



GBST Holdings Limited

ABN: 85 010 488 874

Financial Report for the
Half-Year Ended 31 December 2015

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Directors' Report

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 half-year ended 31 December 2015 and the review report thereon.

Directors

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

Name	Period of Directorship
Non-executive	
Mr Allan J Brackin (Chairperson)	April 2005
Dr John F Puttick	January 1984-31 December 2015
Mr David C Adams	April 2008
Mr Joakim J Sundell	July 2001
Dr Ian Thomas	December 2011
Ms Christine N Bartlett (Deputy Chairperson)	June 2015
Executive	
Mr Robert DeDominicis (Managing Director and Chief Executive Officer)	15 December 2015
Mr Stephen M L Lake	September 2001-15 October 2015

Principal activities

The principal activities of GBST during the half-year ended 31 December 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 half-year.

Key Financial Results

- Total revenue increased by 2% to \$56.7 million (Dec 2014: \$55.7 million).
- Operating EBITDA decreased by 31% to \$8.5 million (Dec 2014: \$12.3 million).
- Restructure and other non-operating expenses of \$2.5 million related to legal and organisational restructuring expenses, new CEO recruitment costs and statutory entitlement expenses incurred following the departure of the former CEO.
- EBITDA decreased by 51% to \$6.0 million (Dec 2014: \$12.3 million).
- Profit before income tax (PBT) decreased by 74% to \$2.2 million (Dec 2014: \$8.8 million).
- Net profit after income tax (NPAT) decreased by 67% to \$2.3 million (Dec 2014: \$6.9 million).
- Adjusted net profit after income tax (Adjusted NPAT) decreased by 51% to \$4.4 million (Dec 2014: \$8.9 million)
- Net cash position of \$4.5 million.
- Dividend payout ratio of 84% on Adjusted NPAT (162% on NPAT) increased (Dec 2014: 37%).

GBST comprised two 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 (derivative client accounting) 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.

DIVIDENDS

A final fully franked ordinary dividend of 5.5 cents per share for the 2015 financial year was paid on 14 October 2015, as recommended in the financial report for the year ended 30 June 2015.

Dividends declared after the end of the half-year:

The Directors recommend an interim 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 21 April 2016.

Group results

	Half-year to 31 December		
	2015 \$'000	2014 \$'000	% Change
Total revenue and other income	56,688	55,657	2
Operating EBITDA	8,494	12,322	(31)
Restructure and other non-operating expenses	(2,486)	-	
EBITDA	6,008	12,322	(51)
Net finance costs	(237)	25	
Depreciation & Operating Amortisation	(1,438)	(1,623)	11
Investment Amortisation	(2,084)	(1,944)	(7)
Profit before income tax	2,249	8,780	(74)
Income tax credit/(expense)	21	(1,835)	
Profit after income tax	2,270	6,945	(67)
Adjusted NPAT	4,354	8,890	(51)
Basic EPS (cents)	3.40	10.43	(67)
Adjusted EPS (cents)	6.52	13.36	(51)

The table includes IFRS and non-IFRS financial information. Non-IFRS financial information is Operating EBITDA, Operating & Investment Amortisation, Adjusted NPAT and Adjusted 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 NPAT as profit after income tax plus Investment Amortisation. GBST uses Operating EBITDA, Adjusted NPAT and Adjusted 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.

Restructure and other non-operating expenses are costs associated with organisation restructuring following the departure of the former CEO. These costs 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 8 to the financial report. Restructure and other non-operating expenses are reported to allow for reconciliation between the Group and segment reports.

Group performance

GBST, which provides securities processing and wealth administration software for the financial services industry, reported lower than expected revenues of \$56.7 million due to project delays (announced in October 2015 earnings guidance). This result demonstrates the strength of GBST's strategy, which is focused on building and developing long-term recurring revenue streams. The quality of GBST's revenue has continued to improve and licence fee annuity income contributed almost two-thirds of the total.

International sales grew, reflecting GBST's growing client base in both wealth management and capital markets. These clients include some of the world's largest asset managers, institutional banks and stockbrokers, a testament to the robustness and scalability of GBST's platforms.

GBST has secured and implemented a record number of projects for new clients in the past 12 months, including new UK wealth management implementations for companies including Alliance Trust Savings, Curtis Banks, Just Retirement, Novia Global and Retirement Advantage. While implementation costs have been significant, these clients will generate annuity income for GBST when implementation is completed, contributing to the company's cash flow.

Australian sales declined slightly with deferred spending in wealth management and difficult trading conditions in capital markets.

Operating EBITDA was \$8.5 million (1H FY15: \$12.3 million), at the upper end of guidance issued in October 2015. However, operating EBITDA margins reduced to 15%, reflecting higher costs across the business to manage anticipated growth, particularly commencement of new implementations. Adjusted earnings per share excluding investment amortisation charges were 6.5 cents per share.

Group results include restructure and other non-operating expenses of \$2.5 million related to legal and organisational restructuring expenses, new CEO recruitment costs and statutory entitlement expenses incurred following the departure of the former CEO.

A new Managing Director and Chief Executive Officer, Robert DeDominicis, and Chairman, Allan Brackin, were appointed in December 2015. Allan Brackin was appointed to the Board in 2005 while Robert DeDominicis has been a member of the GBST executive team since August 2007. Their experience has resulted in a successful transition of the new leadership.

Major changes have already been implemented, although the Group continues to refine its global growth and operational strategies, there is more to be done. Capital has been reallocated to align with GBST's strengths, competitive advantages and key markets, while overheads which increased during project implementations are expected to fall. New implementations contribute to services revenue; as they complete, they move to a licence fee model and contribute to long-term recurring revenue streams.

GBST has no debt, and held cash of \$4.5 million at 31 December 2015.

The Group's ongoing investment in software platforms maintains product leadership, and is supported by research and development tax incentives in some countries. Income tax paid was offset by UK income tax concessions and deductions related to the Employee Share & Option Plan (ESOP) vesting in November 2015.

GBST maintains second half operating EBITDA guidance of \$12.0 - \$14.0 million.

The Board has declared an interim dividend of 5.5 cents per share fully franked, consistent with the final dividend paid in 2H FY15. This reflects the Board's confidence in the company's progress and GBST's balance sheet and cash flow position.

CONTINUED INVESTMENT IN R&D

GBST is one of Australia's top technology companies, and investment in research and development is necessary to maintain our technological leadership. We have refocused capital allocation on key products where the company has immediate opportunities, and markets where GBST has proven capability. This includes a new 'Performance Stream' program to further improve the scale and performance of GBST Composer.

An important way in which GBST helps clients is by enabling them to overcome the issues posed by new regulation so they are prepared before these changes take effect. This approach has been instrumental to secure new business. Timely development helped GBST Composer provide the UK pensions industry with more flexible retirement income products, allowing them to capitalise on the changing pensions market.

Recently, GBST Composer was first-to-market with new pensions guarantee and flexible annuities products, which are now being implemented by UK clients. A new model portfolio manager has also been introduced to enable fund managers to settle equity trades through the UK-based CREST (Certificateless Registry for Electronic Share Transfer).

Our platform in Australia is being extended to offer annuity solutions and retirement income products. This will help financial services providers to assist retirees, a growing proportion of the population.

Development of GBST Syn~ for capital markets has been refocused on providing regional middle office solutions for global institutional banks. GBST Syn~ offers multi-country clearing from a single platform, increasing broker-dealers' efficiency and enabling movement from fixed to variable transaction pricing models. Its growing capability to deliver a fully integrated set of equities, derivatives and custody services, supported by firm-wide risk management, continues to attract new business opportunities in the Asian market.

Through new implementations for clients, GBST Syn~ added improved support for Tier-2 Asian broking operations and Hong Kong market practices.

GBST demonstrated its product leadership by becoming the first clearing and settlement provider to confirm readiness for the ASX's shortened T+2 settlement cycle, which is expected to begin operation in March 2016.

Further development of GBST Shares included:

- Extension of GBST Shares' web capabilities through improved integration with GBST Front Office.
- Improvements to GBST's support for ASX mFunds.
- Changes to ensure compatibility with upgraded Java, JBoss and Solaris technologies being released in Q4 FY16.
- Upgrading database capability.

GBST Wealth Management

Half-year to 31 December	2015 \$000's	2014 \$000's	% Change
<i>Revenue - Australia</i>	8,706	10,022	(13)
<i>Revenue - International</i>	24,432	23,679	3
Revenue - Total	33,138	33,701	(2)
<i>Operating EBITDA - Australia</i>	1,660	3,786	(56)
<i>Operating EBITDA - International</i>	5,130	5,508	(7)
Operating EBITDA - Total	6,790	9,294	(27)

Revenue overall was lower, reflecting the impact of project delays and deferred client spending both in the UK and Australia. International wealth management sales were steady at \$24.4 million. Licence revenue increased to 44% of international income, up from 35% in the previous half, demonstrating GBST's growing client base and market position. In Australia, sponsored work was lower, and approximately 90% of revenue was annuity-based. Operating EBITDA was \$6.8 million. GBST expects a stronger second half, and maintains a healthy pipeline of new business opportunities.

Significant UK growth opportunity

In the UK, our wealth management business secured new business and began to implement GBST Composer for several new clients. From 5 clients in 2014 – AEGON, AJ Bell, Barnett Waddingham, Fidelity and Novia – GBST secured Just Retirement, Novia Global and Retirement Advantage as clients in 2015, and will complete implementations for Alliance Savings Trust and Curtis Banks in 2016.

UK Assets under administration on platforms are growing rapidly, increasing from £200 billion at 31 December 2013 to £377 billion at 30 September 2015. This growth demonstrates the significant long-term opportunity for GBST. The total value of assets managed in the UK is estimated at £6 trillion. Of this, more than £770 billion is held in retail mutual funds, including £260 billion in wraps and platforms. This market alone is expected to quadruple in size by 2020. Today GBST Composer serves three of the top six UK wrap platforms.

Efficiencies provided by technologies such as GBST Composer are transforming the wealth management industry, and continued innovation is necessary to maintain product leadership. The Retail Distribution Review (RDR), which ended rebates paid by funds to fund distributors to protect consumers, commenced a period of fundamental change.

The introduction of major legislation such as Pensions Freedom, which simplified tax rules to give people unrestricted access to their pensions, has provided new opportunities. GBST Composer's early preparedness ensured GBST's clients were able to meet customers' demands effectively, in line with legislation authorising pensioners to cash out.

A key competitive advantage of GBST Composer is its ability to replace multiple paper-based and electronic systems on a single digital streamlined platform, enabling data to be easily shared for multiple purposes, such as CRM, trading and product administration. GBST Composer is highly scalable, with the capacity to store extensive volumes of data for decades. This is demonstrated by its performance for existing clients:

- Largest installation of investor accounts – 800,000
- Largest installation – AUD \$245 billion funds under management
- More than 7,000 investment options supported on a single wealth administration platform
- Largest installation of investor transactions – 120 million
- Largest installation of internal users – more than 700
- Largest number of messages processed per month – 2.2 million

In Australia, migration began onto GBST Composer of about \$3 billion in assets for a major banking and wealth management group; and an implementation of GBST ComposerWeb, our online and mobile platform, commenced for one of the world's leading asset managers.

We also completed superannuation Gateway components enabling clients to consolidate multiple accounts onto GBST Composer. GBST Quant, which provides after-tax solutions and portfolio analysis services, benefited from the move by investment funds to diversify assets internationally. Its rollout of Tax Analyser also gained momentum as the business secured new superannuation fund customers.

GBST Capital Markets

Half-year to 31 December	2015 \$000's	2014 \$000's	% Change
Revenue - Australia	15,989	16,608	(4)
Revenue - International	7,204	5,143	40
Revenue - Total	23,193	21,751	7
Operating EBITDA - Australia	5,307	5,101	4
Operating EBITDA - International	(3,603)	(2,073)	(74)
Operating EBITDA - Total	1,704	3,028	(44)

Capital Markets revenue increased 7% to \$23.2 million, with international licence revenue contributing 51% of income. International sales grew with the implementation of GBST Syn~ for Haitong International Securities Group in Hong Kong, and we commenced a project for an existing client. The international operating loss was due to expansion which has since been scaled back and investment in product development. This loss is expected to reduce in the second half.

In Asia, we refocused our sales teams on providing middle office services to global institutional banks and, the implementation of Haitong International's GBST Syn~-based middle office platform in just 12 weeks, now provide services for the top two broker-dealers in the Hong Kong market. Haitong International has recently expanded through acquisition in countries including Singapore and Japan, and GBST Syn~'s highly automated solution helps manage growing trading volumes.

During the half, several Asia-based clients renewed five-year contracts using GBST Syn~. We have aligned our business model with institutional banks to facilitate back- and middle-office post trade clearing across many Asian countries, supported from the banks' regional hubs. This ensures that while GBST Syn~ will continue to be a multi-jurisdictional platform that processes trades across Asia, GBST can support Asia-based institutional clients without a physical location in every country.

We are also well-positioned to provide middle-office services on an outsourced basis. GBST secured a major institutional bank's settlement and clearing business through our platform which provides outsourced middle office services using GBST Syn~.

GBST has changed its North American strategy to focus on immediate opportunities and will relocate its office to Florida to support the second phase of a GBST Syn~ implementation for an existing client. This regional broker-dealer helps approximately 6700 financial advisers to serve more than 2.7 million client accounts in the US, Canada and overseas, and manages client assets of approximately \$500 billion.

In Europe, sponsored work was lower, although the business renewed a back-office agreement with a client for five years. GBST Syn~ supports the implementation of EU financial regulations including T+2 trading regimes; Capital Requirements Directive (CRD) IV, a legislative package covering prudential rules for banks, building societies and investment firms; and Target2 for Securities, which aims to provide a single pan-European platform for securities settlement in central bank money. Implementation of the European Financial Transaction Tax (FTT) is expected to begin across 10 participating countries in FY17. GBST provides an 'off the shelf' engine for FTT which remains ahead of the market, offering growth opportunities.

Australian revenue decreased slightly to \$16.0 million, reflecting a difficult capital markets trading environment and increased competition. GBST's products have led the back- and middle-office market for many years, and licence revenue represented 82% of sales demonstrating GBST's long standing client base. Operating EBITDA increased slightly as GBST maintained tight cost controls.

The program to transition an institutional bank's back- and middle-offices from GBST Shares to GBST Syn~ is progressing well. Final testing is underway and the platform is expected to 'go live' during 2016. When complete, the system will provide a landmark regional post-trade processing solution.

The Emu Design business, which provides financial calculators, web design and e-commerce services for the financial services industry and GBST, contributed to the successful rebranding of outdoor leisure retailer Rays Outdoors, and completed a new e-commerce platform and brand launch for nursery retailer Baby Bunting. Projects have commenced for various Unison union clients, the University of Queensland and other organisations.

Financial position

Net assets have decreased by \$1.7 million to \$64.8 million (June 2015: \$66.5 million). GBST's senior debt was nil and the net cash position was \$4.5 million at 31 December 2015.

Indemnity payments

During the half-year, GBST advanced \$181 thousand to Mr Stephen Lake in accordance with the terms of the Deed of Access, Indemnity and Insurance with Mr Lake. The advances were paid to cover legal costs incurred in defending proceedings brought against Mr Lake in the Supreme Court of Queensland by Mr Malcolm Murdoch, a former director and shareholder of GBST. The proceedings relate to a dispute surrounding the terms on which earlier proceedings pursued by Mr Murdoch in 2003 were settled in 2004. All amounts advanced by GBST under the Indemnity are repayable if, upon the final adjudication of the proceedings, Mr Lake is not entitled to be indemnified by GBST. To date, GBST has advanced a total of \$777 thousand to Mr Lake to cover legal costs incurred in defending these proceedings since he first claimed under his Indemnity since 2012.

Significant changes in state of affairs

During the half-year, the Company issued 861,817 shares for performance rights that vested after meeting performance criteria from the 8 November 2012 issue of performance rights to selected employees issued under the GBST Performance Rights and Option Plan. The remainder of performance rights issued on 8 November 2012 had been forfeited at the vesting date. A further 273,205 (Dec 2014: 445,491) performance rights were issued during the period to selected employees under the GBST Performance Rights and Option Plan which under the GBST Performance Rights and Option Plan 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.

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 six months ended 31 December 2015.

Rounding

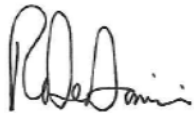
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:



.....
Mr A J Brackin

Chairman



.....
Mr R De Dominicis

Managing Director and Chief Executive Officer

Dated at Brisbane this 16th day of February 2016



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 review for the half-year ended 31 December 2015 there have been:

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

KPMG

Stephen Board
Partner

Brisbane
16 February 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2015

	Note	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Revenue from license and support sales		35,256	32,168
Revenue from sponsored work		20,086	22,188
Revenue from sale of third party product		989	1,096
Total revenue		56,331	55,452
Other income		357	205
Total revenue and other income		56,688	55,657
Product delivery and support expenses		(43,865)	(37,661)
Property and equipment expenses		(6,150)	(5,524)
General and administrative expenses		(4,187)	(3,717)
RESULTS FROM OPERATING ACTIVITIES		2,486	8,755
Finance costs		(248)	(126)
Finance income		11	151
Net finance costs		(237)	25
PROFIT BEFORE INCOME TAX		2,249	8,780
Income tax benefit / (expense)	3	21	(1,835)
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		2,270	6,945
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(98)	926
<i>Total items that may be reclassified subsequently to profit or loss</i>		(98)	926
Other comprehensive (loss)/income for the year, net of income tax		(98)	926
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		2,172	7,871
Earnings per share			
Basic earnings per share (cents)		3.40	10.43
Diluted earnings per share (cents)		3.38	10.43

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

Consolidated Statement of Financial Position as at 31 December 2015

	Note	31 Dec 2015 \$'000	30 Jun 2015 \$'000
CURRENT ASSETS			
Cash and cash equivalents		4,542	7,785
Trade and other receivables		16,595	15,627
Inventories and work in progress		6,727	3,080
Current tax receivables		2,043	2,818
Other assets		2,749	2,262
Total Current Assets		32,656	31,572
NON-CURRENT ASSETS			
Plant and equipment		8,355	8,225
Intangible assets	5	51,840	54,320
Deferred tax assets		6,106	6,304
Other assets		349	79
Total Non-Current Assets		66,650	68,928
TOTAL ASSETS		99,306	100,500
CURRENT LIABILITIES			
Trade and other payables		9,762	9,319
Loans and borrowings	6	62	217
Current tax liabilities		161	1,043
Provisions		5,418	5,756
Unearned income		12,381	10,413
Total Current Liabilities		27,784	26,748
NON-CURRENT LIABILITIES			
Trade and other payables		2,559	2,698
Loans and borrowings	6	31	62
Deferred tax liabilities		1,696	2,086
Provisions		2,401	2,451
Total Non-Current Liabilities		6,687	7,297
TOTAL LIABILITIES		34,471	34,045
NET ASSETS		64,835	66,455
EQUITY			
Issued capital	7	38,366	37,664
Reserves		940	1,871
Retained earnings		25,529	26,920
TOTAL EQUITY		64,835	66,455

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

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2015

	Issued Capital \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve (a) \$'000	Equity Remuneration Reserve (b) \$'000	Total \$'000
Balance at 1 July 2014	37,664	17,973	(3,284)	928	53,281
Total comprehensive income for the half year					
Profit for the half year	-	6,945	-	-	6,945
Other comprehensive income					
Exchange differences arising on translation of foreign operations	-	-	926	-	926
Total other comprehensive income	-	-	926	-	926
TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR	-	6,945	926	-	7,871
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends paid (Note 4)	-	(2,995)	-	-	(2,995)
Share based payments - performance rights	-	-	-	699	699
Total contributions by and distributions to owners	-	(2,995)	-	699	(2,296)
Total transactions with owners	-	(2,995)	-	699	(2,296)
BALANCE AT 31 DECEMBER 2014	37,664	21,923	(2,358)	1,627	58,856

(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 Half-Year Ended 31 December 2015 (continued)

	Issued Capital \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve (a) \$'000	Equity Remuneration Reserve (b) \$'000	Total \$'000
Balance at 1 July 2015	37,664	26,920	(538)	2,409	66,455
Total comprehensive income for the half year					
Profit for the half year	-	2,270	-	-	2,270
Other comprehensive loss					
Exchange differences arising on translation of foreign operations	-	-	(98)	-	(98)
Total other comprehensive loss	-	-	(98)	-	(98)
TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR	-	2,270	(98)	-	2,172
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends paid (Note 4)	-	(3,661)	-	-	(3,661)
Issuing of ordinary shares - vesting of performance rights	702	-	-	(702)	-
Share based payments - performance rights	-	-	-	(131)	(131)
Total contributions by and distributions to owners	702	(3,661)	-	(833)	(3,792)
Total transactions with owners	702	(3,661)	-	(833)	(3,792)
BALANCE AT 31 DECEMBER 2015	38,366	25,529	(636)	1,576	64,835

(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 Half-Year Ended 31 December 2015

	Note	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Cash Flows from Operating Activities			
Receipts from customers		58,548	61,519
Payments to suppliers and employees		(57,214)	(48,630)
Interest income		11	3
Sundry income		262	205
Finance costs paid		(86)	(67)
Income tax paid		(58)	(2,812)
Net cash provided by operating activities		1,463	10,218
Cash Flows from Investing Activities			
Purchase of plant and equipment		(892)	(521)
Purchase of software intangibles		(63)	(466)
Net cash used in investing activities		(955)	(987)
Cash Flows from Financing Activities			
Repayment of finance leases		(187)	(458)
Repayment of borrowings		-	(5,034)
Dividends paid	4	(3,661)	(2,995)
Net cash used in financing activities		(3,848)	(8,487)
Net (decrease) / increase in Cash and Cash Equivalents		(3,339)	744
Effect of exchange rate fluctuations on cash held		97	173
Cash and cash equivalents at 1 July		7,785	2,339
Cash and cash equivalents at 31 December		4,542	3,256

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

Notes to and forming part of the Condensed Consolidated Half-Year Financial Statements for the Period Ended 31 December 2015

Note 1: Reporting Entity

GBST Holdings Limited (“GBST” or the “Company”) is the Group’s parent Company. The Company is a public Company limited by shares, incorporated and domiciled in Australia. The condensed consolidated half-year financial statements of the Company as at and for the half-year ended 31 December 2015 comprises the Company and its controlled entities (together referred to as the “Group” and individually as the “Group entities”).

It is recommended that this half-year financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2015 and public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2015 is available at www.gbst.com or upon request from the Company’s registered office at:

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

Note 2: Basis of Preparation

Statement of compliance

The condensed consolidated half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act (2001)* and AASB 134: *Interim Financial Reporting*. It does not include full disclosure of the type normally included in annual financial statements.

The accounting policies applied by the Group in this consolidated half-year financial report are the same as those applied by the Group in its consolidated financial report, as at and for the year ended 30 June 2015.

This consolidated half-year financial report was authorised for issue in accordance with a resolution of Directors on 16 February 2016.

Basis of measurement

The consolidated half-year financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

For the purpose of preparing the consolidated half-year financial report, the sixth month period has been treated as a discrete reporting period.

Note 2: Basis of Preparation (continued)

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 half-year 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 statements 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 statements.

Use of estimates and judgments

The preparation of the consolidated half-year financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated half year financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2015.

Note 3: Income Tax Expense

	GBST Group	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Profit before tax	2,249	8,780
Prima facie tax payable at 30%	675	2,634
Adjust for tax effect of:		
Research & development expenditure claim	(1,552)	(1,503)
Contributions to Employee Share and Option Plan	(1,023)	-
Under provision in respect of prior years	347	61
Current year losses for which no deferred tax asset was recognised	867	512
Other non-allowable items	254	155
Effect of different tax rates of subsidiaries operating in other jurisdictions	(247)	(24)
Adjustment to reflect effective annual tax rate	658	-
Income tax (benefit) / expense attributable to entity	(21)	1,835
Weighted average effective tax rates:	(1%)	21%

The weighted average effective consolidated tax rate for the half-year ended 31 December 2015 is (1%) (December 2014: 21%) primarily due to the benefit of Research and Development tax concessions in Australia and the United Kingdom (UK), and claiming a tax deduction for contributions to the Employee Share and Option Plan. In addition, the UK tax rate decreased to 20% from 1 April 2015 (December 2014: 21%).

There is no tax recognised in other comprehensive income within the current period or prior period.

Note 4: Dividends

	GBST Group	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
<i>Dividends paid in the period:</i>		
2015 final fully franked (at 30%) dividend paid of 5.5 cents per share (2014: 4.5 cents per share)	3,661	2,995
Net Dividend paid	3,661	2,995

After the reporting date the Directors recommended an interim 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 21 April 2016.

Note 5: Intangible Assets

	GBST Group	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
At Cost		
Software systems	45,159	45,338
Accumulated amortisation	(34,746)	(32,577)
Net carrying value	10,413	12,761
Customer contracts		
Customer contracts	13,069	13,069
Accumulated amortisation	(13,069)	(13,069)
Net carrying value	-	-
Goodwill		
Goodwill	50,847	47,823
Accumulated impairment losses	(9,529)	(6,403)
Net carrying value	41,318	41,420
Leased software at cost		
Leased software at cost	451	451
Accumulated amortisation	(342)	(312)
Net carrying value	109	139
Total intangibles	51,840	54,320

Impairment Disclosures

At 31 December 2015, the Group considered whether there was an indication based on both internal and external sources of information, that any of the Groups assets or Cash Generating Units (CGU's) may be impaired. The Coexis CGU was impairment tested at 31 December 2015. No indicators of impairment were identified in each of the other three CGU's presented in the consolidated annual report of the Group for the year ended 30 June 2015 and as a result these CGU's have not been tested for impairment at 31 December 2015. The annual impairment testing over these CGU's will be performed at 30 June 2016.

The recoverable amount of goodwill for the Coexis 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. 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 the Coexis 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 the recoverable amount, the discount rate is reviewed by Management to assess whether the risk reflects a market return.

In relation to the Coexis 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 Coexis CGU may need to be impaired in future periods. The fair value measurement was categorised as a Level 3 fair value, based on the inputs in the valuation technique used.

Note 6: Loans and Borrowings

	GBST Group	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Current		
Commercial loan facility (secured)	25	8
Finance lease liability	36	209
	62	217
Non-Current		
Commercial loan facility (secured)	-	21
Finance lease liability	31	41
	31	62
	93	279

Note 7: Issued Capital

	GBST Group	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
66,561,725 (2015: 66,561,725) fully paid ordinary shares	37,664	37,664
Issuing of 861,871 ordinary shares - vesting of performance rights (30 June 2015: nil)	702	-
	38,366	37,664
Ordinary shares	No.	No.
Opening balance	66,561,725	66,561,725
Issuing of 861,871 ordinary shares - vesting of performance rights (30 June 2015: nil)	861,817	-
	67,423,542	66,561,725

Ordinary shares participate in dividends and the proceeds of winding up of the parent entity in proportion to the number of shares held, 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 performance rights over ordinary shares, see Note 9.

Note 8: Operating Segments

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 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 in Europe, Asia and North America.

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 superannuation 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 International 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	
	31 Dec 2015	31 Dec 2014*	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014*	31 Dec 2015	31 Dec 2014*	31 Dec 2015	31 Dec 2014*	31 Dec 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue												
Revenue from external customers	15,989	16,608	7,204	5,143	8,706	10,022	24,432	23,679	-	-	56,331	55,452
Other income from external customers	1	7	15	88	106	4	235	106	-	-	357	205
Inter-segment revenues**	84	43	-	-	7	-	-	-	(91)	(43)	-	-
Total segment revenue	16,074	16,658	7,219	5,231	8,819	10,026	24,667	23,785	(91)	(43)	56,688	55,657
EBITDA	5,307	5,101	(3,603)	(2,073)	1,660	3,786	5,130	5,508	-	-	8,494	12,322
Depreciation and amortisation	(782)	(989)	(1,221)	(1,105)	(1,240)	(1,194)	(279)	(279)	-	-	(3,522)	(3,567)
Segment result	4,525	4,112	(4,824)	(3,178)	420	2,592	4,851	5,229	-	-	4,972	8,755
Restructure and other non-operating expenses											(2,486)	-
Net finance (costs) / income											(237)	25
Profit before income tax											2,249	8,780
Income tax benefit / (expense)											21	(1,835)
Profit after income tax											2,270	6,945

* Segment reporting has changed from the comparative 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. 31 December 2014 comparative information has been restated to reflect the changes to operating segment reporting.

** Inter-segment revenue received by Capital Markets International (CMI) from Capital Markets Australia (CMA) of \$800 thousand (2014: \$800 thousand) 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 \$434 thousand (2014: \$718 thousand) and by Wealth Management Australia and Wealth Management International of \$603 thousand (2014: \$728 thousand) are also not included. Inter-segment revenue with an associated direct external cost (typically direct labour costs) is included.

Note 8: Operating Segments (continued)

	Segment Revenues from External Customers		Carrying Amount of Segment Non-Current Assets	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
<i>Geographical Location:</i>				
Australia	24,695	26,630	43,403	43,988
Europe	25,720	24,895	22,634	17,779
Asia	4,969	3,509	594	198
North America	947	418	19	8
	56,331	55,452	66,650	61,973

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

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.

Note 9: 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 half-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.

In addition to the performance rights issued in 2012, 2013 and 2014 financial years disclosed in the consolidated annual report of the Group as at and for the year ended 30 June 2015, the Group has issued the following performance rights in the current period:

On 5 October 2015, the Group issued 273,205 performance rights to selected 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 2018 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 8 November 2015, 861,817 performance rights issued on 8 November 2012 vested. The remainder of performance rights issued on 8 November 2012 lapsed prior to the vesting date and have expired.

Note 9: Share Based Payments (continued)

The performance criteria associated with the grant of share performance rights during the current period under the GBST Performance Rights and Option Plan are summarized below:

PERFORMANCE CRITERIA

Grant Date	Financial Performance hurdle
5 October 2015	<p>Cumulative Earnings Per Share (EPS) Target</p> <ul style="list-style-type: none"> - Subject to GBST achieving three year (2016-2018 financial years) cumulative EPS targets of 72 cents, 77 cents, and 82 cents for 25%, 50% and 100% vesting respectively (interpolated) <p>Minimum EPS</p> <ul style="list-style-type: none"> - A minimum EPS of 15 cents is achieved in each year <p>Service Condition</p> <ul style="list-style-type: none"> - Continuous employment with the Group from grant date for three years

* The fair value of the share performance rights of \$5.0143 each was determined using the Binomial Approximation Option Valuation Model. The model inputs were: the share price at date of grant \$5.18, expected volatility of 40 percent, expected dividend yield of 1.12 percent, a term of three years and a risk-free interest rate of 1.83 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.

	Dec 2015 Number	Dec 2015 WAEP	Dec 2014 Number	Dec 2014 WAEP
Outstanding at the beginning of the period	2,279,763	-	1,832,383	-
Granted during the period	273,205	-	445,491	-
Forfeited during the period	(729,939)	-	(34,875)	-
Exercised during the period	(861,817)	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	961,212	-	2,242,999	-
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 9: Share Based Payments (continued)

Movement in Equity Remuneration Reserve

	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Share based payment expense	(426)	(708)
Credit for forfeitures	557	9
<hr/>		
Total credit / (expense) for the half year	131	(699)
<hr/>		

Note 10: Contingent Liabilities

During the half-year, GBST advanced \$181 thousand to a former director and executive, Mr Stephen Lake, in accordance with the terms of the Deed of Access, Indemnity and Insurance ("the Deed") with Mr Lake. The advances were paid to cover legal costs incurred in defending proceedings brought against Mr Lake in the Supreme Court of Queensland by Mr Malcolm Murdoch, a former director and shareholder of GBST. The proceedings relate to a dispute surrounding the terms on which earlier proceedings pursued by Mr Murdoch in 2003 were settled in 2004. All amounts advanced by GBST under the Deed are repayable if, upon the final adjudication of the proceedings, Mr Lake is not entitled to be indemnified by GBST. To date, GBST has advanced a total of \$777 thousand to Mr Lake to cover legal costs incurred in defending these proceedings since he first claimed under his Indemnity since 2012.

The indemnity provided results in the Group having a potential liability for further legal fees.

Note 11: Subsequent Events

The financial report was authorised for issue on 16 February 2016 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial half-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.

Directors' Declaration

In the opinion of the Directors of GBST Holdings Limited ('the Company'):

- a) the condensed consolidated financial statements and notes set out on pages 14 to 28 are in accordance with the *Corporations Act (2001)*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-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.

Signed in accordance with a resolution of the Directors:



.....
Mr A J Brackin
Chairman



.....
Mr R De Dominicis
Managing Director and Chief Executive Officer

Dated at Brisbane this 16th day of February 2016



Independent auditor's review report to the members of GBST Holdings Limited

We have reviewed the accompanying half-year financial report of GBST Holdings Limited ("the Company), which comprises the consolidated statement of financial position as at 31 December 2015, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 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 half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of GBST Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GBST Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Stephen Board
Partner

Brisbane
16 February 2016