GBST Holdings Limited

ABN: 85 010 488 874

Financial Report for the Half-Year Ended 31 December 2011

Contents

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 2011 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 (Chief Executive Officer)	September 2001

Principal Activities

The principal activities of GBST during the half-year, were:

- the provision of client accounting and securities transaction technology solutions for the finance, banking and securities industry in Australia, Asia, Europe and North America;
- the provision of funds administration and registry software for the wealth management industry in Australia and Europe;
- the provision of independent financial product data and related services to financial advisers and institutions in Australia; and
- the provision of website design and web services with a growing focus on financial services industry.

No significant changes in the nature of these activities occurred during the half-year ended 31 December 2011.

GBST 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 transactions for financial advisors and institutions. It also provides web design, development and usability services through Emu Design.

Review of Operations

- Profit after income tax for the Group increased by 144 per cent to $2.10 million (2010: $862 thousand).
- Total revenue for the Group increased by 18 per cent to $39.50 million (2010: $33.46 million)
- Operating EBITDA increased by 15 per cent to $8.68 million (2010: $7.51 million).
- EBITDA increased by 17 per cent to $8.18 million (2010: $7.01 million).
- Profit before income tax increased by 95 per cent to $3.34 million (2010: $1.71 million)
- NPAT excluding amortisation increased by 28 per cent
    - Amount $5.28 million (2010: $4.12 million).
    - Per share 7.92 cps (2010: 6.18 cps).
- Loans and borrowings decreased during the half-year by $2.79 million to $26.60 million at 31 December 2011 from $29.39 million at 30 June 2011.

Dividends paid during the half-year were as follows:

- **2011** final fully franked ordinary dividend of 2.0 cents per share for the FY2011 financial year paid on 26 October 2011, as recommended in the financial report for the year ended 30 June 2011.

The Directors recommend an interim dividend of 2.50 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 27 April 2012.

Group Results

	Half-year to 31 December		
	2011 $'000	**2010 $'000**	**% Change**
Total revenue	**39,504**	**33,460**	**18**
Research and development expenses	**(4,329)**	**(2,671)**	**(62)**
Operating EBITDA	**8,676**	**7,514**	**15**
Unallocated expenses	(500)	(500)	-
EBITDA	**8,176**	**7,014**	**17**
Net finance costs	(1,126)	(1,626)	31
Depreciation	(527)	(419)	(26)
Amortisation	(3,185)	(3,255)	2
Profit before income tax	**3,338**	**1,714**	**95**
Income tax expense	(1,238)	(852)	
Profit after income tax	**2,100**	**862**	**144**
Basic EPS (cents)	**3.15**	**1.29**	**144**
Diluted EPS (cents)	**3.15**	**1.29**	**144**
NPAT excluding amortisation	**5,284**	**4,117**	**28**
NPAT excluding amortisation per share (cents)	**7.92**	**6.18**	**28**
Operating Cash flow	**5,363**	**5,032**	**7**

The table includes IFRS and non-IFRS financial information. Non-IFRS financial information comprises: Operating EBITDA, NPAT excluding amortisation and NPAT excluding amortisation per share. The Non-IFRS financial information has been reviewed by our auditor, KPMG, refer their report on pages 31 to 32.

Measures of Profitability and Basis of Preparation

NPAT excluding Amortisation

GBST has historically reported Cash NPAT and Cash EPS, but to provide clarity of how the measure has been determined, the Company has changed the description to NPAT excluding amortisation (net profit after tax after removing amortisation expenses). The amortisation amount used to calculate NPAT excluding amortisation is not tax affected. If it were tax affected the NPAT excluding amortisation amount would be approximately $370 thousand lower in each of the half-years. GBST has adopted the use of NPAT excluding amortisation to explain Group performance as this measure is a current market practice by industry peers and analysts to assess the ability of the Group to generate cash and to assist the users of the financial statements. Depreciation is included in the measure of NPAT excluding amortisation, as it represents normal wear and tear on equipment utilised in the business which is expected to be replaced in due course.

NPAT excluding amortisation per share is determined by dividing NPAT excluding amortisation by the weighted average number of ordinary shares outstanding during the period.

Operating EBITDA

GBST defines Operating EBITDA as profit before net finance costs, tax, depreciation, amortisation, impairment (if applicable) and other unallocated expenses. GBST uses Operating EBITDA as an internal performance indicator for the management of its operational business segments; and to allow for better evaluation of business segment activities and comparison over reporting periods.

Unallocated Expenses

Unallocated expenses are expenses associated with a prior acquisition which have not been allocated to any business 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.

Group Performance

Significant new client implementations

Profit after income tax for the Group increased by one hundred and forty-four per cent from $862 thousand to $2.10 million in the half-year to December 2011 compared to the corresponding period last year. Net finance costs, depreciation and amortisation expenses remained relatively consistent during the period. Operating EBITDA was up fifteen per cent from $7.51 million to $8.68 million in the half-year to December 2011 compared to the corresponding period last year. The increase has been driven by strong revenue growth, as the pipeline of new business starts to feed through. Total revenue for the Group has increased by eighteen per cent for the same period last year, from $33.46 million to $39.50 million. The growth is due to a number of new clients coming on board in both the Broker and Wealth businesses, despite tough market conditions which have prevailed in the last six months. This is in line with our predicted up lift in revenue which shows that implementations have occurred on time and in line with expectations. Offshore revenue grew by approximately fifty per cent in the last twelve months showing that our offshore strategy is working.

The strong Operating EBITDA result has occurred while increasing the level of R&D spending over the period, increasing from $2.67 million in the corresponding period to $4.32 million. The high level of R&D spending in recent years has positioned us well to maximise our sales opportunities, particularly when the uplift in global markets occurs. It is not expected that R&D spend will increase going forward, as the R&D program reaches maturity. Most significantly the migration from Shares to Syn~ for our Australian institutional clients is scheduled to start in 2012.

Strong performance by Wealth Management

The Wealth Management division has been the outstanding performer for the business, with revenue increasing by more than fifty per cent for the period compared to the same period last year.

Strong Offshore Revenue Growth

The results for the half-year show that decisions made in relation to the Wealth business and its expansion into the UK four years ago were absolutely the right decisions for the business. Investment in the Composer platform in readiness for the regulatory reforms in the UK has put GBST on the map in that market, where we continue to win business. GBST's Broker Division is in a similar position to where the UK Wealth business was two years ago. Heavy investment in Syn~ has dominated the past few years since acquisition, but we expect that in the coming twelve months we will start to see greater momentum in this business, as we look to further grow our presence in Asia and other markets.

Our performance is due to the efforts of all of our employees. We have a 300+ strong workforce who are regarded and respected as domain experts in the broking and wealth industries.

GBST Australian Broker Services

Half-year to 31 December	2011 $000's	2010 $000's	% Change
Sales to external customers	13,661	14,457	(6)
Operating EBITDA	4,118	5,548	(26)
Depreciation & amortisation of segment assets	(636)	(595)	(7)
Segment result	3,482	4,953	(30)

The Broker Division absorbed most of the increase in the Group's R&D expenses of $4.33 million (2010: $2.67 million), for the period. This relates to the continued investment and work on the Australian Syn~ next-generation technology platform. If this expenditure was added back, the result for the Division is actually quite strong, particularly given the continued weak retail trading volumes and overall market conditions.

Despite these conditions, the Broker Division had two new clients (CBA Equities and BBY) go-live on SHARES in the 1H 2011. Both SHARES implementations include the third party clearing (TPC) version of the application paving the way for both to offer clearing services to other brokers or internal customers on the platform. These implementations ensured revenue for the Division compensated for the decline in revenue from existing clients. It is a pleasing result that the business is able to continue to grow its market share in the Australian market and absorb the increased R&D necessary to bring Syn~ into Australia.

The half to December 2011 saw, by and large, the last of GBST's major contract renewal negotiations finalised with all of GBST's major customers renewing contracts for another 3-5 years. A number of clients further extended their commitment to GBST via subscription to GBST's hosted services offering.

GBST Global Broker Services

Half-year to 31 December	2011 $000's	2010 $000's	% Change
Sales to external customers	5,003	4,929	2
Operating EBITDA	(812)	(602)	(35)
Depreciation & amortisation of segment assets	(1,281)	(1,335)	4
Segment result	(2,093)	(1,937)	(8)

Revenue for the Global Broker Services division was up two per cent on prior corresponding period. The Division has a number of implementations due to go-live in the 2H FY2012, all of which are progressing well and on time.

CLSA went live with their Australian business on Syn~ in this half and their Japanese business went live in January 2012. A migration of their Singapore and Hong Kong operations will follow later this year. Standard Chartered Bank also went live in January 2012, and the ANZ implementation in Singapore is progressing well, due to go live by June 2012.

Over fifteen new staff were hired in the period to boost capacity resulting in higher costs for the business and a reduction in Operating EBITDA. Other expenses were in line with budget.

The Division has a number of prospects actively engaged.

GBST Wealth Management

Half-year to 31 December	2011 $000's	2010 $000's	% Change
Sales to external customers	18,281	12,049	52
Operating EBITDA	5,217	2,243	133
Depreciation & amortisation of segment assets	(1,760)	(1,751)	(0.5)
Segment result	3,457	492	603

The Wealth Management division continued its strong performance in the 1H 2012 with a fifty-two per cent increase in revenue to $18.28 million. This is mainly due to the pipeline of new business. We continue to win new business in the UK, capitalising on opportunities presented by the UK Financial Services Authority's Retail Distribution Review (RDR).

We had a number of new clients go live in 2011 in Australia and the UK, including Aegon and AJ Bell. In the UK, we are engaged with two new clients, further highlighting GBST's profile within the SIPPs / pension industry.

We continue to expand our Composer functionality, extending web interfaces for intermediaries, employers and investors, integration to brokers, trading systems and internal systems. In 2012, we will begin to look at opportunities for the Composer platform in Asia.

The Division also secured two new Unison clients in Australia, and has a strong pipeline in Australia, New Zealand and the UK.

GBST Financial Services

Half-year to 31 December	2011 $000's	2010 $000's	% Change
Sales to external customers	2,127	1,627	31
Operating EBITDA	153	325	(53)
Depreciation & amortisation of segment assets	(35)	7	(600)
Segment result	118	332	(64)

Growth in revenue in the Financial Services division was derived mainly from increased sponsored / consulting work with Emu Design (GBST's web design division). The revenue for the Division stated above does not include intercompany revenue. Operating EBITDA is affected by intercompany work, which was significantly lower than the prior comparative period.

This business has shown good growth into the financial services sector while continuing to develop the user interfaces for Syn~, FrontOffice and Composer. Emu also continues to perform well in retail, commerce and tourism supporting a wide array of companies for design and development of their websites and mobile applications.

The Quantitative Data Services (GBSTQuant) business continued to establish itself as a leading provider of Tax-Aware investment tools and benchmarks to Australian superannuation funds and fund managers. 2011 saw an increased focus by super funds on maximising after tax returns for their members, a trend that we expect will continue.

Financial Position

The Group has a net current asset deficiency at 31 December 2011 of $12.94 million (30 June 2011: $12.17 million), of which $11.73 million (30 June 2011: $9.26 million) represents payments received in advance and invoices issued in advance to clients and as such do not represent future cash outflows other than salary and wage related costs in line with the budgeted expenditure.

The senior debt facility provided by the National Australia Bank matures on 30 June 2014. Senior debt as at 31 December 2011 was $21.03 million compared to $23.99 million at 30 June 2011. 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 earnings outlook of the business continues to improve as all the divisions have secured new clients. The Directors are therefore confident the Group will be able to meet its debts as they fall due and accordingly, the Directors believe that the use of 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 66,505,929 ordinary shares.

During the half-year 600,513 employee options lapsed and the Company issued 110,000 shares as settlement in relation to an acquisition.

There has been a change in circumstance relating to the investment in the company Razor Risk Technologies Limited (ASX: RZR) in that it is subject of a takeover bid. GBST have accepted the conditional offer pursuant to the takeover bid. The offer currently closes on 28 February 2012, though this can be changed through the extension of the offer, the withdrawal of the offer or by making the offer unconditional. The offer price is $0.0349 per share, with a mechanism to increase.

At 31 December 2011 the fair value of the investment in Razor was $1.45 million. This was an increase of $920 thousand when compared to the carrying value of $526 thousand. This increase is recorded in the financial asset reserve in equity. The fair value of the investment was determined using the market value at reporting date of $0.033 per share.

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 2011.

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 2012

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 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Chris Hollis
Partner

Sydney

13 February 2012

Consolidated Statement of Comprehensive Income for the Half-Year Ended 31 December 2011

	Note	31 Dec 2011 $'000	31 Dec 2010 $'000
Revenue from license and service sales		**23,284**	22,799
Revenue from sponsored work		**14,147**	9,373
Revenue from sale of third party product		**1,641**	890
Other revenue		**432**	398
Total revenue		**39,504**	33,460
Product delivery and support expenses		**(22,876)**	(20,619)
Property and equipment expenses		**(3,862)**	(3,287)
Corporate and administrative expenses		**(3,973)**	(3,543)
Research and development expenses		**(4,329)**	(2,671)
RESULTS FROM OPERATING ACTIVITIES		**4,464**	3,340
Finance costs		**(1,157)**	(1,626)
Finance income		**31**	-
Net finance costs		**(1,126)**	(1,626)
PROFIT BEFORE INCOME TAX		**3,338**	1,714
Income tax expense	3	**(1,238)**	(852)
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**2,100**	862
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**86**	(3,569)
Effect of hedge of net investment in foreign operations		**(93)**	950
Net change in fair value of investment		**920**	131
Other comprehensive income/(loss) for the half-year, net of income tax		**913**	(2,488)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**3,013**	(1,626)
Earnings per share			
Basic earnings per share (cents)		**3.15**	1.29
Diluted earnings per share (cents)		**3.15**	1.29

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

Consolidated Statement of Financial Position
as at 31 December 2011

	Note	31 Dec 2011 $'000	30 Jun 2011 $'000
CURRENT ASSETS			
Cash and cash equivalents		**3,660**	5,116
Trade and other receivables		**14,193**	11,122
Inventories		**388**	227
Other assets		**705**	989
Total Current Assets		**18,946**	17,454
NON-CURRENT ASSETS			
Investment		**1,446**	526
Plant and equipment		**3,562**	3,664
Intangible assets	5	**67,367**	68,129
Deferred tax assets		**3,417**	3,542
Other assets		**5**	8
Total Non-Current Assets		**75,797**	75,869
TOTAL ASSETS		**94,743**	93,323
CURRENT LIABILITIES			
Trade and other payables		**5,845**	5,504
Loans and borrowings	6	**10,146**	10,842
Current tax liabilities		**163**	435
Provisions		**3,828**	3,404
Unearned income		**11,730**	9,262
Liabilities on business acquisition		**176**	176
Total Current Liabilities		**31,888**	29,623
NON-CURRENT LIABILITIES			
Loans and borrowings	6	**16,453**	18,550
Deferred tax liabilities		**3,504**	3,878
Provisions		**1,308**	1,375
Total Non-Current Liabilities		**21,265**	23,803
TOTAL LIABILITIES		**53,153**	53,426
NET ASSETS		**41,590**	39,897
EQUITY			
Issued capital	7	**37,614**	37,516
Reserves		**(6,667)**	(7,492)
Retained earnings		**10,643**	9,873
TOTAL EQUITY		**41,590**	39,897

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 2010

	Issued Capital $'000	Retained Earnings $'000	Foreign Currency Translation Reserve (a) $'000	Financial Asset Reserve (b) $'000	Equity Remuneration Reserve (c) $'000	Loan Conversion Reserve (d) $'000	Total $'000
Balance at 1 July 2010	37,102	10,577	(4,161)	-	128	561	44,207
Total comprehensive income for the half-year							
Profit for the half-year	-	862	-	-	-	-	862
Other comprehensive income							
Exchange differences arising on translation of foreign operations	-	-	(3,569)	-	-	-	(3,569)
Effect of hedge of net investment in foreign operation	-	-	950	-	-	-	950
Net change in fair value of investment	-	-	-	131	-	-	131
Total other comprehensive loss	-	-	(2,619)	131	-	-	(2,488)
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR	-	862	(2,619)	131	-	-	(1,626)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends paid (Note 4)	-	(1,321)	-	-	-	-	(1,321)
Share based payments- exempt shares	-	-	-	-	2	-	2
Share based payments- options	-	-	-	-	31	-	31
Share Issues (net of costs)	304	-	-	-	-	-	304
Transfer to/(from) ordinary capital	110	-	-	-	(110)	-	-
Total contributions by owners	414	(1,321)	-	-	(77)	-	(984)
Total transactions with owners	414	(1,321)	-	-	(77)	-	(984)
BALANCE AT 31 DECEMBER 2010	37,516	10,118	(6,780)	131	51	561	41,597

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 2011 (continued)

	Issued Capital $'000	Retained Earnings $'000	Foreign Currency Translation Reserve (a) $'000	Financial Asset Reserve (b) $'000	Equity Remuneration Reserve (c) $'000	Loan Conversion Reserve (d) $'000	Total $'000
Balance at 1 July 2011	**37,516**	**9,873**	**(7,010)**	**(570)**	**88**	**-**	**39,897**
Total comprehensive income for the half-year							
Profit for the half-year	-	2,100	-	-	-	-	2,100
Other comprehensive income							
Exchange differences arising on translation of foreign operations	-	-	86	-	-	-	86
Effect of hedge of net investment in foreign operation	-	-	(93)	-	-	-	(93)
Net change in fair value of investment	-	-	-	920	-	-	920
Total other comprehensive income	-	-	(7)	920	-	-	913
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR	-	2,100	(7)	920	-	-	3,013
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends paid (Note 4)	-	(1,330)	-	-	-	-	(1,330)
Share based payments- options	-	-	-	-	(88)	-	(88)
Share Issues (net of costs, for non-cash consideration)	98	-	-	-	-	-	98
Total contributions by and distributions to owners	98	(1,330)	-	-	(88)	-	(1,320)
Total transactions with owners	98	(1,330)	-	-	(88)	-	(1,320)
BALANCE AT 31 DECEMBER 2011	37,614	10,643	(7,017)	350	-	-	41,590

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 2011 (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.

The hedge instrument is GBP denominated debt drawn under the Company's bank debt facility. The objective of drawing GBP debt under the Company's bank debt facility is to use it as a 'natural hedge' to offset changes to the fair value of the net tangible assets (NTA) of this foreign subsidiary due to fluctuations in the AUD/GBP spot rate.

(b) The financial asset reserve records the revaluation of financial assets, classified as fair value through other comprehensive income.

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

(d) The loan conversion reserve contains the equity impacts from the issue of options. The balance of the reserve was transferred to retained earnings during the second half of year ended 30 June 2011 as the options were extinguished.

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

Consolidated Statement of Cash Flows
for the Half-Year Ended 31 December 2011

	Note	31-Dec-11 $'000	31-Dec-10 $'000
Cash Flows from Operating Activities			
Receipts from customers		**42,321**	37,898
Payments to suppliers and employees		**(34,461)**	(29,677)
Interest income		**10**	-
Sundry income		**432**	398
Finance costs paid		**(1,157)**	(1,362)
Income tax paid		**(1,782)**	(2,225)
Net cash provided by operating activities		**5,363**	5,032
Cash Flows from Investing Activities			
Proceeds from sale of plant and equipment		**4**	2
Purchase of plant and equipment		**(540)**	(797)
Purchase of software intangibles		**(2,062)**	(735)
Net cash used in investing activities		**(2,598)**	(1,530)
Cash Flows from Financing Activities			
Repayment of finance leases		**(118)**	(119)
Proceeds from borrowings		**1,588**	762
Repayment of borrowings		**(3,475)**	(3,381)
Dividends paid	4	**(1,330)**	(1,321)
Net cash used in financing activities		**(3,335)**	(4,059)
Net decrease in Cash and Cash Equivalents		**(570)**	(557)
Effect of exchange rate fluctuations on cash held		**(7)**	(267)
Cash and cash equivalents at 1 July		**980**	(1,176)
Cash and cash equivalents at 31 December		**403**	(2,000)

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 2011

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 2011 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 2011 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 2011 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* and IAS34 *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 2011.

This consolidated half-year financial report was authorised for issue in accordance with a resolution of Directors on 13 February 2012.

Note 2: Basis of Preparation (continued)

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.

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 expense. 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 2011.

During the half-year ended 31 December 2011 management reassessed its estimates and judgments in respect of:

- treatment of software development costs and whether these are to be capitalised;
- impairment testing of the Group's cash-generating units containing goodwill (Note 5);
- utilisation of tax losses (Note 3).

Note 2: Basis of Preparation (continued)

Financial Position

The Group has a net current asset deficiency at 31 December 2011 of $12.94 million (30 June 2011: $12.17 million), of which $11.73 million (30 June 2011: $9.26 million) represents payments received in advance and invoices issued in advance to clients and as such do not represent future cash outflows other than salary and wage related costs in line with the budgeted expenditure.

The senior debt facility provided by the National Australia Bank matures on 30 June 2014. Senior debt as at 31 December 2011 was $21.03 million compared to $23.99 million at 30 June 2011. 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 earnings outlook of the business continues to improve as all the divisions have secured new clients. The Directors are therefore confident the Group will be able to meet its debts as they fall due and accordingly, the Directors believe that the use of going concern assumption is appropriate in preparing these financial statements.

Significant accounting policies

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 2011.

Changes in accounting policies during the year ended 30 June 2011

As disclosed in the consolidated financial report for the year ended 30 June 2011, the Group early adopted AASB 9 *Financial Instruments (2010)* and AASB 2009-11 *Amendments to Australian Standards arising from AASB 9* in the year then ended. As allowed by the transitional provisions of AASB 9, the Group chose the date of initial application of AASB 9 (the date on which the Group assessed its existing financial assets) as 1 July 2010. The Group chose not to apply the standard retrospectively and did not re-state the prior year comparatives for the year ended 30 June 2010. The early adoption of AASB 9 did not impact the Group's accounting policy for financial liabilities.

AASB 9 requires that an entity classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. In addition, for certain investments in equity instruments, an entity may irrevocably elect to recognise all changes in fair value directly through other comprehensive income; dividend income on such equity investments is recognised in profit or loss.

Note 2: Basis of Preparation (continued)

The decision to early adopt AASB 9 was made after the 31 December 2010 condensed consolidated financial report had been issued. Therefore, financial assets were accounted for and presented in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* in the condensed consolidated interim financial report for the half-year ended 31 December 2010. The adoption of AASB 9 for the full year ended 30 June 2011 had no impact on the profit after tax, total comprehensive income and basic and diluted earnings per share for the half-year ended 31 December 2010.

Refer to the 30 June 2011 consolidated financial report for details regarding change in accounting policy in respect of classification, measurement and impairment of financial assets due to the early adoption of AASB 9.

Note 3: Income Tax Expense

	GBST Group	
	31 Dec 2011	**31 Dec 2010**
	$'000	**$'000**
The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Profit before tax	**3,338**	1,714
Prima facie tax payable at 30%	**1,001**	514
Adjust for tax effect of:		
Amortisation of customer contracts	**233**	233
Research & development expenditure claim (i)	**(890)**	(214)
Recoupment of temporary differences not previously taken up	**(150)**	-
Under provision in respect of prior years	**16**	125
Current half-year losses for which no deferred tax asset was recognised (ii)	**760**	-
Other non-allowable items (net)	**216**	177
Reduction in UK tax rate - opening balances (iii)	**34**	-
Reduction in UK tax rate - current half-year (iii)	**(4)**	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	**22**	17
Income tax expense attributable to entity	**1,238**	852
Weighted average effective tax rates:	**37%**	50%

The weighted average effective consolidated tax rate for the half-year ended 31 December 2011 is 37% (2010: 50%) due to current half-year losses for which no deferred tax asset is being recognised and other non-allowable items:

(i) UK R&D corporation tax relief now incorporated in addition to the Australian R&D relief.

(ii) For GBST Ltd (Coexis) deferred tax assets of $3.11 million have not been recognised in relation to operating losses due to uncertainty that future taxable profit will be available against which the Group can utilise the benefits there from.

(iii) Reduction in United Kingdom (UK) tax rate to 25% (2011: 26%).

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

Note 4: Dividends

	GBST Group	
	31 Dec 2011	31 Dec 2010
	$'000	$'000
Dividend paid in the period:		
2011 final fully franked (at 30%) dividend paid of 2.0 cents per share (December 2010: 2.0 cents per share)	**1,330**	1,321
Net dividend paid	**1,330**	1,321

After the reporting date the Directors recommended an interim dividend of 2.50 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 27 April 2012. The dividend has not been provided and there are no income tax consequences.

Note 5: Intangible Assets

	GBST Group	
	31 Dec 2011	30 Jun 2011
	$'000	$'000
At Cost		
Software systems	**38,929**	36,668
Accumulated amortisation	**(15,004)**	(13,133)
Net carrying value	**23,925**	23,535
Customer contracts	**12,020**	12,001
Accumulated amortisation	**(9,368)**	(8,166)
Net carrying value	**2,652**	3,835
Goodwill	**45,493**	45,433
Accumulated translation changes and impairment of foreign assets	**(4,747)**	(4,725)
Net carrying value	**40,746**	40,708
Leased software at cost	**55**	55
Accumulated amortisation	**(11)**	(4)
Net carrying value	**44**	51
Total intangibles	**67,367**	68,129

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

The effect of movements in exchange rates represent the period to period foreign currency translation of assets denominated in Great British Pounds.

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. Cash Generating Units (CGU's) containing goodwill are assessed for impairment annually, unless there is an indicator of impairment when they are assessed at half-year. Goodwill is allocated to each CGU based on the Group's reporting segments presented below:

	31 Dec 2011 $'000	30 Jun 2011 $'000
Australian Broker Services segment (Palion)	**3,350**	3,350
Wealth Management segment (InfoComp)	**28,238**	28,238
Global Broker Services (GBS) segment (Coexis)	**8,272**	8,234
Financial Services segment (Emu)	**886**	886
Total goodwill	**40,746**	40,708

The recoverable amount of goodwill has been assessed using value-in-use calculations for each CGU using discounted cash flow projections based on actual operating results, business unit budgets and five-year strategic plans provided by the respective CEO of the CGU and updated where appropriate.

For the half-year ended 31 December 2011, Management has used the latest 2012 forecasts based on current strategic business plans. The assumptions are generally consistent with past performance or are based upon the Group's view of future market activity. The key assumptions used for value-in-use calculations consider growth and discount rates. 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. A summary of key assumptions is presented below:

31 December 2011	**GBS Value-in-use**	**InfoComp Value-in-use**	**Palion Value-in-use**	**Front Office Value-in-use**	**EMU Value-in-use**
Revenue Growth Rates	15% - 26%	5% - 6%	5%	16% - 1613%	6%
Cost Growth Rates	2% - 8%	7% - 10%	5%	5%	5%
Long Term Growth Rates	3%	3%	3%	3%	3%
Post-Tax Discount Rate Aust	-	10.75%	10.75%	10.75%	10.75%
Post-Tax Discount Rate UK	14.99%	14.99%	-	-	-
30 June 2011	**GBS Value-in-use**	**InfoComp Value-in-use**	**Palion Value-in-use**	**Front Office Value-In-use**	**EMU Value-in-use**
Revenue Growth Rates	9%-29%	8%-18%	5%	-	7.5%
Cost Growth Rates	(3%)-5%	7%-19%	5%	-	5%
Long Term Growth Rates	3%	3%	3%	-	3%
Post-Tax Discount Rate	14.43%	14.43%	10.66%	-	10.66%

The CGU 'Front Office' comprises internally generated software, developed by the Australian Broker Services division and completed during the half-year ended 31 December 2011.

Future anticipated cash flows for all CGU's indicate that the carrying value of the intangible assets will not be required to be impaired in the half-year. Based on sensitivity analysis, Management believe that any reasonable change in the respective key assumptions would not have a material impact on the recoverable amount of the Group's CGU's.

Note 6: Loans and Borrowings

	GBST Group	
	31 Dec 2011	**30 Jun 2011**
	$'000	**$'000**
Current		
Bank overdraft (secured) (a)	**3,257**	4,136
Senior bank facility (secured) (a)	**5,622**	2,654
Senior bank facility GBP (secured) (a)	**378**	3,346
Commercial loan facility (secured) (a)	**677**	495
Finance lease liability	**212**	211
	10,146	10,842
Non-Current		
Senior bank facility (secured) (a)	**15,028**	17,996
Commercial loan facility (secured) (a)	**947**	79
Finance lease liability	**478**	475
	16,453	18,550

(a) The bank overdraft, senior bank facility, senior bank facility GBP and commercial loan facility are provided by National Australia Bank Limited. The facilities are secured by fixed and floating charges over the operating companies within the Group. The senior bank facility and senior bank facility GBP expire on 30 June 2014, with quarterly principal repayments of $1.50 million off either facility as determined by Management. The figures presented have the repayment of the GBP facility prior to the AUD facility. Additional payments may be made against facilities without incurring penalties. Interest rates under the facility are variable. At 31 December 2011 the interest rate for the senior bank facility was 7.40% p.a. and for the senior bank facility GBP was 4.83% p.a.

The covenants within the National Australia Bank borrowings at 31 December 2011 require total operating leverage below 1.75 to 1, interest cover above 2.75 to 1 and equity ratio above 55%. In respect of the senior bank facility and senior bank facility GBP, totaling $21.03 million at 31 December 2011, the Group met all covenant requirements. Based on the Group's current forecast and business plan, the Group anticipates that it will continue to meet its covenants.

Note 7: Issued Capital

		GBST Group	
		31 Dec 2011	**30 Jun 2011**
		$'000	**$'000**
66,505,929 (30 June 2011: 66,395,929) fully paid ordinary shares		**37,614**	37,516
		37,614	37,516
Movements in issued capital:			
Opening balance		**37,516**	37,516
Share issues during the period:			
25 August 2011	Settlement in relation to an acquisition	**98**	-
		37,614	37,516

Ordinary Shares		**No.**	**No.**
Opening balance		**66,395,929**	66,395,929
Share issues during the period:			
25 August 2011	Settlement in relation to an acquisition	**110,000**	-
		66,505,929	66,395,929

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.

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:

Australian Broker Services supports and provides software solutions to stockbrokers and banks in connection with share trading, margin lending and option trading in Australia, Hong Kong and New Zealand.

Wealth Management provides funds administration and registry software for the wealth management industry in Australia and the United Kingdom. Major product lines of the division include: Composer, Unison and ASP Access. Wealth Management also provides a Union membership management system for use in Australia and New Zealand.

Financial Services is a wholesale provider of independent, market-leading financial product data and related services to financial advisors and institutions. It also provides web design, development and usability services through the Emu Design business.

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, Middle East and North America.

Reportable Segments

	Australian Broker Services		Wealth Management		Financial Services		Global Broker Services		Eliminations		GBST Group	
	31 Dec 2011 $'000	31 Dec 2010 $'000	31 Dec 2011 $'000	31 Dec 2010 $'000	31 Dec 2011 $'000	31 Dec 2010 $'000	31 Dec 2011 $'000	31 Dec 2010 $'000	31 Dec 2011 $'000	31 Dec 2010 $'000	31 Dec 2011 $'000	31 Dec 2010 $'000
Revenue												
Sales to external customers	**13,661**	14,457	**18,281**	12,049	**2,127**	1,627	**5,003**	4,929	**-**	-	**39,072**	33,062
Other revenue from external customers	**54**	7	**62**	17	**108**	-	**208**	374	**-**	-	**432**	398
Inter-segment revenues	**-**	16	**-**	-	**104**	599	**272**	270	**(376)**	(885)	**-**	-
Total segment revenue	**13,715**	14,480	**18,343**	12,066	**2,339**	2,226	**5,483**	5,573	**(376)**	(885)	**39,504**	33,460
Operating EBITDA	**4,118**	5,548	**5,217**	2,243	**153**	325	**(812)**	(602)	**-**	-	**8,676**	7,514
Depreciation and amortisation of segment assets	**(636)**	(595)	**(1,760)**	(1,751)	**(35)**	7	**(1,281)**	(1,335)	**-**	-	**(3,712)**	(3,674)
Segment result	**3,482**	4,953	**3,457**	492	**118**	332	**(2,093)**	(1,937)	**-**	-	**4,964**	3,840
Unallocated expenses											**(500)**	(500)
Net finance costs											**(1,126)**	(1,626)
Profit before income tax											**3,338**	1,714
Income tax expense											**(1,238)**	(852)
Profit after income tax											**2,100**	862
Capital expenditure	**2,371**	1,292	**260**	91	**10**	1	**66**	183	**-**	-	**2,707**	1,567
Segment total assets	**20,384**	17,654	**48,628**	50,757	**402**	288	**25,329**	27,137	**-**	-	**94,743**	95,836
Segment total liabilities	**13,845**	14,293	**16,701**	13,369	**901**	558	**21,706**	26,019	**-**	-	**53,153**	54,239

Note 8: Operating Segments (continued)

	Segment Revenues from External Customers		Carrying Amount of Segment Non-Current Assets	
	31 Dec 2011	**31 Dec 2010**	**31 Dec 2011**	**31 Dec 2010**
	$'000	**$'000**	**$'000**	**$'000**
Geographical Location:				
Australia	**24,117**	24,676	**49,831**	49,990
Europe and Middle East	**11,517**	5,909	**21,103**	23,139
Asia	**3,438**	2,477	**-**	-
	39,072	33,062	**70,934**	73,129

Information about Geographical Areas

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

Major Customer

Revenues from one customer of the Group represents $7.89 million (2010: $1.36 million) of the Group's total revenues.

Accounting Policies

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

Intersegment Transfers

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

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.

Movement in Non-Current Assets in Europe and Middle East Geographical Segments

The non-current assets decreased to the prior comparative period primarily due to the strengthening of the Australian Dollar which results in lower net assets of foreign operations.

Note 9: Contingent Liabilities

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

Note 10: Subsequent Events

The financial report was authorised for issue on 13 February 2012 by the Board of Directors.

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

Directors' Declaration

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

1. the consolidated financial statements and Notes set out on pages 13 to 29 are 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 2011 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*; and

2. 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 2012

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

Report on the financial report

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 2011, consolidated statement of 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 10 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 2011 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 2011 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*.

Report on non-IFRS financial information in the directors' report

We have reviewed the non-IFRS financial information comprising: Operating EBITDA, NPAT excluding amortisation and NPAT excluding amortisation per share disclosed in the Review of Operations and the Group Results sections of the directors' report located on pages 3 and 4 of the half-year financial report for the half-year ended 31 December 2011. The directors of the Company are responsible for the preparation and presentation of the non-IFRS financial information in accordance with the basis of preparation set out in the Measures of Profitability and Basis of Preparation section of the directors' report located on pages 4 and 5 of the half-year financial report for the half-year ended 31 December 2011.

Our responsibility is to express a conclusion on the non-IFRS financial information, based on our review conducted in accordance with Australian Auditing Standards on Review Engagements.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the non-IFRS financial information: Operating EBITDA, NPAT excluding amortisation and NPAT excluding amortisation per share included in the Review of Operations and the Group Results sections of the directors' report for the half-year ended 31 December 2011, is not prepared, in all material respects, in accordance with the basis of preparation set out in the Measures of Profitability and Basis of Preparation section of the directors' report for the half-year ended 31 December 2011.

KPMG

KPMG

C Hollis

Chris Hollis
Partner

Sydney

13 February 2012