

ASX Announcement

19 August, 2011

GBST FY2011 results

Final dividend 2 cents; full year dividends 4 cents

GBST (ASX: GBT) today announced operating earnings before interest, tax, depreciation and amortisation (EBITDA) of \$15.1 million for the year to 30 June 2011 (FY2010: \$16.9 million). Statutory net profit was \$1.4 million (FY2010: (\$2.4 million)), and Cash NPAT was \$7.7 million (FY2010: \$10.0 million).

Group operating revenue was flat at \$67.5 million (FY2010: \$67.6 million). Net debt was reduced to \$24.3 million at 30 June 2011 down from \$33.0 million at 30 June 2010. Fully expensed research and development expenditure was \$7.3 million (FY2010: \$5.7 million).

Final dividend

The directors have declared a final dividend of 2.0 cents per share fully franked (FY2010: 2.0 cents) which will be paid on 26 October 2011 to shareholders on the register at 12 October 2011. This will bring total dividends for the year to 4 cents per share fully franked (FY2010: 2.0 cents).

Results summary	FY2011* \$000's	FY 2010 \$000's	% Change
Group operating revenue	67,506	67,648	0
EBITDAR	22,418	22,576	(1)
R&D expenditure	7,272	5,719	27
Operating EBITDA	15,146	16,857	(10)
Non-operating expenses	(1,453)	(500)	
Reported EBITDA	13,693	16,357	(16)
Amortisation	(6,327)	(6,372)	6
Impairment of intangible assets	0	(5,658)	100
Income tax	1,877	1,829	
Profit after tax*	1,384	(2,405)	158
Cash NPAT	7,711	9,955	(23%)
Earnings per share (cents)	2.08	(3.68)	157
Final dividend (cents) - fully franked	2.0	2.0	0
Total dividends (cents) - fully franked	4.0	2.0	100
*Includes recognition of previously unrecognised tax losses of \$599,000.			

GBST managing director, Stephen Lake, said: "This was a satisfactory result in a difficult year for our financial services customers and particularly the stockbroking industry. Lower revenue from the group's Australian Broker Services and Global Broker Services divisions was offset by the strong performance of the Wealth Management division.

"While overall revenue was flat, we saw a significant improvement in new sales resulting in a record number of new contracts being signed for terms of five to ten years. Coming after three years of heavy investment in our technology and products it is pleasing to see this level of interest. These contracts will contribute approximately \$7 million in new revenue during FY2012 and \$10 million in FY2013.

"Our substantial investment in research and development has increased GBST's technology lead over competitors. New products in FY2011 included GBST Front Office, and Syn~ 2.0 which provides a greatly enhanced middle- and back-office solution for customers in Europe and Asia. Launch of the Australian Syn~ technology is on track for the second half of FY2012, and during the year we signed our first new Australian customer for the Syn~ technology."

Off shore revenue was impacted by adverse foreign exchange movements of \$1.7 million as the value of the US dollar and UK pound sterling weakened against the Australian dollar.

Australian Broker Services

	FY2011 \$000's	FY2010 \$000's	% Change
Revenue	27,950	30,153	(7)
Operating EBITDA	9,926	11,511	(14)

Trading volumes were low for most of the year. Around \$2.4 million of development costs were incurred within the Australian business as GBST prepared to bring the Syn~ technology into Australia. All development costs were expensed. Institutional customers using GBST Shares have committed to move to the Syn~ technology and will commence the migration during 2013.

During the year the company secured significant new contracts and new clients for both Syn~ and GBST Shares. However, revenue overall was lower due to subdued trading volumes and the initial impact of market consolidation. The benefits flowing from these new contracts will commence in FY2012.

GBST's new front office solution was launched in May 2011 and will be rolled out to clients progressively in FY2012.

Global Broker Services

	FY2011 \$000's	FY2010 \$000's	% Change
Revenue	9,060	12,142	(25)
Operating EBITDA	(2,099)	(240)	(774)

Overall profitability was impacted by restructuring costs, research and development (\$2.3 million) and product rationalisation expenses. All R&D costs were expensed. While the division expects to continue a relatively heavy R&D programme, the focus now is on customer and revenue growth.

Revenue was impacted by reduced client expenditure and foreign exchange movements as both UK sterling and the US dollar weakened.

The division launched Syn~2.0 in June 2011. This release brought significantly increased functionality into the core product by bringing together enhancements across various Syn~ installations and modules into one code line. Syn~ 2.0 also introduced the new user interface.

The level of new client wins in Asia in particular reflects the growing awareness of Syn~.

Wealth Management

	FY2011 \$000's	FY2010 \$000's	% Change
Revenue	27,133	22,772	19
Operating EBITDA	6,923	5,530	25

In the UK, the company is seeing a growing level of interest in wrap platforms and wealth administration systems in the retail and corporate savings markets largely due to legislative changes affecting the financial services sector. This is benefiting GBST, and sales momentum is increasing.

Revenue rose 19% despite the adverse effect of foreign exchange movements. Operating EBITDA increased 25% as new implementations were completed and customers went 'live' using the Composer platform.

During the year, significant new customer wins included three new contracts in the UK.

Financial Services

	FY2011 \$000's	FY2010 \$000's	% Change
Revenue	3,363	2,581	30
Operating EBITDA	395	56	606

Revenue increased with the first full year contribution of the quantitative data services business.

GBST's in-house web design business, Emu Design, developed the user interface across GBST's Front Office products and the new Syn~ 2.0 application. Emu Design now also builds and supplies financial calculators to 25 institutions and banks and this year commenced building web sites for GBST clients.

Outlook

GBST's ongoing R&D over the past few years has placed the company in a position to benefit from regulatory and market changes and make new sales. We expect to maintain our current level of R&D while we continue to increase our sales and marketing efforts in the UK and Asia.

Research and development has positioned GBST well to benefit from technology leadership and, despite long investment and sales cycles to win new clients, the company has begun to see substantial demand for the company's new products.

- Ends -

About GBST

GBST is a leading provider of securities transaction and fund administration software for the financial services industry. The group comprises four operating segments:

- GBST Australia Broker Services provides client accounting and securities transaction technology to capital market participants such as banks, custodians, fund managers, margin lenders, institutional and retail stockbrokers.
- GBST Global Broker Services through the Syn~ platform, provides next-generation technology to process equities, derivatives, fixed income and managed funds transactions to global capital markets in Asia, Europe and North America.
- GBST Wealth Management 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, with customers in Australia and the United Kingdom.
- GBST Financial Services is a wholesale provider of access to financial products and related data information transaction services for financial advisors and institutions. It also provides web design, development and usability services through Emu Design.

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