598)</b>	(1,911)
<b>Cash Flows from Financing Activities</b>			
Repayment of finance leases		(650)	(1,010)
Repayment of borrowings		(5,037)	(9,004)
Dividends paid	6	(6,323)	(4,992)
<b>Net cash used in financing activities</b>		<b>(12,010)</b>	(15,006)
<b>Net decrease in Cash and Cash Equivalents</b>		<b>4,835</b>	(1,296)
Effect of exchange rate fluctuations on cash held		611	130
Cash and cash equivalents at 1 July		2,339	3,505
<b>Cash and cash equivalents at 30 June</b>	24 (b)	<b>7,785</b>	2,339

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

# NOTES to and forming part of the Consolidated Financial Statements for the year ended 30 June 2015

## Note 1: Reporting Entity

GBST Holdings Limited ("GBST" or the "Company") is the Group's parent Company. The Company is a public for profit Company limited by shares, incorporated and domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2015 comprises the Company and its controlled entities (together referred to as the "Group" and individually as the "Group entities").

## Note 2: Basis of Preparation

### Statement of compliance

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

This consolidated financial report was authorised for issue in accordance with a resolution of Directors on 12 August 2015.

### Basis of measurement

The consolidated financial report has been prepared on an accruals basis and is based on historical costs.

### Functional and presentation currency

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

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

### Comparative figures

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

### Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires Management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported

amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 3:

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

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

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

### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established framework with respect to the measurement of fair values, whereby significant fair value measurements determined by Management, including Level 3 fair values (refer below), are reported to the Group's Audit & Risk Committee. If third party information is used to measure fair values, then evidence obtained from the third parties to support the conclusion is assessed such that valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which valuations should be classified.

When measuring fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES to and forming part of the Consolidated Financial Statements for the year ended 30 June 2015 continued

## Note 2: Basis of Preparation (continued)

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement.

### Changes in accounting policies

For the year ended 30 June 2015, there has been no significant change in accounting policies since the previous year for the Group. The impacts of amendments to AASB 132, effected through AASB 2012-3 Amendments to Australian Accounting Standards Offsetting Financial Assets and Financial Liabilities, has been considered and no change to the classification or disclosures for the Group are necessary.

## Note 3: Significant Accounting Policies

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

### Basis of Consolidation

A controlled entity is any entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A list of controlled entities is contained in Note 22 of the financial statements. All controlled entities have a 30 June financial year end.

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

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those adopted by the parent entity.

### Income Tax

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

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

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

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

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

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

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

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

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

### Tax consolidation

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



## Inventories & Work in Progress

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

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

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

## Plant and Equipment

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

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

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

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

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate	Basis
Owned plant, equipment	5-40%	Straight-Line
Owned plant, equipment	13.3-67%	Diminishing Value
Leased plant, equipment	25%-33%	Straight-Line

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

## Asset Retirement Obligations

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

## Leases

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

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

Lease payments for operating leases are charged as expenses in the periods in which they are incurred.

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

## Intangible Assets

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

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

Class of Fixed Asset	Amortisation Rate	Basis
Owned software	25%	Straight-Line
Leased software	25%	Straight-Line

## Acquired in a business combination and or separately

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

### Note 3: Significant Accounting Policies (continued)

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.

#### **Internally developed (research and development)**

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

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

#### **Subsequent expenditure**

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

#### **Goodwill**

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

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

#### **Financial Instruments**

##### **(i) Non-derivative financial liabilities**

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial liabilities and

assets are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

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

##### **(ii) Non-derivative financial assets**

AASB 9 requires that an entity classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

#### **Accounting policy**

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

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

##### ***Financial assets measured at amortised cost***

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss.

##### ***Financial assets measured at fair value***

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

##### ***Cash and cash equivalents***

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

## Impairment of Assets

### Financial assets

#### *Financial assets at amortised cost*

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

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

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

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

### Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and

intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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

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

An impairment loss in respect of goodwill is not reversed.

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

### Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

### Employee Benefits

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

### Note 3: Significant Accounting Policies (continued)

be made for those entitlements. Those cash flows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows. Contributions are made by the Group to defined contribution superannuation funds and are charged as expenses when incurred.

#### Equity-settled Compensation

The Group operates an equity-settled employee Performance Rights and Option Plan. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of the share performance rights is determined using the Binomial Approximation Option Valuation Model. The number of performance rights expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

#### Revenue and Other Income

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

##### Software license fee revenue

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

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

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

##### Maintenance/support service revenue for licensed software

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

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

##### Sponsored implementation and consulting revenue

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

##### Sponsored project revenue

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

##### Sale of third party product

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

All revenue is stated net of the amount of goods and services tax (GST) or Value added Tax (VAT).

##### Interest revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

## Grants

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

## Goods and Services Tax (GST)

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

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

## Earnings Per Share

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

## Segment Reporting

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

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

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

## Foreign Currency Transactions and Balances

### Transactions and balances

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

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

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

### Group companies

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

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

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

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

## Share capital

### Ordinary shares

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



# NOTES to and forming part of the Consolidated Financial Statements for the year ended 30 June 2015 continued

## Note 3: Significant Accounting Policies (continued)

### New Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these consolidated financial statements. The effect of these on the consolidated financial statements of the Group is still to be assessed.

### Note 4: Profit for the Year

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

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>(a) Other expenses:</b>		
Cost of third party product and services sold	5,633	3,829
Operating lease rentals	2,977	3,130
Research & developments costs	11,722	10,790
<b>(b) Depreciation &amp; amortisation:</b>		
Depreciation of plant & equipment	2,019	1,734
Amortisation of tangible & intangible leased assets	595	926
Amortisation of acquired intangibles (excluding leased assets)	4,534	4,690
	7,148	7,350
<b>(c) Employee benefits expense:</b>		
Monetary based expense (includes contributions for superannuation & other retirement benefits of \$3.88 million (2014: \$3.69 million))	54,233	50,579
Share based payments	1,481	698
	55,714	51,277
<b>(d) Finance costs:</b>		
Foreign currency (gains)/losses	(150)	219
Interest paid to external entities	(2)	351
Finance lease charges	39	74
Facility fees	127	490
	14	1,134
<b>(e) Finance income:</b>		
Bank interest	17	19
	17	19



## Note 5: Income Tax Expense

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>(a) The components of tax expense comprise:</b>		
Current tax	1,510	3,976
Deferred tax (Note 15 (c) (i))	(121)	(1,970)
(Over)/under provision in respect of prior years	664	(28)
	<b>2,053</b>	<b>1,978</b>
<b>(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:</b>		
Profit before tax	17,323	12,009
Prima facie tax payable/(receivable) at 30%	5,197	3,603
Adjust for tax effect of:		
Research & development expenditure claim	(2,969)	(3,628)
UK R&D tax credit – current & prior years <sup>(i)</sup>	(1,330)	–
Under/(Over) provision in respect of prior years	664	(28)
Current year losses for which no deferred tax asset was recognised	228	1,565
Other (deductible) / non-allowable items	657	377
Effect of different tax rates of subsidiaries operating in other jurisdictions	(394)	89
<b>Income tax expense attributable to entity</b>	<b>2,053</b>	<b>1,978</b>
Weighted average effective tax rates:	12%	16%

(i) The UK permits the surrender of research and development enhanced tax losses in exchange for a refundable tax credit. The above figure includes the credit arising as a result of surrendering previously unrecognised tax losses as well as a claim in relation to the year ended 30 June 2015.

# NOTES to and forming part of the Consolidated Financial Statements for the year ended 30 June 2015 continued

## Note 6: Dividends

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Dividend paid in the period:</b>		
2014 final fully franked (at 30%) dividend paid of 4.5 cents per share (2014: 3.5)	2,995	2,330
2015 Interim fully franked (at 30%) dividend paid of 5.0 cents per share (2014: 4.0)	3,328	2,662
<b>Net Dividend paid</b>	<b>6,323</b>	4,992

After the reporting date the Directors recommended a final dividend of 5.5 cents per share to be paid to the holders of fully paid ordinary shares. The dividend will be 100% franked and will be paid on 14 October 2015. The dividend has not been provided and there are no income tax consequences.

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Dividend franking account:</b>		
Balance of franking account at year-end	16,828	14,835
30% franking credits available to shareholders of GBST Holdings Limited for subsequent financial years post final dividend payment.	16,147	14,779

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

- (a) franking credits that will arise from the payment of the current tax liabilities;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
- (c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated Group at the year-end; and
- (d) franking credits that the entity may be prevented from distributing in subsequent years.

## Note 7: Cash and Cash Equivalents

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
Cash at bank and on hand	7,785	2,339
<b>Cash and cash equivalents in the Statement of Cash flows</b>	<b>7,785</b>	2,339

## Note 8: Trade and Other Receivables

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Current</b>		
Trade receivables	14,552	15,840
Accrued revenue	467	144
Other amounts receivable	608	574
	<b>15,627</b>	16,558

An allowance for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired, including factors such as the amount of time a receivable has been outstanding and the solvency of the counterparty. The movement in allowance for impairment during the year was an impairment loss recognised of \$879 thousand (2014: \$96 thousand), amounts written off \$14 thousand (2014: \$535 thousand).

## Note 9: Inventories and Work in Progress

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Current – at cost</b>		
Work in progress	3,080	650
	<b>3,080</b>	650

**NOTES** to and forming part of the Consolidated Financial Statements  
for the year ended 30 June 2015 continued

**Note 10: Plant and Equipment**

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
Owned plant and equipment at cost	20,036	16,750
Accumulated depreciation	(11,897)	(9,979)
Net carrying value	8,139	6,771
Leased plant and equipment at cost	1,243	1,229
Accumulated amortisation	(1,157)	(909)
Net carrying value	86	320
<b>Total plant and equipment</b>	<b>8,225</b>	<b>7,091</b>

**(a) Movement in Plant and Equipment**

GBST Group	Owned \$'000	Leased \$'000	Total \$'000
<b>Year ended 30 June 2014</b>			
Balance at 1 July 2013	4,660	563	5,223
Additions	3,765	81	3,846
Disposals	(36)	–	(36)
Depreciation expense	(1,734)	(315)	(2,049)
Reclassification to owned assets – cost	13	(13)	–
Effect of movements in exchange rates	103	4	107
<b>Balance at 30 June 2014</b>	<b>6,771</b>	<b>320</b>	<b>7,091</b>
<b>Year ended 30 June 2015</b>			
Balance at 1 July 2014	6,771	320	7,091
Additions	3,205	–	3,205
Depreciation expense	(2,019)	(234)	(2,253)
Effect of movements in exchange rates	182	–	182
<b>Balance at 30 June 2015</b>	<b>8,139</b>	<b>86</b>	<b>8,225</b>

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

## Note 11: Intangible Assets

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
At Cost		
Software systems	45,338	42,234
Accumulated amortisation	(32,577)	(26,565)
Net carrying value	12,761	15,669
Customer contracts	13,069	12,820
Accumulated amortisation	(13,069)	(12,820)
Net carrying value	-	-
Goodwill	47,823	46,036
Accumulated impairment losses	(6,403)	(5,657)
Net carrying value	41,420	40,379
Leased software at cost	451	1,916
Accumulated amortisation	(312)	(1,416)
Net carrying value	139	500
<b>Total intangibles</b>	<b>54,320</b>	<b>56,548</b>

### (a) Movement in Intangibles

GBST Group	Software Systems \$'000	Customer Contracts \$'000	Goodwill \$'000	Leased Software \$'000	Total \$'000
<b>Year ended 30 June 2014</b>					
Balance at 1 July 2013	17,703	401	40,573	1,111	59,788
Additions	1,535	-	-	-	1,535
Adjustment to controlled entity acquisition consideration	-	-	(830)	-	(830)
Disposals	(6)	-	-	-	(6)
Amortisation charge	(4,276)	(414)	-	(611)	(5,301)
Effect of movements in exchange rates	713	13	636	-	1,362
<b>Balance at 30 June 2014</b>	<b>15,669</b>	<b>-</b>	<b>40,379</b>	<b>500</b>	<b>56,548</b>
<b>Year ended 30 June 2015</b>					
Balance at 1 July 2014	15,669	-	40,379	500	56,548
Additions	700	-	-	-	700
Amortisation charge	(4,534)	-	-	(361)	(4,895)
Effect of movements in exchange rates	926	-	1,041	-	1,967
<b>Balance at 30 June 2015</b>	<b>12,761</b>	<b>-</b>	<b>41,420</b>	<b>139</b>	<b>54,320</b>

# NOTES to and forming part of the Consolidated Financial Statements for the year ended 30 June 2015 continued

## Note 11: Intangible Assets (continued)

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

The effect of movements in exchange rates represent the period to period foreign currency translation of assets denominated in Great British Pounds, Hong Kong Dollars, Singapore Dollars and US Dollars.

### Impairment Disclosures

Intangible assets are reviewed for impairment where there are indicators that the carrying amount may not be recoverable. Goodwill is allocated to each Cash Generating Unit (CGU) as below:

	30 Jun 2015 \$'000	30 Jun 2014 \$'000
Capital Markets Australia (Palion)	3,350	3,350
Wealth Management (InfoComp)	28,238	28,238
Capital Markets International (Coaxis)	8,946	7,905
Financial Services (Emu)	886	886
<b>Total Goodwill</b>	<b>41,420</b>	<b>40,379</b>

During the financial year ended 30 June 2015, the Company reassessed its segment reporting and CGU determinations. Previously, the InfoComp CGU included both Australian and International Wealth Management businesses. Following the reassessment of the CGU's, all goodwill relating to the previous CGU has been allocated to the Australian Wealth Management operations. This change in CGU determinations has not resulted in any impairment.

The recoverable amount of goodwill for each CGU has been assessed using discounted cash flow projections over five years and a terminal value. The first year cash flow projections are based on 2016 Board approved budgets, while cash flows projections for years two to five are based on Management assumptions set out below. Terminal growth rates have been determined by Management based on their assessment of long term annual growth expected to be achieved in the countries in which each CGU operates. Discount rates are based on a weighted average cost of capital calculation for the relevant markets and in the same currency as the cash flows, and adjusted for a risk premium to reflect both the increase in risk of investing in equities and the risk specific to the CGU. Where fair value less cost to sell is used to assess recoverable amount, the discount rate is reviewed by Management to assess whether the risk reflects a market return.

For the InfoComp, Palion and Emu CGUs, the key assumptions used for value-in-use calculations consider growth and discount rates and are generally consistent with past performance or are based upon the Group's view of future market activity. Growth rates used are determined by considering factors such as industry and sector expectations, the markets in which the CGU operates, the size of the business, and past performance. Based on sensitivity analysis, Management believe that any reasonable change in the respective key assumptions would not have a material impact on the recoverable amounts of the InfoComp, Palion and Emu CGUs.

In relation to the Coaxis CGU, the recoverable amount of the CGU has been assessed using a fair value less costs to sell calculation, which is based on the Board approved 2016 budget and uses growth rates in line with historical performance along with an assessment of costs if the CGU was operating on a stand-alone basis. The forecasts have been based on expectations as to existing contracts and new contracts to be entered into over the forecast period. In the event that these forecasts are not achieved the Coaxis CGU may need to be impaired in future periods – refer below for sensitivity analysis. The fair value measurement was categorised as a Level 3 fair value, based on the inputs in the valuation technique used (refer to Note 2).



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

2014	Coexis Fair value less cost to sell	InfoComp Value-in-use	Palion Value-in-use	EMU Value-in-use
<b>Calculation Method</b>				
Revenue growth rates	3-6%	7.5%	-5%	7.5%
Cost growth rates	3-5%	4%	3-5%	3-5%
Long term growth rates	3%	3%	3%	3%
Post-tax discount rate	13.25%	9.64-13.25%	12.26%	12.26%

2015	Coexis Fair value less cost to sell	InfoComp Value-in-use	Palion Value-in-use	EMU Value-in-use
<b>Calculation Method</b>				
Revenue growth rates	3-6%	7.5%	0%	7.5%
Cost growth rates	3-5%	4%	4%	4%
Long term growth rates	2%	3%	3%	3%
Post-tax discount rate	13.25%	9.64%	12.26%	12.26%

Future anticipated cash flows for all CGU's indicate that the carrying value of the intangible assets were not required to be impaired in 2015.

The sensitivity below shows the amount that these key assumptions are required to change individually, in order for the estimated recoverable amount to be equal to the carrying amount for the Coexis CGU:

Decrease of annual revenue against forecast by	10.81% (June 2014: 13.42%)
Increase of annual costs above forecast by	14.69% (June 2014: 18.67%)
Increase of post-tax discount rate by	1,139 bps (June 2014: 1,365 bps)

## Note 12: Other Assets

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Current</b>		
Prepaid expenditure	2,262	1,582
	2,262	1,582
<b>Non-Current</b>		
Prepaid expenditure	79	68
	79	68

**NOTES** to and forming part of the Consolidated Financial Statements  
for the year ended 30 June 2015 continued

**Note 13: Trade and other Payables**

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Current (unsecured)</b>		
Trade payables & accruals	9,048	7,142
Leasehold liability	271	271
	<b>9,319</b>	<b>7,413</b>
<b>Non-Current (unsecured)</b>		
Trade payables & accruals	913	897
Leasehold liability	1,785	1,981
	<b>2,698</b>	<b>2,878</b>

**Note 14: Loans and Borrowings**

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Current</b>		
Commercial loan facility (secured)	8	7
Finance lease liability (Note 20)	209	650
	<b>217</b>	<b>657</b>
<b>Non-Current</b>		
Senior bank facility (secured) <sup>(a)</sup>	–	4,971
Commercial loan facility (secured)	21	29
Finance lease liability (Note 20)	41	251
	<b>62</b>	<b>5,251</b>
	<b>279</b>	<b>5,908</b>

(a) During the year, the senior bank facility with the Commonwealth Bank of Australia was paid out in full, and the requirement for the Group to comply with covenants was removed.

## Note 15: Tax

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>(a) Deferred tax liabilities</b>		
Deferred tax liability comprises:		
Tax allowances relating to plant and equipment	65	114
Tax allowances relating to intangibles	2,008	2,405
Other items	13	–
	<b>2,086</b>	<b>2,519</b>
<b>(b) Deferred tax assets</b>		
Deferred tax assets comprise:		
Provisions	4,221	4,572
Tax allowances relating to plant and equipment	347	–
Tax allowances relating to intangibles	196	–
Other items	–	39
Recognised tax losses	1,540	2,058
	<b>6,304</b>	<b>6,669</b>
<b>(c) Reconciliations</b>		
<b>(i) Net Movement</b>		
The overall movement in the net deferred tax account is as follows:		
Opening balance	4,150	2,315
Credited/(charged) to the income statement	121	1,970
Foreign currency translation	205	(115)
Charge to equity	(258)	(20)
<b>Closing balance</b>	<b>4,218</b>	<b>4,150</b>
<b>(ii) Transaction costs on equity issue</b>		
Opening balance	–	20
Charged directly to equity	–	(20)
<b>Closing balance</b>	<b>–</b>	<b>–</b>
(b) Total deferred tax assets not brought to account as at reporting period end:		
– tax losses: operating losses	6,674	7,517
– tax losses: capital losses	1,147	2,812

In respect of the deferred tax assets which have not been recognised in relation to operating losses for tax purposes, it is not considered probable that they will be utilised within the foreseeable future given the level of research and development costs incurred by the Company for which it has allowable tax concessions.

# NOTES

to and forming part of the Consolidated Financial Statements  
for the year ended 30 June 2015 continued

## Note 16: Provisions

	GBST GROUP		
	30 Jun 2015 \$'000	30 Jun 2014 \$'000	
<b>Current</b>			
Employee benefits	5,756	4,954	
Make Good <sup>(a)</sup>	–	46	
	<b>5,756</b>	<b>5,000</b>	
<b>Non-Current</b>			
Employee benefits	1,351	1,337	
Make Good <sup>(a)</sup>	1,100	834	
	<b>2,451</b>	<b>2,171</b>	
	<b>Employee benefits</b>	<b>Make Good</b>	<b>Total</b>
GBST Group	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at the beginning of the year	6,291	880	7,171
Additional provisions	4,123	291	4,414
Amounts used	(3,168)	(71)	(3,239)
Unused amounts reversed	(139)	–	(139)
<b>Balance at 30 June 2015</b>	<b>7,107</b>	<b>1,100</b>	<b>8,207</b>

(a) In accordance with rental premises lease agreements across the Group, GBST must restore the leased premises to its original condition at the end of the lease terms. Expiration dates range from 2015 to 2023.

## Note 17: Unearned Income

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Current</b>		
Revenue received in advance for software usage and support services	10,413	11,115
	<b>10,413</b>	<b>11,115</b>

## Note 18: Issued Capital

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
66,561,725 (2014: 66,561,725) fully paid ordinary shares	37,664	37,664
	<b>37,664</b>	37,664

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

The Company does not have an amount of authorised capital or par value in respect of its issued shares.

### Options and Performance Rights

For details on employee and placement options and performance rights over ordinary shares, see Note 29.

## Note 19: Reserves

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
Equity remuneration reserve	2,409	928
Foreign currency translation reserve	(538)	(3,284)
	<b>1,871</b>	(2,356)

# NOTES

to and forming part of the Consolidated Financial Statements  
for the year ended 30 June 2015 continued

## Note 20: Capital, Leasing and Other Commitments

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>(a) Finance Leasing Commitments</b>		
<b>Payable on leases:</b>		
Not later than one year	218	689
Later than one year but not later than five years	43	263
	<b>261</b>	952
Less future finance charges	(11)	(51)
<b>Total liability</b>	<b>250</b>	901

### Lease liabilities are included in the Statement of Financial Position as:

Current (Note 14)	209	650
Non-current (Note 14)	41	251
	<b>250</b>	901

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

### (b) Non-cancellable Operating Leases

#### Lease amounts are payable:

Not later than one year	3,799	3,312
Later than one year but not later than five years	13,495	9,975
Later than five years	6,555	8,983
	<b>23,849</b>	22,270

Non-cancellable leases include rental premises with original lease terms up to ten years. The lease agreements require that the minimum lease payments shall be increased by incremental contingent rentals based on market or CPI.

Certain leases contain options to renew at the end of their term for a further five years.

### (c) Capital and Other Expenditure Commitments

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Contracted for:</b>		
Capital purchases	259	136
Other operating purchases	132	198
	<b>391</b>	334
<b>Payable</b>		
Not later than one year	391	334
	<b>391</b>	334

## Note 21: Auditors' Remuneration

	GBST GROUP	
	30 Jun 2015	30 Jun 2014
	\$	\$
<b>Audit Services</b>		
KPMG Australia		
Audit & review of financial reports	199,100	193,800
Overseas KPMG firms		
Audit & review of financial reports	116,146	111,046
	<b>315,246</b>	<b>304,846</b>
<b>Other Services</b>		
KPMG Australia		
Taxation services	77,410	–
Other services (Accounting & Corporate advice)	17,000	41,200
	<b>94,410</b>	<b>41,200</b>



# NOTES to and forming part of the Consolidated Financial Statements for the year ended 30 June 2015 continued

## Note 22: Other Group Entities

### (a) Controlled Entities Consolidated

Group Entity	Principal place of Business	Percentage Owned
GBST Pty Ltd*	Australia	100% (June 2014: 100%)
Emu Design (Qld) Pty Ltd*	Australia	100% (June 2014: 100%)
GBST ESOP Pty Ltd*	Australia	100% (June 2014: 100%)
GBST Ltd	United Kingdom	100% (June 2014: 100%)
GBST (Australia) Pty Ltd*	Australia	100% (June 2014: 100%)
<i>Subsidiaries of GBST Ltd:</i>		
GBST Inc	United States of America	100% (June 2014: 100%)
GBST Singapore Pte Limited	Singapore	100% (June 2014: 100%)
<i>Subsidiaries of GBST Australia Pty Ltd:</i>		
GBST Hong Kong Limited	Hong Kong	100% (June 2014: 100%)
GBST Registry Solutions Pty Ltd*	Australia	100% (June 2014: 100%)
GBST Wealth Management Pty Ltd*	Australia	100% (June 2014: 100%)
<i>Subsidiaries of GBST Wealth Management Pty Ltd:</i>		
GBST UK Holdings Limited	United Kingdom	100% (June 2014: 100%)
<i>Subsidiaries of GBST UK Holdings Ltd:</i>		
GBST Hosting Limited	United Kingdom	100% (June 2014: 100%)
GBST Wealth Management Limited	United Kingdom	100% (June 2014: 100%)

### (b) Deed of Cross Guarantee

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

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

A consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee at 30 June 2015 is set out as follows:

	<b>CLOSED GROUP AND PARTIES TO DEED OF CROSS GUARANTEE</b>	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<i>Financial information in relation to:</i>		
<b>i. Summarised Statement of Profit or Loss and Other Comprehensive Income</b>		
Revenue from license and service sales	54,055	50,069
Revenue from sponsored work	27,271	22,940
Revenue from sale of third party product	1,528	1,732
Other income	25	9
<b>Results from Operating Activities</b>	<b>14,124</b>	<b>13,918</b>
Finance costs	(100)	(937)
Finance income	17	19
<b>Net finance costs</b>	<b>(83)</b>	<b>(918)</b>
Profit before income tax	14,041	13,000
Income tax expense	(3,555)	(2,306)
Profit after income tax	10,486	10,694
<b>Profit Attributable to Members of the Parent Entity</b>	<b>10,486</b>	<b>10,694</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the Year</b>	<b>10,486</b>	<b>10,694</b>
<b>ii. Retained Earnings</b>		
Retained profits at the beginning of the year	26,039	14,600
Transfer financial asset reserve to retained earnings	(7,659)	5,737
Profit after income tax	10,486	10,694
Dividends provided for or paid	(6,323)	(4,992)
<b>Retained Earnings at End of the Year</b>	<b>22,543</b>	<b>26,039</b>

# NOTES

to and forming part of the Consolidated Financial Statements  
for the year ended 30 June 2015 continued

## Note 22: Other Group Entities (continued)

	CLOSED GROUP AND PARTIES TO DEED OF CROSS GUARANTEE	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>iii. Statement of Financial Position</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,046	927
Trade and other receivables	11,378	11,791
Inventories and work in progress	2,566	606
Other assets	1,513	939
<b>Total Current Assets</b>	<b>18,503</b>	14,263
<b>Non-Current Assets</b>		
Property, plant and equipment	6,042	5,367
Intangible assets	37,759	40,431
Investment	15,639	32,838
Deferred tax assets	4,688	4,372
Other assets	78	68
<b>Total Non-Current Assets</b>	<b>64,206</b>	83,076
<b>TOTAL ASSETS</b>	<b>82,709</b>	97,339
<b>Current Liabilities</b>		
Trade and other payables	3,550	4,856
Loans and borrowings	213	646
Current tax liabilities	888	1,228
Provisions	5,602	4,955
Unearned income	6,754	9,288
<b>Total Current Liabilities</b>	<b>17,007</b>	20,973
<b>Non-Current Liabilities</b>		
Trade and other payables	2,655	2,878
Loans and borrowings	62	5,247
Deferred tax liabilities	2,008	2,404
Provisions	2,103	1,944
<b>Total Non-Current Liabilities</b>	<b>6,828</b>	12,473
<b>TOTAL LIABILITIES</b>	<b>23,835</b>	33,446
<b>NET ASSETS</b>	<b>58,874</b>	63,892
<b>Equity</b>		
Issued capital	37,664	37,664
Reserves	(1,333)	189
Retained earnings	22,543	26,039
<b>TOTAL EQUITY</b>	<b>58,874</b>	63,892

## Note 23: Financing Arrangements

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
Financing facilities <sup>(a)</sup>	13,608	20,943
Amount utilised	(2,439)	(8,392)
<b>Unused credit facility</b>	<b>11,169</b>	<b>12,551</b>

(a) The balance as at 30 June 2015 primarily comprises of facilities for working capital, bank guarantees, equipment finance and corporate cards with Commonwealth Bank of Australia (CBA) and HSBC. The senior debt facility with the CBA was repaid in full during the financial year.

## Note 24: Cash Flow Information

	GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>(a) Reconciliation of Net Cash provided by Operating Activities to Profit after Income Tax</b>		
Profit after income tax	15,270	10,031
<i>Non-cash flows in operating profit:</i>		
Depreciation and amortisation	7,148	7,350
Deferred borrowing costs	–	39
Loss on sale of plant & equipment	–	29
Share based payments	1,481	698
<i>Changes in assets and liabilities:</i>		
Change in receivables	931	(2,504)
Change in other assets	(691)	(357)
Change in unearned income	(702)	932
Change in inventories and work in progress	(2,430)	457
Change in deferred tax balances	(68)	(1,835)
Change in tax provision	(2,995)	(302)
Change in trade and other payables	2,463	188
Change in provisions	1,036	895
<b>Cash flow from operations</b>	<b>20,443</b>	<b>15,621</b>

### (b) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash at bank (Note 7)	7,785	2,339
	<b>7,785</b>	<b>2,339</b>

### (c) Non-cash Financing Activities

During the 2015 financial year there was no plant and equipment or intangible asset acquired under a finance lease (2014: \$81 thousand).

### Note 25: Operating Segment

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

*Capital Markets Australia* offers the GBST Shares and derivatives platform which is the country's most widely used middle-office and back-office equities and derivatives system. The segment now also incorporates Emu Design, provides independent financial data and digital agency services for interactive website design, development, hosting, e-commerce platforms, and mobile and social networking solutions.

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

*Wealth Management Australia* through the GBST Composer platform, provides end to end funds administration and management software to the wealth management industry in Australia. It offers an integrated system for the administration of wrap platforms for superannuations funds, as well as master trusts, unit trusts, risk and debt; and other investment assets. Other GBST products provide technology hub solutions; and data analytics and quantitative services for the measurement of portfolio performance.

*Wealth Management Australia* through the GBST Composer platform, provides end to end funds administration and management software to the wealth management industry in the United Kingdom. It offers an integrated system for the administration of wrap platforms, including individual savings accounts (ISA's), pensions, self-invested personal pension (SIPP), as well as master trusts, unit trusts, risk and debt; and other investment assets.

## Reportable segments

	CAPITAL MARKETS AUSTRALIA		CAPITAL MARKETS INTERNATIONAL		WEALTH MANAGEMENT AUSTRALIA		WEALTH MANAGEMENT INTERNATIONAL		ELIMINATIONS		GBST GROUP	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000	30 Jun 2015 \$'000	30 Jun 2014 \$'000	30 Jun 2015 \$'000	30 Jun 2014 \$'000	30 Jun 2015 \$'000	30 Jun 2014 \$'000	30 Jun 2015 \$'000	30 Jun 2014 \$'000	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Revenue</b>												
Revenue from external customers	32,294	32,618	12,412	11,722	18,952	18,150	50,094	35,607	-	-	113,752	98,097
Other income from external customers	22	1	202	236	4	-	270	158	-	-	498	395
Inter-segment revenues*	87	446	-	12	-	-	-	-	(87)	(458)	-	-
<b>Total segment revenue</b>	<b>31,903</b>	<b>32,565</b>	<b>12,614</b>	<b>11,470</b>	<b>18,956</b>	<b>18,150</b>	<b>50,364</b>	<b>35,765</b>	<b>(87)</b>	<b>(458)</b>	<b>114,250</b>	<b>98,492</b>
<b>EBITDA</b>	<b>8,976</b>	<b>9,188</b>	<b>(3,324)</b>	<b>(2,498)</b>	<b>7,362</b>	<b>6,956</b>	<b>11,454</b>	<b>6,564</b>	<b>-</b>	<b>-</b>	<b>24,468</b>	<b>20,210</b>
Depreciation and amortisation	(1,847)	(2,222)	(2,347)	(2,486)	(2,540)	(2,476)	(414)	(166)	-	-	(7,148)	(7,350)
<b>Segment result</b>	<b>7,129</b>	<b>6,966</b>	<b>(5,671)</b>	<b>(4,984)</b>	<b>4,822</b>	<b>4,480</b>	<b>11,040</b>	<b>6,398</b>	<b>-</b>	<b>-</b>	<b>17,320</b>	<b>12,860</b>
Unallocated revenue/(expenses)**											-	264
<b>Net finance income/(costs)</b>											<b>3</b>	<b>(1,115)</b>
<b>Profit before income tax</b>											<b>17,323</b>	<b>12,009</b>
<b>Income tax expense</b>											<b>(2,053)</b>	<b>(1,978)</b>
<b>Profit after income tax</b>											<b>15,270</b>	<b>10,031</b>

\* Inter-segment revenue received by Capital Markets International (CMI) from Capital Markets Australia (CMA) of \$1.6 million (2014: \$1.6 million) for use of intangible assets is not included to align with reporting to CEO. In addition, margin to reflect arm's length transactions for expense re-charges for software development work charges and other costs between CMA and CMI of \$374 thousand (2014: \$158 thousand) and by Wealth Management Australia and Wealth Management International of \$664 thousand (2014: \$58 thousand) are also not included. Inter-segment revenue with an associated direct external cost (typically direct labour costs) is included.

\*\* 2014 amount is net of a recovery of legal expenses previously expensed.

	SEGMENT REVENUES FROM EXTERNAL CUSTOMERS		CARRYING AMOUNT OF SEGMENT NON-CURRENT ASSETS	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Geographical Location:</b>				
Australia	51,246	50,246	45,681	28,820
Europe	52,417	38,224	22,634	34,707
Asia	8,834	6,475	594	177
North America	1,255	3,152	19	3
	<b>113,752</b>	<b>98,097</b>	<b>68,928</b>	<b>63,707</b>

## Information about Geographical Areas

The consolidated Group's operating segments are managed in Australia. Capital Markets Australia has operations and customers in Australia (as well as a customer in New Zealand and customers in Asia from sales to Australian entities). Capital Markets International has operations and customers in Europe, North America and Asia. Wealth Management

# NOTES to and forming part of the Consolidated Financial Statements for the year ended 30 June 2015 continued

## Note 25: Operating Segment (continued)

Australia has operations and customers in Australia. Wealth Management International has operations and customers in the United Kingdom.

### Major Customer

Revenues from the top five customers of the Group represents \$55.3 million (2014: \$44.4 million) of the Group's total revenues.

### Reconciliation of Capital Expenditure

The \$62 thousand (2014: \$410 thousand) difference between the segment capital expenditure disclosure and the acquisitions recorded in plant and equipment (Note 10) and intangibles (Note 11) relates to the make good increase.

### Accounting Policies

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

### Intersegment Transfers

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

Segment reporting has changed from the previous reporting period to reflect how the performance of the divisions are reported to the CEO. The Financial Services segment has been incorporated into the Capital Markets Australia segment, and the Wealth Management segment has been separated into segments for Australia and International, which is consistent with internal reporting to the CEO.

## Note 26: Financial Risk Management

### (a) Financial Risk Management Policies

The Group's principal financial instruments comprise of accounts receivable and payable, bank accounts, loans and overdrafts and finance leases.

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

It is, and has been throughout the period under review, the Group's policy that financial instruments held are not intended for trading purposes.

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

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

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

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

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

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

### (b) Market Risk

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

### Interest Rate Risk

The exposure to market risk for the changes in interest rates relates primarily to borrowing obligations. Low interest rates over the past year have validated the variable debt rate strategy employed by the Group.



### Australian variable interest rate risk

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

	GBST GROUP	
	2015 \$'000	2014 \$'000
<b>Financial assets</b>		
Cash	1,339	87
	<b>1,339</b>	<b>87</b>
<b>Financial liabilities</b>		
Bank loan	–	5,047
	<b>–</b>	<b>5,047</b>

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

### Foreign currency variable interest rate risk

At reporting period, the Group had the following mix of foreign currency exposed to variable interest rate risk.

	GBST GROUP	
	2015 \$'000	2014 \$'000
<b>Financial assets – Cash</b>		
Great British Pounds	5,308	1,918
United States of America Dollars	546	310
Euros	11	–
Singapore Dollars	70	17
Hong Kong Dollars	511	7
	<b>6,446</b>	<b>2,252</b>

### Foreign Currency Risk

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

The Group constantly monitors its foreign currency exposure, and seeks to utilise existing currency reserves and naturally hedge foreign currency purchase where possible.

At balance sheet date the Group had exposure to movements in the exchange rate as follows:

	2015		2014	
	Cash and Receivables \$'000	Payables \$'000	Cash and Receivables \$'000	Payables \$'000
Great British Pounds	13,887	5,308	10,956	1,205
United States of America Dollars	1,318	173	343	–
Euros	11	–	–	–
Singapore Dollars	70	126	17	6
Hong Kong Dollars	726	204	7	–
	<b>16,012</b>	<b>5,811</b>	<b>11,323</b>	<b>1,211</b>

# NOTES to and forming part of the Consolidated Financial Statements for the year ended 30 June 2015 continued

## Note 26: Financial Risk Management (continued)

### (c) Liquidity Risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and finance leases. Liquidity risk is managed by monitoring forecasted business performance including cash flows, the collection of trade receivables, payment of trade payables and maintaining adequate borrowing facilities. Due to the repayment of senior debt during the financial year, the Group's reporting compliance with covenants to the Commonwealth Bank of Australia is no longer required.

### (d) Credit Risk

The maximum exposure of credit risk at balance date, excluding the value of any collateral or other security, to recognised financial assets is the carrying amount (net of any allowance for impairment of those assets) as disclosed in the balance sheet and notes to the financial statements. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Credit risk arises primarily from exposures to customers. The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. In addition, receivable balances are monitored on an ongoing basis with the result that apart from the risks noted below, there are no other material credit risks to the Group.

In respect of the parent entity, credit risk also incorporates the exposure of GBST Holdings Limited to the liabilities of all Australian entities under the Deed of Cross Guarantee. Refer to Note 22 for further information.

Except for the following concentrations of credit risks, the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into. Approximately 49% (2014: 44%) of the Group's revenue is derived from five customers providing financial services, who represent 27% of the gross trade debtor balance as at 30 June 2015. All Australian clients satisfy the minimum core capital requirements of the ASX (where applicable).

Trade debtor terms range between fourteen to thirty days. Included in the Group's trade receivable balance are debtors with a carrying amount of \$3.62 million (2014: \$3.48 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in the credit quality and the Group believes that the amounts are still considered recoverable. The weighted average age of these receivables is 34 days (2014: 29 days).

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

	2015		2014	
	Gross \$'000	Impairment \$'000	Gross \$'000	Impairment \$'000
Not past due	10,987	53	11,848	–
Past due 0-30 days	1,524	63	879	–
Past due 30-90 days	1,668	274	2,179	–
Past due more than 90 days	1,253	488	423	–
	15,431	879	15,329	–

Trade receivables that have been impaired for 2015 relate to isolated occurrences (involving two customers).

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	GBST GROUP CARRYING AMOUNT	
	2015 \$'000	2014 \$'000
Opening balance	–	440
Impairment loss recognised	893	95
Amounts written off	(14)	(535)
<b>Closing balance</b>	<b>879</b>	<b>–</b>

The maximum exposure to credit risk to the Group is the carrying value, which at the reporting date was:

	GBST GROUP CARRYING AMOUNT	
	2015 \$'000	2014 \$'000
Cash and cash equivalents	7,785	2,339
Trade and other receivables	15,627	16,558
	<b>23,412</b>	<b>18,897</b>

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

	GBST GROUP CARRYING AMOUNT	
	2015 \$'000	2014 \$'000
Australia and New Zealand	6,061	6,683
Europe	6,499	7,568
Asia	2,296	1,743
North America	772	53
	<b>15,627</b>	<b>16,047</b>

# NOTES to and forming part of the Consolidated Financial Statements for the year ended 30 June 2015 continued

## Note 26: Financial Risk Management (continued)

### (e) Financial Instruments

#### (i) Liquidity Risk:

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

GBST Group	0-1 YEARS		1-2 YEARS		2-5 YEARS		OVER 5 YEARS		TOTAL		CARRYING AMOUNTS	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Financial Liabilities</b>												
Bank loan <sup>(1)</sup>	–	287	–	5,172	–	22	–	–		5,481	–	5,007
Lease facilities <sup>(2)</sup>	227	689	44	218	21	45	–	–	292	952	279	901
Trade & other payables	9,319	7,413	545	392	1,308	1,233	845	1,253	12,017	10,291	12,017	10,291
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>9,546</b>	<b>8,389</b>	<b>589</b>	<b>5,782</b>	<b>1,329</b>	<b>1,300</b>	<b>845</b>	<b>1,253</b>	<b>12,309</b>	<b>16,724</b>	<b>12,296</b>	<b>16,199</b>

1. These items have variable interest rates.

2. These items have fixed interest rates. All other items are non-interest bearing.

#### (ii) Net Fair Values

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

For financial assets and liabilities of the Group, the carrying value is a reasonable approximation of the fair value.

#### (iii) Sensitivity Analysis

##### *Interest Rate Risk, Foreign Currency Risk and Price Risk*

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

##### *Interest Rate Sensitivity Analysis*

At 30 June 2015, the net effect on full year profit and equity as a result of changes in the interest rate on variable rate financial instruments, with all other variables remaining constant would be as follows:

	GBST GROUP	
	2015 \$'000	2014 \$'000
<b>Increase/(Decrease) in Profit and Equity</b>		
Increase in interest rate by 1%	–	(50)
Decrease in interest rate by 1%	–	50

### Foreign Currency Risk Sensitivity Analysis

At 30 June 2015, the effect on profit as a result of changes in the value of currencies relevant to GBST's operations (with all other variables remaining constant) is as follows:

#### (i) Profit:

	GBST GROUP	
	2015 \$'000	2014 \$'000
<b>Increase/(Decrease) in Profit</b>		
Improvement in AUD to GBP by 10%	539	(25)
Decline in AUD to GBP by 10%	(539)	25
Improvement in AUD to USD by 10%	(81)	92
Decline in AUD to USD by 10%	81	(75)
Improvement in AUD to SGD by 10%	9	(2)
Decline in AUD to SGD by 10%	(9)	2
Improvement in AUD to HKD by 10%	11	(14)
Decline in AUD to HKD by 10%	(11)	11

#### (ii) Equity:

	GBST GROUP	
	2014 \$'000	2013 \$'000
<b>Change in Equity</b>		
Improvement in AUD to GBP by 10%	1,499	12
Decline in AUD to GBP by 10%	(1,499)	(12)
Improvement in AUD to USD by 10%	(712)	92
Decline in AUD to USD by 10%	712	(75)
Improvement in AUD to SGD by 10%	36	(2)
Decline in AUD to SGD by 10%	(36)	2
Improvement in AUD to HKD by 10%	69	(14)
Decline in AUD to HKD by 10%	(69)	11

#### Price Risk

At 30 June 2015 there no investments in listed shares.

### Note 27: Contingent Liabilities

As at 30 June 2015, GBST has with its clients a variety of software supply agreements, each of which contain service and performance warranties and indemnities. These warranties and indemnities are of the standard type used in the industry and the likelihood of liabilities arising under these warranties and indemnities is considered remote.

The Group is also involved in litigious matters arising in the course of business. Based on legal advice received, management anticipates that such matters will be successfully defended.

## Note 28: Related Parties

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

### Key Management Personnel Compensation

	GBST GROUP	
	2015 \$	2014 \$
Short-term employee benefits	3,887,728	3,785,643
Post-employment benefits	127,498	100,273
Other long-term benefits	45,200	44,046
Share-based payments	759,566	309,561
	<b>4,819,992</b>	<b>4,239,523</b>

Detailed disclosures on compensation for Key Management Personnel are set out in the Remuneration Report included in the Directors' Report.

## Note 29: Share Based Payments

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

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

### Share Performance Rights

At the Company's 2012 annual general meeting, the GBST Performance Rights and Option Plan was approved by shareholders.

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

As at reporting date, the expense for these share performance rights for the period ended 30 June 2015 was \$1,481 thousand (2014: \$698 thousand) included in share based payment expense.

The share performance rights outstanding at 30 June 2015 had a weighted remaining contractual life of 13 months. Unless otherwise stated, all issues of performance rights under the plan have a nil exercise price and vest in thirty-six months after the date of grant or the date of release of GBST's audited financial results, whichever is later. The share performance rights expire thirty days after the vesting date, and are conditional on the employees meeting continuous service conditions and the group meeting certain financial performance measures.

The performance criteria associated with the grant of share performance rights outstanding from prior years under the GBST Performance Rights and Option Plan is detailed in the following table:

Grant Date	Financial Performance hurdle
8 November 2012 <sup>(1)</sup>	<p><b>Cumulative Earnings Per Share (EPS) Target</b></p> <ul style="list-style-type: none"> <li>Subject to GBST achieving three year (2013 – 2015 financial years) cumulative EPS targets of 26 cents, 28 cents, and 32 cents for 25%, 50% and 100% vesting respectively (interpolated).</li> </ul> <p><b>Minimum EPS</b></p> <ul style="list-style-type: none"> <li>A minimum EPS of 5 cents is achieved in each year</li> </ul> <p><b>Service Condition</b></p> <ul style="list-style-type: none"> <li>Continuous employment with the Group from grant date for three years.</li> </ul>
1,314,636 performance rights	

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16 September 2013<sup>(2)</sup>

514,536 performance rights

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**Cumulative Earnings Per Share (EPS) Target**

- Subject to GBST achieving three year (2014 – 2016 financial years) cumulative EPS targets of 32 cents, 36 cents, and 40 cents for 25%, 50% and 100% vesting respectively (interpolated).

**Minimum EPS**

- A minimum EPS of 5 cents is achieved in each year

**Service Condition**

- Continuous employment with the Group from grant date for three years.
- 

11 February 2014<sup>(2)</sup>

13,766 performance rights

---

**Cumulative Earnings Per Share (EPS) Target**

- Subject to GBST achieving three year (2014 – 2016 financial years) cumulative EPS targets of 32 cents, 36 cents, and 40 cents for 25%, 50% and 100% vesting respectively (interpolated).

**Minimum EPS**

- A minimum EPS of 5 cents is achieved in each year

**Service Condition**

- Continuous employment with the Group from grant date for three years.
- 

5 August 2014<sup>(3)</sup>

345,005 performance rights

---

**Cumulative Earnings Per Share (EPS) Target**

- Subject to GBST achieving three year (2015 – 2017 financial years) cumulative EPS targets of 45 cents, 50 cents, and 60 cents for 25%, 50% and 100% vesting respectively (interpolated).

**Minimum EPS**

- A minimum EPS of 10 cents is achieved in each year

**Service Condition**

- Continuous employment with the Group from grant date for three years.
- 

16 October 2014<sup>(4)</sup>

100,486 performance rights

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**Cumulative Earnings Per Share (EPS) Target**

- Subject to GBST achieving three year (2015 – 2017 financial years) cumulative EPS targets of 45 cents, 50 cents, and 60 cents for 25%, 50% and 100% vesting respectively (interpolated).

**Minimum EPS**

- A minimum EPS of 10 cents is achieved in each year

**Service Condition**

- Continuous employment with the Group from grant date for three years.
-

# NOTES to and forming part of the Consolidated Financial Statements for the year ended 30 June 2015 continued

## Note 29: Share Based Payments (continued)

2 March 2015 <sup>(4)</sup> 101,924 performance rights	<p><b>Cumulative Earnings Per Share (EPS) Target</b></p> <ul style="list-style-type: none"> <li>Subject to GBST achieving three year (2015 – 2017 financial years) cumulative EPS targets of 45 cents, 50 cents, and 60 cents for 25%, 50% and 100% vesting respectively (interpolated).</li> </ul> <p><b>Minimum EPS</b></p> <ul style="list-style-type: none"> <li>A minimum EPS of 10 cents is achieved in each year</li> </ul> <p><b>Service Condition</b></p> <ul style="list-style-type: none"> <li>Continuous employment with the Group from grant date for three years.</li> </ul>
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(1) The fair value of the share performance rights of \$0.82 each was determined using the Binomial Approximation Option Valuation Model. The model inputs were: the share price at date of grant \$0.96, expected volatility of 46.8 percent, expected dividends of 5.42 percent, a term of three years and a risk-free interest rate of 2.61 percent. The exercise price for the share performance rights is nil.

(2) The fair value of the share performance rights of \$2.54 each was determined using the Binomial Approximation Option Valuation Model. The model inputs were: the share price at date of grant \$2.85, expected volatility of 40.02 percent, expected dividend yield of 3.80 percent, a term of three years and a risk-free interest rate of 2.81 percent. The exercise price for the share performance rights is nil.

(3) The fair value of the share performance rights of \$3.28 each was determined using the Binomial Approximation Option Valuation Model. The model inputs were: the share price at date of grant \$3.52, expected volatility of 45 percent, expected dividend yield of 2.298 percent, a term of three years and a risk-free interest rate of 2.62 percent. The exercise price for the share performance rights is nil.

(4) The fair value of the share performance rights of \$3.43 each was determined using the Binomial Approximation Option Valuation Model. The model inputs were: the share price at date of grant \$3.67, expected volatility of 45 percent, expected dividend yield of 2.312 percent, a term of three years and a risk-free interest rate of 2.46 percent. The exercise price for the share performance rights is nil.

### Movement in Share Performance Rights

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

	Jun 2015 Number	Jun 2015 WAEP	Jun 2014 Number	Jun 2014 WAEP
Outstanding at the beginning of the period	1,832,383	–	1,314,636	–
Granted during the period	547,415	–	528,302	–
Forfeited during the period	(100,035)	–	(10,555)	–
Exercised during the period	–	–	–	–
Expired during the period	–	–	–	–
Outstanding at the end of the period	2,279,763	–	1,832,383	–
Exercisable at the end of the period	–	–	–	–

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

## Note 30: Earnings Per Share

	GBST GROUP	
	2015	2014
Basic earnings per share (cents)	22.94	15.07
Diluted earnings per share (cents)	22.50	15.07
<b>(a) Reconciliation of earnings to net profit</b>	<b>\$'000</b>	<b>\$'000</b>
Net Profit	15,270	10,031
Earnings used in the calculation of basic EPS and dilutive EPS	15,270	10,031



## (b) Weighted average number of ordinary shares

Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	66,561,725	66,561,725
<b>Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS</b>	<b>67,876,361</b>	66,561,725

The weighted average number of performance rights that are due to vest (based on achievement of performance conditions) in the period immediately following the reporting date are included for the purposes of calculating the Group's dilutive EPS.

## Note 31: Subsequent Events

The financial report was authorised for issue on 12 August 2015 by the Board of Directors.

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

## Note 32: Parent Entity Disclosures

As at, and throughout the financial year ending 30 June 2015 the parent company of the Group was GBST Holdings Limited.

	GBST HOLDINGS	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Results of the Parent Entity</b>		
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>	<b>4,170</b>	2,608
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Total items that will not be reclassified to profit or loss</i>	–	–
<b>Total Comprehensive Income for the Year</b>	<b>4,170</b>	2,608
<b>Financial Position of the Parent Entity at Year End</b>		
Current Assets	10,355	5,378
<b>Total Assets</b>	<b>69,808</b>	142,430
Current Liabilities	11,159	8,988
<b>Total Liabilities</b>	<b>15,034</b>	90,468
<b>Total Equity of the Parent Entity Comprising of:</b>		
Issued capital	37,664	37,664
Equity remuneration reserve	2,409	928
Retained earnings	25,056	13,370
<b>Total Equity</b>	<b>65,129</b>	51,962

## Parent Entity Contingencies

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

# NOTES to and forming part of the Consolidated Financial Statements for the year ended 30 June 2015 continued

## Note 32: Parent Entity Disclosures (continued)

### Contingent Liabilities not Considered Remote

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

	GBST HOLDINGS	
	30 Jun 2015 \$'000	30 Jun 2014 \$'000
<b>Parent Entity Capital and Other Expenditure Commitments</b>		
<b>Contracted for:</b>		
Capital and other operating purchases	64	105
<b>Payable</b>		
Not later than one year	64	105
	64	105

### Guarantees

#### Property Leases

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

#### Lending Facilities

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

#### Performance Guarantees

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

#### Parent Entity Guarantees in Respect of Debts of its Subsidiaries

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

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in Note 22.

## Note 33: Company Details

The registered office of the Company is:

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

The Group's places of business are:

Level 4, West Tower  
410 Ann Street  
**BRISBANE** QLD 4000

Level 24  
259 George Street  
**SYDNEY** NSW 2000

Level 2  
63 Market Street  
**WOLLONGONG** NSW 2530

Level 3  
412 Collins Street  
**MELBOURNE** VIC 3000

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

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

20th Floor  
222 Broadway  
**NEW YORK** NY 10038

6/F, Club Lusitano  
16 Ice House Street, Central  
**HONG KONG**

#03-01 Grace Global Raffles  
137 Market St  
**SINGAPORE** 048943

# DIRECTORS' DECLARATION

for the year ended 30 June 2015

1. In the opinion of the Directors of GBST Holdings Limited ('the Company'):
  - a) the consolidated financial statements and Notes 1 to 33 and the Remuneration report in the Directors' report, set out on pages 17-25, are in accordance with the *Corporations Act (2001)*, including:
    - i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations (2001)*; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 22 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Class Order 98/1418.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act (2001)* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2015.
4. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



**Dr J F Puttick**  
Chairman



**Mr S M L Lake**  
Managing Director and Chief Executive Officer

Dated at Brisbane this 12th day of August 2015

# INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2015



## Independent audit report to the members of GBST Holdings Limited

### Report on the financial report

We have audited the accompanying financial report of GBST Holdings Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility for the financial report*

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

#### *Auditor's responsibility*

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

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

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

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



### *Independence*

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

### *Auditor's opinion*

In our opinion:

- (a) the financial report of GBST Holdings Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

### **Report on the remuneration report**

We have audited the Remuneration Report included in pages 17 to 25 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

### *Auditor's opinion*

In our opinion, the remuneration report of GBST Holdings Limited for the year ended 30 June 2015 complies with Section 300A of the *Corporations Act 2001*.

KPMG

Stephen Board  
Partner

Brisbane  
12 August 2015

# ADDITIONAL INFORMATION for the year ended 30 June 2015

## Shareholding Information as at 31 August 2015

### a. Distribution of Shareholders

Category (size of holding)	No. ordinary shares
1 to 1,000	1,310
1,001 to 5,000	1,555
5,001 to 10,000	373
10,001 to 100,000	234
100,001 and over	38
<b>Total</b>	<b>3,510</b>

### b. The number of shareholdings in less than marketable parcels is 178

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

Shareholder	Number ordinary
Crown Financial Pty Ltd	6,277,610
Perpetual Limited and subsidiaries	6,127,908
Stephen Maurice Linton Lake	5,146,109
John Francis Puttick	4,559,356
National Australia Bank Limited and its associated entities	3,792,450

### d. Voting rights

The company only has ordinary shares on issue. There are 66,561,725 ordinary shares on issue.

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. No shares are the subject of voluntary escrow.

#### e. 20 Largest Shareholders – Ordinary Shares

<b>Rank</b>	<b>Name</b>	<b>Total Units</b>	<b>% IC</b>
1	NATIONAL NOMINEES LIMITED	12,034,053	18.08%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	5,769,659	8.67%
3	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	4,343,946	6.53%
4	BNP PARIBAS NOMS PTY LTD	4,296,915	6.46%
5	CROWN FINANCIAL PTY LTD	3,768,040	5.66%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,728,418	5.60%
7	STEPHEN MAURICE LINTON LAKE	2,343,096	3.52%
8	MR JOHN FRANCIS PUTTICK	2,050,000	3.08%
9	MR JOAKIM SUNDELL & MRS SHARA SUNDELL	2,013,462	3.02%
10	MRS AMBER ROBYN LAKE	1,691,000	2.54%
11	DEKACROFT PTY LTD	1,620,000	2.43%
12	BRISPOT NOMINEES PTY LTD	1,012,857	1.52%
13	BERISLAV BECAREVIC & IVANKA BECAREVIC	751,553	1.13%
14	MR STEPHEN MAURICE LAKE	730,123	1.10%
15	BRAZIL FARMING PTY LTD	707,415	1.06%
16	MR JOHN FRANCIS PUTTICK	697,215	1.05%
17	CITICORP NOMINEES PTY LIMITED	696,997	1.05%
18	MR DONAL O'BRIEN	615,908	0.93%
19	MIRRABOOKA INVESTMENTS LIMITED	520,000	0.78%
20	ROBERT DEDOMINICIS	426,467	0.64%

# CORPORATE DIRECTORY

for the year ended 30 June 2015

## Registered Office

c/- McCullough Robertson, Lawyers  
Level 11, Central Plaza Two  
66 Eagle Street  
BRISBANE QLD 4000  
Ph +61 7 3233 8888  
Fax +61 7 3229 9949

## Principal Place of Business

Level 4, 410 Ann Street  
Brisbane QLD 4000  
Ph +61 7 3331 5555  
Fax +61 7 3839 7783  
[www.gbst.com](http://www.gbst.com)

## Postal Address

GPO Box 2221  
Brisbane QLD 4000

## Directors

John Francis Puttick  
Stephen Maurice Linton Lake  
Joakim James Sundell  
Allan James Brackin  
David Campbell Adams  
Ian Thomas  
Christine Nildra Bartlett

## Company Secretary

Andrew David Ritter  
Sean Anthony Norman

## Share Registry

Link Market Services  
Level 19, 324 Queen Street  
Brisbane QLD 4000  
Ph +61 1300 554 474  
Fax +61 2 9287 0309

## Stock Exchange Listing

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

## Unquoted Securities

The company has 2,279,763 Performance Rights on issue.

## Auditors

KPMG  
Level 16, 71 Eagle Street  
Brisbane QLD 4000  
Ph +61 7 3233 3111  
Fax +61 7 3233 3100





