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Half-year results – 31 December 2013

GBST Holdings Limited (ASX: GBT)

GBST H1 FY2014 Highlights

- Revenue increased by 18% to \$49.0 million
- EBITDA increased by 18% to \$9.7 million
- Operating EBITDA increased by 8% to \$9.4 million
- Profit before income tax increased by 50% to \$5.6 million
- NPAT increased by 87% to \$4.4 million
- Adjusted Cash NPAT increased by 36% to \$6.7 million
- Senior debt decreased by \$4.0 million to \$10.0 million at 31 December 2013
- Dividend pay-out ratio of 40% of Adjusted Cash NPAT
- 4.0 cents fully franked interim dividend declared

Non-IFRS financial information is Operating EBITDA and Adjusted Cash NPAT.

GBST H1 FY2014 Highlights continued

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- Record first half revenue driven by continuing growth internationally, revenue increased for all products and strong sales activity
- Australian domestic revenue increased despite difficult market conditions
- Ongoing success of GBST Composer in UK, including successful delivery of all projects and a major new client win, announced in February 2014
- International GBST Syn~ sales doubled; third successive half of improved operating results
- Significant investment made in new staff, particularly to assist sales and business development; includes establishment of an offshore development centre to meet anticipated demand
- Investment in product R&D continues, underpinning sales growth
- Ranked in the world's top 100 tech vendors to financial services companies

H1 FY2014 – Financial Performance

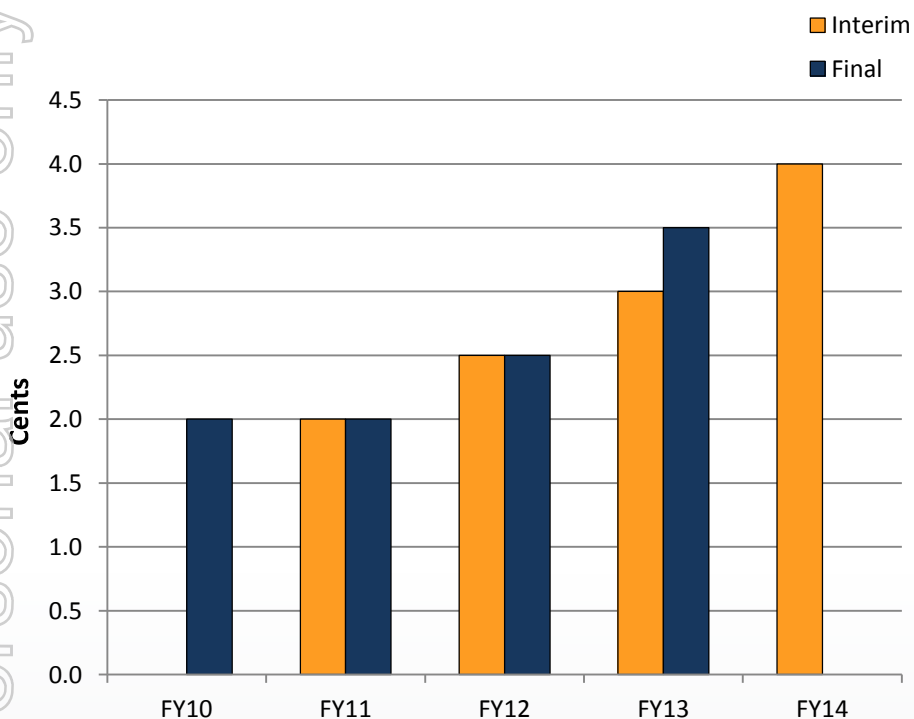
Results for the year ended:	31-Dec-13 \$m	31-Dec-12 \$m	% Change
Revenue	49.0	41.5	18%
Operating EBITDA	9.4	8.7	8%
Operating EBITDA % Margin	19%	21%	
Unallocated revenue/(expenses)	0.3	(0.5)	
EBITDA	9.7	8.2	18%
Finance costs	(0.4)	(0.8)	55%
Depreciation & Operating Amortisation	(1.4)	(1.0)	(34%)
Investment Amortisation	(2.3)	(2.6)	10%
PBT	5.6	3.8	50%
Income tax expense	(1.2)	(1.4)	
Effective tax rate	22%	37%	
NPAT	4.4	2.4	87%
Adjusted Cash NPAT	6.7	4.9	36%
EPS (cps)	6.6	3.5	87%
Cash EPS (cps)	10.1	7.4	36%

- Unallocated items are legal costs relating to non-operating Group matters; these are now resolved
- Finance costs fell due to reduced debt
- Depreciation and operating amortisation relating to tangible and intangible fixed assets used in ongoing operations has risen, reflecting expenditure to support growth
- Lower investment amortisation reflects full amortisation of some assets acquired through acquisition
- Lower tax rate due to R&D tax incentives
- Strong improvement in after tax returns and earnings per share

Non-IFRS financial information is Operating EBITDA, Operating & Investment Amortisation, Adjusted Cash NPAT and Cash EPS.

Dividend

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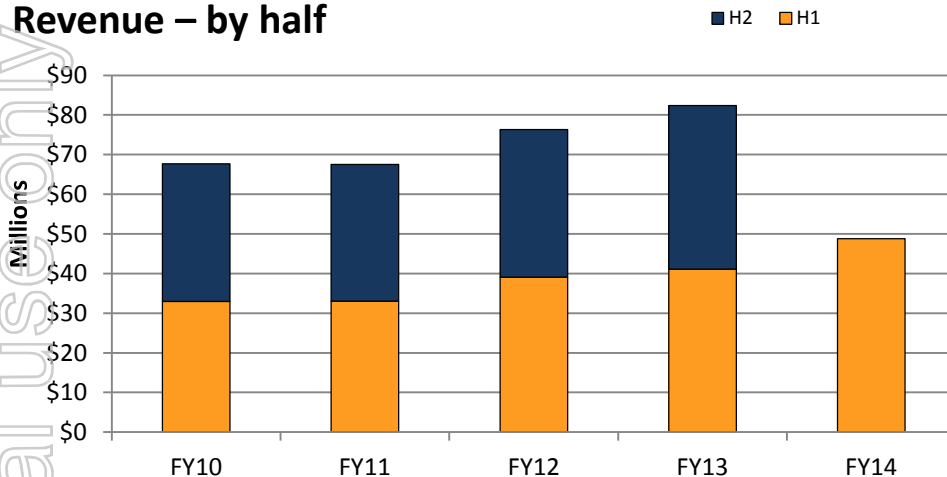


- Interim dividend declared of 4.0 cents per share (cps), up 1.0 cps on the FY13 interim dividend and up 0.5 cps compared to the FY13 final dividend
- Dividend payout ratio (on adjusted cash NPAT) of 40%
- All dividends are fully franked
- Record date for entitlement is 7 April 2014
- Final dividend to be paid on 24 April 2014

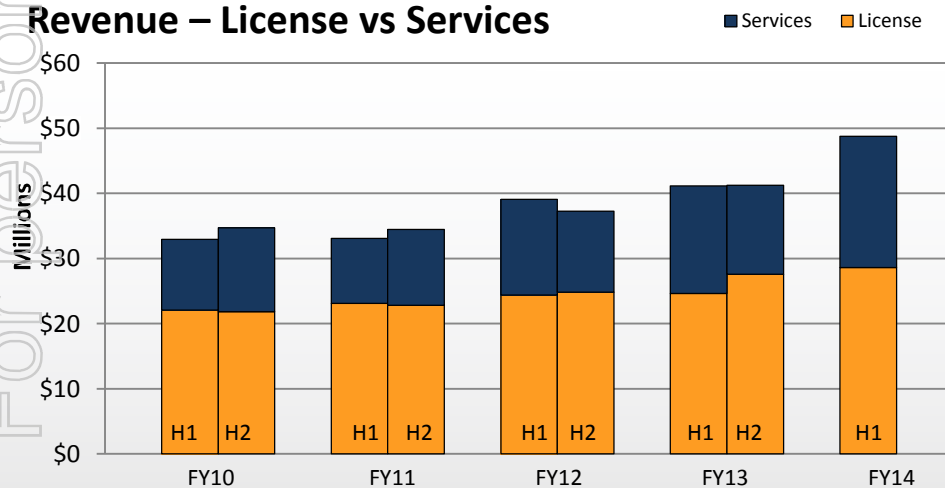
Non-IFRS financial information is Adjusted Cash NPAT.

Group Revenue (1)

Revenue – by half



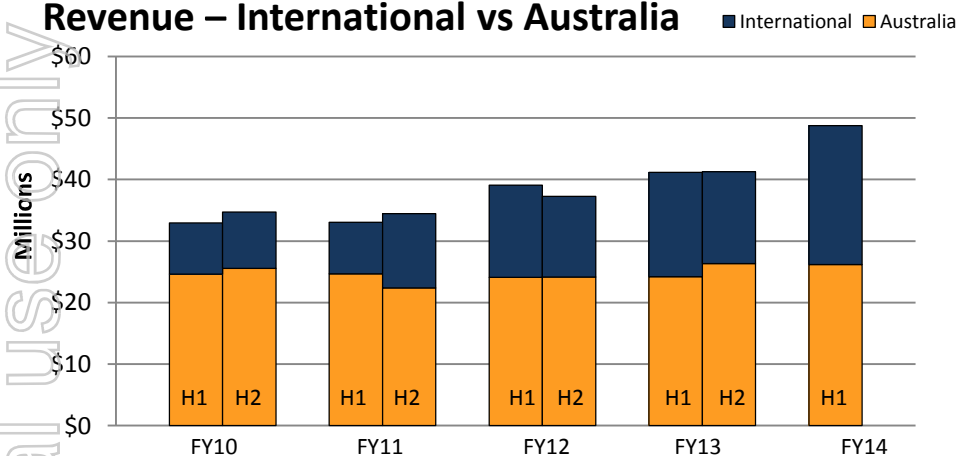
Revenue – License vs Services



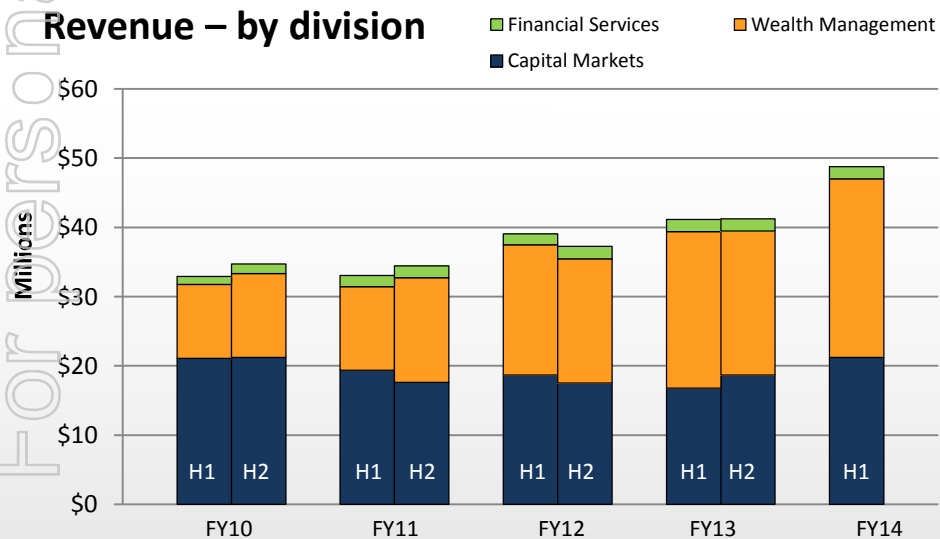
- Record revenue achieved, with consistent top line growth both in Australia and internationally
- Steady increase in annual recurring licence fee based revenue as use of GBST products increases globally
- Services revenue rising, through project work for both existing and new customers
- Multiple phases of activity, post the initial 'go-live' for customers, have become an important source of revenue growth
- Ongoing investment in technology and new capabilities, infrastructure and resources is underpinning revenue growth

Group Revenue (2)

Revenue – International vs Australia



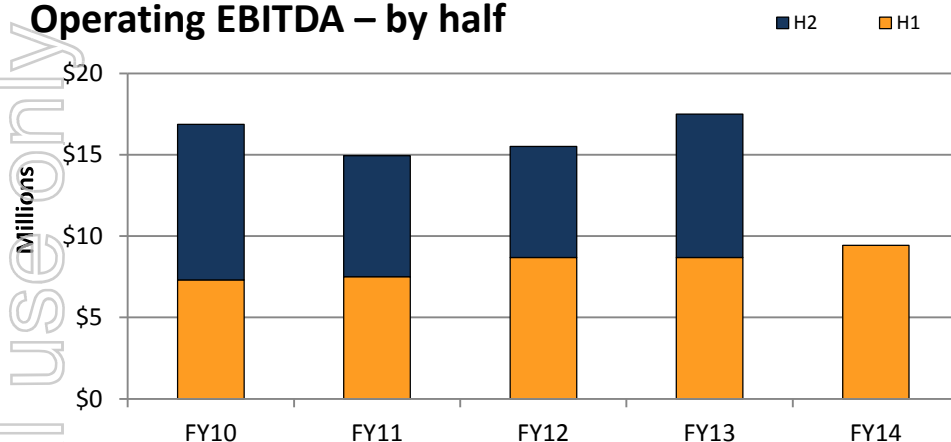
Revenue – by division



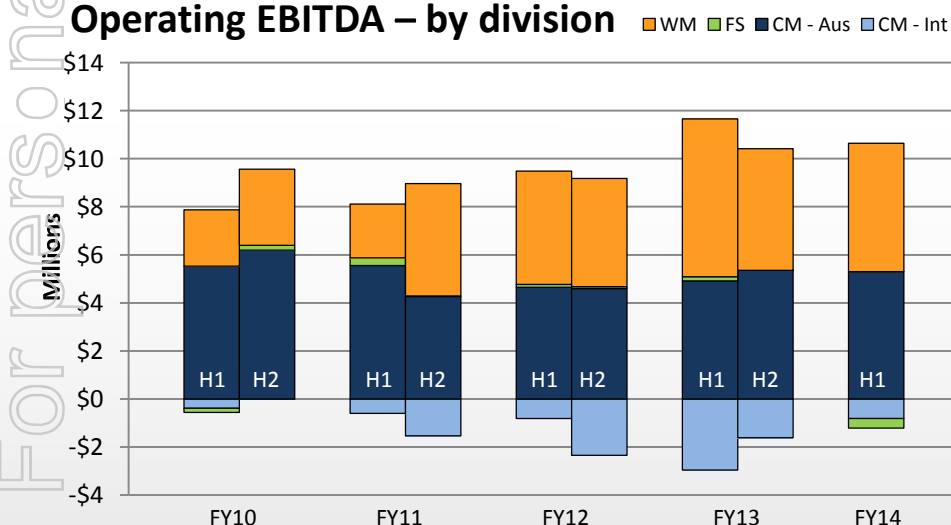
- Steady revenue increase for all GBST products; in all regions
- International revenue up 33% compared to H1 FY13, and now 46% of total revenue
- International revenue growth aided by foreign exchange gains, as the AUD weakened against UK and US currencies
- Australian revenue up 8% compared to H1 FY13 and on par with H2 FY13
- GBST Syn~ revenue up 77% since H2 FY13, and 106% compared to H1 FY13
- GBST Composer revenue grew in both Australia and the UK, increasing 14% from H1 FY13
- GBST Shares revenue in Australia up by 9% from H1 FY13

Operating EBITDA

Operating EBITDA – by half



Operating EBITDA – by division



- Operating EBITDA increased by 8% to \$9.4 million
- Performance of GBST Capital Markets International improved significantly, reporting a reduced loss of \$0.8 million (H1 FY13 loss: \$3.0 million)
- Capital Markets Australia operating EBITDA rose 8% as licence fee income increased
- Wealth Management operating EBITDA was \$5.3 million, reflecting significant recruitment, training and establishment costs, including offshore development centre
- Financial Services \$0.4 million loss reflects increased product R&D and UK expansion business development costs
- Staff increased by 60+ to over 450
- All internal R&D costs are expensed as incurred

Non-IFRS information is Operating EBITDA.



Financial Position

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Financial position as at:	31-Dec-13 \$m	30-Jun-13 \$m
ASSETS		
Cash	2.3	3.5
Other current assets	16.8	17.0
Intangible assets	59.2	59.8
Other non-current assets	13.7	10.4
TOTAL ASSETS	92.0	90.7
LIABILITIES		
Loans and borrowings	11.3	15.8
Unearned income	7.7	10.2
Other current liabilities	14.9	13.4
Other non-current liabilities	7.7	5.8
TOTAL LIABILITIES	41.6	45.1
NET ASSETS	50.4	45.6
EQUITY		
Issued capital	37.7	37.7
Reserves	(2.3)	(5.0)
Retained earnings	15.0	12.9
TOTAL EQUITY	50.4	45.6

- Intangible assets primarily comprise purchased software, client contracts and goodwill through acquisition; these assets (excluding goodwill) are being expensed over periods of 5-10 years
- Carrying value of intangible assets (including goodwill) comprises InfoComp (\$34.0 million), Coexis (\$16.8 million), Other (\$8.4 million)
- Net debt reduced from \$12.3 million to \$9.0 million
- Net interest cover = 10x
- Senior debt reduced by \$4.0 million during the half year to \$10.0 million
- Unearned income represents advance payments from clients

Cash Flow

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Results for the year ended:	31-Dec-13 \$m	31-Dec-12 \$m
CASH FLOWS FROM OPERATIONS		
Receipts	51.4	43.8
Payments to suppliers and employees	(41.7)	(37.6)
Sundry income	0.2	0.3
Finance costs	(0.5)	(0.8)
Income tax	(2.5)	(1.4)
Net cash from operations	6.8	4.3
CASH FLOWS FROM INVESTMENTS		
Purchase of P&E	(1.3)	(1.1)
Purchase of software	(1.2)	(0.2)
Deferred consideration received	1.5	0.0
Net cash used in investments	(1.0)	(1.3)
CASH FLOWS FROM FINANCING		
Repayment of finance leases	(0.5)	(0.4)
Proceeds from borrowings	0.0	16.5
Repayment of borrowings	(4.0)	(18.1)
Dividends paid	(2.3)	(1.7)
Net cash used in financing	(6.8)	(3.6)
NET INCREASE/(DECREASE) IN CASH	(1.0)	(0.5)
Effect of foreign exchange fluctuations	(0.2)	(0.5)
Opening cash - 1 July	3.5	(1.3)
CLOSING CASH	2.3	(1.9)

- Increased operating cash flow of \$6.8 million, up from \$4.3 million
- 102% conversion of EBITDA to cash flow
- Strong cash flow, debtors well managed
- GBST has focused on reducing debt, which has lowered funding costs; repayments are ahead of schedule
- Dividends paid increased compared to H1 FY13
- Deferred consideration received from settlement relating to prior acquisition
- Purchase of software intangibles relates to third party products

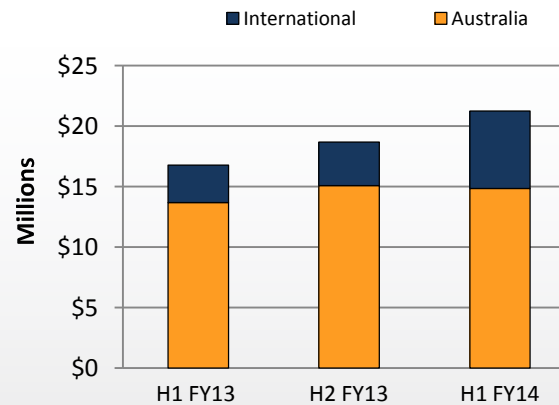
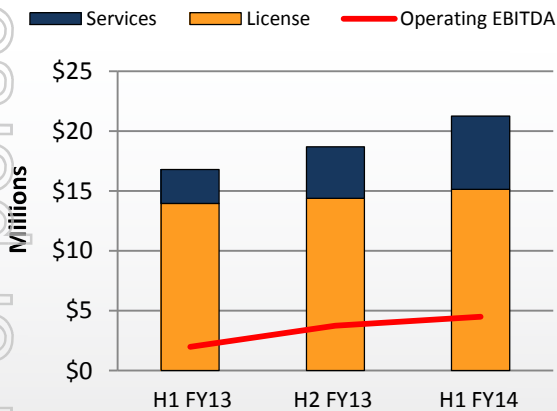


GBST Capital Markets – Financial Performance

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	31-Dec-13 \$m	31-Dec-12 \$m	% Change
Revenue - Australia	14.8	13.7	9%
Revenue - International	6.4	3.1	106%
Revenue - Total	21.2	16.8	27%
Operating EBITDA - Australia	5.3	4.9	8%
Operating EBITDA - International	(0.8)	(3.0)	72%
Operating EBITDA - Total	4.5	2.0	129%
% Margin	21%	12%	

- New licences generated additional revenue, resulting in a 9% increase in Australian sales
- International revenue increased with growth in Asia, Europe and North America
- Steady progress towards profitability for the international business
- Ongoing investment in sales and product development is assisting revenue growth and the new business pipeline is building strongly
- Investment in product R&D continues, all internal costs expensed as incurred



Non-IFRS financial information comprises of Operating EBITDA.



GBST Capital Markets – Highlights

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- One of the world's largest financial services organisations has successfully implemented GBST Syn~, providing middle office processing for third party clearing to the broker-dealer community globally
- GBST Syn~ US implementation is progressing on schedule, and due to go live mid-2014
- Implementation of the first GBST Syn~ Financial Transaction Tax (FTT) module underway in the UK
- GBST successfully renewed Asian client agreements on a direct basis; these were managed previously by a third party
- Australian business continued to grow in difficult environment
- GBST Front Office, Business Intelligence Reporting and Cash Margin products all experienced growth
- Expansion of business development and specialist technical resources in Singapore, Hong Kong and North America
- Closer integration of Australian and international businesses has increased knowledge base across all products, realising improvements in project execution
- GBST Syn~ version 3.0 scheduled for release in mid-2014 includes significant improvements for custodians and improved performance



GBST Capital Markets – Outlook

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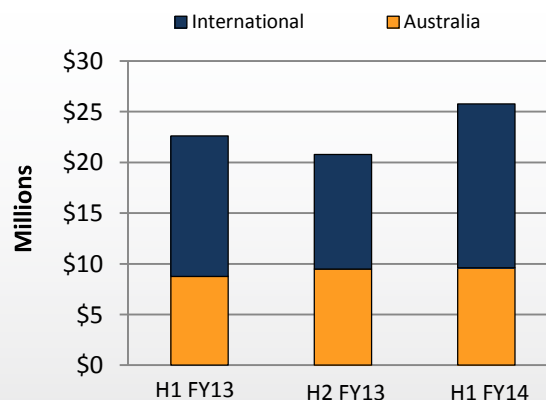
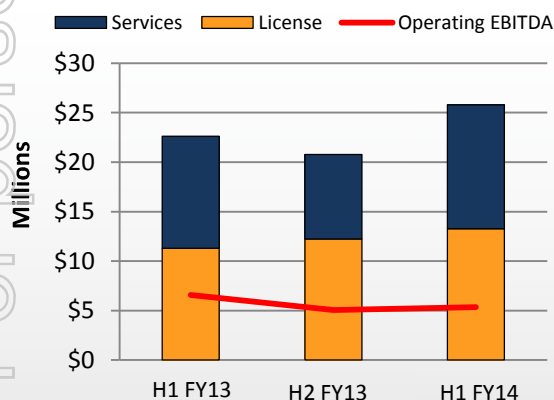
- Strong sales activity in all regions
- Continued strengthening of resources in Asia and US to assist international sales
- Revenues expected to improve as new implementations “go live”, generating additional licence fee income
- Modular nature of GBST Syn~ means it can be deployed as an effective point solution
- Development of GBST Syn~ for the Australian market is essentially complete; progress continues towards the deployment of a full middle-office and back-office solution for Australasia
- GBST’s industry-leading expertise in third party clearing is leading to new opportunities globally and underpins Australia’s licence-fee based revenue
- Further enhancements of functionality in GBST Syn~ around custody, transaction management, FTT and overall technical performance demonstrate the product’s growing capability



GBST Wealth Management – Financial Performance

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	31-Dec-13 \$m	31-Dec-12 \$m	% Change
Revenue - Australia	9.6	8.8	10%
Revenue - International	16.2	13.9	17%
Revenue - Total	25.8	22.6	14%
Operating EBITDA - Total	5.3	6.6	(19%)
% Margin	21%	29%	



Non-IFRS financial information comprises of Operating EBITDA.

- Record revenue for the half, supported by growth in both Australia and the UK
- UK business continues to grow; product sophistication is increasing as client use expands
- Revenue growth aided by the positive impact of the AUD weakening against the GBP
- Lower margins due to higher product R&D to support growth, investment in offshore development centre and sales and business development resources
- All internal R&D costs are expensed as incurred



GBST Wealth Management – Highlights

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- Solid revenue growth, despite increasing competition in both Australia and the UK and significant delays to the start of some programs
- UK GBST Composer clients win multiple top industry awards, including 'Best new platform'
- GBST Composer also wins technology awards for outstanding service and innovation in the UK market
- Product R&D investment continues to maintain GBST's competitive advantage
- Offshore development centre established in Vietnam to strengthen product development and improve scalability; significant establishment costs
- More than 60 staff added including in the offshore development centre, increasing capacity; necessary to drive future growth
- Revenue growth from direct-to-consumer superannuation products; GBST Composer is the market-leading platform
- GBST Superstream development completed, assisting customer preparedness for regulatory change



GBST Wealth Management – Outlook

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- New client win announced with a leading UK-based investment and savings platform; GBST Composer will provide direct-to-consumer services
- Strong order book and sales pipeline, although market is increasingly competitive
- Increased use of offshore development resources will build capacity for further growth
- On-going R&D investment to further enhance the functionality and technical capability of the GBST Composer platform
- The platform market in the UK is expected to quadruple in size by 2020; GBST Composer's position as the sector's leading technology solution is growing
- Life and pensions organisations provide medium-term opportunities for GBST; migration of multiple legacy systems onto GBST Composer enables significant cost efficiencies and functionality improvements



GBST Financial Services

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	31-Dec-13	31-Dec-12	%
	\$m	\$m	Change
Revenue	1.8	1.8	0%
Operating EBITDA	(0.4)	0.2	(343%)

- GBST Financial Services is focused on developing and supporting GBST products' user experience; and the provision of digital services to GBST's customers
- Emu Design has entered the small- to medium-sized business e-commerce sector and now supports some of Australia's largest retailers
- A new enterprise-grade e-commerce system is undergoing significant enhancement
- Expansion of operations into the UK market continues targeting online tools, calculators, mobility and other web services to existing and new customers

Non-IFRS financial information is Operating EBITDA.

Summary

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- Steady revenue growth continues in Australia and offshore markets
- Solid profit growth and increased dividends
- GBST Syn~ is building its position as the new-generation global and regional solution for capital market participants; new clients secured in Asia and Europe
- GBST Composer has consolidated its standing as the top direct-to-consumer software product for the distribution of tax-incentivised financial products in the UK. This market is becoming more competitive, and GBST is investing in technology development to maintain sales momentum
- New offshore development centre established in Vietnam to support product development
- GBST's investment in its products and technology, business development and infrastructure continues; the quality of our products is the foundation for GBST's future expansion
- Strong balance sheet

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ASX Announcement

13 February 2014

GBST NPAT up 87%

Interim dividend 4.0 cents fully franked

GBST (ASX: GBT) today announced that net profit after tax for the first half increased by 87% to \$4.4 million (1H FY2013: \$2.4 million). EBITDA rose to \$9.7 million for the half year to 31 December 2013 (1H FY2013: \$8.2 million).

The company reported revenue growth in Australia and internationally and total revenue was up by 18% to \$49.0 million (1H FY2013: \$41.5 million).

Interim dividend

The Board has declared an interim dividend of 4.0 cents per share fully franked, an increase of 33% (Dec 2012: 3.0 cents).

Results summary* - half year to 31 December	2013 \$000's	2012 \$000's	% Change
Total revenue and other income	48,956	41,453	18
EBITDA	9,689	8,194	18
Profit before income tax	5,632	3,751	50
Profit after income tax	4,393	2,354	87
Adjusted Cash NPAT	6,701	4,929	36
Basic EPS (cents)	6.60	3.52	87
Cash EPS (cents)	10.07	7.38	36
Interim dividend (cents) - fully franked	4.0	3.0	33

*To be read in conjunction with the GBST half-year financial report for the period ending 31 December 2013.

Steady revenue growth in all GBST markets

GBST Managing Director, Stephen Lake, said: "This was a solid result which highlighted the success of our growth strategy. International revenue continued to drive GBST's expansion and in the first half represented 46% of total sales. Revenue rose in each of our key markets in Australia, Asia, Europe and the United States.

"We were pleased to deliver an increased profit despite the challenging environment. A highlight was the selection of GBST Syn~ by one of the world's largest banking and financial services organisations and this firm is already providing third-party clearing services to the broker-dealer community globally. Compared to this time last year, international sales of Syn~ have doubled and we have strengthened our business development teams substantially.

“While Wealth Management sales continued to grow in Australia and the United Kingdom and we maintain a strong order book and sales pipeline, competition has increased. Margins were lower, reflecting our investment in product development to support growth. We have increased capacity by establishing an offshore development centre in Vietnam which already employs more than 35 people. Together with new sales and development staff in other markets, GBST now has over 450 staff worldwide.

“The strength of our Australian operations and annuity licence income, which provides nearly two-thirds of total revenue, ensures that we have a strong foundation for global growth.”

GBST Capital Markets

Half year to 31 December	2013 \$000's	2012 \$000's	% Change
Revenue – Australia	14,844	13,675	9
Revenue – International	6,395	3,097	106
Revenue - Total	21,239	16,772	27
Operating EBITDA – Australia	5,303	4,921	8
Operating EBITDA – International	(820)	(2,961)	72
Operating EBITDA - Total	4,483	1,960	129

Revenue in Australia grew in a difficult environment, driven by new licence sales and the first implementation of GBST Syn~. Operating EBITDA rose to \$5.3 million reflecting increased volumes to third-party clearers.

New products continued to win market share, and GBST's Front Office, Business Intelligence Reporting and Cash Margin products all experienced growth.

International revenue doubled with revenue growth in Asia, Europe and North America. GBST continued to strengthen its services in Hong Kong and Singapore, where it has a strong pipeline of potential new business. GBST also successfully renewed directly the agreements of all regional clients which had previously been managed through a third party. In the UK, GBST commenced implementation of the first GBST Syn~ Financial Transaction Tax (FTT) module for a leading investment bank. Operating EBITDA improved significantly compared to the previous corresponding period.

Development of the next release of GBST Syn~ is complete, and includes significant enhancements for the custody market and improved performance. The launch of GBST Syn~ 3.0 is scheduled for mid-2014.

GBST Wealth Management

Half year to 31 December	2013 \$000's	2012 \$000's	% Change
Revenue – Australia	9,596	8,762	10
Revenue – International	16,179	13,870	17
Revenue – Total	25,775	22,632	14
Operating EBITDA	5,341	6,570	(19)

Wealth Management revenue continued to strengthen. UK sales rose by 17% and Australian sales were up 10%, supported by the successful completion of projects for customers.

GBST Composer's success in the UK continued with the ongoing successful delivery of all projects and, after balance date, the announcement of another significant new client win. The value of GBST's software was recognised by multiple industry awards, also received by GBST clients. In Australia, GBST has increasingly targeted the direct-to-consumer market where GBST is a market-leading platform. Development of a new product, GBST Superstream, is complete, assisting customers' preparedness for regulatory change.

During the half GBST established a new technology development centre to drive product enhancement in Vietnam's Ho Chi Minh City. Its key tasks will include further development of GBST Composer. While GBST benefited from the weaker Australian dollar compared to UK sterling, initiation of this centre, together with substantial recruitment and training costs, impacted margins and operating EBITDA declined to \$5.3 million (H1 FY2013: \$6.6 million).

Product R&D investment continues to maintain and enhance the quality of GBST's products. GBST is well positioned to take advantage of the growth in the platform market in the UK, which is expected to quadruple in size by 2020.

GBST Financial Services

Half year to 31 December	2013 \$000's	2012 \$000's	% Change
Revenue	1,754	1,747	-
Operating EBITDA	(398)	164	(343)

Sales in the first half were flat, and increased product development and UK expansion costs resulted in a small loss for the half. GBST Financial Services provides support for GBST's capital markets and wealth management products including online tools, financial calculators and mobility products.

Emu Design continues to develop its e-commerce system capabilities. It now hosts some of Australia's largest retailers, supporting more than \$10 million worth of transactions monthly. Further work is under way to enhance the recently-launched enterprise-grade e-commerce system.

Balance sheet

GBST's senior debt facility was further reduced by \$4.0 million during the half-year, and net debt reduced to \$9.0 million as at 31 December 2013.

Outlook

The company has invested substantially in its strategy of international expansion, and strengthened sales and business development teams in Asia, Europe and North America to support its products, along with the establishment of an offshore development centre in Vietnam. The financial services sectors in these markets are showing signs of recovery, and GBST remains cautiously optimistic that its revenue growth will continue both offshore and in Australia.

Investment in the company's flagship products, GBST Syn~ and GBST Composer, helps maintain GBST's market leadership and drive sales momentum. The company has a strong balance sheet, and is well positioned to take advantage of opportunities.

- Ends -

About GBST

GBST provides technology services to the financial services industry. The group comprises three divisions:

- **GBST Capital Markets** through the Syn~ platform provides next-generation technology to process equities, derivatives, fixed income and managed funds transactions to global capital markets. In Australia, GBST also offers the GBST Shares platform which is the country's most widely-used middle- and back-office system.
- **GBST Wealth Management** through the Composer platform provides funds administration and registry software to the wealth management industry, both in Australia and the United Kingdom. It offers an integrated system for the administration of wrap platforms, master trusts, superannuation, pensions, risk and debt.
- **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.

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Appendix 4D
Half-year report
for the period ending 31 December 2013

This report should be read in conjunction with the attached Reviewed Financial Report for the half-year ended 31 December 2013. All comparisons are to the half-year ended 31 December 2012.

Name of entity	ABN
GBST HOLDINGS LIMITED	85 010 488 874

Results for announcement to the market

For the half-year ended 31 December 2013:

		Current period	Previous corresponding period
		\$A'000	\$A'000
Total revenue	up 18.10% to	48,956	41,453
Profit from ordinary activities after tax attributable to members	up 86.61% to	4,393	2,354
Net profit for the period attributable to members	up 86.61% to	4,393	2,354
Dividends (distributions)	Amount per security	Franked amount per security	
Interim Dividend	4.00¢	4.00¢	
The record date for determining entitlement is 7 April 2014.			

Net tangible asset backing

The net tangible assets deficiency of the company improved by 55.23% from \$(19.66) million at 31 December 2013 to \$(8.80) million at 31 December 2013.

	Current period	Previous corresponding period
Net tangible assets deficiency per ordinary security (cents)	(13.22)	(29.53)

Dividends

	Date paid/payable	Amount per security	Franked amount per security at 30% tax
Interim dividend current year	24 April 2014	4.00¢	4.00¢
Interim dividend previous year (pcp)		3.00¢	3.00¢



GBST Holdings Limited

ABN: 85 010 488 874

**Financial Report for the
Half-Year Ended 31 December 2013**

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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 2013 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	
Dr John F Puttick (Chairperson)	January 1984
Mr David C Adams	April 2008
Mr Allan J Brackin	April 2005
Mr Joakim J Sundell	July 2001
Dr Ian Thomas	December 2011
Executive	
Mr Stephen M L Lake (Managing Director and Chief Executive Officer)	September 2001

Principal activities

The principal activities of GBST during the half-year ended 31 December 2013 were:

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

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

GBST comprised three divisions during the half-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.

Key Financial Results

- Total revenue for the Group increased by 18% to \$49.0 million (Dec 2012: \$41.5 million).
- Operating EBITDA increased by 8% to \$9.4 million (Dec 2012: \$8.7 million).
- EBITDA increased by 18% to \$9.7 million (Dec 2012: \$8.2 million).
- Profit before income tax (PBT) increased by 50% to \$5.6 million (Dec 2012: \$3.8 million).
- Net profit after income tax (NPAT) increased by 87% to \$4.4 million (Dec 2012: \$2.4 million).
- Adjusted cash net profit after income tax (Cash NPAT) increased by 36% to \$6.7 million (Dec 2012: \$4.9 million)
- Senior debt decreased to \$10.0 million at 31 December 2013 from \$14.0 million at 30 June 2013. Net Debt (total borrowings less cash) has reduced from \$12.3 million at 30 June 2013 to \$9.0 million.

DIVIDENDS

Dividends paid during the half-year were:

- Final fully franked ordinary dividend of 3.5 cents per share for the 2013 financial year paid on 23 October 2013, as recommended in the financial report for the year ended 30 June 2013.

Dividends declared after the end of the half-year:

The Directors recommend an interim dividend of 4.0 cents per share to be paid to the holders of fully paid ordinary shares. The dividend will be 100% franked and will be paid on 24 April 2014.

Group results

	Half-year to 31 December		
	2013 \$'000	2012 \$'000	% Change
Total revenue and other income	48,956	41,453	18
Operating EBITDA	9,426	8,694	8
Unallocated revenue/(expenses)	263	(500)	
EBITDA	9,689	8,194	18
Net finance costs	(384)	(846)	55
Depreciation & Operating Amortisation	(1,366)	(1,022)	(34)
Investment Amortisation	(2,307)	(2,575)	10
Profit before income tax	5,632	3,751	50
Income tax expense	(1,239)	(1,397)	
Profit after income tax	4,393	2,354	87
Adjusted Cash NPAT	6,701	4,929	36
Basic EPS (cents)	6.60	3.52	87
Cash EPS (cents)	10.07	7.38	36

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

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

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)

Unallocated revenue/(expenses) are legal expenses associated with non-operating Group matters which are not associated with any business segment and therefore are not allocated to a segment. This treatment is in accordance with Management's internal measurement of segment performance and the segment disclosures in Note 8 to the financial report. Unallocated revenue/(expenses) are reported to allow for reconciliation between the Group and segment reports.

Group performance

GBST is a leading software and services provider for the financial services industry and, notwithstanding the difficult environment for technology services in Australia and internationally, continued to improve sales and profit. Group revenue was a record \$49.0 million in the first half of FY2014, up 18% compared to \$41.5 million in the first half of FY2013.

Our global growth strategy continued to make progress and sales of GBST Composer, GBST Syn~ and GBST Shares increased in all key markets. This included the steady UK sales growth of GBST Composer, and international sales of GBST Syn~ doubled compared to the previous corresponding period. International revenue as a proportion of sales continued to grow and offshore sales generated 46% of GBST's income. As the financial sector globally continues its recovery, this proportion is expected to increase.

Operating EBITDA rose 8% to \$9.4 million in the first half of FY2014, also a record and up from \$8.7 million in the previous corresponding period. This was a pleasing result demonstrating steady profit growth in an environment characterised by rising costs and increasing competition.

While the Company benefited from foreign exchange movement as the value of the Australian dollar depreciated against the US and UK currencies, especially in the latter part of the period, this advantage was offset by significant research and sales development, recruitment and staffing costs and expenditure to support establishment of a new offshore development centre in Vietnam. During the period, GBST recruited more than 60 new staff and now employs more than 450 internationally.

Legal matters, recognised as unallocated expenses, have been satisfactorily resolved.

Finance costs continued to fall as the Company reduced senior debt to \$10.0 million at 31 December 2013 from \$14.0 million at 30 June 2013. Net debt (total borrowings less cash) reduced to \$9.0 million at 31 December 2013 from \$12.3 million at 30 June 2013.

Depreciation and operating amortisation costs increased, reflecting higher capital expenditure to support business growth.

Net profit after income tax was \$4.4 million for the first half of FY2014, up 87% compared to the first half of FY2013. The Directors are pleased to recommend an interim dividend of 4.0 cents per share, fully franked, up from 3.0 cents per share in the previous corresponding period, maintaining the Company's current dividend payout ratio of 40% of Adjusted Cash NPAT.

INVESTMENT IN RESEARCH AND DEVELOPMENT AND SALES

A key element of GBST's growth is attributable to its ongoing investment in software development. This helps maintain and build GBST's financial services technology leadership and R&D spending averages approximately 10% of the company's sales.

The quality of GBST's services is recognised by clients, which include many of the world's leading investment banks and wealth management companies. These firms depend on GBST for dependable, robust and scalable technology platforms.

This is illustrated by the growth shown by GBST Composer since its 2007 entry into the UK market. This product is now used by three of the UK's top six wrap and platform providers, and has become the top provider of direct-to-consumer technology for the distribution of tax incentivised products in the UK. The investment in GBST Syn~ is also starting to deliver value as its capability increases and its use by clients broadens globally.

GBST Shares continues to be the leading middle-office and back-office equities system in Australia. R&D is the foundation stone for GBST's market leading position and future growth.

GBST is increasing its use of offshore resources to manage demand for new software and services. An important initiative during the half was GBST's foundation of a technology development centre based in Vietnam. This provides access to skills which will enable GBST, in the longer-term, to provide lower-cost solutions globally.

We continued to build our sales and business development teams in Asia and North America. The breadth of our specialist skills strengthen the services we provide to clients. The benefits of our continued investment are demonstrated by both record revenue and an increasingly high level of customer engagement. We are encouraged by these positive trends and anticipate future sales growth.

GBST Capital Markets

Half-year to 31 December	2013 \$000's	2012 \$000's	% Change
Revenue – Australia	14,844	13,675	9
Revenue – International	6,395	3,097	106
Revenue – Total	21,239	16,772	27
Operating EBITDA- Australia	5,303	4,921	8
Operating EBITDA- International	(820)	(2,961)	72
Operating EBITDA- Total	4,483	1,960	129
Depreciation & amortisation of segment assets	(2,347)	(2,176)	(8)
Segment result – Capital Markets (Australia & International)	2,136	(216)	1,089

GBST Capital Markets experienced strong sales in each of its markets in Australia, Asia, Europe and North America. Sales grew to \$21.2 million for the first half of FY2014, up 27% compared to the previous corresponding period. Operating EBITDA increased to \$4.5 million for the half compared to \$2.0 million in the previous corresponding period.

While conditions in Australia remain difficult, revenue increased 9% to \$14.8 million in the first half of FY2014. Licence fee income rose, reflecting increased trading volumes to third party clearers. However, overall retail trading activity remained subdued. Operating EBITDA rose slightly to \$5.3 million. This was a strong result in an environment where capital markets have been constrained. GBST's Capital Markets business in Australia generates approximately 90% of its revenue from recurring licence fees.

With the recent successful implementation in Australia of GBST's new generation post-trade processing platform, GBST Syn~, working in collaboration with the GBST Shares platform, GBST is now able to provide, with the two systems, a complete Australasian regional end-to-end middle-office and back-office solution. The successful deployment of GBST Syn~ and the steady increase in its capabilities has attracted interest from global investment banks seeking regional post-trade clearing solutions.

The consolidation of GBST Capital Markets' Australian and International divisions has improved operating efficiency and broadened access to knowledge across the firm, improving project execution. The distinction between our Australian and offshore activities is expected to diminish further as integration continues and our clients increasingly seek regional and global solutions.

The rollout of new and recently introduced products continued. GBST's business intelligence reporting, cash margin and front office products all increased market share.

INTERNATIONAL CAPITAL MARKETS SALES DOUBLE

International sales more than doubled to \$6.4 million in the first half of FY2014 compared to \$3.1 million in the previous corresponding period. Operating EBITDA for international operations improved to a loss of \$0.8 million for the half, compared to a loss of \$3 million in the previous corresponding period.

Among the highlights of the half, we were delighted that one of the world's leading banking and financial services organisations selected GBST Syn~ to power its middle-office processing. Implementation is complete and Syn~ is already providing third-party clearing services to the broker-dealer community globally.

GBST has continued to expand services and staff in Vietnam, Hong Kong and Singapore where it has a strong pipeline of possible new business. This enhanced service capability was instrumental in GBST's retention of regional clients previously managed through a third-party.

Implementation of GBST Syn~ for GBST's first direct US client has begun, initiating the company's middle-office processing solution to a major broker dealer firm. This follows GBST opening an office in New York and strengthening sales staff to capitalise on the project, which provides a springboard for GBST's growth in North America.

Development of the next release of GBST Syn~ has been completed and is expected to be launched in mid-2014. GBST Syn~ 3.0 provides leading straight-through processing capability, enhanced post-trade efficiency and connectivity for transaction processing, and significant enhancements for the custody market.

During 2014, 11 Eurozone states are expected to introduce a financial transactions tax (FTT). Following GBST's development of the industry's first post trade processing product to enable capital markets firms to manage their FTT obligations and its first sale, implementation has commenced for a major investment bank.

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GBST Wealth Management

Half-year to 31 December	2013 \$000's	2012 \$000's	% Change
Revenue - Australia	9,596	8,762	10
Revenue - International	16,179	13,870	17
Revenue - Total	25,775	22,632	14
Operating EBITDA	5,341	6,570	(19)
Depreciation & amortisation of segment assets	(1,258)	(1,361)	8
Segment result	4,083	5,209	(22)

GBST Wealth Management reported solid revenue growth in its two established markets of Australia and the UK. Sales for the first half were \$25.8 million, up 14% compared to the first half of the FY2013. Operating EBITDA declined 19% compared to the first half of FY2013. This revenue growth was despite some significant delays to the start of client projects.

This result reflects an important investment in GBST's future through increased research and development, sales development, and the significant establishment costs of a new offshore development centre based in Vietnam's Ho Chi Minh City. The costs of recruitment and training of the staff employed in this centre were incurred in the period. This long-term project will provide GBST with increased capacity and allow flexibility for future project-based work. As sales increased we have also taken on new staff in Australia and the UK, and our Wealth Management team increased to over 220 staff from about 160 in June 2013.

Our UK success continued, and revenue increased to \$16.2 million for the half, up 17%. During October, GBST received the 2013 Aberdeen UK Platform Award for 'best use of platform technology' which is awarded for outstanding service and innovation in the UK platform market. In collaboration with a client, the Company received a further award for implementing market-leading technology that integrates workplace and at-retirement solutions. GBST's UK clients also received top awards, including the 'best new platform' award.

While activation of the UK Financial Services Authority's Retail Distribution Review in 2013 has supported sales growth, GBST's potential pipeline of new business remains strong in a more competitive market; and in February 2014 we announced a significant new client win.

Australian revenue increased to \$9.6 million, up 10% compared to the previous corresponding half, supported by the successful completion of projects for existing customers.

GBST has also entered the Superstream gateway market with a messaging hub that sends and receives Australian Taxation Office standards compliant information, enabling the exchange of data with other Superstream participants. Further enhancements to GBST Composer include mobile advisor and mobile investor solutions which provide financial advisers with remote access to client information.

The after-tax benchmarking market for GBST Quant's Tax Analyser continues to grow, and this product has already attracted several superannuation clients.

GBST Financial Services

Half-year to 31 December	2013 \$000's	2012 \$000's	% Change
Revenue	1,754	1,747	-
Operating EBITDA	(398)	164	(343)
Depreciation & amortisation of segment assets	(68)	(60)	(13)
Segment result	(466)	104	(548)

Sales for the first half of FY 2014 were flat. A softer trading environment in the second quarter offset buoyant first quarter sales, and the division reported a small loss reflecting investment in UK expansion and higher business development costs.

During the half, Emu Design extended its e-commerce system capabilities to enter the medium- to large-business e-commerce sector. Emu Design now hosts some of Australia's largest online retailers, supporting e-commerce transactions in excess of \$10 million monthly. It also assists firms with application development for both Android and iPhone platforms and mobile website development.

The division continues to provide strong support for GBST's operations in Australia and the UK. It has helped GBST Wealth Management's UK market expansion, providing financial modelling tools, calculators, and online financial services products.

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Financial position

The senior debt facility matures on 27 December 2015. Senior debt as at 31 December 2013 was \$10.0 million, compared to \$14.0 million at 30 June 2013. GBST's net debt reduced from \$12.3 million to \$9.0 million over the same period. At reporting date, all banking covenants have been met. Based on the Group's current forecast and business plan, the Group anticipates that it will continue to meet its covenants.

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

Significant changes in state of affairs

As at the reporting date, GBST has on issue 66,561,725 ordinary shares. During the period 514,536 (Dec 2012: 1,314,636) performance rights were issued to selected employees under the GBST Performance Rights and Option Plan which are subject to performance criteria.

No other significant changes in the state of affairs of the Group occurred during the financial half-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 half-year ended 31 December 2013.

Rounding

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

Signed in accordance with a resolution of the Directors:



.....
Dr J F Puttick
Chairman



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

Dated at Brisbane this 13th day of February 2014



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 2013, there have been:

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

KPMG

Stephen Board
Partner

Brisbane
13 February 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2013

	Note	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Revenue from license and support sales		28,590	25,421
Revenue from sponsored work		19,310	14,590
Revenue from sale of third party product		868	1,140
Total revenue		48,768	41,151
Other income		188	302
Total revenue and other income		48,956	41,453
Product delivery and support expenses		(34,728)	(28,989)
Property and equipment expenses		(5,638)	(4,668)
Corporate and administrative expenses		(2,574)	(3,199)
RESULTS FROM OPERATING ACTIVITIES		6,016	4,597
Finance costs		(543)	(856)
Finance income		159	10
Net finance costs		(384)	(846)
PROFIT BEFORE INCOME TAX		5,632	3,751
Income tax expense	3	(1,239)	(1,397)
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		4,393	2,354
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		2,392	130
Other comprehensive (loss)/income for the half-year, net of income tax		2,392	130
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		6,785	2,484
Earnings per share			
Basic earnings per share (cents)		6.60	3.52
Diluted earnings per share (cents)		6.60	3.52

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

Consolidated Statement of Financial Position as at 31 December 2013

	Note	31 Dec 2013 \$'000	30 Jun 2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents		2,301	3,505
Trade and other receivables		13,701	14,651
Inventories and work in progress		1,795	1,107
Current tax receivable		-	4
Other assets		1,316	1,278
Total Current Assets		19,113	20,545
NON-CURRENT ASSETS			
Plant and equipment		7,502	5,223
Intangible assets	5	59,200	59,788
Deferred tax assets		6,135	5,166
Other assets		66	15
Total Non-Current Assets		72,903	70,192
TOTAL ASSETS		92,016	90,737
CURRENT LIABILITIES			
Trade and other payables		8,541	7,170
Loans and borrowings	6	957	4,473
Current tax liabilities		1,466	1,526
Provisions		4,970	4,673
Unearned income		7,652	10,182
Total Current Liabilities		23,586	28,024
NON-CURRENT LIABILITIES			
Trade and other payables		2,824	1,361
Loans and borrowings	6	10,373	11,299
Deferred tax liabilities		2,692	2,851
Provisions		2,137	1,603
Total Non-Current Liabilities		18,026	17,114
TOTAL LIABILITIES		41,612	45,138
NET ASSETS		50,404	45,599
EQUITY			
Issued capital	7	37,664	37,664
Reserves		(2,257)	(4,999)
Retained earnings		14,997	12,934
TOTAL EQUITY		50,404	45,599

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 2013

	Issued Capital \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve (a) \$'000	Equity Remuneration Reserve (b) \$'000	Total \$'000
Balance at 1 July 2012	37,664	10,564	(6,823)	-	41,405
Total comprehensive income for the half-year					
Profit for the half-year	-	2,354	-	-	2,354
Other comprehensive income					
Exchange differences arising on translation of foreign operations	-	-	130	-	130
Total other comprehensive income	-	-	130	-	130
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR	-	2,354	130	-	2,484
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends paid (Note 4)	-	(1,664)	-	-	(1,664)
Share based payments- options	-	-	-	53	53
Total contributions by owners	-	(1,664)	-	53	(1,611)
Total transactions with owners	-	(1,664)	-	53	(1,611)
BALANCE AT 31 DECEMBER 2012	37,664	11,254	(6,693)	53	42,278

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

Consolidated Statement of Changes in Equity for the Half-year Ended 31 December 2013 (continued)

	Issued Capital \$'000	Retained Earnings \$'000	Foreign Currency Translation Reserve (a) \$'000	Equity Remuneration Reserve (b) \$'000	Total \$'000
Balance at 1 July 2013	37,664	12,934	(5,229)	230	45,599
Total comprehensive income for the half-year					
Profit for the half-year	-	4,393	-	-	4,393
Other comprehensive income					
Exchange differences arising on translation of foreign operations	-	-	2,392	-	2,392
Total other comprehensive loss	-	-	2,392	-	2,392
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR	-	4,393	2,392	-	6,785
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends paid (Note 4)	-	(2,330)	-	-	(2,330)
Share based payments- performance rights	-	-	-	350	350
Total contributions by and distributions to owners	-	(2,330)	-	350	(1,980)
Total transactions with owners	-	(2,330)	-	350	(1,980)
BALANCE AT 31 DECEMBER 2013	37,664	14,997	(2,837)	580	50,404

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

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2013 (continued)

- (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 issued capital.

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

Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2013

	Note	31-Dec-13 \$'000	31-Dec-12 \$'000
Cash Flows from Operating Activities			
Receipts from customers		51,368	43,837
Payments to suppliers and employees		(41,696)	(37,607)
Interest income		10	10
Sundry income		188	302
Finance costs paid		(523)	(817)
Income tax paid		(2,517)	(1,377)
Net cash provided by operating activities		6,830	4,348
Cash Flows from Investing Activities			
Proceeds from sale of plant and equipment		1	3
Purchase of plant and equipment		(1,321)	(1,129)
Purchase of software intangibles		(1,146)	(158)
Deferred consideration received		1,463	-
Net cash used in investing activities		(1,003)	(1,284)
Cash Flows from Financing Activities			
Repayment of finance leases		(502)	(367)
Proceeds from borrowings		-	16,530
Repayment of borrowings		(4,001)	(18,094)
Dividends paid	4	(2,330)	(1,664)
Net cash used in financing activities		(6,833)	(3,595)
Net decrease in Cash and Cash Equivalents		(1,006)	(531)
Effect of exchange rate fluctuations on cash held		(198)	(39)
Cash and cash equivalents at 1 July		3,505	(1,331)
Cash and cash equivalents at 31 December		2,301	(1,901)

The balance for the purpose of the statement comprises cash and cash equivalents as well as bank overdrafts (see Note 6).

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

Notes to and forming part of the Condensed Consolidated Half-Year Financial Statements for the Period Ended 31 December 2013

Note 1: Reporting Entity

GBST Holdings Limited ("GBST" or the "Company") is the Group's parent Company. The Company is a public Company limited by shares, incorporated and domiciled in Australia. The consolidated half-year financial report of the Company as at and for the half-year ended 31 December 2013 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 report be read in conjunction with the annual financial report for the year ended 30 June 2013 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 report of the Group as at and for the year ended 30 June 2013 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)*, AASB 134: *Interim Financial Reporting*. It does not include full disclosure of the type normally included in an annual financial report.

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 2013.

This consolidated half-year financial report was authorised for issue in accordance with a resolution of Directors on 13th February 2014.

Basis of measurement

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

For the purpose of preparing the 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 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 interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Except as described below, in preparing this consolidated interim financial report, 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 2013.

Significant accounting policies

Except as described below, the accounting policies applied by the Group in this condensed consolidated interim 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 2013.

Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

AASB 10 *Consolidated Financial Statements* (2011) (see (a))

AASB 13 *Fair Value Measurement* (see (b))

The nature and the effect of the changes are further explained below:

(a) Subsidiaries

AASB 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

The adoption of AASB 10 has not impacted the Group's financial statements as all subsidiaries of GBST are 100% owned.

Note 2: Basis of Preparation (continued)

(b) Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 *Financial Instruments: Disclosures*. These changes have no significant impact on the Group's disclosures as the carrying amount of the financial assets and financial liabilities are a reasonable approximation of their fair value.

In accordance with the transitional provisions of AASB13 the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the Group's financial statements.

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Note 3: Income Tax Expense

	GBST Group	
	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Profit before tax	5,632	3,751
Prima facie tax payable/(receivable) at 30%	1,690	1,125
Adjust for tax effect of:		
Amortisation of customer contracts	-	78
Research & development expenditure claim	(1,272)	(1,007)
Recoupment of temporary differences not previously taken up	(87)	2
(Over)/under provision in respect of prior years	60	(77)
Recognition of previously unrecognised tax losses	(2)	-
Current half-year losses for which no deferred tax asset was recognised (i)	782	920
Other non-allowable items (net)	196	245
Effect of different tax rates of subsidiaries operating in other jurisdictions	(128)	111
Income tax expense attributable to entity	1,239	1,397
Weighted average effective tax rates:	22%	37%

The weighted average effective consolidated tax rate for the half-year ended 31 December 2013 is 22% (December 2012: 37%) primarily due to:

- The benefit of Research and Development tax concession deductions and allowances;
- Reduction in United Kingdom (UK) tax rate to 23% from 1 April 2013. (December 2012: 24%).

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

- (i) For GBST Ltd (Coexis) and GBST Inc deferred tax assets of \$3.13 million have not been recognised in relation to operating losses for tax purposes, as it is not considered probable that they will be utilised within the foreseeable future given the level of research and development costs incurred by the Company for which the Company has allowable Research and Development tax concession deductions (rate: 225%).

Note 4: Dividends

	GBST Group	
	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
<i>Dividend paid in the period:</i>		
2013 final fully franked (at 30%) dividend paid of 3.5 cents per share (December 2012: 2.5 cents per share)	2,330	1,664
Net dividend paid	2,330	1,664

After the reporting date the Directors recommended an interim dividend of 4.0 cents per share to be paid to the holders of fully paid ordinary shares. The dividend will be 100% franked and will be paid on 24 April 2014. The dividend has not been provided and there are no income tax consequences.

Note 5: Intangible Assets

	GBST Group	
	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
At Cost		
Software systems	42,363	39,308
Accumulated amortisation	(24,579)	(21,605)
Net carrying value	17,784	17,703
Customer contracts		
Customer contracts	12,934	12,423
Accumulated amortisation	(12,934)	(12,022)
Net carrying value	-	401
Goodwill		
Goodwill	46,396	45,445
Accumulated impairment losses	(5,787)	(4,872)
Net carrying value	40,609	40,573
Leased software at cost		
Leased software at cost	1,916	1,916
Accumulated amortisation	(1,109)	(805)
Net carrying value	807	1,111
Total intangibles	59,200	59,788

Note 5: Intangible Assets (continued)

Impairment Disclosures

Intangible assets are reviewed for impairment where there are indicators that the carrying amount may not be recoverable. Goodwill is allocated to each Cash Generating Unit (CGU) based on the Group's reporting segments presented below:

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Capital Markets Australia segment (Palion)	3,350	3,350
Wealth Management segment (InfoComp)	28,238	28,238
Capital Markets International segment (Coexis)	8,135	8,099
Financial Services segment (Emu)	886	886
Total goodwill	40,609	40,573

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

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

In relation to the Coexis CGU, the recoverable amount of goodwill has been assessed using a fair value less costs to sell calculation, which is based on the Board approved 2014 forecast results 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.

A summary of key assumptions for Coexis is presented below:

31 December 2013	COEXIS Value-in-use
Revenue growth rates	3-6%
Cost growth rates	3-5%
Long term growth rates	3%
Post-tax discount rate	14.90%

Note 5: Intangible Assets (continued)

30 June 2013	COEXIS Value-in-use
Revenue growth rates	3-6%
Cost growth rates	3-5%
Long term growth rates	3%
Post-tax discount rate	14.90%

Future anticipated cash flows for all CGU's indicate that the carrying value of the intangible assets were not required to be impaired as at 31 December 2013.

Note 6: Loans and Borrowings

	GBST Group	
	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Current		
Senior bank facility (secured) (a)	-	3,461
Commercial loan facility (secured)	7	-
Finance lease liability	950	1,012
	957	4,473
Non-Current		
Senior bank facility (secured) (a)	9,952	10,471
Commercial loan facility (secured)	33	-
Finance lease liability	388	828
	10,373	11,299

- (a) The senior bank facility is provided by the Commonwealth Bank. The facilities are secured by fixed and floating charges over the operating companies within the Group. The senior bank facility represents a \$10.03 million loan at 31 December 2013 maturing on 27 December 2015. Offsetting this loan are capitalised establishment costs of \$78 thousand. Additional payments may be made against facilities without incurring penalties. The Interest rate under the facility is variable and linked to BBSY. At 31 December 2013 the interest rate for the senior bank facility was 5.64% p.a.

The equipment financing facility for assets already purchased have remained with the NAB until the repayments are completed.

The covenants within the Commonwealth Bank of Australia borrowings require that at 31 December 2013 the debt to EBITDA ratio is below 1.25 to 1, interest cover is above 4 to 1 and net worth ratio is above 45%. Based on the Group's current forecast and business plan, the Group anticipates that it will continue to meet its covenants. In respect of the senior bank facility, totaling \$10.03 million at 31 December 2013, the Group met all covenant requirements.

Note 7: Issued Capital

	GBST Group	
	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
66,561,725 (30 June 2013: 66,561,725) fully paid ordinary shares	37,664	37,664
	37,664	37,664
<i>Movements in issued capital:</i>		
Opening balance	37,664	37,664
	37,664	37,664
Ordinary Shares	No.	No.
Opening balance	66,561,725	66,561,725
	66,561,725	66,561,725

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

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

Options and Performance Rights

For details on performance rights over ordinary shares, see Note 9.

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Note 8: Operating Segments

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

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

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

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

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

Reportable Segments

	Capital Markets Australia		Capital Markets International		Wealth Management		Financial Services		Eliminations		GBST Group	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue												
Revenue from external customers	14,844	13,675	6,395	3,097	25,775	22,632	1,754	1,747	-	-	48,768	41,151
Other income from external customers	-	-	128	124	60	177	-	1	-	-	188	302
Inter-segment revenues*	204	-	-	12	-	-	59	321	(263)	(333)	-	-
Total segment revenue	15,048	13,675	6,523	3,233	25,835	22,809	1,813	2,069	(263)	(333)	48,956	41,453
Operating EBITDA	5,303	4,921	(820)	(2,961)	5,341	6,570	(398)	164	-	-	9,426	8,694
Depreciation and amortisation of segment assets	(923)	(819)	(1,424)	(1,357)	(1,258)	(1,361)	(68)	(60)	-	-	(3,673)	(3,597)
Segment result	4,380	4,102	(2,244)	(4,318)	4,083	5,209	(466)	104	-	-	5,753	5,097
Unallocated revenue/(expenses)**											263	(500)
Net finance costs											(384)	(846)
Profit before income tax											5,632	3,751
Income tax expense											(1,239)	(1,397)
Profit after income tax											4,393	2,354
Capital expenditure	2,173	633	51	141	1,684	702	32	11	-	-	3,940	1,487
Segment total assets	19,548	18,028	23,315	22,538	48,710	49,464	443	487	-	-	92,016	90,517
Segment total liabilities	15,309	14,321	15,465	21,047	10,238	12,056	600	815	-	-	41,612	48,239

* Inter-segment revenue received by Capital Markets International from Capital Markets Australia of \$800 thousand (2012: \$800 thousand) for use of intangible assets is not included to align with reporting to CEO. Inter-segment revenue with an associated direct external cost (typically direct labour costs) are included.

** 2013 amount is net of a recovery of legal expenses previously expensed.

Note 8: Operating Segments (continued)

Geographical Location:	Segment Revenues from External Customers		Carrying Amount of Segment Non-Current Assets	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
Australia	25,957	24,175	47,536	46,120
Europe and Middle East	17,466	15,536	18,024	19,576
Asia	3,024	1,440	178	147
North America	2,321	-	1,031	-
	48,768	41,151	66,769	65,843

Information about Geographical Areas

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

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 assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do include deferred income taxes.

Intersegment Transfers

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

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

Note 9: Share Based Payments

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

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

Share Performance Rights

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

FY14 issue

During the half-year, 514,536 performance rights were issued to select employees on 16 September 2013. 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 2016 financial year. The share performance rights expire thirty days after the vesting date.

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

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

1. Cumulative Earnings Per Share (EPS) Target

Vesting of the performance rights granted will be subject to GBST achieving three year (2014 – 2016 financial years) cumulative EPS targets of 32 cents, 36 cents, and 40 cents for 25%, 50% and 100% vesting respectively. There is also a vesting requirement that a minimum EPS of 5 cents is achieved in each year; and,

2. Service Condition

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

Valuation

The fair value of the share performance rights at 16 September 2013 of \$2.5425 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.

Note 9: Share Based Payments (continued)

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. 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.

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

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

1. Cumulative Earnings Per Share (EPS) Target

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

2. Service Condition

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

Valuation

The fair value of the share performance rights at 8 November 2012 of \$0.8151 each was determined using the Binomial Approximation Option Valuation Model. The model inputs were: the share price at date of grant \$0.96, expected volatility of 46.8 percent, expected dividend yield 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.

Movement in Share Performance Rights

The following table illustrates the number and movement in share performance rights under the Share Performance Rights Scheme issued during the period.

	Dec 2013 Number	Dec 2012 Number
Outstanding at the beginning of the period	1,314,636	-
Granted during the period	514,536	1,314,636
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	1,829,172	1,314,636
Exercisable at the end of the period	-	-

Note 9: Share Based Payments (continued)

The share performance rights outstanding at 31 December 2013 had a weighted remaining contractual life of 26 months.

As at reporting date, the expense for these share performance rights for the six months ending 31 December 2013 was \$350 thousand (December 2012: \$53 thousand) included in share based payment expense.

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

Note 10: Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 11: Subsequent Events

The financial report was authorised for issue on 13th February 2014 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.


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Directors' Declaration

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


- a) the consolidated financial statements and Notes set out on pages 13 to 31 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* 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:



.....

Dr J F Puttick
Chairman



.....

Mr S M L Lake
Managing Director and Chief Executive Officer

Dated at Brisbane this 13th day of February 2014



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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 2013, 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 2013 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 2013 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
13 February 2014

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