GHL

GHL SYSTEMS BERHAD (293040-D)
INCORPORATED IN MALAYSIA

Growth

2014 Annual Report

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Financial Statements:

VISION AND MISSION

to be the leading end-to-end payment services enabler in ASEAN by deploying world-class payment infrastructure, technology and services

CORPORATE PROFILE

GHL Systems Berhad
the ASEAN payment people

GHL Systems Berhad (Main Market, Bursa Malaysia; Stock Code GHLSYS0021; Bloomberg: GHLS) ("GHL" or "The Group") is a leading payment services provider in ASEAN with key business operations in Malaysia, Philippines, Thailand and Australia. GHL also has software development centres in Wuhan (China), Philippines and Malaysia.

The Group provides world-class payment services and solutions encompassing physical, Internet and mobile payments on a sale, rental or transactional basis and is one of the top merchant acquirers in the region. Other than serving the traditional banking and financial sector, the group also serves major telecommunications, petrol/gas retailing, loyalty, retail, and airlines companies in ASEAN.

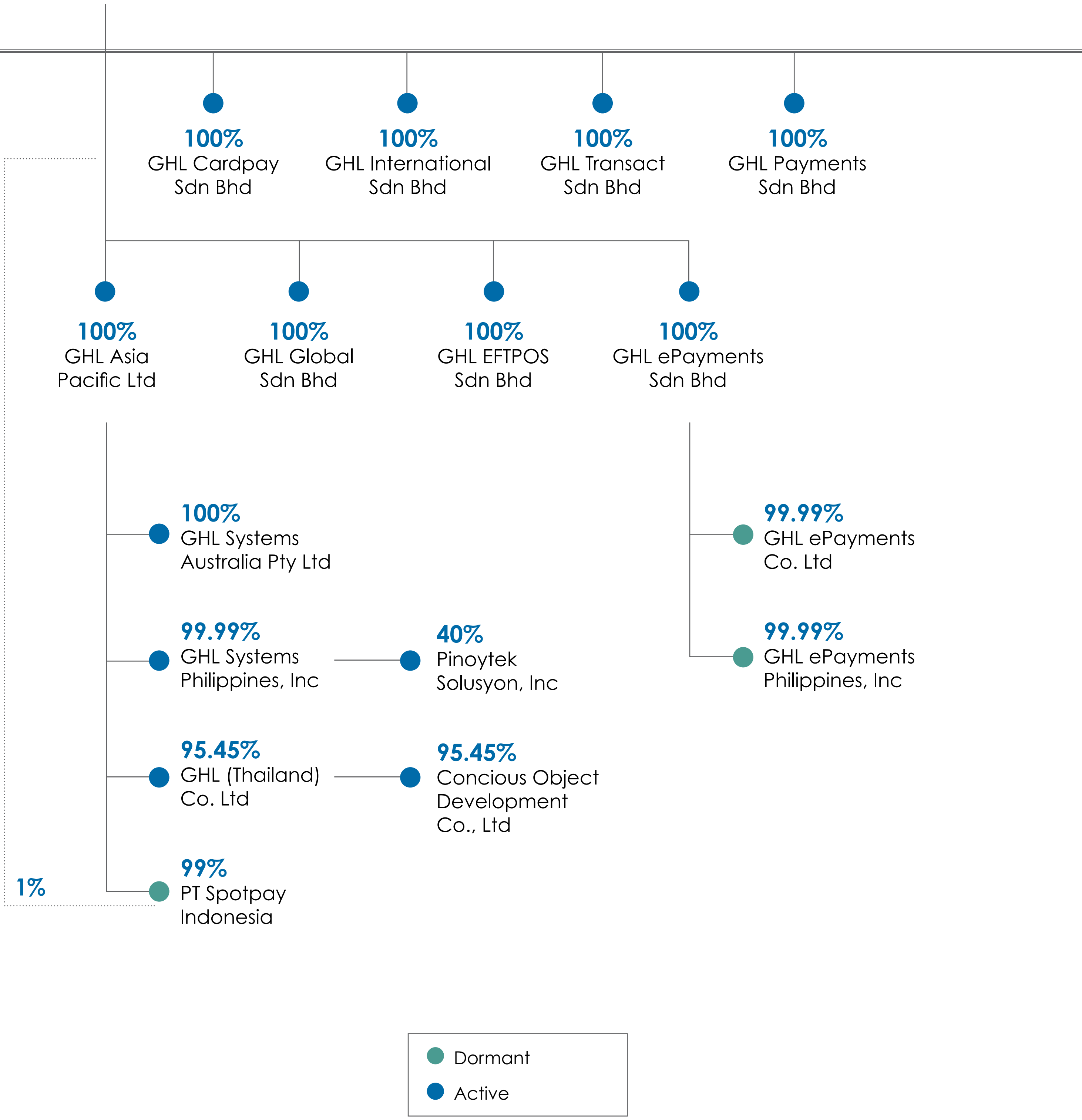
GHL manages more than 123,000 point of sales in ASEAN that enables credit card, debit card, prepaid contactless payment, loyalty, prepaid top up as well as bill payment collection services. Beyond ASEAN, GHL has, through its distribution partners, successfully sold its proprietary software and payment network products in more than 20 countries. These include; Singapore, China, Taiwan, Australia, Romania, Holland, South America as well as the Middle East.

GHL has been listed on Bursa Malaysia since 2003.

For more information on GHL Group kindly visit www.ghl.com

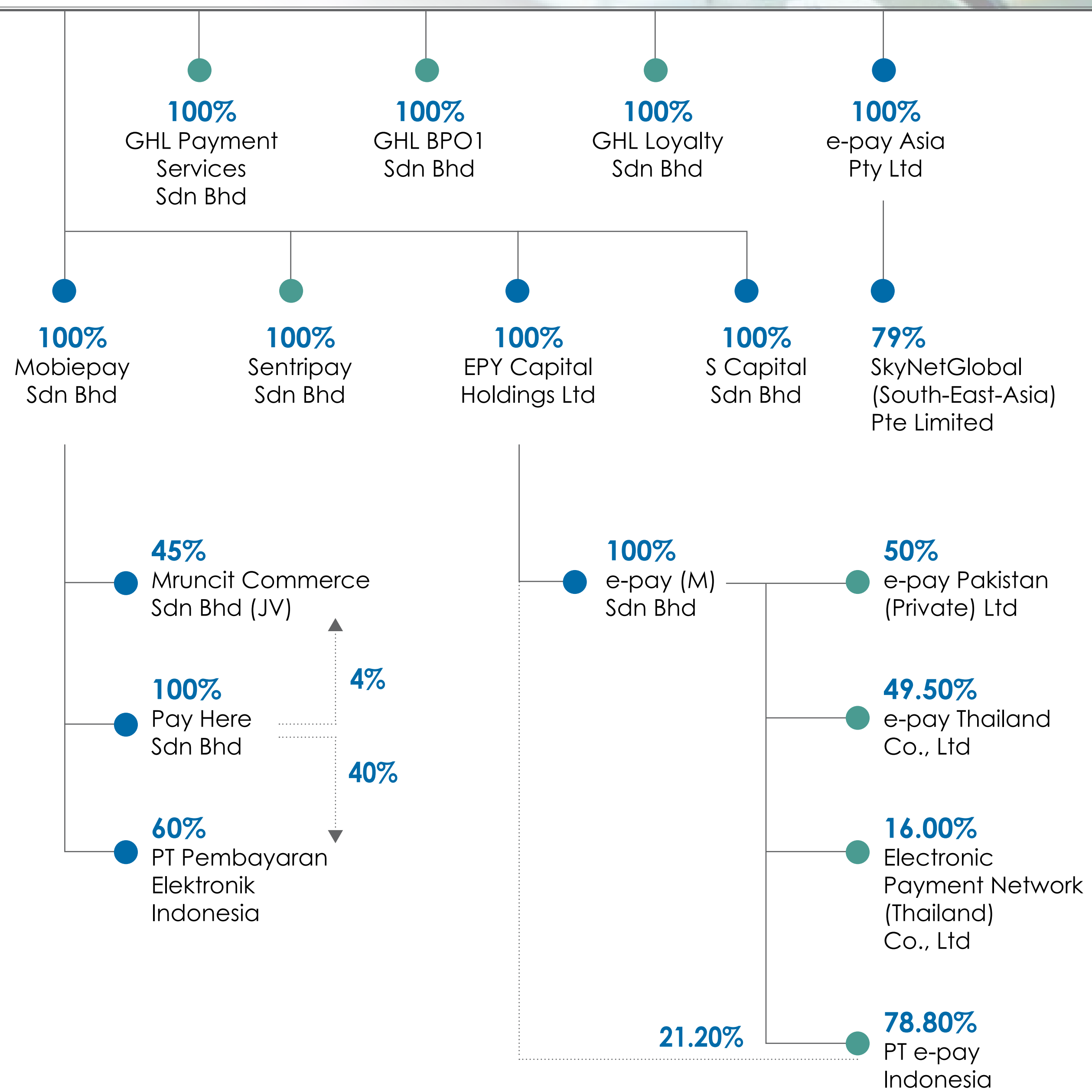
CORPORATE STRUCTURE
As at 20 April 2015

GHL SYSTEMS BERHAD (293040-D)
Incorporated In Malaysia



CORPORATE STRUCTURE

As at 20 April 2015



CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Kamaruddin Bin Taib
(Independent Non-Executive Chairman)

Loh Wee Hian
(Executive Vice Chairman)

Kanagaraj Lorenz
(Group Chief Executive Officer)

Fong Seow Kee
(Senior Independent Non-Executive Director)

Ng King Kau
(Non-Independent Non-Executive Director)

Goh Kuan Ho
(Independent Non-Executive Director)
(Resigned on 3 March 2015)

Brahmal a/l Vasudevan
(Non-Independent Non-Executive Director)

Lim Sze Mei
(Non-Independent Non-Executive Director)

COMPANY SECRETARY

Wong Wai Foong (MAICSA 7001358)
Lim Poh Yen (MAICSA 7009745)

AUDIT & RISK COMMITTEE

Fong Seow Kee (Chairman)
Goh Kuan Ho (Resigned on 3 March 2015)
Datuk Kamaruddin Bin Taib
Lim Sze Mei

NOMINATION & REMUNERATION COMMITTEE

Fong Seow Kee (Chairman)
Goh Kuan Ho (Resigned on 3 March 2015)
Datuk Kamaruddin Bin Taib
Brahmal a/l Vasudevan

AUDITORS

BDO (AF0206)
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur.

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Berhad
CIMB Bank Berhad
Citibank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad

CORPORATE INFORMATION

REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : +6(03) 2264 3883
Fax : +6(03) 2282 1886

REGISTERED OFFICE

Level 18, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : +6(03) 2264 8888
Fax : +6(03) 2282 2733

LEGAL ADVISORS

Wong Beh & Toh
Peti #30, Level 19, West Block,
Wisma Selangor Dredging,
142-C Jalan Ampang,
50450 Kuala Lumpur.

HH Goh & Co.
36 Jalan Pipit,
Off Jalan Ipoh 3rd Mile,
51100 Kuala Lumpur.

Chalermchat Law Office Co., Ltd.
518/5, Maneeya Centre,
16 Floor, Ploenchit Road, Lumpini,
Pathumwan, Bangkok 10330 Thailand.

Fortun Narvasa Salazar Law Offices
23rd Floor Multinational Bancorporation Centre,
6805 Ayala Avenue, 1
226 Makati City Philippines.

STOCK EXCHANGE LISTING

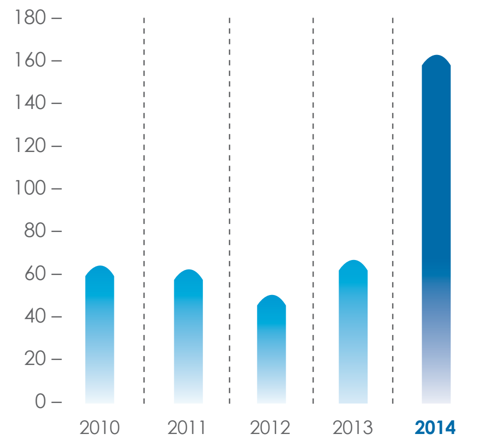
Main Market of Bursa Malaysia Securities Bhd (BMSB)
BMSB Code : 0021
Reuters Code : GHLS.KL
Bloomberg Code : GHLS MK

WEBSITE

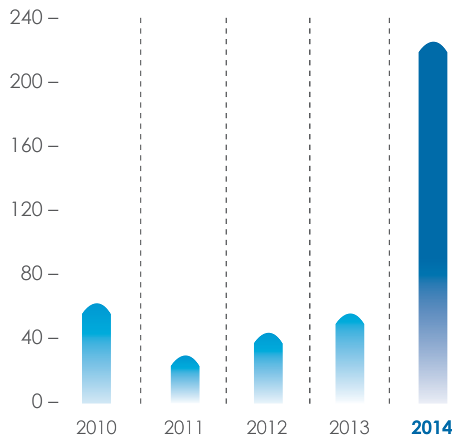
www.ghl.com

FINANCIAL HIGHLIGHTS

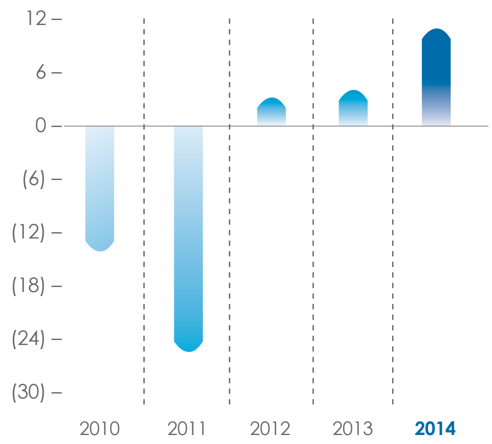
Revenue
(RM'million)



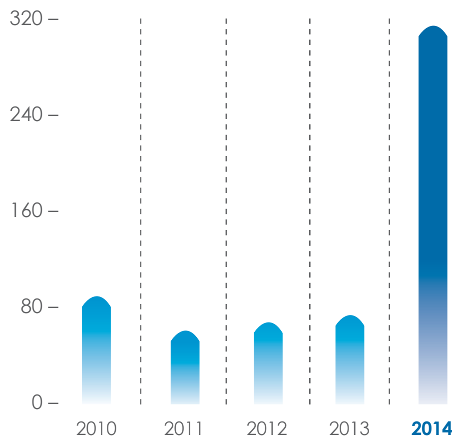
Shareholders' Equity
(RM'million)



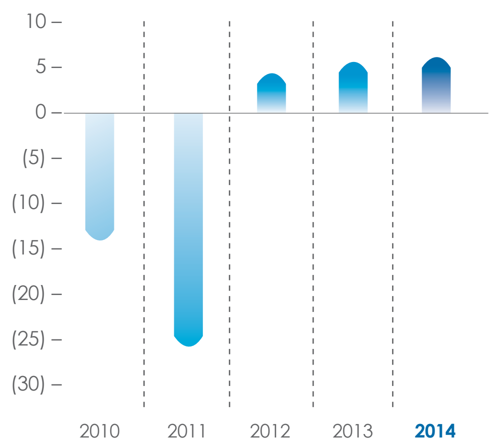
Profit/(Loss) Before Tax
(RM'million)



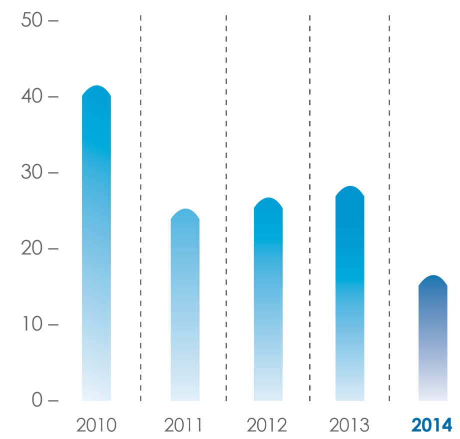
Total Assets
(RM'million)



Net Profit/(Loss)
(RM'million)



Net Tangible Assets Per Share
(Sen)



KEY PERFORMANCE INDICATORS

FINANCIAL HIGHLIGHTS		Year				
Financial Year Ended 31 December		**2010**	**2011**	**2012**	**2013**	**2014**
Revenue	RM'000	63,988	62,726	53,475	64,031	164,933
Gross Profit	RM'000	40,172	42,936	40,336	40,352	67,137
Gross Profit Margin	%	62.78	68.45	75.43	63.02	40.71
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	1,450*	3,213*	9,317	11,904	24,505
Profit / (Loss) Attributable To Equity Holders	RM'000	(14,176)	(26,049)	4,370	5,264	6,529
Shareholders' Equity	RM'000	61,495	35,818	41,311	56,228	222,658
Net Operating Cash Flow	RM'000	4,395	13,481	(1,603)	(4,888)	(9,487)
Net Assets Per Share	RM	0.43	0.25	0.28	0.30	0.35
Basic Earnings Per Share	sen	(9.96)	(18.04)	2.87	2.06	1.19
Total Borrowings	RM'000	3,373	4,469	4,372	974	40,466
Gearing Ratio	times	0.05	0.12	0.11	0.02	0.18
Net Gearing Ratio		Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Note:
* EBITDA exclude the exceptional items.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to once again present GHL SYSTEMS BERHAD's Annual Report and Financial Statements for the 12 months ended 31 December 2014.

2014 marks the completion of several key events, one of which was the emergence of a substantial shareholder, Cycas, a private equity fund which acquired a 20% private placement issued by our group in conjunction with acquisition of e-pay Asia Limited.

I would also like to take this opportunity to thank Ms. Goh Kuan Ho who has resigned from your Board as an Independent Non-Executive Director in March 2015. Ms. Goh has served in various capacities within the GHL group since 1991, and was a director on the board over the past 12 years. I would also like to thank Mr. Ng King Kau for his services as Executive Director, who has been redesignated Non-Independent Non-Executive Director remains a board member.

Other than those changes mentioned above, the board remained unchanged under the leadership of Executive Vice Chairman, Mr. Loh Wee Hian and myself. I would like to congratulate the board, management and staff for continuing to build on the efforts and strategies put in place to bring the GHL Group to greater heights and a growing force in ASEAN.

INDUSTRY TREND AND DEVELOPMENTS

Throughout ASEAN, Central Banks are striving to displace cash retail payments with electronic payments.

In Malaysia, Bank Negara, through its payment reforms has required banks to increase the number of EDC terminals deployed to 800,000 by 2020 from 230,000 today.

Such initiatives are congruent with GHL Group's objective of becoming the largest ASEAN merchant acquirer.

CHAIRMAN'S STATEMENT

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The GHL Group's performance for the year ended 31 December 2014 saw group turnover grew +158% yoy to RM164.93 million (2013 – RM64.03m). Pretax profits grew 239% to RM11.12 million compared to RM3.28 million a year ago and 2014 pretax margins were 6.7%, an improvement over 2013's pretax margins of 5.1%. The improved profitability were in part driven by the consolidation of e-pay's revenues from March 2014 onwards.

Net profit after tax growth however was less but still grew at +23.3% yoy to RM6.37 million (2013 – RM5.17m). Net profit growth was lower compared to turnover growth due higher taxation charges in 2014 (positive taxation in 2013 due to deferred tax) as well as higher operational costs and investments incurred as the Group geared up for the launch of Transactional Payment Acquisition ("TPA") in Malaysia, Philippines and Thailand.

SIGNIFICANT EVENTS

i) Completion of the acquisition of e-pay Asia Limited.

On 21 February 2014, the offer to acquire the shares in e-pay Asia Limited, a company listed on the Australian Securities Exchange became unconditional as all conditions were fulfilled. GHL commenced the compulsory acquisition of the remaining e-pay shares not owned by GHL in accordance with the Corporation Act. A total of 150.6 million new GHL shares were issued to the shareholders of e-pay Asia Limited from this acquisition exercise.

ii) Bonus Issue – October 2014

On 20 August 2014, the Group announced a (1:2) bonus issue of ordinary shares which was completed on 31 October and this resulted in the issuance of an additional 213.3 million new ordinary shares to shareholders.

As the result of the above events and the shares issued under the Executive Share Scheme ("ESS"), GHL Systems Berhad's issued and paid up share capital has strengthen to RM128.3 million comprising of 641.6 million ordinary shares of RM0.20 each as at 31 December 2014.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a responsible payment solutions enabler in the country, GHL is committed to help and join advocacies that benefit the underprivileged members of the society.

Last 2014, GHL Systems Philippines partnered with Children's Joy Foundation, a non-profit organisation that provides programs and services for children who are abandoned and orphaned. GHL Systems Philippines believes that educating children on good hygiene is the best way to avoid the spread of diseases. GHL launched the program called, **OPLAN A** *(Always)* **B** *(Be)* **C** *(Clean)* on July 5, 2014. The program aims to enhance the awareness of proper hygiene and also to promote healthier lifestyle habits for the Children's Joy Foundation. GHL Systems Philippines had given a short lecture on the importance of taking care of our teeth, haircare, as well as a short workshop on proper brushing of teeth and proper hand washing. GHL Systems Philippines also prepared a short art activity for the children to enjoy. As part of the program, GHL Systems Philippines distributed hygiene kits and also donated some old books, toys, shoes, clothes and musical instruments for the children.

CHAIRMAN'S STATEMENT

The second part of the CSR Activity was held last November 21, 2014 with the program entitled "Maagang Pamasko Hatid ng GHL". This time GHL Systems Philippines took the role of Santa Claus for the Children's Joy Foundation and have them experience a Jollibee Kiddie Party they've been dreaming of. The one day program, which was Headed by GHL Systems Philippines CEO, Mr. Rey Chumacera started with fun games and activities. Simple Christmas wish list from the children were also granted with the efforts of GHL employees. Aside from the children's gifts, GHL also gave assorted Christmas Grocery items to the Children's Joy Foundation.

GHL believes that these two programs are just the primary steps in order to give back to society. And this year, we are committed to further promote and formulate other Corporate Social Responsibility programs and activities that will make our vision and mission into a reality; so that we will be able to help, in our own shared way, build a better life for all.

OUTLOOK AND PROSPECTS

The Group ended 2014 and started 2015 on an up-swing as it signed three TPA tie-ups in quick succession. In December 2014, GHL signed a TPA agreement with Omnipay, Inc of the Philippines, in January 2015, the group signed with Global Payments in Malaysia and in February 2015, signed a TPA agreement with Amanah Ikhtiar Malaysia ("AIM") to help it collect loan repayments using e-debit.

Not forgetting the Group's first TPA with Thanachart Bank and Bangkok Bank of Thailand was also signed and the launch of e-GHL, the Group's online payment gateway, both in the 2nd Quarter of 2014. All these successful signings were the cumulative efforts which commenced in early 2014 as part of the Group's TPA strategy and have strategically positioned the Group to boost this new earnings growth engine and makes GHL as a major player in the merchant acquiring space in ASEAN.

This momentum is expected to grow further as the Group is in the process of concluding several TPA agreements with both banking and non-banking institutions in both Malaysia and Philippines.

APPRECIATION AND THANK YOU

The board and I wish to thank all shareholders for your continued support and continued strong attendance at our general meetings. We hope all shareholders will join us on our continued journey to further establish our ASEAN presence. I am also pleased to note that the group has begun to gain interest amongst the institutional investment community and coverage by major analysts.

I would like to thank all the board members, management and staff of the GHL family across Malaysia, Thailand, Australia and Philippines for the continued hard work, enthusiasm and professionalism over this past year. Let us continue to roll up our sleeves as we embark on this exciting and challenging journey.

Terima Kasih.

Datuk Kamaruddin Bin Taib
Independent Non-Executive Chairman

20 April 2015

CEO REPORT

TO OUR SHAREHOLDERS

GHL Systems Berhad ("GHL") was incorporated in 1994 and this year, we celebrated our 20th anniversary. Given this significant milestone, I thought that I should take the opportunity to explain a little more about the changes that have occurred to the company, over the years.

KEY MILESTONES

1994
- Commenced operations on software solutions and R&D for online payment technologies.

2003
- GHL IPO launched on the Mesdaq market.

2004-2006
- Formed wholly owned subsidiaries in China, Thailand & Philippines.

2007
- Listing transferred to the main Board of Bursa Malaysia.

2011
- Entry of new single largest shareholder and management team.

2012
- Loss making trend from 2008 to 2011 successfully reversed.
- China investment divested.
- Nationwide sales organisation implemented in Malaysia and Philippines for ISO services to Banks.

2013
- Achieved PCI DSS certification in Malaysia.
- New products; NetSentinel and iSign initiated.
- TPA business initiated in Thailand with 2 Banks.

2014
- GHL acquired e-pay Asia Limited ("e-pay").
- Official launch of eGHL for internet acquiring.
- TPA agreement concluded with a Bank in Malaysia, and 3 entities in Philippines.

EVOLUTION OF YOUR COMPANY

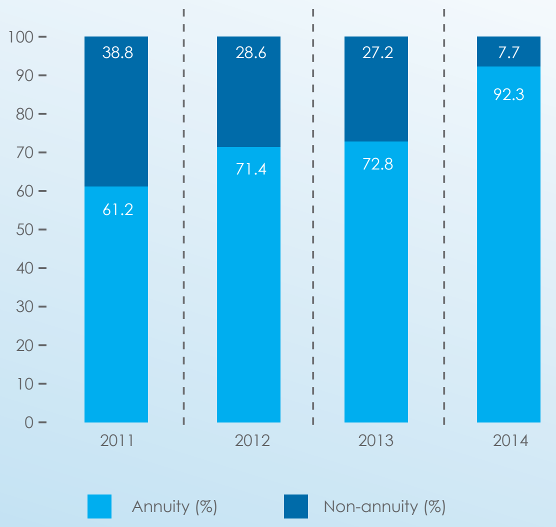
PAST	PRESENT	GOING FORWARD
- Hardware reseller - Software developer	- ISO for Banks - End-to end POS deployment for Banks on a rental and revenue share model - Provider of telco prepaid reloads and bill collection services in Malaysia	TPA Business: Largest ASEAN Merchant acquirer: - card payments (new) - Telco prepaid and other reloads and bill collection services in Malaysia

CEO REPORT

The transformation of the company from ad-hoc hardware and software sales to the present of providing services on a rental and revenue share model has positively impacted the nature of our revenues. As can be seen in Figure 1, the percentage of our recurrent revenue has increased significantly from 61.2% in 2011 to 92.3% in 2014. This in turn, has improved the predictability and quality of our earnings and hence, the value of your company.

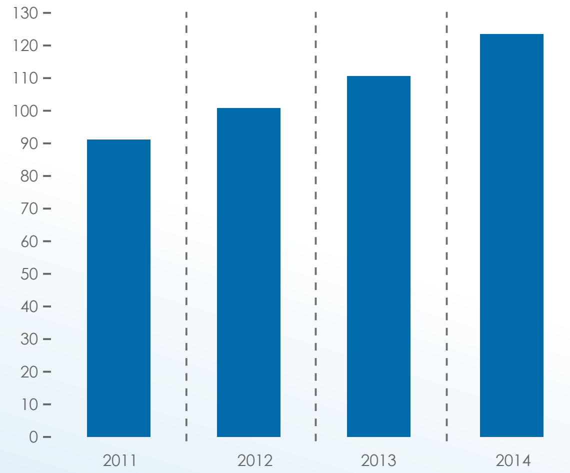
In 2014, our annuity income increased significantly over the previous year primarily because of the inclusion of e-pay Asia Limited ("e-pay"), a company that was acquired by GHL in the year. e-pay 's revenue is derived from merchants under agreements directly entered into between e-pay and the merchants. The e-pay acquisition effectively jumped-started our Transaction Payment Acquisition ("TPA") business and this is congruent with our ambition to become ASEAN's largest merchant acquirer. A more detailed description of e-pay and its contribution to our TPA business can be seen in the TPA section that follows later.

Figure 1 - Annuity Vs Non-Annuity Revenue



The creation of nationwide sales organisations in 2012, to actively source for merchants to accept card payments has also enabled us to increase our POS acceptance points and market share in the countries that we operate in. This initiative has made us the largest payment service provider both in Malaysia and the Philippines. The growth in the number of our acceptance points can be seen in Figure 2. In 2014, there were approximately 230,000 terminals in Malaysia (Source: Bank Negara) and 150,000 in the Philippines (Source: Our own estimate). Also, we estimate that there are at least 500,000 companies in the smallest merchant segment each in Malaysia and Philippines that are not POS enabled. Further, Bank Negara in its recent payment reform regulations, has mandated Banks in Malaysia to increase the number of POS acceptance points from 230,000 in 2014 to >800,000 in 2020. GHL's TPA initiative (described more fully in a later section) assists Banks to achieve this target. For these reasons, there is a significant opportunity for growth in merchant acquisition within the total addressable market.

Figure 2 - Number of Acceptance Points (Thousands)



2014 SNAPSHOT

DISTRIBUTION BY COUNTRY: 2014

Malaysia*– 63.7K
Philippines – 52.9K
Thailand – 6.8K

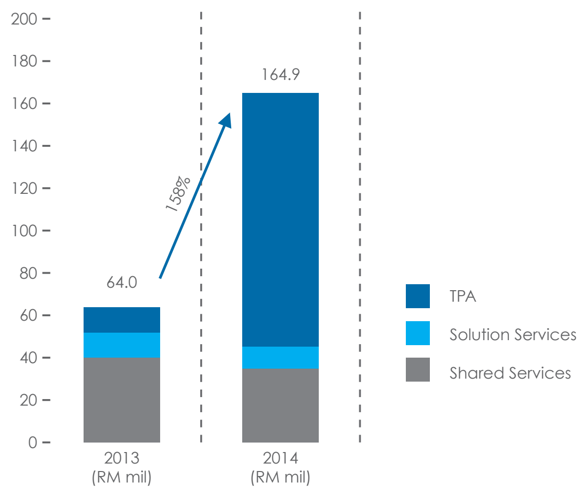
* **inclusive of e-pay's acceptance points for the period 2011-2014**

CEO REPORT

FINANCIAL AND OPERATIONAL HIGHLIGHTS

In 2014, the TPA division replaced Shared Services as the largest contributor to group turnover as e-pay's contribution was included for the last 10 months of the financial period under review. Shared Services and Solution Services were both marginally lower year-on-year as maintenance fees, hardware and card sales in 2014 were lower compared to the same period last year.

Figure 3 - Revenue By Business Segment



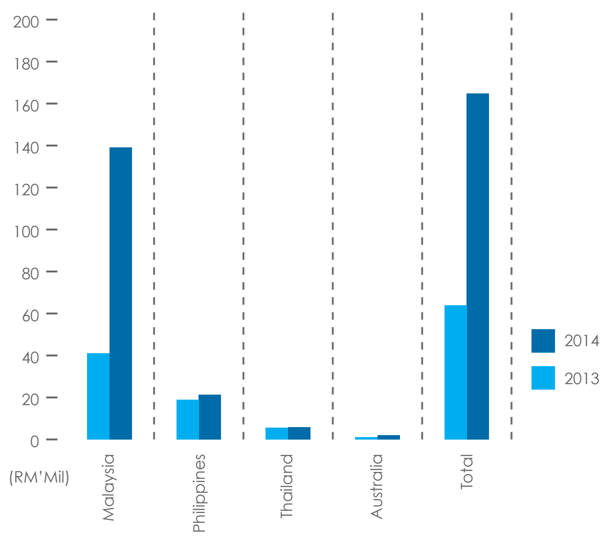
	2013	2014
Shared Services	39.9	34.8
Solutions Services	11.8	10.5
TPA	12.3	119.6

Malaysian operations contributed the most to group revenue primarily due to the inclusion of e-pay's revenues. At the EBIT margins level, Malaysian operations (excluding inter-segment sales) improved 25.0% in 2014 versus 4.2% in 2013.

Philippines turnover grew 12.4% year-on-year to RM19.0m (2013-16.8m) and EBIT margins maintained at 16.9% in 2014 (2013-16.8%).

Thailand recorded modest revenue growth of 2.9% to RM5.8 million (2013 RM5.7m) despite the challenging market conditions caused by its uncertain political climate. EBIT was negative with losses of RM1.9 million compared to RM1.0 million loss in 2013 principally due to provision and restructuring reserves taken.

Figure 4 - Revenue by Country



TRANSACTION PAYMENT ACQUISITION ("TPA")

The primary focus of the Group in 2015 will be to implement the TPA business across the group. The TPA initiative marks the latest phase of our evolution and is strategic to the group. This TPA business has 2 distinct components, each in a different stage of development. These are; i) e-pay's direct contractual relationships with merchants to provide Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and ii) GHL's direct contractual relationships with merchants to provide international and domestic card payment services ("card payment services"). Each of these is described in more detail as follows:-

e-pay (reload and collection services)

e-pay is the largest provider of reload and collection services in Malaysia. It has about 23,000 acceptance points nationwide, encompassing all petrol chains, the largest convenience store chains and over 8,000 general stores. The e-pay brand is well known to consumers who use the service. With over 15 years experience, e-pay is clearly the market leader in Malaysia within this industry segment.

CEO REPORT

While the overall number of prepaid mobile users only grew 4.5% in 2014, e-pay's growth in the transaction value of telco prepaid reloads was larger at 6.5%. This is primarily due to consumers switching from paper based scratch cards to electronic reloads at the various e-pay outlets. As GHL group's sales organisation now cross-sells e-pay's products, this also has quickly increased the number of acceptance points, thereby further contributing to the growth. Bill collection services is relatively newer and represents only 8.8% of e-pay's total revenue in 2014. However, this segment is growing at 25.6%, approximately 4 times higher than the top-up segment. Given this trajectory, this component will constitute a significant portion of e-pay's overall revenue within the next 5 years. The Revenue/Transaction Value % declined marginally due to changes in the product mix and lower margins in certain products. The Margin/ Transaction Value % however, increased slightly due to changes in distribution and merchant mix. The table in Figure 5 shows the growth of e-pay between 2013 and 2014. As can be seen, e-pay is growing faster than the overall market for reload and collection services.

Figure 5

e-pay *(All stated in RM' Millions unless stated otherwise)*	**2013**	**2014**	**% change**
Transaction Value Processed	2,533.7	2,757.9	8.8%
Gross Revenue	115.0	118.6	3.1%
Revenue/Transaction Value*	4.5%	4.3%	-5.3%
Gross Margin	32.6	35.6	9.2%
Margin/Transaction Value*	1.3%	1.3%	0.4%
Number of Merchant Acceptance Points *(Thousands)*	17.5	23.0	31.8%

* *Gross Revenue or Gross Margin respectively divided by the Transaction Value Processed expressed as a %.*

GHL (card payment services)

Our existing business of sourcing merchants on behalf of banks under a rental and revenue sharing model has served us well in transitioning away from the previous business of ad hoc hardware and software sales. The main limitation of the current business model however, is that we can only operate within the banks' own targeted segments i.e. the larger sized merchants with higher card payment transaction volumes.

The vast majority of all merchants however, fall in the smallest merchant segment which constitutes over 90% of the markets in which we operate. Today, this segment is underserved by the banks as it is challenging for any bank, with its internal cost structure to penetrate this segment. To address this, we have entered into TPA agreements with Banks regionally, whereby through the underlying TPA agreement with the bank, GHL is able to directly contract with merchants to provide card payment services. This TPA arrangement therefore enables GHL to tap into this largest segment of the market using low cost devices and a scaled operational process that makes it economically viable.

Much of 2014 was spent in building up the necessary risk management processes, people as well as automation within our operations units to enable us to undertake scaled merchant acquisition under TPA. The investment was heavy and much of this was incurred in 2014 with returns expected in 2015 and beyond. While TPA agreements have been signed with Banks, actual implementation of the TPA business will only likely occur towards the end of 2Q 2015. In Malaysia, we have contracted with two banks for TPA services (at the end of 2014 and early 2015) but implementation will only occur in May 2015 when our systems are fully integrated and tested with the banks. In Philippines we have similarly contracted with a Bank, a Telco and a non-bank card association member to provide TPA services but this is still subject to central bank approval.

CEO REPORT

This TPA card payment services business is relatively new and other than a minor TPA deployment in Thailand, it has not yet been deployed in our major markets. The existing GHL TPA data as shown in Figure 6 comprises of the following activities (listed in order of size) ; (i) Various revenue sharing arrangements under direct contracts with merchants and banks in Malaysia and Philippines (From 2008 to 2013) (ii) Malaysian domestic debit card ("MyDebit") merchant acquisition (since 2003) (iii) Internet TPA ("eGHL") in Malaysia (Since 2Q 2014) and Thailand (2013), and (iv) "Card Present" TPA (i.e. non-internet TPA) in Thailand (Since 2Q 2014).

Given the size of the opportunity and the push of most central banks to replace cash payments with electronic payments, the TPA card payments services promises significant opportunity for future growth. For this reason, TPA is a key element of our growth strategy for the immediate years ahead. The Revenue/ Transaction Value % grew strongly due to increased merchant acquisition activity. The Margin/Transaction Value % declined marginally due to the replacement of existing POS terminals in Malaysia necessitated by changes in card association security standards. Figure 6 shows the key data for this business as it presently stands. It excludes card present activities in Malaysia and Philippines which we expect to implement in 2015.

GHL TPA only (Figure 6) *(All stated in RM' Millions unless stated otherwise)*	**2013**	**2014**	**% change**
Transaction Value Processed	1,148.6	1,349.6	17.5%
Gross Revenue	12.3	19.6	60.0%
Revenue/Transaction Value*	1.1%	1.5%	36.4%
Gross Margin	9.3	10.1	9.6%
Margin/Transaction Value*	0.8%	0.8%	-7.4%
Number of Merchant Acceptance Points *(Thousands)*	27.5	37.2	34.8%

* *Gross Revenue or Gross Margin respectively divided by the Transaction Value Processed expressed as a %*

GOING FORWARD

The payments industry is an exciting one that is changing rapidly. There have been changes in technology and innovative new products have been created by banks and increasingly, non-bank companies with deep insights into consumer behaviour. Such developments continue to cause fundamental paradigm shifts in terms of what it takes to execute a retail payment.

GHL is primarily a merchant acquirer and a bank solutions partner with deep strengths in the underlying technology. Through e-pay, we also serve the consumer segment for various reload and collections services. These strengths position us well to deal with the changing environment ahead. We have, through our regional development teams, the capability to adapt technology and hardware to fit needs as they evolve. We can adapt.

I thank you shareholders for your investment in GHL and your ongoing support of the management team. I also thank the people of GHL whose passion and dedication for excellence has made possible our journey, thus far.

As I look forward, I am more excited than ever to be at the helm of GHL Group. With our TPA business about to grow, I believe that the next decade will be even more exciting for GHL.

Raj Lorenz
Group CEO, GHL Systems Berhad

DIRECTORS' PROFILE

DATUK KAMARUDDIN BIN TAIB
Independent Non-Executive Chairman

Datuk Kamaruddin Bin Taib, 58, a Malaysian, was appointed as Independent Non-Executive Director of the Company on 26th April 2012. He is a member of the Audit & Risk Committee and the Nomination & Remuneration Committee. He is currently the Executive Chairman of Germanischer Lloyd GLM Sdn. Bhd. a leading technical service provider for the Oil and Gas Industry. He holds a Bachelor of Science degree in Mathematics from the University of Salford, United Kingdom.

He started his career in 1980 with a leading Merchant Bank in Malaysia. Subsequently, he served as a Director of several private Companies and Companies listed on Bursa Malaysia.

Apart from his vast experience of serving on the Board of Companies Listed on Bursa Malaysia, his experience also included serving on the Board of Companies listed on the Stock Exchange of India as well as those listed on the Nasdaq (U.S.A.). Throughout his tenure on the Board of Companies, he has had significant experience in merchant banking, corporate finance, mergers and acquisitions.

Currently, he is as an Independent Non-Executive Chairman of Alkhair International Islamic Bank Berhad, an Independent Non-Executive Director of Great Eastern Assurance (Malaysia) Berhad, an Independent & Non-Executive Chairman of Great Eastern Takaful Berhad, as well as a director of FIDE FORUM, a body for the directors of Malaysia's financial institutions who have completed the Financial Institutions Directors Education (FIDE) core programme. The purpose of FIDE FORUM is to enhance corporate governance practice in Malaysian financial sector. The patron of FIDE FORUM is the Governor of Bank Negara Malaysia.

DIRECTORS' PROFILE

LOH WEE HIAN
Executive Vice Chairman

Loh Wee Hian, 53, a Malaysian, was appointed as Non-Independent Non-Executive Director on 28 December 2010. Subsequently on 18 January 2011, he was redesignated as Non-Independent Non-Executive Chairman, and as Executive Chairman on 3 March 2011. Once again on 1 September 2012, Mr. Loh redesignated to Executive Vice Chairman.

He has a strong background in the telecommunications industry where he formed Telemas Corporation Sdn. Bhd. in 1989, a mobile phone retailer and master distributor for Ericsson. He then co-founded e-pay (M) Sdn Bhd in 1999 and was the Managing Director responsible for strategic planning and financial performance of the company. Under his leadership, e-pay (M) Sdn Bhd became one of the leading electronic top-up processors in the South East Asia region and the leading processor in Malaysia. He listed e-pay Asia Limited on the Australian Stock Exchange (ASX) in 2006, where he is also the Executive Chairman.

He is one of the founding members of Young Entrepreneurs Organization Malaysia Chapter, a global, non-profit educational organisation for business owners.

In 2006, he was selected as the winner for Ernst & Young Entrepreneur of The Year Malaysia 2006 Award under the Technology Category.

DIRECTORS' PROFILE

KANAGARAJ LORENZ

Group Chief Executive Officer

Raj, 58, a Malaysian, was appointed as Chief Executive Officer on 8 September 2011 and later became a Board member on 4 November 2011. He entered the payment solutions industry in 2001 when he joined DBS Bank Limited to create the first direct debit, online real time payment gateway in Singapore. In 2002, the business was sold to NETS Pte Ltd ("NETS"), a company owned by the Singapore Banks, which operates the national EFTPOS, Cashcard and ATM networks in Singapore. Raj was the Managing Director of NETS's Online Payment subsidiary, eNETS Pte Ltd's ("eNETS") and was instrumental in growing the business from inception to its present dominant position in Singapore, serving banks in Singapore and regionally.

Concurrent to this role, Raj also managed (until 2007) the International Markets Business of NETS, a business group responsible for expanding NETS overseas through acquisitions, partnerships and alliances with overseas payment operators. While in this role, NETS acquired a subsidiary in China as well as entered into agreements with China UnionPay and MEPS that enable Malaysians and Chinese consumers to use their Bank cards on NETS's network.

Prior to NETS, Raj was employed for more than 12 years with Citibank Australia and Malaysia. He covered several functions during his career with the bank, including; Marketing Head for a Corporate Banking business unit, Financial Controller and Risk Manager. An accountant by training, Raj is a Fellow of the Institute of Chartered Accountants in England & Wales, and the Institute of Chartered Accountants in Australia. He is also a member of the Malaysian Institute of Certified Public Accountants.

DIRECTORS' PROFILE

FONG SEOW KEE

Senior Independent Non-Executive Director
Audit and Risk Committee Chairman
Nomination and Remuneration Committee Chairman

Fong Seow Kee, 58, a Malaysian, was appointed to the Board on 28 December 2010. He is the Chairman of both the Audit & Risk Committee and the Nomination & Remuneration Committee. He holds a BA(Hons) Economics & Social Studies from University of Manchester, England, is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants.

He has over 30 years experience in the finance industry, primarily in investment banking and private equity. After completing his articleship with Ernst & Young, UK in 1983, he worked with several leading investment banks in Malaysia, Hong Kong and Singapore where he advised companies on a variety of corporate finance transactions including M&A, Fund Raising and Corporate Restructuring. In 1992, he joined a US venture capital firm in Singapore where he managed a pan-Asian venture capital fund investing in the US and across Asia. In 2000, he co-founded iSpring Capital Group, a Malaysia based advisory and venture capital fund manager.

Since returning to Malaysia in 1996, he has been active in the development of the venture capital and private equity in Malaysia. During that time, he has been involved in the Malaysia Venture Capital & Private Equity Association in various capacities and was Chairman from 2008 to 2010. He has also been invited to sit on various government working committees to provide Industry Feedback on regulatory policies.

DIRECTORS' PROFILE

NG KING KAU

Non-Independent Non-Executive Director
(Redesignated on 1 January 2015)

Mr. Ng, 65, a Malaysian, was appointed as Executive Director on 29 April 2011, he was redesignated as Non-Independent Non-Executive Director on 1 January 2015. He began his career as a manager in an electrical chain store in Malaysia between 1975 – 1978 before joining American Express as the Country Manager of Malaysia & Brunei. He was the Vice President – General Manager for American Express in Malaysia and Brunei before being promoted to Vice President – Business Development for American Express Asia Pacific Australia Division based in Hong Kong. He was instrumental in building and making the American Express Card the leading payment card in Malaysia.

Mr. Ng, known as 'KK' in the payment and loyalty card industry in Asia, has a total of over 30 years of experience in building, operating and turning around payment and loyalty card businesses.

He left American Express in 1986 and joined MBf Group Malaysia where he organized and built MBf's Card business and led it to become the largest card company in Malaysia and the largest MasterCard issuer in ASEAN region in 1993. He left MBf as President of Card and Payment Services in 1995 and founded InterPay International Group which has investments in payment and loyalty card businesses.

He was a Director of Maestro International Inc. from 1993 to 1995, which is a subsidiary of MasterCard International Inc. From 2006 to 2009, Mr. Ng became the Chief Executive Officer of Cardtrend International Inc., a public listed holding company in the US which was involved in the payment and loyalty card businesses in China and other Asian countries. Prior to his resignation on March 1, 2011, Mr. Ng was the Managing Director of Payment Business Solutions Bhd. which was spun off from Cardtrend International Inc. and is the holding company for a group of payment and loyalty related business, including Cardtrend Systems Sdn. Bhd., a MSC status company in Malaysia.

DIRECTORS' PROFILE

Brahmal a/l Vasudevan
Non-Independent Non-Executive Director

Brahmal a/l Vasudevan, 47, a Malaysian, was appointed as Non-Independent Non-Executive Director on 16 April 2014. He is a member of Nomination & Remuneration Committee. He holds a Bachelor of Aeronautical Engineering from Imperial College of Science, Technology and Medicine, University of London and received a Masters in Business Administration from Harvard University Graduate School of Business Administration. He is the Founder and Chief Executive Officer of Creador, a Non-Executive Director of Usaha Tegas Sdn Bhd, Hathway Cable & Datacom Limited and PT MNC Sky Vision Tbk and Founder of Pacific Straits Foundation.

Brahmal previously spent 11 years at General Partner and Managing Director of ChrysCapital, a leading private equity firm focused on growth capital investments in India. Prior to ChrysCapital, Brahmal was a Director of Marketing at ASTRO Malaysia Holdings Berhad where he was involved in strategy, marketing and expansion into neighbouring countries. Brahmal started his career as British American Tobacco and also worked at the Boston Consulting Group.

DIRECTORS' PROFILE

Lim Sze Mei

Non-Independent Non-Executive Director

Lim Sze Mei, 40, a Malaysian, was appointed as Non-Independent Non-Executive Director on 16 April 2014. She is a member of Audit & Risk Committee. She received a BSc in Finance and International Business with summa cum laude honours from University of Bridgeport, U.S.A.

She is a Director at Creador. Prior to joining Creador in 2011, Sze Mei spent 4 years at Parkway Holdings, a leading healthcare group in Singapore, where as Vice-President, she was responsible for various corporate development functions, including acquisition of new assets and the IPO of Parkway Life REIT. She was previously Vice-President, Investments at Khazanah Nasional Berhad, Malaysia's sovereign wealth fund where she was involved in several large transactions. Sze Mei also led the IPO process for Air Asia, a leading low-cost carrier in South East Asia and was previously at JP Morgan where she held roles in investment banking and corporate lending. She started her career in equity research at SG Securities Asia.

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**
   Other than Loh Wee Hian who is a major shareholder of GHL, none of the other Directors has any family relationship with any director and/or major shareholder of GHL.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with GHL Group.

3. **Conviction for Offences**
   None of the Directors has any conviction for offences within the past 10 years other than traffic offences, if any.

CORPORATE DIRECTORY

MALAYSIA

Headquarters / Corporate Office
GHL Systems Berhad
C-G-15, Block C,
Jln Dataran SD1, Dataran SD, PJU 9,
Bandar Sri Damansara,
52200 Kuala Lumpur, Malaysia.
Tel : +603-6286 3388
Fax : +603-6280 2999
Email : enquiry@ghl.com

Helpdesk (Customer Service):
Tel : +603-6286 5222
Email : hdesk@ghl.com

Innovation Centre
GHL Systems Berhad
L5-E-7B Enterprise 4,
Technology Park Malaysia, Bukit Jalil,
57000 Kuala Lumpur, Malaysia.
Tel : +603-8998 3600
Fax : +603-8998 3301
Email : enquiry@ghl.com

GHL Systems Philippines, Inc.
6F One Corporate Plaza,
845 Arnaiz Avenue,
Legaspi Village,
1224 Makati City, Philippines.
Tel : +63-2-7449449
Fax : +63-2-8560825
Email : enquiryph@ghl.com

GHL (Thailand) Co. Ltd.
117-118, 28th floor, Sinn Sathorn Tower,
Krungthonburi Road, Klongtonsai,
Klongsan Bangkok 10600 Thailand.
Tel : +66(0)2 440 0111& 1800 788137 (Toll-Free)
Fax : +66(0)2 440 0577
Email : enquiryth@ghl.com

e-pay (M) Sdn Bhd.
16-18, Jalan PJS 11/28A,
Bandar Sunway,
46150 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel : +603-5632 2488
Fax : +603-5623 6000
Email : info@e-pay.com.my

GHL Systems Australia Pty. Ltd.
Level 1, 530 Little Collins Street,
Melbourne, Vic 3000,
Australia.
Email : enquiryau@ghl.com

GHL Systems Berhad
Space 1, 4 Floor, Building 38 Optical Valley
Headquarters,
Tangxun Lake North Road,
East Lake New Technology Development Zone,
Wuhan City,
Hubei Province, PRC 430074
Tel : +027-5066 6957
Email : enquirych@ghl.com

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of GHL Systems Berhad ("GHL" or "the Company") recognises that maintaining good corporate governance is critical to GHL and its subsidiaries ("the Group") long-term sustainable business growth and for the safeguard and enhancement of shareholders' interest. The Board is committed to continuously strive for the highest standards of corporate governance in cultivating a responsible organisation that adopts practices in accordance to the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG") and the relevant provisions in the Bursa Malaysia Securities Berhad ("Bursa") Main Market Listing Requirements ("MMLR").

The Board reviews and enhances the Group's corporate governance standards on a continuous basis to ensure that its business and affairs are in strict adherence to the doctrine and principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct. The Board evaluates and, where appropriate, implements relevant proposals to ensure that the Group continues to maintain good corporate governance.

The Board is pleased to report to the shareholders the manner in which GHL has applied the Principals and Recommendations of MCCG and Bursa's MMLR during the financial year 2014.

ESTABLISH CLEAR ROLES & RESPONSIBILITIES

Board Charter

A Board Charter (the "Charter") that clearly sets out the role, functions, composition, operation and process of the Board was adopted by the Board in 2012. The Charter ensures that all Directors are aware of their duties and responsibilities as Board members. It acts as a source of reference and primary induction literature for prospective Board members and Senior Management on good corporate governance. It also acts as a guideline to assist the Board in assessing its collective performance and that of each individual Director.

The Board Charter will be reviewed at least annually to ensure consistency with the Board's objectives and responsibilities and adherence to the relevant rules and regulations as well as latest standards or guidelines of corporate governance. The Charter is accessible to the public on the Company's official website at www.ghl.com and any update thereof will be uploaded to the website accordingly.

Roles and Responsibilities

The Charter delineates the functions of the Board and the Management while maintaining a symbiotic relationship between the two groups, enabling the effective execution of their respective roles and responsibilities. The Board's principal focus is the overall strategic direction, development and control of the Group in an effective and responsible manner.

The Board is constantly mindful of safeguarding the interests of shareholders in discharging its stewardship and duties. Followings are the Board's core responsibilities:

- Review and approve the Group's strategic plan that builds a sustainable business.
- Oversee and evaluate the Group's business conduct, including the smooth functioning of core processes.
- Identify principal risks and ensure implementation of appropriate systems to manage these risks.
- Monitor succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing key management.
- Maintain an effective investor relations programme.
- Review the adequacy and integrity of the Group's internal control systems.

The Board has delegated certain responsibilities to dedicated Board Committees with clear Terms of Reference to discharge these responsibilities more effectively.

STATEMENT ON CORPORATE GOVERNANCE

Code of Conduct and Whistle-Blowing Policy

The Board acknowledges and emphasises the importance for all Directors to embrace the highest standards of corporate governance practices and ethical standards.

In view of this, the Board has formalised ethical standards and systems of compliance through the Company's code of conduct. These codes are aimed to emphasise the Company's commitment to ethics and compliance with applicable laws and regulations, use of confidential information and retention of records.

The Board has also established a Whistle-Blowing Policy that enables any employee of the Group to bring to the attention of the Board on any concerns regarding integrity and misconduct. Procedures are also in place for investigations and appropriate follow-up action.

Information for The Board

Adequate Board papers are provided to the Directors prior to the Board meeting to enable them to obtain further explanations, where necessary. These reports provide information on the Group's performance and major operational, financial and corporate issues. The Board has unrestricted access to the Group Chief Executive Officer ("CEO"), Group Chief Financial Officer ("CFO") and Senior Management and all information on the affairs of the Group. The Management is obliged to supply all relevant information relating to the business and operations of the Group and governance matters at the request of the Board.

The Directors also have full and unrestricted access to the advice and services of Internal Audit Function, External Auditors and Company Secretary. Members of the Board may collectively or individually consult advisers and, where necessary, seek external and independent professional advice and assistance from experts in furtherance of their duties.

Company Secretary for the Board

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR and Companies Act, 1965 and other relevant laws and regulations. The Company Secretary attends all Board and Board Committee meetings to ensure that meetings are properly convened, that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Removal of Company Secretary, if any, is a matter for the Board to decide collectively.

STRENGTHEN COMPOSITION

BOARD COMPOSITION

During the financial year, the Board consisted of eight members, comprising three Executive Directors and five Non-Executive Directors (of which three were independent, including the Chairman). Subsequent to the financial year, a member of the board, Ms. Goh Kuan Ho has resigned from position as Independent Non-Executive Director effective 3rd March 2015.

A brief profile of each Director is presented on pages 18 to 24 of this annual report.

Board Committees

The Board delegates certain responsibilities to the dedicated Committees of the Board. Both these committees, which are the Audit and Risk Committee ("ARC") and Nomination and Remuneration Committee ("NRC"), comprise exclusively of non-executive directors. These committees operate within clearly defined terms of reference and have the authority to examine particular issues and report their proceedings, deliberations and where appropriate, make recommendations to the Board. On Board reserved matters, the Committees shall deliberate and thereafter make their recommendations to the Board for its approval.

STATEMENT ON CORPORATE GOVERNANCE

During Board meeting, the Chairman of the Committees provides summary reports of the decisions and recommendations made at respective committee meetings, and highlight to the Board any further deliberation that is required at Board level.

The Board had previously resolved to combine the Nomination Committee and Remuneration Committee to form the NRC to better carry out the best practices in MCCG Guide and new requirements in MMLR by Bursa more efficiently.

Both ARC and NRC have presented their respective reports highlighting their composition, and summary of activities during FY2014 as laid out on pages 34 to 37 and pages 43 to 45 respectively. Terms of Reference and composition of all Board Committees are available at the Company's official website: www.ghl.com.

Board Evaluation

The Board and its Committees evaluate their performance and governance processes annually to improve the collective and individual contributions and effectiveness. For FY2014, a self-assessment on the performance of the Board as a whole, its Committees and individual directors was facilitated by the NRC. The assessment included a review of the administration and operation of the Board and its Committees, agendas, reports and information produced for consideration of the Board. The assessment results were considered by the NRC, which then made recommendations to the Board on the identified areas for improving the effectiveness of the Board.

DIRECTORS' REMUNERATION

The objective of the Group's policy on Directors' remuneration are to ensure that formal and transparent remuneration policies and procedures have been put in place to attract and retain Directors of appropriate calibre to run the Group successfully. Remuneration packages of executive directors are structured so as to link rewards to the achievement of corporate and individual performance.

Executive Directors' basic salaries are fixed for the duration of their contract. Any revision to the basic salary will be reviewed and recommended by NRC, taking into account the individual performance, the inflation price index, the affordability, the industry's practices and benchmarks and reasonableness.

The Group operates a bonus scheme for all employees, including the Executive Directors. The criteria for the scheme is dependent on the level of profits achieved from certain aspects of the Group's business activities as measured against targets, together with an assessment of each individual's performance during the period. Bonuses payable to the Executive Directors are reviewed by the NRC and approved by the Board.

Other benefits in kind such as car, driver, petrol allowance and phone allowance are made available as appropriate. Contribution is made to the Employees Provident Fund ("EPF"), the national mandatory defined contribution plan, in respect of the Executive Directors. The Company reimburses reasonable expenses incurred by the Directors in the course of performing their duties as Executive Directors.

Directors' fees are recommended by the NRC to the Board after taking into consideration of the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The final decision on any remuneration package offered to the Executive Directors and the fees payable to Non-Executive Directors are the responsibility of the entire Board. Individual Directors do not participate in decisions regarding their own remuneration package. Fees payable to Directors are for approval by the shareholders at the Annual General Meeting.

STATEMENT ON CORPORATE GOVERNANCE

For the financial year ended 31 December 2014, a total sum of RM2,643,470 was paid to the Directors of the Company. The breakdown of the Directors' remuneration and the number of directors in the remuneration as follows:

MYR, Gross	Salary and Other Emoluments	Fees	EPF & Socso	Grand Total
Datuk Kamaruddin Bin Taib	10,500	96,000	-	106,500
Loh Wee Hian	1,197,444	-	108,826	1,306,270
Kanagaraj Lorenz	480,000	-	58,220	538,220
Ng King Kau *(redesignated to NED wef 1 Jan 2015)*	478,462	-	57,416	535,878
Fong Seow Kee	10,500	96,000	-	106,500
Goh Kuan Ho *(resigned wef. 3rd Mar 2015)*	10,500	39,600	-	50,100
Brahmal A/L Vasudevan	-	1	-	1
Lim Sze Mei	-	1	-	1
Total	**2,187,406**	**231,602**	**224,462**	**2,643,470**

The Directors' remuneration in aggregate, with categorisation into appropriate components, distinguishing between Executive and Non-Executive Directors, is as follows:

MYR, Gross	Executive Directors	Non-Executive Directors
Salaries and other emoluments	2,155,906	31,500
Directors Fees	-	231,602
EPF	224,462	-
Total	**2,380,368**	**263,102**

The number of Directors of the Company whose remuneration band falls within the following successive bands of MYR100,000 is as follows:

Ranges of Remuneration (MYR, Gross)	Executive Directors	Non-Executive Directors
1 – 100,000	-	3
100,001 – 200,000	-	2
500,000 – 600,000	2	-
1,300,000 – 1,400,000	1	-
Total	**3**	**5**

REINFORCE INDEPENDENCE

Board Balance and Independence

The Board comprises a mixture of Executive and Non-executive Directors from diverse professional backgrounds with a wealth of experience, skills and expertise to meet the Group's needs.

Although all Directors have equal responsibility for the Group's business, the Independent Non-Executive Directors provide an independent view, advice and judgement to take into account the interest of the Group, shareholders, employees and communities in which the Group conducts business.

STATEMENT ON CORPORATE GOVERNANCE

Annual Assessment of Independence

The Board, via the NRC, assesses Independent Directors annually. In administering this, the Independent Directors are required to perform a yearly self-assessment/ declaration based upon a series of questionnaire which is driven from definitions/criteria of independent directors as defined in Chapter 1 of the MMLR. For the financial year, the board via the NRC has reviewed and deliberated the annual assessment performed and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

In tandem with the MCCG 2012, the Board requires independence of any director who has served more than nine (9) years should be subject to particularly rigorous review. During the financial year under review, none of the Independent Directors have served for a cumulative term of nine (9) years.

Chairman and CEO

A clear division of responsibility between the Chairman and the CEO exists to ensure a balance of power and authority as no one individual director has unfettered powers over decision making. Formal position descriptions of the Chairman and the CEO outlining their respective roles and responsibilities are set out in the Board Charter. The Board has also appointed a Senior Independent Non-Executive Director to furtherance the Board balance.

The Board is satisfied that the current composition of Directors provides the appropriate, diversity, balance and size necessary to promote all shareholders and govern the Group effectively. It also fairly represents the ownership structure of GHL, with appropriate representations of minority interests through the Independent Non-Executive Directors. The Board will continue to monitor and review the Board size and composition as may be needed to maximise the shareholders' value.

FOSTER COMMITMENT

Board Meeting

The Board meets at least 4 times a year on quarterly basis, with additional meetings convened on an ad-hoc basis as and when the Board's approval and guidance are required. Due notice is given of proposed dates of meetings during the financial year and standard agenda and matters to be tabled to the Board.

Five Board Meetings were held during the financial year ended 31 December 2014 and details of the attendance of each Director are as follows:

Name of Directors	Designation & Directorate	Number of Meetings Attended During the year
Datuk Kamaruddin Bin Taib	Independent Non-Executive Chairman	5 out of 5
Loh Wee Hian	Executive Vice Chairman	5 out of 5
Kanagaraj Lorenz	Group Chief Executive Officer/ Executive Director	5 out of 5
Ng King Kau *(redesignated on 1 January 2015)*	Non-Independent Non-Executive Director	5 out of 5
Fong Seow Kee	Senior Independent Non-Executive Director	5 out of 5
Goh Kuan Ho *(resigned effective 3rd March 2015)*	Independent Non-Executive Director	5 out of 5
Brahmal a/l Vasudevan *(appointed 16 April 2014)*	Non-Independent Non-Executive Director	4 out of 4
Lim Sze Mei *(appointed 16 April 2014)*	Non-Independent Non-Executive Director	4 out of 4

STATEMENT ON CORPORATE GOVERNANCE

DIRECTORS' TRAINING

The Directors are mindful that they are to devote sufficient time and effort to carry out their responsibilities and to maintain their competency as a member of the Board. The Board, on a continuous basis, evaluates and determine the training needs of its members and ensure that their training needs are met to aid the directors in discharging their duties as a director of the Company.

In their effort to keep abreast with the changes in the industry, legislation and regulations affecting the Company, the Directors have during the course of the year attended the following briefing, conferences and seminars:

Director	Training Programme / Conference Seminar
Datuk Kamaruddin Bin Taib	18th Malaysian Banking Summit 2014
	Risk Management & Internal Control Workshops For Audit Committee Members
	Nominating Committee Programme 2 : Effective Board Evaluation
	Board Chairman Series : The Role of the Chairman
Loh Wee Hian	The Malaysian Private Equity Forum
Kanagaraj Lorenz	18th Malaysian Banking Summit 2014
	Exabytes eCommerce Conference 2014
Ng King Kau	10th Tricor Tax & Corporate Seminar
Brahmal a/l Vasudevan	Mandatory Accreditation Programme (MAP)
Lim Sze Mei	Mandatory Accreditation Programme (MAP)
Fong Seow Kee	Audit Committee Conference 2014
	Risk Management & Internal Control Workshops For Audit Committee Members
	18th Malaysian Banking Summit 2014
	Nominating Committee Programme 2 : Effective Board Evaluation
Goh Kuan Ho	10th Tricor Tax & Corporate Seminar
	Strong Leadership in Crisis Management

In addition, all Directors are, from time to time, provided with reading materials and internal briefing pertaining to the latest developments in areas relating to the Directors' roles and responsibilities by Company Secretary or by its members who attended relevant conference seminar. The External Auditors also briefed the Board on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

FINANCIAL REPORTING

The Board is committed to provide a balanced, clear and comprehensive assessment of the financial performance and prospects in all the disclosure made to the stakeholders and the regulatory authorities. The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group as at the end of the reporting period and of their results and cash flows for the period then ended.

The Board is assisted by the Audit and Risk Committee in governing the Group's financial reporting processes and the quality of its financial reporting such as in compliance with Malaysian Accounting Standards Board.

STATEMENT ON CORPORATE GOVERNANCE

RELATIONSHIP WITH THE AUDITORS

Through Audit and Risk Committee, the Group has established transparent and appropriate relationships with the Group's auditors, both external and internal. The total fee incurred for non-audit services rendered by the external auditors during the financial year is disclosed in Note 28 of the Financial Statements section of this annual report.

The statements on roles, duties and responsibilities of the Audit and Risk Committee in relation to both the internal and external auditors is described in the Audit and Risk Committee Report as set out on pages 34 to 37 of this Annual Report.

RISK MANAGEMENT

The Board acknowledges its responsibility for the Group's system of internal controls which covers financial control, operational and compliance controls as well as risk management. The Board has delegated to the Audit and Risk Committee the responsibility of reviewing the effectiveness of control procedures and risk management framework and to report to the Board on all its findings and recommendations for deliberations.

The Statement on Risk Management and Internal Control furnished in pages 38 to 42 of the Annual Report provides an overview of the state of risk management and internal controls within the Group.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Timely release of announcements on quarterly and annual financial statements, annual report and analyst presentations reflects the Board's commitment to provide transparent and up-to-date disclosure to the public.

Leveraging on information technology for effective dissemination of information, the Group maintains a corporate website, www.ghl.com; which provides a comprehensive avenue for the shareholders and public to access up-to-date information including our Company's announcements, financial information, share prices, and press releases of our Group.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Company values dialogue with investors and recognises the importance of being transparent and accountable to its shareholders. Effective communication with shareholders provides a better appreciation of the Company's objectives, while also making the Company aware of the expectations and concern of the shareholders.

As such, the Company adheres strictly to the disclosure requirements under Bursa's MMLR to announce results of the Group quarterly via Bursa Link and material transactions and events accordingly. Investor information of the Company, the Annual Report, financial results, Board Charter and terms of reference of Board Committees can be accessed on the Company's website at www.ghl.com.

Mr Fong Seow Kee, the ARC and NRC Chairman, is the Board appointed Senior Independent Non-Executive Director. He is available to investors who have concerns that cannot be addressed through the Chairman and CEO.

STATEMENT ON CORPORATE GOVERNANCE

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with the shareholders. At each AGM, the Board presents to the shareholders, the performance of the business for the financial year. All Directors are available to respond to shareholders' questions during the AGM.

Each special business included in the notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution to facilitate understanding and evaluation of the issues involved. Separate resolution are proposed for separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

The Board takes note of the recommendation 8.2 by MCCG on the adoption of electronic voting and encourage poll voting to facilitate greater shareholder participation. The Board is of the view that with the current level of shareholders' attendance at AGMs, voting by way of a show of hands continues to be efficient. However, for agenda that requires poll voting accordance to listing rules, the board will inform shareholders in advance and poll voting will be conducted manually. Nevertheless, the shareholders will be informed on their right to demand on a poll vote at the commencement of general meeting and voting by way of poll voting will be carried out if required by Bursa's MMLR and other relevant rules and regulations.

The Board has deliberated, reviewed and approved this Statement in accordance with Board's Resolution dated 20th April 2015.

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee Report provides insights into the manner in which the Audit and Risk Committee has discharged its function for the Group in Financial Year 2014 ("FY 2014") and also a summary of its various activities.

FORMATION

The Audit Committee was established as a committee of the Board of Directors of GHL Systems Bhd on 11 February 2003.

On 8 April 2013, the Board of Directors resolved that the Audit Committee be renamed as the Audit and Risk Committee ("ARC" or the "Committee").

COMPOSITION

The ARC comprises of four members, all of whom are Non-Executive Directors with the majority being independent; during FY 2014 as follows:

1. FONG SEOW KEE – Chairman
   (Senior Independent Non-Executive Director)

2. GOH KUAN HO *(resigned 3rd March 2015)*
   (Independent Non-Executive Director)

3. DATUK KAMARUDDIN BIN TAIB
   (Independent Non-Executive Director)

4. LIM SZE MEI *(appointed 16th April 2014)*
   (Non-Independent Non-Executive Director)

TERMS OF REFERENCE

The Terms of Reference for the ARC is accessible to the public on the Company's official website at www.ghl.com and any update thereof will be uploaded to the website accordingly.

ATTENDANCE OF MEETINGS

The ARC held five (5) meetings during FY 2014. The Company Secretary is responsible for distributing the notice of the meetings to the Committee members prior to their meetings and recording the proceedings of the meetings there at. The details of attendance of the ARC members are as follows:

Name Of The Committee Member	Total Attendance Of Meetings
Fong Seow Kee	5/5
Goh Kuan Ho	5/5
Datuk Kamaruddin Bin Taib	5/5
Lim Sze Mei	4/4

AUDIT AND RISK COMMITTEE REPORT

The Group Chief Financial Officer ("CFO") was invited to all ARC meetings to facilitate direct communication in relation to the group financial results while the Risk Management Committee ("RMC") Chairman i.e. Group Chief Executive Officer ("CEO") was invited to all ARC meetings to provide information regarding the Group's Risk Management activities. The Head of Group Internal Audit ("GIA"), relevant members of management, and the External Auditors were also invited to attend the meetings of the Committee, where appropriate, to brief the ARC on the relevant audit findings.

The ARC held two private meetings with the External Auditors in 2014 without the presence of the management. At these meetings, the ARC enquired about management's co-operation with the external auditors, their sharing of information and the competencies and adequacy of resources in the financial reporting functions, particularly in relation to the applicable Malaysian Financial Reporting Standards.

Minutes of each ARC meeting were recorded and tabled for confirmation at the following ARC meeting and subsequently presented to the Board for notation.

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2014

The ARC reports regularly to the Board on its activities, deliberations and recommendations in discharging its duties and responsibilities as set out in its terms of reference, which the Committee has reviewed to ensure it is in line with the Main Market Listing Requirements of Bursa Malaysia ("MMLR"), the Malaysian Code on Corporate Governance 2012 ("MCCG") and MCCG Guide.

The main activities undertaken by the Committee during the year are as below:

Regarding financial reporting:

a. Reviewed the Annual Report and the audited financial statements of the Group and the Company for FY 2014 together with the external auditors and Group CFO to ensure compliance of the financial statements with the provisions of the Companies Act 1965 and the applicable approved accounting standards as per the Malaysian Accounting Standards Board ("MASB") prior to recommending the same to the Board for approval.

b. Reviewed the quarterly unaudited financial results of the Company and the Group for FY 2014 together with the Group CFO, focusing particularly on significant changes to accounting policies and practices, compliance with accounting standards and other legal requirements prior to recommending the same to the Board of Directors for approval and release to Bursa Malaysia.

c. Reviewed with the management of the Group to ensure corporate disclosure policies and procedures of the Group (pertaining to accounting, audit and financial matters) comply with the disclosure requirements as set out in the MMLR.

Regarding external audit:

a. The Committee carried out an annual review of the performance of the external auditors, including an assessment of their independence in fulfilling their responsibilities.

b. Reviewed the external audit scope, audit plan and proposed fees for the statutory audit and other non-audit services based on the external auditors' presentation of audit strategy and plan to ensure that their scope of work adequately covered the activities of the Group.

c. Reviewed the audit results, audit reports, the issues and resolution highlighted in the management letter and the response from the management. The Committee also considered the external auditors' suggestions to improve the accounting procedures and internal control measures.

AUDIT AND RISK COMMITTEE REPORT

Regarding risk management and internal control:

a. Reviewed the progress of Risk Management Committee ("RMC") in its on-going identification and monitoring of key risks and the controls and processes implemented in managing these risks.

b. Reviewed the risk assessment results and the mitigation actions reported by RMC and regularly reviewed the update on the mitigation actions to ensure significant internal controls are promptly implemented.

c. Evaluated, together with Group CEO and Group CFO, the overall adequacy and effectiveness of the system of internal controls during the financial year through a review of the results of work performed by internal and external auditors and the RMC.

d. Continuously monitored whistleblowing program and procedures as part of the risk management structure and good corporate governance practice.

Regarding internal audit:

a. Reviewed and approved a revised Internal Audit Charter setting out the mission, scope of work, organisational status, responsibilities and authority of the internal audit function within the Group.

b. Reviewed the adequacy of resources and reporting structure of GIA to execute the audit plan effectively and independently.

c. Approved the annual internal audit plan for the financial year and reviewed the plan each quarter to identify any requirement of changes; that commensurate with the evolving risk landscape of the organisation.

d. Reviewed internal audit findings arising from the work carried out by the GIA and other outsourced service providers for special engagements. The ARC also sought management commitments for corrective actions as recommended in internal audit reports.

e. Reviewed the status of audit findings in ensuring appropriate action plans are implemented by the management; with no audit issues are left unaddressed.

Regarding related party transaction:

a. Reviewed quarterly the related party transactions and recurrent related party transactions undertaken by the Group for compliance with the MMLR and the appropriateness of such transactions entered into by the Company and its subsidiaries to avoid potential or actual conflict of interest to ensure the decisions are based on the best interest of the Company and its shareholders.

b. Reviewed the procedures for securing the shareholders' mandate for recurrent related party transactions.

Other activities:

a. Members of the Committee attended various seminars and conferences to enhance and update their knowledge as part of discharging their duties as ARC members and as a director of the Group. The seminars and conferences attended by the Committee members during FY 2014 are reported under the Statement on Corporate Governance.

b. Reviewed the Statement of Risk Management and Internal Control and Corporate Governance Statement prior to their inclusion in the Company's Annual Report for FY 2014.

c. Conducted a self-assessment to evaluate the Committee's overall effectiveness in discharging its responsibilities.

d. Obtained update on Executives Share Scheme ("ESS") from ESS Committee and verified allocation of ESS to executives during the financial year 2014, as being in compliance with the ESS By-Law 5.2.

AUDIT AND RISK COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Group has established an internal audit function as a key component of its internal control appraisal process. The Group Internal Audit ("GIA") reports independently to the ARC and is guided by a formalised Internal Audit Charter.

The main responsibility of the GIA function is to undertake independent assessments on the adequacy and effectiveness of internal controls pertaining to key areas as below:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with applicable laws, and regulations

In attaining this, the GIA undertakes Internal Audit reviews for the Group based on an annual internal audit plan approved by the ARC. The GIA has also incorporated a structured internal audit rating methodology that appraises an overall rating of an audit report by a scoring system. The said system conveys the management and the ARC a consistent and concise assessment of the net risk posed by the area or function being reviewed.

The results of all internal audit reviews together with recommendations are presented to the management for discussion and agreement on necessary corrective action plans. At each ARC meeting, the Head of Internal Audit updates the ARC of the status of ongoing audits and where appropriate, presents internal audit reports and observations. Relevant management are invited to be present to during such presentations. Periodic follow up audits are also performed by the GIA in ensuring corrective actions arising from the previous internal audit findings were implemented accordingly.

During FY2014, the major activities undertaken by the internal audit function were as follows:

- Developed an annual internal audit plan.
- Continuous monitoring of the Group's compliance with the MCCG Guide.
- Reviewed the adequacy and effectiveness of internal controls pertaining to key business processes of the group's subsidiaries with specific emphasis on of e-pay Asia Limited ("e-pay") as the newly acquired subsidiary. Key areas audited include fixed assets management, human resource management and inventory control.
- Engaged third party service providers and consultant for an end-to-end process improvement review of the inventory management for e-pay.
- Followed up on the implementation of recommendations adopted by Management to ensure all key issues identified are addressed.
- Assisted the Committee and RMC in risk management function and facilitated Group risk assessment.
- Carried out one special ad-hoc investigation review as requested by the ARC.

In ensuring the GIA staff remains competent and abreast with the latest developments on the auditing standards, reasonable budget were allotted during the course of the year in order to attend briefings, conferences and seminars mainly organised by the Institute of Internal Auditors Malaysia.

The total cost incurred by GIA in discharging its functions and responsibilities, in respect of the financial year was approximately RM111,813.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITY OF THE BOARD

The Board recognises the importance of a sound framework of risk management and internal controls for good corporate governance and to safeguard the Group's assets and shareholders' interests. Towards this end, the Board is committed to maintaining a sound risk management framework and internal control system for the Group and ensuring its continued effectiveness, adequacy and integrity through a process of periodic review. The Board has delegated the responsibility of undertaking this process of periodic review to the Audit and Risk Committee ("ARC"), whose responsibilities and duties are detailed in the ARC Report section of this Annual Report. However, the Board as a whole remains ultimately responsible for the effectiveness, adequacy and integrity of the system of risk management and internal controls.

The Boards' risk management approach has continued to evolve in line with the Group's expanding activities. In recent years, the Group's business has rapidly expanded beyond its traditional Shared Services segment into areas such as Solutions and Transaction Payment Acquisition ("TPA") which are expected to contribute significantly to the Groups business in the coming years. The Group is also committed to grow its overseas markets and to identify suitable Merger and Acquisition ("M&A") opportunities in ASEAN.

The Board is aware that expansion into new areas of business, operating in different countries and M&A activity can involve new and different risk considerations. Whenever these events occur, the Board will, in addition to its normal risk management process, pay particular attention to whether the overall risk profile of the Group has been impacted and whether existing internal controls are sufficient to address additional risks, if any. The Board has during FY2014, continued to strengthened the Groups' governance and risk management framework to identify, assess, mitigate, report and monitor significant risks in an effective manner.

The Board recognises the integral role of key management in the risk management and internal control process. The Board had established the Risk Management Committee ("RMC") comprising senior management to identify and assess the Group's risks and thereafter to design, implement and monitor appropriate risk management processes and internal controls to address and mitigate such risks.

KEY INTERNAL CONTROL PROCESSES

The Groups' internal control system comprises the following key processes:

1. **Authority and Responsibility**

   a. Board Committees

   Board Committees are established and operate under clearly defined Terms of Reference, which are reviewed regularly, to objectively and independently focus on certain responsibilities delegated by the Board.

   b. Approval Matrix

   A documented approval matrix is implemented that reflects the authority and authorisation limits of Management in all aspects of the company's key business decisions.

2. **Monitoring and Reporting**

   Monthly management meetings are led by the respective country heads for various lines of operations and business units, on key business performance, operating statistics and regular matters. This enables effective monitoring of significant variances and deviation from standard operating procedures and budget. The Board is also kept appraised on the Company's performance during the scheduled board meetings with the Company's business performance and plans being reviewed and deliberated.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

3. Policies and Procedures

The Group has defined and documented internal policies and standard operating procedures to ensure, inter alia sound internal controls are embedded and compliance with applicable laws and regulations. The policies and procedures are also reviewed on a regular basis to ensure relevance and effectiveness.

4. Internal Audit Function

As part of the Groups' efforts to establish a sound framework for risk management and internal control, an in-house audit function is established as a key component of its internal control process. The Group Internal Audit ("GIA") reports independently to the ARC and is guided by a formalised Internal Audit Charter.

In attaining this, the GIA undertakes Internal Audit reviews for the Group based on an annual internal audit plan approved by the ARC. The results of all internal audit reviews, together with recommendations, are presented to management for discussion and agreement on necessary corrective action plans prior to finalisation of the report. At each ARC meeting, the Head of Internal Audit updates the ARC of all the status of ongoing audits and where appropriate, presents Internal Audit Reports and observations. Relevant management are invited to be present to during such presentations.

5. Risk Management

a. Risk Management Committee

The RMC was established by the Board in 2012 as a key component of the Risk Management Framework. The RMC, which is headed by the Group's Chief Executive Officer ("CEO"), comprises the Group's Chief Financial Officer ("CFO") and country heads and financial controllers from each country. The responsibilities of RMC are as follows:

- To identify and assess on an ongoing basis, the risks faced by the Group and thereafter to design, implement appropriate risk management processes and internal controls to address and mitigate such risks in an effective manner;
- To periodically assess and review the continued effectiveness and appropriateness of risk management processes;
- To determine and recommend to the Board the Groups' risk appetite and tolerance;
- To continuously promote an effective risk awareness culture throughout the Group through written and other forms of communication to employees and stakeholders;
- To be accountable and periodically report to the Board, through the ARC, for the design, implementing and monitoring of the system of risk management and providing assurance to the Board that it has done so.

The Head of Internal Audit function was invited to attend meetings of the RMC as an observer and provides the ARC with an independent assessment of the adequacy and reliability of the risk management processes and compliance with risk policies.

The RMC met once in 2014 to conduct a yearly risk assessment and reported the findings to the Audit & Risk Committee. On a quarterly basis, the RMC chairman i.e. Group CEO and the Group CFO is invited to the ARC meeting to formally brief the committee of the latest risks faced by the Group and the corresponding action plans taken to mitigate them.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

5. Risk Management (Cont'd)

b. Risk Department

In readiness for the Transaction Payment Acquisition ("TPA") business, the Group has established a Risk Department that is tasked with monitoring the risks associated with the merchant acquiring business. The Risk Department acts as the control point for monitoring merchant performance risk. It does this by evaluating, monitoring, classifying and mitigating potential risks arising from merchants that have been contracted for card payments. In performing this task, the Risk Department is responsible for ensuring that the internally set policies and procedures with regard to merchant acquiring are adhered to. As part of the monitoring process, the Risk Department is responsible to review and verify cardholders' transactions and merchant settlement that is deemed suspicious or high risk based on predetermined risk rules to ensure adherence with the group's internal credit risk policy.

c. Managing risks relating to integration process of GHL and e-pay

During 2014, the Group completed the acquisition of e-pay Asia Limited ("e-pay"), a leading player in the provision of electronic top up services mainly for mobile prepaid users. In view of the size of and nature of business of e-pay, the Company engaged an external business consultant to facilitate the integration between GHL and e-pay. Key deliverables arising from this was a blueprint on strategic roadmap; that had identified strategic business opportunities, alignment of organizational structure and staff benefits with a defined path and timeline of the integration journey. In addition, internal audit reviews and specific business process improvement exercise were carried out on key areas of e-pay's business.

6. Information Technology Controls and Security

a. Disaster Recovery Backup Plan

A Disaster recovery ("DR") backup plan has been established for the processing aspects of the business in Malaysia in order to ensure continuity of the business operations in the event of IT-disabling disaster strikes. The DR outsourced to external service provider is tested from time to time and enhanced whenever required. The technology division continues to enhance the DR capability which covers all key aspects of the business, including our overseas subsidiaries.

b. Payment Card Industry Data Security Standard ("PCI DSS")

PCI DSS is an actionable framework established by Payment Card Industry Security Standards Council ("PCI SSC") to ensure the safe handling of cardholder information at every step. PCI DSS covers systems, policies and procedure around the followings:

- Building and maintaining a secure network
- Data privacy and information security policy
- Maintaining a vulnerability management program
- Implementation of strong access control

The Company first obtained the Certificate of PCI DSS 2.0 Compliance in 2012 by meeting all the requirements on above mentioned controls set out by PCI SSC for payment software industry. In 2014, the Company was reassessed by PCI SSC qualified security assessor; as part of the annual certification exercise and continues to be PCI DSS 2.0 compliant. The Company acknowledges that maintaining high security standards is indispensable to its business and will continue implement these best practices embedded within the security standard.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

7. Human Capital

a. Performance appraisal & employee trainings

Annual appraisal systems are implemented for the employees at all levels within the group, enforcing dialogue between management and subordinates for continuous improvement on employees' performance. Arising from this appraisal, training need analysis is performed to identify the necessary required training for the employees to address the areas of improvement identified.

b. Code of ethics

A set of code of ethics setting out expected ethical standards and code of conduct has been established which is binding all employees in the Group.

c. Whistleblowing policy

The Group has implemented a whistleblowing policy to provide an avenue for employees; to report any suspected acts that are in breach of the Group's code of ethics, internal policy and applicable law or regulation in a confidential manner.

The policy also guarantees an employee making a report of improper conduct in good faith shall not be subject to reprisal action or discrimination of any kind by the Company. The Board and ARC Chairman are primarily responsible to ensure that all whistleblowing reports are properly followed up.

d. Fraud policy

The Group has implemented a policy on acts of Fraud, Misconduct and Dishonesty which provides the specific procedure or instructions regarding the appropriate actions needed to be undertaken in cases of suspected violations.

8. Insurance

Adequate insurance of major assets; building and machinery in all operating divisions and subsidiaries is in place to ensure the Group's assets are sufficiently covered against any calamity that will result in material losses to the Group and/or its subsidiaries.

BOARD ASSESSMENT

The Board is of the view that the Group's overall risk management and internal control system was adequate and effective in all material aspects during 2014. Both the Group CEO and Group CFO have given the same assurance to the Board. The Board however recognises that risk management is an evolving process in a changing business environment and is committed to continuously monitor the adequacy and effectiveness of and where appropriate, enhancing the Groups' risk management framework and internal control system.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the said review procedures were performed in accordance with the Recommended Practice Guide 5 (Revised): Guidance for Auditors On Engagements To Report On The Statement On Risk Management and Internal Control Included in the Annual Report ("RPG 5") issued by the Malaysian Institute of Accountants.

RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Annual Report will, in fact, remedy the problems.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This statement is approved by the Board of Directors on 20th April 2015.

NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee Report provides information on the manner in which the Nomination and Remuneration Committee has carried out its duties and responsibilities for the Group in Financial Year 2014 ("FY 2014") and also a summary of its various activities.

FORMATION

The first Nomination Committee meeting of GHL Systems Bhd was held on February 2003.

On 8 April 2013, the Board of Directors resolved that the Nomination Committee and Remuneration Committee be combined and renamed as the Nomination and Remuneration Committee ("NRC" or "the Committee").

COMPOSITION

The NRC comprises of four members who are exclusively non-executive directors, during FY 2014 as follows:

1. FONG SEOW KEE *(appointed as Chairman on 21st February 2013)*
   (Senior Independent Non-Executive Director)

2. GOH KUAN HO *(resigned on 3rd March 2015)*
   (Independent Non-Executive Director)

3. DATUK KAMARUDDIN BIN TAIB
   (Independent Non-Executive Director)

4. BRAHMAL A/L VASUDEVAN *(appointed on 16th April 2014)*
   (Non-Independent Non-Executive Director)

TERMS OF REFERENCE

The Terms of Reference for NRC is accessible to the public on the Company's official website at www.ghl.com and any update thereof will be uploaded to the website accordingly.

ATTENDANCE OF MEETINGS

The NRC held three (3) meetings during FY 2014. The details of attendance of the NRC members are as follows:

Name Of The Committee Member	Total Attendance Of Meetings
Fong Seow Kee	3/3
Goh Kuan Ho	3/3
Datuk Kamaruddin Bin Taib	3/3
Brahmal a/l Vasudevan	1/1

NOMINATION AND REMUNERATION COMMITTEE REPORT

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Committee reports regularly to the Board on its activities, deliberations and recommendations in the discharge of its duties and responsibilities as set out in its terms of reference. During the financial year, the Committee reviewed and updated its terms of reference to be in line with the relevant amendments to the Main Market Listing Requirements of Bursa Malaysia ("MMLR") and the Malaysian Code on Corporate Governance 2012 ("MCCG").

The main activities undertaken by the Committee during the year are as below:

1. Review terms of reference of the Committee.

The Terms of reference was reviewed and revised to be in line with the recommendation of the Malaysia Code on Corporate Governance 2012 and to ensure it remained consistent with the Committee's objectives and responsibilities.

2. Review size, structure and composition of Board and Board Committees.

The Committee carried out a review on the size, structure and composition of board and board committees based on the following criteria:

- The status of the chairman in terms of whether he or she is also the CEO, an executive director, a non-executive director or an independent director.
- The presence of a lead independent director.
- Balance and diversity of gender as well as skills, experience and knowledge on business / management, industry, overseas market, strategic planning, sales, marketing and customer, production and quality assurance, legal, finance and accounting, information technology, human resources management, corporate governance and risk management and internal control.
- MMLR's rules and MCCG's recommendation and best practice.

Base on the skill matrix evaluation, the Committee recommended strengthening the board composition with knowledge of production and quality assurance. Overall, the Committee was satisfied with the current size of the Group's Board and that there was an appropriate mix of knowledge, skills, attributes and core competencies in the Board's composition.

3. Facilitate Board, Board Committee and Directors assessment and review the results.

The Committee carried out an annual assessment of the Board and Board Committees as a whole and of each Director. Assessment of the Board as a whole and Board Committees covered four main areas, namely structure, roles and responsibilities, risk management and standard of conduct. Assessment of each individual Director included their respective skills and knowledge, contribution to business strategies and Group's performance, contribution to Board processes, time commitment and standard of conduct. In addition for Non-Executive Directors, independence was assessed based on their annual declaration and other requirements stated in MMLR.

The FY2014 assessments were considered to be satisfactory and the Committee recommended further enhancement on the Group's investor relations program.

4. Facilitate board discussion on key management's annual appraisal results

The Committee also facilitated a discussion at board meeting regarding the annual appraisal results of key management i.e. Group Chief Executive Officer ("CEO") and Group Chief Financial Officer ("CFO"). The appraisers were asked to highlight to the Board any exception in the appraisal results for Group CEO and Group CFO to effectively discharge his role. The appraisal included assessment on key performance indicators and personal core competency.

NOMINATION AND REMUNERATION COMMITTEE REPORT

5. Review Board's service contract and succession plan.

The Committee reviewed each Executive Directors' service contract based on the Board Charter's guideline and their respective contribution to the Group. The Committee recommended to extend all executive directors' service contract that expired during the financial year. The tenure of each contract is not longer than a continuous period of three years as per Board Charter.

The Committee also reviewed the succession plan of all directors and key management base on the individual's willingness to continue and necessity. The Committee was satisfied with current succession planning that minimizes the impact on business continuity.

6. Review induction and training needs of directors.

The Committee reviewed the training attended by individual director every six months and recommended training suitable for individual director based on annual assessment result, skill matrix and past training record. The Committee concluded that all Directors have received sufficient and appropriate training during FY2014 that is relevant and would serve to enhance their effectiveness in the Board and the Board Committees. The details of the Directors' training are set out on page 31.

7. Review nomination and election process.

The Committee has reviewed the nomination and election process and established a clear and transparent nomination and election policy:

- The Committee could outsource director candidate search to professional firm to ensure that a diverse range of candidates are considered or accept recommendation by any board member but the Committee should not be influenced by major controlling / dominant shareholders or the CEO / executive directors.
- The director candidate should be interviewed by at least Board Chairman, NRC Chairman, and CEO and should at least meet all board members.
- The number of director candidates recommended by the nominating committee should be greater than the available board seats, where possible.
- Newly appointed Directors are subject to election by shareholders at the first Annual General Meeting ("AGM") after their appointment.
- At least one-third (1/3) of the remaining Directors be subject to re-election by rotation at each AGM and all directors shall retire from office at least once every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.
- An independent director who had served on the Board for a period of nine years or more shall submit a Declaration of Independence if she or he wishes to continue to serve as an Independent Director. NRC shall consider the re-appointment based on the Declaration of Independence, assessment criteria and guidelines set out in the policy and make the appropriate recommendation to the Board. This shall also subject to re-election by shareholder in the next AGM.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding, developing and selling in-house software programmes, sale and rental of Electronic Data Capture ("EDC") equipment and its related software and services, inclusive of installation, training and maintenance. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the acquisition of e-pay Pty. Ltd. (formerly known as e-pay Asia Limited) as disclosed in Note 10(c) to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year	6,371,259	10,160,986
Attributable to:		
Owners of the parent	6,529,458	10,160,986
Non-controlling interests	(158,199)	-
	6,371,259	10,160,986

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company is increased by way of:

(i) special issue of 84,126,858 new ordinary shares of RM0.20 each at RM0.42 per ordinary share for cash pertaining to the Share Subscription Agreement ("SSA") with Cycas for cash consideration paid for e-pay Asia Limited acquisition and related acquisition expenses and general working capital purposes;

(ii) issuance of 150,602,283 new ordinary shares of RM0.20 each at RM0.44 per ordinary share and subsequently, remeasured to fair value of RM0.80 per ordinary share for share swap to acquire e-pay Asia Limited;

(iii) issuance of 8,223,500 new ordinary shares of RM0.20 each for cash pursuant to the exercise of Executives' Share Scheme ("ESS"); and

(iv) bonus issue of 213,250,001 new ordinary shares of RM0.20 each to be credited as fully paid, on the basis of one (1) bonus share for every two (2) existing shares held ("Bonus Issue").

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES (continued)

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

There were no issues of debentures during the financial year.

TREASURY SHARES

At the Annual General Meeting held on 5 June 2014, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

(a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Malaysia Securities Berhad ("Bursa Securities") as at the point of purchase;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits and/or share premium account of the Company based on the latest audited financial statement and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s);

(c) the Directors of the Company may decide to:

   (i) retain the shares purchased as treasury shares for distribution as dividend to the shareholders; and/or

   (ii) resale on the market of Bursa Securities and/or for cancellation subsequently; and/or

   (iii) cancel the shares so purchased; and/or

   (iv) retain part of the shares so purchased as treasury shares and cancel the remainder.

The Company has the right to retain, cancel, resell the shares it purchased and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 641,589,492 (2013: 185,386,850) issued and fully paid ordinary shares of RM0.20 each as at 31 December 2014, 1,415,901 (2013: 1,415,901) ordinary shares amounting to RM638,221 (2013: RM638,221) are held as treasury shares by the Company.

The number of outstanding ordinary shares of RM0.20 each in issue after deducting the treasury shares is 640,173,591 (2013: 183,970,949) as at 31 December 2014.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issue of options pursuant to the ESS.

The ESS of the Company came into effect on 30 August 2013. The ESS shall be in force for a period of five (5) years until 29 August 2018 ("the scheme period"). The main features of the ESS are as follows:

(a) Eligible Executive Directors and executives are those who meet the following criteria:

   (i) if he has attained the age eighteen (18) years of age and is not an undischarged bankrupt;

   (ii) if he is employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

The ESS of the Company came into effect on 30 August 2013. The ESS shall be in force for a period of five (5) years until 29 August 2018 ("the scheme period"). The main features of the ESS are as follows (continued):

(a) Eligible Executive Directors and executives are those who meet the following criteria: (continued)

(iii) if his employment has been confirmed in writing;

(iv) if he is an Executive Director of the Company, the specific allocation of Scheme Shares and Options granted by the Company to him in his capacity as an Executive Director of the Company under the Scheme has been approved by the shareholders of the Company at a general meeting;

(v) if he is serving in a specific designation under an employment contract for a fixed duration but not if he is merely employed for a specific project; and

(vi) if he fulfils any other criteria and/or falls within such category as may be set by ESS Committee from time to time.

(b) The maximum number of options to be offered under the ESS based on the issued and paid-up ordinary share capital as at 31 December 2014, excluding treasury shares held, is 96,026,039;

(c) The options granted may be exercised any time upon the satisfaction of vesting conditions of each tranche;

(d) The option price of a new ordinary share under the ESS shall be at a discount of not more than ten percent (10%) of the five (5) days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Securities immediately preceding the date of offer, or at the par value of the ordinary shares of RM0.20 each, whichever is higher;

(e) Upon exercise of the options, the shares issued rank pari passu in all respects with the existing ordinary shares of the Company;

(f) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company; and

(g) The option price and the number of ordinary shares comprised in the ESS options are subject to adjustment in the event of any alteration in the capital structure of the Company during the scheme period in accordance with the provisions in the ESS By-Laws ("By-Laws"), subject to the determination by ESS Committee.

During the financial year ended 31 December 2014, the option price and number of options over ordinary shares have been adjusted in accordance with the provisions of the By-Laws (as mentioned in item (g) above) as a result of Bonus Issue.

The adjustments to the option price of ESS are as follows:

	Option price	
	Before Bonus Issue	After Bonus Issue
Offer date	RM	RM
3 September 2013		
- First tranche	0.34	0.227
- Second tranche	0.34	0.227
- Third tranche	0.34	0.227
20 June 2014		
- First tranche	0.86	0.574
- Second tranche	0.86	0.574
- Third tranche	0.86	0.574

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

The details of the options over the ordinary shares of the Company are as follows:

	Number of options over ordinary shares of RM0.20 each						
	Outstanding as at 1.1.2014	Movements during the financial year: Granted	Bonus issue	Exercised	Forfeited	Outstanding as at 31.12.2014	Exercisable as at 31.12.2014
Date of offer							
3 September 2013							
- first tranche	4,128,366	-	532,910	(2,895,210)	(200,000)	1,566,066	1,566,066
- second tranche	6,266,667	-	680,148	(4,895,056)	(410,134)	1,641,625	1,641,625
- third tranche	6,266,667	-	2,633,342	(433,234)	(1,016,766)	7,450,009	900,100
	16,661,700	-	3,846,400	(8,223,500)	(1,626,900)	10,657,700	4,107,791
20 June 2014#							
- first tranche	-	1,333,333	666,668	-	-	2,000,001	2,000,001
- second tranche	-	1,333,333	666,668	-	-	2,000,001	-
- third tranche	-	1,333,334	666,664	-	-	1,999,998	-
	-	4,000,000	2,000,000	-	-	6,000,000	2,000,001

The grant was made to eligible employees from the newly acquired subsidiaries.

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 19 November 2014 from having to disclose the list of option holders to whom options have been granted during the financial year and details of their holdings pursuant to Section 169(11) of the Companies Act, 1965 in Malaysia except for information of executives who were granted 1,000,000 options and above.

Other than the Directors' options disclosed under the Directors' interests, the following executives were granted 1,000,000 options and above under the ESS during the financial year:

	Number of options over ordinary shares of RM0.20 each				
	Balance as at 1.1.2014	Granted	Bonus issue	Exercised	Balance as at 31.12.2014
Leong Kah Chern	-	2,000,000	1,000,000	-	3,000,000
Tham Kah Fook	-	1,000,000	500,000	-	1,500,000
Sam Eng Sun	-	1,000,000	500,000	-	1,500,000
Rey Maria R. Chumacera	1,000,000	-	500,000	-	1,500,000

DIRECTORS

The Directors who have held for office since the date of the last report are:

Loh Wee Hian
Fong Seow Kee
Ng King Kau
Kanagaraj Lorenz
Datuk Kamaruddin Bin Taib
Brahmal A/L Vasudevan
Lim Sze Mei
Goh Kuan Ho *(resigned on 3 March 2015)*

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 31 December 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.20 each				
	Balance as at 1.1.2014	Bought	Bonus issue	Sold	Balance as at 31.12.2014
Shares in the Company					
Direct interests:					
Loh Wee Hian	51,614,123	101,144,161	76,379,141	-	229,137,425
Goh Kuan Ho	13,273,880	-	6,636,940	-	19,910,820
Kanagaraj Lorenz	2,330,600	600,000	1,465,300	-	4,395,900
Ng King Kau	999,300	1,200,000	300,000	(1,599,300)	900,000
Fong Seow Kee	400,000	995,500	197,750	(1,000,000)	593,250
Indirect interests:					
Loh Wee Hian	4,073,500	-	2,036,750	-	6,110,250
Fong Seow Kee	24,700	398,750	211,725	-	635,175

	Number of options over ordinary shares of RM0.20 each			
	Balance as at 1.1.2014	Bonus issue	Exercised	Balance as at 31.12.2014
Share options in the Company				
Loh Wee Hian	1,800,000	300,000	(1,200,000)	900,000
Kanagaraj Lorenz	1,200,000	300,000	(600,000)	900,000
Ng King Kau	1,800,000	300,000	(1,200,000)	900,000

By virtue of his interest in the shares of the Company, Loh Wee Hian is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares in the Company or ordinary shares of its related corporations during the financial year.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESS disclosed in Note 32 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen in any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The significant event subsequent to the end of the reporting period is disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Loh Wee Hian
Director

Kanagaraj Lorenz
Director

Kuala Lumpur
20 April 2015

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 56 to 155 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 40 to the financial statements on page 156 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Loh Wee Hian
Director

Kanagaraj Lorenz
Director

Kuala Lumpur
20 April 2015

STATUTORY DECLARATION

I, Yap Chih Ming, being the Officer primarily responsible for the financial management of GHL Systems Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 156 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
20 April 2015

Before me:

PESURUHJAYA SUMPAH
W-451
S. IDERAJU
MALAYSIA

Suite 5.1A, 5th Flr., Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GHL SYSTEMS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of GHL Systems Berhad, which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 155.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GHL SYSTEMS BERHAD (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 40 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Rejeesh A/L Balasubramaniam
2895/08/16 (J)
Chartered Accountant

Kuala Lumpur
20 April 2015

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	49,449,133	32,807,380	6,063,365	6,631,869
Intangible assets	8	3,888,147	4,218,820	1,667,542	3,267,335
Goodwill	9	105,629,787	-	-	-
Investments in subsidiaries	10	-	-	129,869,958	695,749
Investments in joint ventures	11	86,860	-	-	-
Available-for-sale investments	12	8,000,000	-	-	-
Trade and other receivables	13	-	-	5,813,845	2,980,841
Deferred tax assets	14	1,262,866	2,443,243	-	-
		168,316,793	39,469,443	143,414,710	13,575,794
Current assets					
Inventories	15	51,766,562	6,596,082	1,177,039	2,501,080
Trade and other receivables	13	51,969,392	14,156,896	42,211,841	8,826,042
Current tax assets		1,288,585	646,468	471,750	255,000
Cash and bank balances	16	45,327,322	14,097,422	15,520,857	5,276,593
		150,351,861	35,496,868	59,381,487	16,858,715
TOTAL ASSETS		318,668,654	74,966,311	202,796,197	30,434,509
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	128,317,898	37,077,370	128,317,898	37,077,370
Treasury shares		(638,221)	(638,221)	(638,221)	(638,221)
Reserves	18	70,326,209	1,420,886	70,699,872	2,635,895
Retained earnings/(Accumulated losses)		24,652,474	18,368,309	(499,248)	(10,688,889)
		222,658,360	56,228,344	197,880,301	28,386,155
Non-controlling interests		132,957	(116,755)	-	-
TOTAL EQUITY		222,791,317	56,111,589	197,880,301	28,386,155

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014 (continued)

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Borrowings	19	11,315,915	366,050	214,901	322,515
Deferred tax liabilities	14	369,628	294,844	-	278,293
Deferred income	23	3,104	3,175,178	-	-
		11,688,647	3,836,072	214,901	600,808
Current liabilities					
Borrowings	19	29,149,881	608,174	107,614	129,107
Deferred income	23	370,181	1,848,795	-	344,592
Trade and other payables	24	53,604,876	12,129,884	4,593,381	973,847
Current tax liabilities		1,063,752	431,797	-	-
		84,188,690	15,018,650	4,700,995	1,447,546
TOTAL LIABILITIES		95,877,337	18,854,722	4,915,896	2,048,354
TOTAL EQUITY AND LIABILITIES		318,668,654	74,966,311	202,796,197	30,434,509

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Revenue	27	164,933,038	64,031,377	11,443,495	14,636,717
Cost of sales		(97,796,191)	(23,679,830)	(5,184,753)	(6,383,644)
Gross profit		67,136,847	40,351,547	6,258,742	8,253,073
Other operating income		4,187,985	1,297,744	16,921,164	9,072,031
Administrative expenses		(38,519,394)	(26,170,924)	(8,469,555)	(9,714,978)
Distribution expenses		(13,855,826)	(8,724,114)	(732,972)	(311,036)
Other operating expenses		(6,272,372)	(3,318,412)	(3,976,227)	(8,208,347)
Finance costs		(1,568,977)	(155,641)	(17,342)	(136,166)
Share of profit of joint ventures		13,418	-	-	-
Profit/(Loss) before taxation	28	11,121,681	3,280,200	9,983,810	(1,045,423)
Taxation	29	(4,750,422)	1,885,127	177,176	638,701
Profit/(Loss) for the financial year		6,371,259	5,165,327	10,160,986	(406,722)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		975,309	(699,250)	-	-
Total other comprehensive income/(loss), net of tax		975,309	(699,250)	-	-
Total comprehensive income/(loss)		7,346,568	4,466,077	10,160,986	(406,722)
Profit/(Loss) attributable to:					
Owners of the parent		6,529,458	5,263,660	10,160,986	(406,722)
Non-controlling interests		(158,199)	(98,333)	-	-
		6,371,259	5,165,327	10,160,986	(406,722)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2014 (continued)

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		7,387,281	4,564,410	10,160,986	(406,722)
Non-controlling interests		(40,713)	(98,333)	-	-
		7,346,568	4,466,077	10,160,986	(406,722)
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	30	1.19	2.06		
Diluted	30	1.17	2.00		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

Group	Note	Share capital RM	Treasury shares RM	Share premium RM	Exchange translation reserve RM	Share options reserve RM	(Accumulated losses)/ Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2013		73,401,050	(638,221)	-	(515,759)	-	(30,935,981)	41,311,089	(18,422)	41,292,667
Profit for the financial year		-	-	-	-	-	5,263,660	5,263,660	(98,333)	5,165,327
Foreign currency translations, net of tax		-	-	-	(699,250)	-	-	(699,250)	-	(699,250)
Total comprehensive income		-	-	-	(699,250)	-	5,263,660	4,564,410	(98,333)	4,466,077
Transactions with owners:										
Capital reduction	17	(44,040,630)	-	-	-	-	44,040,630	-	-	-
Share options granted under ESS	32	-	-	-	-	868,685	-	868,685	-	868,685
Ordinary shares issued pursuant to:										
- ESS	17	447,640	-	535,826	-	(222,478)	-	760,988	-	760,988
- rights issue	17	7,269,310	-	1,453,862	-	-	-	8,723,172	-	8,723,172
Total transactions with owners		(36,323,680)	-	1,989,688	-	646,207	44,040,630	10,352,845	-	10,352,845
Balance as at 31 December 2013		37,077,370	(638,221)	1,989,688	(1,215,009)	646,207	18,368,309	56,228,344	(116,755)	56,111,589

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014 (continued)

Group	Note	Share capital RM	Treasury shares RM	Share premium RM	Exchange translation reserve RM	Share options reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2014		37,077,370	(638,221)	1,989,688	(1,215,009)	646,207	18,368,309	56,228,344	(116,755)	56,111,589
Profit for the financial year		-	-	-	-	-	6,529,458	6,529,458	(158,199)	6,371,259
Foreign currency translations, net of tax		-	-	-	857,823	-	-	857,823	117,486	975,309
Total comprehensive income		-	-	-	857,823	-	6,529,458	7,387,281	(40,713)	7,346,568
Transactions with owners:										
Accretion of interest in a subsidiary	10	-	-	-	(16,477)	-	(273,948)	(290,425)	290,425	-
Share options granted under ESS	32	-	-	-	-	962,066	-	962,066	-	962,066
ESS forfeited		-	-	-	-	(28,655)	28,655	-	-	-
Ordinary shares issued pursuant to:										
- special issue	17	16,825,371	-	18,507,908	-	-	-	35,333,279	-	35,333,279
- acquisition of subsidiaries	17	30,120,457	-	90,361,369	-	-	-	120,481,826	-	120,481,826
- ESS	17	1,644,700	-	2,139,159	-	(1,035,487)	-	2,748,372	-	2,748,372
- bonus issue	17	42,650,000	-	(42,650,000)	-	-	-	-	-	-
Share issuance expenses		-	-	(192,383)	-	-	-	(192,383)	-	(192,383)
Total transactions with owners		91,240,528	-	68,166,053	(16,477)	(102,076)	(245,293)	159,042,735	290,425	159,333,160
Balance as at 31 December 2014		128,317,898	(638,221)	70,155,741	(373,663)	544,131	24,652,474	222,658,360	132,957	222,791,317

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014 (continued)

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Share options reserves RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2013		73,401,050	(638,221)	-	-	(54,322,797)	18,440,032
Loss for the financial year		-	-	-	-	(406,722)	(406,722)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	(406,722)	(406,722)
Transactions with owners:							
Capital reduction	17	(44,040,630)	-	-	-	44,040,630	-
Share options granted under ESS	32	-	-	-	868,685	-	868,685
Ordinary shares issued pursuant to:							
- ESS	17	447,640	-	535,826	(222,478)	-	760,988
- rights issue	17	7,269,310	-	1,453,862	-	-	8,723,172
Total transactions with owners		(36,323,680)	-	1,989,688	646,207	44,040,630	10,352,845
Balance as at 31 December 2013		37,077,370	(638,221)	1,989,688	646,207	(10,688,889)	28,386,155

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014 (continued)

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Share options reserves RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2014		37,077,370	(638,221)	1,989,688	646,207	(10,688,889)	28,386,155
Profit for the financial year		-	-	-	-	10,160,986	10,160,986
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	10,160,986	10,160,986
Transactions with owners:							
Share options granted under ESS	32	-	-	-	962,066	-	962,066
ESS forfeited		-	-	-	(28,655)	28,655	-
Ordinary shares issued pursuant to:							
- special issue	17	16,825,371	-	18,507,908	-	-	35,333,279
- acquisition of subsidiaries	17	30,120,457	-	90,361,369	-	-	120,481,826
- ESS	17	1,644,700	-	2,139,159	(1,035,487)	-	2,748,372
- bonus issue	17	42,650,000	-	(42,650,000)	-	-	-
Share issuance expenses		-	-	(192,383)	-	-	(192,383)
Total transactions with owners		91,240,528	-	68,166,053	(102,076)	28,655	159,333,160
Balance as at 31 December 2014		128,317,898	(638,221)	70,155,741	544,131	(499,248)	197,880,301

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		11,121,681	3,280,200	9,983,810	(1,045,423)
Adjustments for:					
Amortisation of:					
- intangible assets	8	1,193,883	802,269	1,017,976	790,000
- deferred income	23	(730,760)	(1,845,991)	(344,592)	(547,071)
Bad debts written off/(back)		85,886	3,819	-	(1,963)
Depreciation of property, plant and equipment	7	10,770,192	7,666,142	993,349	1,076,876
Impairment losses on:					
- property, plant and equipment	7	277,818	-	-	-
- trade and other receivables	13	927,485	143,248	189,030	6,064,533
Intangible assets written off	8	852,939	-	852,939	-
Interest expense		1,432,327	155,641	17,342	136,166
Interest income		(648,293)	(215,395)	(687,472)	(356,969)
Inventories written off	15	840,931	158,737	837,221	134,258
Inventories written back		(41,154)	-	(41,154)	-
(Gain)/Loss on disposal of:					
- available-for-sale investments		(76,424)	-	-	-
- property, plant and equipment		12,481	(11,544)	5,071	(16,598)
Loss/(Gain) on foreign exchange					
- unrealised		385,028	(221,292)	(615,253)	(498,429)
Property, plant and equipment written off	7	1	144,361	-	42,562
Property, plant and equipment written back	7	(616)	-	-	-
Reversal of impairment losses on trade and other receivables	13	(184,073)	(159,537)	(15,361,331)	(8,076,545)
Share options granted under ESS	31	962,066	868,685	220,480	372,943
Share of profit of joint ventures		(13,418)	-	-	-
Operating profit/(loss) before changes in working capital		27,167,980	10,769,343	(2,932,584)	(1,925,660)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2014 (continued)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Operating profit/(loss) before changes in working capital:		27,167,980	10,769,343	(2,932,584)	(1,925,660)
(Increase)/Decrease in inventories		(23,754,601)	(9,560,404)	527,974	678,979
(Increase)/Decrease in trade and other receivables		(22,945,669)	(339,766)	687,902	625,356
Increase/(Decrease) in trade and other payables		12,694,118	(6,178,910)	(297,080)	(2,212,598)
Advance receipts for deferred income	23	373,285	502,723	-	102,420
Cash used in operations		(6,464,887)	(4,807,014)	(2,013,788)	(2,731,503)
Interest received		648,293	215,395	674,241	344,733
Interest paid		(1,432,327)	(155,641)	(17,342)	(136,166)
Tax paid		(2,253,612)	(468,306)	(304,636)	(148,750)
Tax refunded		15,849	327,659	-	201,951
Net cash used in operating activities		(9,486,684)	(4,887,907)	(1,661,525)	(2,469,735)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of:					
- property, plant and equipment	7	(8,573,729)	(1,904,934)	(430,186)	(468,544)
- intangible asset	8	(1,585,356)	(2,020,648)	(271,122)	(1,213,584)
Acquisitions of:					
- subsidiaries for cash, net of cash acquired	10	19,069,228	-	(2,620,683)	-
- additional interests in subsidiaries	10	-	-	(3,750,000)	(200,005)
Proceeds from disposal of:					
- available-for-sale investments		1,118,795	-	-	-
- property, plant and equipment		691,798	71,113	270	20,162
(Placement)/Withdrawal in deposits pledged		(5,785,764)	1,434,279	-	549,103
(Advances to)/Repayments from subsidiaries		-	-	(18,782,651)	61,551
Net cash from/(used in) investing activities		4,934,972	(2,420,190)	(25,854,372)	(1,251,317)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2014 (continued)

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of:					
- term loans		3,900,600	-	-	-
- bankers' acceptance and Islamic facility		3,000,000	770,000	-	770,000
Proceeds from issuance of shares:					
- ordinary shares pursuant to ESS	17	2,748,372	760,988	2,748,372	760,988
- special issue	17	35,333,279	8,723,172	35,333,279	8,723,172
Share issuance expenses		(192,383)	-	(192,383)	-
Repayments of:					
- hire purchase creditors		(1,851,930)	(874,066)	(129,107)	(128,613)
- term loans		(12,695,937)	(2,281,633)	-	(2,281,633)
- bankers' acceptance and Islamic facility		-	(1,220,000)	-	(1,220,000)
Net cash from financing activities		30,242,001	5,878,461	37,760,161	6,623,914
Net increase/(decrease) in cash and cash equivalents		25,690,289	(1,429,636)	10,244,264	2,902,862
Effect of exchange rate changes on cash and cash equivalents		(246,153)	(31,580)	-	(942)
Cash and cash equivalents at beginning of financial year		13,997,422	15,458,638	5,176,593	2,274,673
Cash and cash equivalents at end of financial year	16	39,441,558	13,997,422	15,420,857	5,176,593

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at C-G-15, Block C, Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur.

The consolidated financial statements for the financial year ended 31 December 2014 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 April 2015.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding, developing and selling in-house software programmes, sale and rental of Electronic Data Capture ("EDC") equipment and its related software and services, inclusive of installation, training and maintenance. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the acquisition of e-pay Pty. Ltd. (formerly known as e-pay Asia Limited) as disclosed in Note 10(c) to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 56 to 155 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 40 to the financial statements set out on page 156 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.7(a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Long term leasehold land	99 years
Buildings	50 years
Computer equipment	3 years
EDC equipment	5 years
Computer software	3 to 10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	5 to 10 years
Renovation	2 to 5 years

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(c) Leases of land and buildings (continued)

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(b) Associates (continued)

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(c) Joint arrangements (continued)

A joint arrangement is either a joint operation or a joint venture.

(i) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are known as joint operators.

The Group and the Company recognise in relation to its interest in a joint operation:

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output buy the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

When the Group transacts with a joint operation (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, as such the gains and losses resulting from the transactions are recognised only to the extent of interests of other parties in the joint operation.

When the Group transacts with a joint operation (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(ii) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments (continued)

(c) Joint arrangements (continued)

(ii) Joint venture (continued)

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(a) The structure of the joint arrangement;

(b) The legal form of joint arrangements structured through a separate vehicle;

(c) The contractual terms of the joint arrangement agreement; and

(d) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

4.7 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Intangible assets (continued)

(b) Other intangible assets (continued)

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Research and development

Expenditure on development activities of internally developed products is recognised as an intangible asset when it relates to the production of new or substantively improved products and processes and when the Group can demonstrate that it is technically feasible to develop the product or processes, adequate resources are available to complete the development and that there is an intention to complete and sell the product or processes to generate future economic benefits.

Capitalised development costs are amortised on a straight line basis over a period of five (5) to ten (10) years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

Development assets are tested for impairment annually.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries, associates and a joint venture), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials and other direct cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

(i) Financial assets at fair value through profit or loss (continued)

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

Cash and cash equivalents include cash and bank balances, bank overdrafts, fixed deposits pledged to financial institutions, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(b) Financial liabilities (continued)

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(c) Equity (continued)

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

<u>Loans and receivables</u>

The Company collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national and local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

<u>Available-for-sale financial assets</u>

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of financial assets (continued)

Available-for-sale financial assets (continued)

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

4.13 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary, a joint venture or a joint operation on distributions to the Group and Company, and real property gains taxed payable on disposal of properties, if any.

Taxes in the profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Provisions (continued)

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Employee benefits (continued)

(c) Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions but excluding the impact of any non-market performance and service vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees could provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital at nominal value, and any excess would be recognised in share premium.

4.17 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Foreign currencies (continued)

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

The Group, being a distributor in the sales of prepaid airtime top-ups, is in substance acting as an agent for the operators. The revenue associated with the sales of prepaid airtime top-ups to end-users is recognised on a net basis, which represents the margin earned.

(b) Services rendered

Revenue in respect of the rendering of services is recognised when the stage of completion at the end of each reporting period and the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as a percentage of total services to be performed.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Revenue recognition (continued)

(c) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

4.19 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) The combined reported profit of all operating segments that did not report a loss; and

(ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.21 Fair value measurements

The fair value of an asset or a liability, (except for share-based payment and lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year.

Title	Effective Date
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014

There is no material effect upon the adoption of the above amendments and interpretation during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2015

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 - 2013 Cycle*	1 July 2014
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2017
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018

The Group is in the process of assessing the impact of implementing these accounting standards and amendments, since the effects would only be observable for the future financial years.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

(b) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(c) Operating lease commitments - the Group as lessor

The Group has entered into leases on its EDC equipment. The Group has determined that it retains all the significant risks and rewards of ownership of the equipment which are leased out as operating leases due to the lease term is not for the major part of the economic life of the asset.

(d) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(e) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institution to call upon the corporate guarantees are remote.

(f) Impairment of available-for-sale financial assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgements made in applying accounting policies (continued)

(g) Consolidation of an entity in which the Group holds less than majority of voting rights

The Group controls Pinoytek Solusyen, Inc. ("Pinoytek") and e-pay Thailand Co. Limited ("e-pay Thailand") even though it owns less than fifty percent (50%) of the voting rights. These are because the key management personnel of Pinoytek and e-pay Thailand, who have the ability to direct the relevant activities, are current employees of the Group. Furthermore, significant portion of Pinoytek's and e-pay Thailand's activities are conducted on behalf of the Group.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions on goodwill are disclosed in Note 9 to the financial statements.

(b) Depreciation of EDC equipment

The cost of EDC equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates that the useful lives of these equipment to be within five (5) years, which are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. A ten percent difference (10%) in the average useful lives of these assets from the management's estimates would result in approximately nine percent (9%) variance in profit for the financial year.

(c) Impairment of intangible assets

The Group reviews the carrying amounts of the intangible assets as at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value-in-use is estimated. Determining the value-in-use of intangible assets requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets. Significant judgement is required in the estimation of the present value of future cash flows generated by the intangible assets, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's assessment for impairment of intangible assets.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(d) Impairment of investments in subsidiaries

The Directors review the investment in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investment in subsidiaries are assessed by reference to the value in use of the subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(e) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(f) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(g) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(h) Executives' share scheme

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. The Group is also required to use judgement in determining the most appropriate inputs to the valuation model including volatility and dividend yield. The assumptions and model used are disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(i) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 36 to the financial statements.

(j) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures financial instruments at fair value, as disclosed in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2014 RM	Acquisitions of subsidiaries (Note 10) RM	Additions RM	Transferred from inventories (Note 15) RM	Written off RM	Disposals RM	Impairment RM	Written back RM	Depreciation charges for the financial year RM	Exchange differences RM	Balance as at 31.12.2014 RM
Carrying amount											
Long term leasehold land	1,493,686	-	-	-	-	-	-	-	(16,415)	-	1,477,271
Buildings	2,949,966	-	3,924,004	-	-	-	-	-	(70,237)	-	6,803,733
Computer equipment	1,458,646	715,647	1,010,678	-	-	(989)	-	-	(1,387,864)	17,470	1,813,588
EDC equipment	23,939,289	1,849,550	9,155,376	8,933,213	-	(501,492)	-	616	(8,056,739)	592,055	35,911,868
Computer software	1,194,210	-	342,847	-	-	-	(277,818)	-	(259,685)	22,326	1,021,880
Motor vehicles	672,017	1,021,583	133,456	-	-	(185,539)	-	-	(485,031)	(902)	1,155,584
Furniture, fittings and office equipment	962,194	236,537	282,177	-	-	(5,342)	-	-	(400,067)	7,328	1,082,827
Renovation	137,372	-	149,279	-	(1)	(10,917)	-	-	(94,154)	803	182,382
	32,807,380	3,823,317	14,997,817	8,933,213	(1)	(704,279)	(277,818)	616	(10,770,192)	639,080	49,449,133

Group	At 31.12.2014			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(147,729)	-	1,477,271
Buildings	7,174,004	(370,271)	-	6,803,733
Computer equipment	17,413,133	(15,599,545)	-	1,813,588
EDC equipment	85,756,565	(37,154,437)	(12,690,260)	35,911,868
Computer software	3,757,920	(2,458,222)	(277,818)	1,021,880
Motor vehicles	2,615,469	(1,265,997)	(193,888)	1,155,584
Furniture, fittings and office equipment	5,136,663	(4,053,836)	-	1,082,827
Renovation	1,447,805	(1,265,423)	-	182,382
Total	124,926,559	(62,315,460)	(13,161,966)	49,449,133

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.1.2013 RM	Additions RM	Transferred from inventories (Note 15) RM	Written off RM	Disposals RM	Reclassification RM	Depreciation charges for the financial year RM	Exchange differences RM	Balance as at 31.12.2013 RM
Carrying amount									
Long term leasehold land	1,510,100	-	-	-	-	-	(16,414)	-	1,493,686
Buildings	3,020,203	-	-	-	-	-	(70,237)	-	2,949,966
Computer equipment	1,484,767	822,675	-	-	(2,361)	1,452	(847,804)	(83)	1,458,646
EDC equipment	18,786,251	-	11,067,309	(36,056)	(43,900)	-	(5,747,190)	(87,125)	23,939,289
Computer software	829,147	733,064	-	(42,562)	-	-	(326,559)	1,120	1,194,210
Motor vehicles	603,876	275,831	-	-	(2)	-	(207,688)	-	672,017
Furniture, fittings and office equipment	1,261,207	121,116	-	(65,742)	(13,306)	(1,452)	(340,239)	610	962,194
Renovation	95,101	152,248	-	(1)	-	-	(110,011)	35	137,372
	27,590,652	2,104,934	11,067,309	(144,361)	(59,569)	-	(7,666,142)	(85,443)	32,807,380

	At 31.12.2013			
Group	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(131,314)	-	1,493,686
Buildings	3,250,000	(300,034)	-	2,949,966
Computer equipment	9,269,054	(7,810,408)	-	1,458,646
EDC equipment	60,025,460	(23,239,918)	(12,846,253)	23,939,289
Computer software	3,353,035	(2,158,825)	-	1,194,210
Motor vehicles	1,490,689	(624,784)	(193,888)	672,017
Furniture, fittings and office equipment	3,213,318	(2,251,124)	-	962,194
Renovation	1,475,931	(1,338,559)	-	137,372
Total	83,702,487	(37,854,966)	(13,040,141)	32,807,380

Company	Balance as at 1.1.2014 RM	Additions RM	Disposals RM	Depreciation charges for the financial year RM	Balance as at 31.12.2014 RM
Carrying amount					
Long term leasehold land	1,493,686	-	-	(16,414)	1,477,272
Buildings	2,949,966	-	-	(70,237)	2,879,729
Computer equipment	554,696	230,598	-	(374,141)	411,153
Computer software	474,501	103,542	-	(141,201)	436,842
Motor vehicles	401,969	-	-	(117,407)	284,562
Furniture, fittings and office equipment	650,218	80,989	(5,341)	(199,819)	526,047
Renovation	106,833	15,057	-	(74,130)	47,760
	6,631,869	430,186	(5,341)	(993,349)	6,063,365

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	At 31.12.2014			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(147,728)	-	1,477,272
Buildings	3,250,000	(370,271)	-	2,879,729
Computer equipment	3,885,389	(3,474,236)	-	411,153
Computer software	1,395,252	(958,410)	-	436,842
Motor vehicles	780,923	(302,473)	(193,888)	284,562
Furniture, fittings and office equipment	2,166,209	(1,640,162)	-	526,047
Renovation	684,614	(636,854)	-	47,760
Total	13,787,387	(7,530,134)	(193,888)	6,063,365

Company	Balance as at 1.1.2013 RM	Additions RM	Disposals RM	Written off RM	Depreciation charges for the financial year RM	Balance as at 31.12.2013 RM
Carrying amount						
Long term leasehold land	1,510,100	-	-	-	(16,414)	1,493,686
Buildings	3,020,203	-	-	-	(70,237)	2,949,966
Computer equipment	802,852	147,505	(129)	-	(395,532)	554,696
Computer software	628,865	85,670	-	(42,562)	(197,472)	474,501
Motor vehicles	275,098	244,279	(1)	-	(117,407)	401,969
Furniture, fittings and office equipment	783,095	68,640	(3,434)	-	(198,083)	650,218
Renovation	66,114	122,450	-	-	(81,731)	106,833
	7,086,327	668,544	(3,564)	(42,562)	(1,076,876)	6,631,869

	At 31.12.2013			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(131,314)	-	1,493,686
Buildings	3,250,000	(300,034)	-	2,949,966
Computer equipment	3,654,791	(3,100,095)	-	554,696
Computer software	1,291,710	(817,209)	-	474,501
Motor vehicles	780,923	(185,066)	(193,888)	401,969
Furniture, fittings and office equipment	2,103,480	(1,453,262)	-	650,218
Renovation	669,557	(562,724)	-	106,833
Total	13,375,461	(6,549,704)	(193,888)	6,631,869

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Purchase of property, plant and equipment	14,997,817	2,104,934	430,186	668,544
Financed by hire purchase	(6,424,088)	(200,000)	-	(200,000)
Cash payments on purchase of property, plant and equipment	8,573,729	1,904,934	430,186	468,544

(b) The carrying amount of the property, plant and equipment of the Group and of the Company under finance leases at the end of the reporting period are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Motor vehicles	1,006,230	506,453	236,976	401,969
EDC equipment	7,984,328	1,204,143	-	-
	8,990,558	1,710,596	236,976	401,969

Details of the finance lease arrangements are disclosed in Note 21 to the financial statements.

(c) As at the end of the reporting period, long term leasehold land and buildings with carrying amount of RM5,376,337 (2013: RM Nil) have been charged to a bank for credit facilities to the Group as disclosed in Note 20 to the financial statements.

8. INTANGIBLE ASSETS

Group Carrying amount	Balance as at 1.1.2014 RM	Additions RM	Acquisitions of subsidiaries (Note 10) RM	Written off RM	Reclassification RM	Amortisation charge for the financial year RM	Balance as at 31.12.2014 RM
Completed development costs	2,225,526	79,678	130,793	(852,939)	1,632,655	(1,193,883)	2,021,830
Development-in-progress	1,993,294	1,505,678	-	-	(1,632,655)	-	1,866,317
	4,218,820	1,585,356	130,793	(852,939)	-	(1,193,883)	3,888,147

	At 31.12.2014		
Group	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	15,979,187	(13,957,357)	2,021,830
Development-in-progress	1,866,317	-	1,866,317
	17,845,504	(13,957,357)	3,888,147

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

8. INTANGIBLE ASSETS (continued)

Group Carrying amount	Balance as at 1.1.2013 RM	Additions RM	Reclassification RM	Amortisation charge for the financial year RM	Balance as at 31.12.2013 RM
Completed development costs	2,843,751	-	184,044	(802,269)	2,225,526
Development-in-progress	156,690	2,020,648	(184,044)	-	1,993,294
	3,000,441	2,020,648	-	(802,269)	4,218,820

	At 31.12.2013		
Group	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	13,084,044	(10,858,518)	2,225,526
Development-in-progress	1,993,294	-	1,993,294
	15,077,338	(10,858,518)	4,218,820

Company Carrying amount	Balance as at 1.1.2014 RM	Additions RM	Written off RM	Reclassifi-cation RM	Amortisation charge for the financial year RM	Balance as at 31.12.2014 RM
Completed development costs	2,053,751	-	(852,939)	1,213,584	(1,017,976)	1,396,420
Development-in-progress	1,213,584	271,122	-	(1,213,584)	-	271,122
	3,267,335	271,122	(852,939)	-	(1,017,976)	1,667,542

	At 31.12.2014		
Company	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	13,047,410	(11,650,990)	1,396,420
Development-in-progress	271,122	-	271,122
	13,318,532	(11,650,990)	1,667,542

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

8. INTANGIBLE ASSETS (continued)

Company Carrying amount	Balance as at 1.1.2013 RM	Additions RM	Amortisation charge for the financial year RM	Balance as at 31.12.2013 RM
Completed development costs	2,843,751	-	(790,000)	2,053,751
Development-in-progress	-	1,213,584	-	1,213,584
	2,843,751	1,213,584	(790,000)	3,267,335

	At 31.12.2013		
Company	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	12,900,000	(10,846,249)	2,053,751
Development-in-progress	1,213,584	-	1,213,584
	14,113,584	(10,846,249)	3,267,335

(a) Intangible asset represents proprietary software developed internally. The cost incurred on development projects are recognised as intangible asset when it is probable that the projects have commercial and technological feasibility, and only if the cost can be measured reliably. Development costs that have been capitalised are amortised from the commencement of the commercial production on a straight-line basis over the period of its expected useful life, not exceeding 10 years.

(b) Included in the additions of intangible assets of the Group and of the Company are employee benefits capitalised amounting to RM1,084,084 (2013: RM1,124,647) and RM109,362 (2013: RM401,504).

9. GOODWILL

Group Carrying amount	Balance as at 1.1.2014 RM	Acquisitions of subsidiaries (Note 10) RM	Balance as at 31.12.2014 RM
Goodwill	-	105,629,787	105,629,787

	At 31.12.2014		
Group	Cost RM	Accumulated impairment RM	Carrying amount RM
Goodwill	108,597,816	(2,968,029)	105,629,787

9. GOODWILL (continued)

Group Carrying amount	Balance as at 1.1.2013/ 31.12.2013 RM
Goodwill	-

	At 31.12.2013		
Group	Cost RM	Accumulated impairment RM	Carrying amount RM
Goodwill	2,968,029	(2,968,029)	-

Goodwill arising from business combinations has been allocated to two (2) individual cash-generating units ("CGU") for impairment testing as follows:

	Thailand (GHL (Thailand) Co., Ltd.) RM	Malaysia E-Pay Group** RM	Total RM
Goodwill	2,968,029	105,629,787	108,597,816
Less: Impairment loss	(2,968,029)	-	(2,968,029)
Goodwill	-	105,629,787	105,629,787

** E-Pay Group represents newly acquired subsidiary, e-pay Asia Pty. Ltd.. The goodwill arising from the acquisition is disclosed in Note 10(c) to the financial statements.

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

(a) Growth rate

The anticipated annual revenue growth rates used in the cash flows are 3.0% for the financial budget period.

(b) Pre-tax discount rate

Discount rates reflect the current market assessment of the risks specific to the Group. Discount rate of 10.5% used for cash flows discounting purpose is the Group's weighted average cost of capital. This is the benchmark used by management to assess the operating performance of the Group and to evaluate future investment proposals.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

9. GOODWILL (continued)

The calculations of value in use for the CGUs are most sensitive to the following assumptions (continued):

(c) Terminal value

Terminal growth rate of 3.0%.

Based on the annual impairment testing undertaken by the Group, no impairment loss is required for the carrying amount of the remaining goodwill assessed as at 31 December 2014 as its recoverable amount is in excess of its carrying amount.

Management is not aware of any reasonably possible changes in the assumptions above that could cause any impairment loss on goodwill.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	RM	RM
Unquoted shares, at cost	144,472,627	16,040,004
Equity contributions in subsidiaries in respect of ESS	1,237,328	495,742
	145,709,955	16,535,746
Less: Impairment losses	(15,839,997)	(15,839,997)
	129,869,958	695,749

(a) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2014 %	2013 %	Principal activities
GHL Transact Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL Payments Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL EFTPOS Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

10. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity 2014 %	Effective interest in equity 2013 %	Principal activities
GHL CardPay Sdn. Bhd. #	Malaysia	100.00	100.00	Third party acquirer for e-debit and MEPS cash transactions, sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL International Sdn.Bhd. #	Malaysia	100.00	100.00	Investment holding, sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL Asia Pacific Limited #	Labuan, Malaysia	100.00	100.00	Investment holding.
GHL Global Sdn. Bhd. #	Malaysia	100.00	100.00	Developing and selling of Net. Point software solution; software programmes and other related products and services.
GHL Loyalty Sdn. Bhd. #	Malaysia	100.00	100.00	Promote and distribute of loyalty card and to act as operator to issue, manage, offer and promote loyalty card program to customers, company, society, partnership, association or any other entity.
GHL BPO1 Sdn. Bhd. #	Malaysia	100.00	100.00	Provide card-related outsourcing services for all business processes, sub-processes, transactions, activities and all other card related works performed by business in various Industries.
GHL ePayments Sdn. Bhd. #	Malaysia	100.00	100.00	Provide electronic payment services and online and mobile merchant acquisition as well as other related activities.
GHL Payment Services Sdn. Bhd. #	Malaysia	100.00	100.00	Provide electronic payment services and other related activities.
PT. Spotpay Indonesia ^	Indonesia	1.00	1.00	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

10. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity 2014 %	2013 %	Principal activities
e-pay Asia Pty. Ltd. (formerly known as e-pay Asia Limited)	Australia	100.00	-	Investment holding.
EPY Capital Holdings Limited	British Virgin Islands	100.00	-	Investment holding.
Mobiepay Sdn. Bhd.	Malaysia	100.00	-	Engaged in the business of developing and selling software.
Sentripay Sdn. Bhd.	Malaysia	100.00	-	Dormant.
S Capital Sdn. Bhd.	Malaysia	100.00	-	Investment holding.
Subsidiaries of GHL Asia Pacific Limited				
GHL Systems Philippines, Inc.	Philippines	99.99	99.99	Provision of end-to-end payment services and solutions through the deployment of payment infrastructure, technology and services.
GHL Systems Australia Pty. Ltd.	Australia	100.00	100.00	Sales of hardware, software and professional.
GHL (Thailand) Co., Ltd.	Thailand	95.45	89.99	Sale, maintenance, installation and rental of card and non-card based payment processing systems and services, and relevant infrastructure including hardware and software for all kinds of payment solution systems.
PT. Spotpay Indonesia ^	Indonesia	99.00	99.00	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

10. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity 2014 %	2013 %	Principal activities
Subsidiaries of GHL ePayments Sdn. Bhd.				
GHL ePayments Co. Ltd	Thailand	99.99	99.99	Internet payment gateway.
GHL ePayments Philippines, Inc.	Philippines	99.99	99.99	Provision of payment technology services and solutions to banks and merchants in the Philippines.
Subsidiary of e-pay Asia Pty. Ltd.				
SkyNetGlobal (South-East-Asia) Pte. Ltd	Singapore	79.00	-	Dormant.
Subsidiary of GHL Systems Philippines, Inc.				
Pinoytek Solusyen, Inc. @	Philippines	40.00	40.00	Provide end-to-end payment services and solutions to the market both in the Philippines and abroad through the deployment of world-class payment infrastructure, technology and services, from standard chip cards to store-value, loyalty and contactless card solution to network access controllers and to bid for government projects for the provisions of such services.
Subsidiary of GHL (Thailand) Co., Ltd.				
Conscious Object Development Co. Ltd.	Thailand	95.45	89.99	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

10. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity 2014 %	2013 %	Principal activities
Subsidiaries of EPY Capital Holdings Limited				
e-pay (M) Sdn. Bhd.	Malaysia	100.00	-	Sales and solution provision of vouchers bearing prepaid airtime personal identification numbers (PINS) and on-line top-ups for various prepaid services in Malaysia and investment holding.
PT e-pay Indonesia	Indonesia	100.00	-	Dormant.
e-pay Thailand Co. Limited	Thailand	49.50	-	Dormant.
Subsidiaries of Mobiepay Sdn. Bhd.				
Pay Here Sdn. Bhd.	Malaysia	100.00	-	Engaged in the business of developing and selling software.
PT Pembayaran Elektronik Indonesia	Indonesia	100.00	-	Engaged in the business of developing and selling software.

\# Subsidiaries audited by BDO in Malaysia.

^ Effective interest of the Group in PT. Spotpay Indonesia ("Spotpay") is 100% taking into account 99% interest in equity of Spotpay held by a wholly-owned subsidiary of the Company, GHL Asia Pacific Limited.

@ The Group controls Pinoytek Solusyen, Inc. ("Pinoytek") and e-pay Thailand Co. Limited ("e-pay Thailand") even though it owns less than fifty percent (50%) of the voting rights. These are because the key management personnel of Pinoytek and e-pay Thailand, who have the ability to direct the relevant activities, are current employees of the Group. Furthermore, significant portion of Pinoytek's and e-pay Thailand activities are conducted on behalf of the Group.

(b) During the financial year, the Company subscribed for additional 3,750,000 ordinary shares of RM1.00 each in GHL CardPay Sdn. Bhd. ("GHLCP"), a wholly-owned subsidiary of the Company, for total cash consideration of RM3,750,000.

10. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Acquisition of e-pay Asia Pty. Ltd (formerly known as e-pay Asia Limited) ("e-pay Asia")

On 4 October 2013, the Company announced to Bursa Malaysia Securities Berhad its intention to undertake a takeover offer to acquire all of the ordinary shares in e-pay Asia Pty. Ltd. (formerly known as e-pay Asia Limited) ("e-pay Asia"), a public company listed on the Australian Securities' Exchange for the basis of RM1.21 per e-pay Asia ordinary share for cash ("Cash consideration") or 2.75 ordinary shares of the Company for each e-pay Asia ordinary share at issue price of RM0.44 per ordinary share of the Company, being the five days volume weighted average market price of the ordinary shares of the Company up to 2 October 2013 ("Shares consideration").

On 21 February 2014 ("Acquisition Date"), the Company acquired 55,080,447 ordinary shares in e-pay Asia, representing 96.75% of the issued and paid-up share capital of e-pay Asia and subsequently acquired the remaining 3.25% in e-pay Asia not already owned by the Company. The total consideration of the acquisition amounted to RM123,102,509 comprising Cash Consideration of RM2,620,683 and Shares consideration of RM120,481,826. The Shares consideration was based on a fair value of RM0.80 per ordinary share of the Company at Acquisition Date.

The fair value of the net assets acquired and cash flow arising from the above acquisitions are as follows:

	Note	At date of acquisition RM
Property, plant and equipment	7	3,823,317
Prepaid lease payments	23	4,293,213
Investments in joint ventures		73,442
Intangible assets	8	130,793
Available-for-sale investments		9,042,371
Inventories		30,916,264
Trade and other receivables		15,441,985
Current tax assets		752,705
Cash and bank balances		21,689,911
		86,164,001
Trade and other payables		(28,181,800)
Borrowings		(40,149,479)
Deferred tax liabilities	14	(360,000)
Total identifiable net assets		17,472,722
Goodwill arising from acquisition	9	105,629,787
		123,102,509

The consideration transferred for the acquisition of e-pay Asia are as follows:

	RM
Cash consideration	2,620,683
Shares consideration	120,481,826
	123,102,509

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

10. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Acquisition of e-pay Asia Pty. Ltd. (formerly known as e-pay Asia Limited) ("e-pay Asia") (continued)

The effects of the acquisition on cash flows:

	RM
Total consideration for equity interest acquired	123,102,509
Less: Shares consideration	(120,481,826)
Cash consideration	2,620,683
Less: Cash and cash equivalents of subsidiary acquired	(21,689,911)
Net cash inflow of the Group on acquisition	(19,069,228)

Goodwill of RM105,629,787 comprises the value of the strengthening of the market position of the Group in the country and the cost reduction synergies expected to arise from the acquisition. It also includes the value of its distribution channel, which has not been recognised separately. The distribution channel has been established since past years, which is not separable and therefore does not meet the criteria for recognition as an intangible asset under MFRS 138. None of the goodwill recognised is expected to be deductible for income tax purposes.

(d) During the financial year, a wholly-owned subsidiary of the Company, GHL Asia Pacific Limited ("GHL Asia Pacific") subscribed an additional 72,237 ordinary shares or 5.46% equity interest of THB100 each and an additional 249,360 preference shares of THB100 each in GHL (Thailand) Co., Ltd. ("GHL (Thailand)"), a subsidiary of the GHL Asia Pacific. Accordingly, the Group's equity interest in GHL Thailand increased from 89.99% to 95.45%. The total consideration for the subscription of THB32,159,700 was settled by offsetting the amount owing by GHL (Thailand) to GHL Asia Pacific. The Group had recorded a debit difference of RM290,425 arising from this accretion of interest.

(e) During the financial year, the Company:

(i) acquired one hundred (100) ordinary shares of RM1.00 each in S Capital Sdn. Bhd. from e-pay Asia Pty. Ltd., a wholly owned subsidiary of the Company, representing 100% of the issued and paid-up share capital of S Capital Sdn. Bhd. for cash consideration of RM100;

(ii) acquired two (2) ordinary shares of RM1.00 each in Sentripay Sdn. Bhd. from e-pay Asia Pty. Ltd., a wholly owned subsidiary of the Company, representing 100% of the issued and paid-up share capital of Sentripay Sdn. Bhd. for cash consideration of RM2;

(iii) acquired one (1) ordinary shares of USD1.00 each in EPY Capital Holdings Limited from e-pay Asia Pty. Ltd., a wholly owned subsidiary of the Company, representing 100% of the issued and paid-up share capital of EPY Capital Holdings Limited for cash consideration of RM1,080,012; and

(iv) acquired five hundred thousand (500,000) ordinary shares of RM1.00 each in Mobiepay Sdn. Bhd. from e-pay Asia Pty. Ltd., a wholly owned subsidiary of the Company, representing 100% of the issued and paid-up share capital of Mobiepay Sdn. Bhd. for cash consideration of RM500,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

10. INVESTMENTS IN SUBSIDIARIES (continued)

(f) In the previous financial year, the Company:

(i) subscribed one (1) ordinary share of RM1.00 each in GHL BPO1 Sdn. Bhd. ("BPO1"), representing 50% of the issued and paid-up share capital of BPO1. Subsequently, the Company acquired the remaining one (1) ordinary share of RM1.00 each in BPO1 from a Director, Loh Wee Hian, for cash consideration of RM1.00. Accordingly, BPO1 became a wholly-owned subsidiary of the Company;

(ii) subscribed one (1) ordinary share of RM1.00 each in GHL Payment Services Sdn. Bhd. ("GHLPS"), representing 50% of the issued and paid-up share capital of GHLPS. Subsequently, the Company acquired the remaining one (1) ordinary share of RM1.00 each in GHLPS from a Director, Loh Wee Hian, for cash consideration of RM1.00. Accordingly, GHLPS became a wholly-owned subsidiary of the Company; and

(iii) subscribed one (1) ordinary share of RM1.00 each in GHL ePayments Sdn. Bhd. ("GEP"), representing 50% of the issued and paid-up share capital of GEP. Subsequently, the Company acquired the remaining one (1) ordinary share of RM1.00 each in GEP from a Director, Loh Wee Hian, for cash consideration of RM1.00. Accordingly, GEP became a wholly-owned subsidiary of the Company. Subsequently, the Company subscribed additional one hundred ninety-nine thousand nine hundred and ninety-eight (199,998) ordinary shares of RM1.00 each in GEP for cash consideration of RM199,998.

The fair value of the net assets acquired and cash flow arising from the acquisition were as follows:

	At date of acquisition RM
Cash and cash equivalents	6
Total identified net assets/Total purchase consideration	6
Less: Cash and cash equivalents of the subsidiaries acquired	(6)
Net cash flow of the Group on acquisition	-

(g) On 26 August 2013, the Company acquired 1,250,000 ordinary shares of RM1.00 each in GHLCP from GHL International Sdn. Bhd., a wholly-owned subsidiary of the Company, representing 100% of the issued and paid-up share capital of GHLCP, for total cash consideration of RM1.00. Accordingly, GHLCP became a direct wholly-owned subsidiary of the Company.

(h) During the financial year, the Group recognised share options granted under shares options scheme of RM962,066 (2013: RM868,685) in profit or loss, out of which an amount of RM741,586 (2013: RM495,742) was in respect of employees of subsidiaries. At Company level, the amount of RM741,586 (2013: RM495,742) was recorded as an increase in investments in subsidiaries with a corresponding credit to equity (Note 32).

(i) The Directors of the Company are of the view that the non-controlling interests of subsidiaries that are not wholly owned by the Group are insignificant as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

11. INVESTMENTS IN JOINT VENTURES

	Group 2014 RM	Group 2013 RM
Unquoted equity shares, at cost	1,973,442	-
Share of post-acquisition reserves	(1,014,688)	-
Foreign exchange reserve	(46,900)	-
Accumulated impairment losses	(824,994)	-
	86,860	-

(a) The details of the joint venture are as follows:

Name of company	Country of incorporation	Effective interest in equity 2014 %	Effective interest in equity 2013 %	Principal activities
MRuncit Commerce Sdn. Bhd.	Malaysia	49	-	Engaged in the business of developing and selling software and e-commerce.
e-pay Pakistan (Private) Limited^	Pakistan	50	-	Sales and solution provision of vouchers bearing prepaid airtime personal identification numbers (PINS) and online top-ups for various prepaid services in Pakistan.
Electronic Payment Network (Thailand) Co. Limited^	Thailand	16	-	Sales and solution provision of vouchers bearing prepaid airtime personal identification numbers (PINS) and online top-ups for various prepaid services in Thailand.

^ The unaudited financial statements were used in the consolidation of the results of the joint ventures.

(b) The Directors of the Company are of the view that the investments in joint ventures are insignificant to the Group as at the end of the reporting period.

12. AVAILABLE-FOR-SALE INVESTMENTS

	Group 2014 RM	Group 2013 RM
Available-for-sale financial assets	8,000,000	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

12. AVAILABLE-FOR-SALE INVESTMENTS (continued)

(a) As at the end of the reporting period, available-for-sale investments with carrying amount of RM8,000,000 have been pledged to a bank for credit facilities to the Group as disclosed in Note 22 to the financial statements.

(b) Information on the fair value hierarchy is disclosed in Note 35(d) to the financial statements.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Non-current				
Other receivables				
Amounts owing by subsidiaries	-	-	5,813,845	3,531,932
Less: Impairment losses	-	-	-	(551,091)
	-	-	5,813,845	2,980,841
Current				
Trade receivables				
Third parties	41,595,302	17,005,355	3,133,997	3,769,915
Subsidiaries	-	-	6,359,436	20,045,013
Related party	-	164,725	-	164,725
	41,595,302	17,170,080	9,493,433	23,979,653
Less: Impairment losses				
- third parties	(6,876,391)	(4,763,812)	(1,785,977)	(1,682,458)
- subsidiaries	-	-	(4,848,585)	(19,378,682)
	(6,876,391)	(4,763,812)	(6,634,562)	(21,061,140)
	34,718,911	12,406,268	2,858,871	2,918,513
Other receivables				
Other receivables	2,240,307	1,022,018	209,657	158,866
Amounts owing by subsidiaries	-	-	64,535,473	31,397,405
Deposits	2,482,933	632,314	310,829	159,245
	4,723,240	1,654,332	65,055,959	31,715,516
Less: Impairment losses				
- other receivables	(509,444)	(487,272)	(158,866)	(158,866)
- amounts owing by subsidiaries	-	-	(25,751,953)	(25,946,585)
	(509,444)	(487,272)	(25,910,819)	(26,105,451)
	4,213,796	1,167,060	39,145,140	5,610,065
Loans and receivables	38,932,707	13,573,328	42,004,011	8,528,578
Prepayments	13,036,685	583,568	207,830	297,464
	51,969,392	14,156,896	42,211,841	8,826,042
Grand total	51,969,392	14,156,896	48,025,686	11,806,883

13. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 30 to 180 days (2013: 30 to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) In the previous financial year, amount owing by a related party represented e-pay (M) Sdn. Bhd. ("e-pay (M)") was unsecured, non-interest bearing and payable within normal trade credit terms of the Group and of the Company in cash and cash equivalents. Subsequently, e-pay (M) became an indirect subsidiary of the Company via the acquisition of e-pay Asia as disclosed in Note 10 to the financial statements.

(c) Amounts owing by subsidiaries under non-current assets represent advances, which bears interest at rates ranging from 4.0% to 6.0% (2013: 4.0% to 5.5%) per annum. The advances are repayable in instalments over a period of up to five (5) years.

(d) Amounts owing by subsidiaries under current assets are unsecured, payable upon demand in cash and cash equivalents and interest-free except for amounts of RM14,999,187 (2013: RM2,855,417) owing by subsidiaries, which bear interest at rates ranging from 4.0% to 6.0% (2013: 4.0% to 5.5%) per annum.

(e) The currency exposure profiles of receivables are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Ringgit Malaysia	27,990,700	6,698,570	42,153,070	5,165,997
Philippines Peso	9,139,253	4,996,189	-	-
Thai Baht	959,408	1,758,642	-	-
Australian Dollar	585,525	115,683	-	-
Great Britain Pound	-	3,015	-	-
Indonesian Rupiah	-	1,229	-	-
US Dollar	257,821	-	5,664,786	6,343,422
	38,932,707	13,573,328	47,817,856	11,509,419

(f) The ageing analysis of trade receivables of the Group and of the Company are as follow:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Neither past due nor impaired	26,242,411	3,064,730	709,927	1,317,833
Past due not impaired:				
Less than 30 days	3,158,146	4,844,787	566,185	359,605
31 to 60 days	2,349,092	1,453,226	593,677	571,924
61 to 90 days	1,300,577	1,073,952	345,872	189,127
More than 90 days	1,668,685	1,969,573	643,210	480,024
	8,476,500	9,341,538	2,148,944	1,600,680
	34,718,911	12,406,268	2,858,871	2,918,513
Past due and impaired	6,876,391	4,763,812	6,634,562	21,061,140
	41,595,302	17,170,080	9,493,433	23,979,653

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

13. TRADE AND OTHER RECEIVABLES (continued)

(f) The ageing analysis of trade receivables of the Group and of the Company are as follow: (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due not impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired relate to a number of third party customers with no recent history of default.

Receivables that are past due and impaired

Trade receivables of the Group and of the Company that are past due and collectively impaired at the end of each reporting period are as follows:

	Collectively impaired	
	2014	2013
	RM	RM
Group		
Trade receivables, gross	16,428,114	7,754,782
Less: Impairment losses	(6,876,391)	(4,763,812)
	9,551,723	2,990,970
Company		
Trade receivables, gross	8,096,864	22,365,623
Less: Impairment losses	(6,634,562)	(21,061,140)
	1,462,302	1,304,483

(g) The reconciliation of movement in the impairment losses are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade receivables				
At 1 January	4,763,812	4,792,709	21,061,140	27,767,167
Acquisition of subsidiaries	1,416,774	-	-	-
Charge for the financial year	927,485	143,248	189,030	1,023,368
Reversal of impairment losses	(184,073)	(159,537)	(14,615,608)	(7,729,395)
Written off	(63,973)	(6,860)	-	-
Exchange differences	16,366	(5,748)	-	-
At 31 December	6,876,391	4,763,812	6,634,562	21,061,140

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

13. TRADE AND OTHER RECEIVABLES (continued)

(g) The reconciliation of movement in the impairment losses are as follows (continued):

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other receivables				
At 1 January	487,272	488,351	26,656,542	21,962,527
Charge for the financial year	-	-	-	5,041,165
Reversal of impairment losses	-	-	(745,723)	(347,150)
Exchange differences	22,172	(1,079)	-	-
At 31 December	509,444	487,272	25,910,819	26,656,542
	7,385,835	5,251,084	32,545,381	47,717,682

Trade and other receivables that are collectively determined to be impaired at the end of each reporting period relate to those debtors that are not individually assessed for impairment and share similar credit risk characteristics. These receivables are not secured by any collateral or credit enhancements.

(h) Information on financial risks of trade and other receivables is disclosed in Note 36 to the financial statements.

14. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Balance as at 1 January		(2,148,399)	(392,527)	278,293	807,473
Acquisition of subsidiaries	10	360,000	-	-	-
Recognised in profit or loss	29	907,191	(1,755,872)	(278,293)	(529,180)
Recognised in other comprehensive income		(12,030)	-	-	-
Balance as at 31 December		(893,238)	(2,148,399)	-	278,293
Presented after appropriate offsetting:					
Deferred tax assets, net		(1,262,866)	(2,443,243)	-	-
Deferred tax liabilities, net		369,628	294,844	-	278,293
		(893,238)	(2,148,399)	-	278,293

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

14. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Intangible assets RM	Others RM	Total RM
Balance as at 1 January 2014	3,036,850	556,382	2,044	3,595,276
Acquisition of subsidiaries (Note 10)	360,000	-	-	360,000
Recognised in profit or loss	629,956	(112,412)	44,868	562,412
Recognised in other comprehensive income	-	-	173	173
Balance as at 31 December 2014 (before offsetting)	4,026,806	443,970	47,085	4,517,861
Offsetting	(3,657,178)	(443,970)	(47,085)	(4,148,233)
Balance as at 31 December 2014 (after offsetting)	369,628	-	-	369,628
Balance as at 1 January 2013	2,069,539	710,938	-	2,780,477
Recognised in profit or loss	967,311	(154,556)	2,044	814,799
Balance as at 31 December 2013 (before offsetting)	3,036,850	556,382	2,044	3,595,276
Offsetting	(3,020,299)	(278,089)	(2,044)	(3,300,432)
Balance as at 31 December 2013 (after offsetting)	16,551	278,293	-	294,844

Deferred tax assets of the Group

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2014	(4,433,629)	(760,158)	(549,888)	(5,743,675)
Recognised in profit or loss	369,987	155,760	(180,968)	344,779
Recognised in other comprehensive income	-	-	(12,203)	(12,203)
Balance as at 31 December 2014 (before offsetting)	(4,063,642)	(604,398)	(743,059)	(5,411,099)
Offsetting	3,439,549	187,390	521,294	4,148,233
Balance as at 31 December 2014 (after offsetting)	(624,093)	(417,008)	(221,765)	(1,262,866)
Balance as at 1 January 2013	(2,744,909)	(6,820)	(421,275)	(3,173,004)
Recognised in profit or loss	(1,688,720)	(753,338)	(128,613)	(2,570,671)
Balance as at 31 December 2013 (before offsetting)	(4,433,629)	(760,158)	(549,888)	(5,743,675)
Offsetting	2,570,055	182,164	548,213	3,300,432
Balance as at 31 December 2013 (after offsetting)	(1,863,574)	(577,994)	(1,675)	(2,443,243)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

14. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (continued):

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Intangible assets RM	Others RM	Total RM
Balance as at 1 January 2014	246,019	513,438	405	759,862
Recognised in profit or loss	(28,940)	(197,500)	42,816	(183,624)
Balance as at 31 December 2014 (before offsetting)	217,079	315,938	43,221	576,238
Offsetting	(217,079)	(315,938)	(43,221)	(576,238)
Balance as at 31 December 2014 (after offsetting)	-	-	-	-
Balance as at 1 January 2013	96,535	710,938	-	807,473
Recognised in profit or loss	149,484	(197,500)	405	(47,611)
Balance as at 31 December 2013 (before offsetting)	246,019	513,438	405	759,862
Offsetting	(246,019)	(235,145)	(405)	(481,569)
Balance as at 31 December 2013 (after offsetting)	-	278,293	-	278,293

Deferred tax assets of the Company

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2014	(110,010)	(179,732)	(191,827)	(481,569)
Recognised in profit or loss	(118,368)	7,430	16,269	(94,669)
Balance as at 31 December 2014 (before offsetting)	(228,378)	(172,302)	(175,558)	(576,238)
Offsetting	228,378	172,302	175,558	576,238
Balance as at 31 December 2014 (after offsetting)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

14. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (continued):

Deferred tax assets of the Company (continued)

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2013	-	-	-	-
Recognised in profit or loss	(110,010)	(179,732)	(191,827)	(481,569)
Balance as at 31 December 2013 (before offsetting)	(110,010)	(179,732)	(191,827)	(481,569)
Offsetting	110,010	179,732	191,827	481,569
Balance as at 31 December 2013 (after offsetting)	-	-	-	-

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unused tax losses	14,925,383	10,051,912	2,009,692	-
Unabsorbed capital allowances	400,585	404,794	-	-
Other deductible temporary differences	2,841,485	2,882,778	-	-
	18,167,453	13,339,484	2,009,692	-

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

15. INVENTORIES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At cost				
EDC equipment	12,908,827	3,425,210	-	-
Microchips	-	1,044,837	-	1,044,837
Prepaid airtime PINS	36,111,340	-	-	-
Others	2,746,395	2,126,035	1,177,039	1,456,243
	51,766,562	6,596,082	1,177,039	2,501,080

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

15. INVENTORIES (continued)

(a) During the financial year, inventories of the Group and of the Company other than prepaid airtime PINS are recognised as cost of sales amounted to RM6,913,046 and RM2,699,608 (2013: RM7,653,232 and RM3,003,543) respectively. The cost of inventories of prepaid airtime PINS is recognised on a net basis as disclosed in Note 4.18 to the financial statements. In addition, the amounts recognised in the other operating expenses include the following:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Inventories written off	840,931	158,737	837,221	134,258

(b) During the financial year, inventories of the Group amounting to RM8,933,213 (2013: RM11,067,309) have been capitalised as property, plant and equipment as disclosed in Note 7 to the financial statements as the inventories are no longer held for sale.

16. CASH AND BANK BALANCES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash and bank balances	38,224,772	13,980,112	14,799,152	5,176,593
Deposits with licensed banks	7,102,550	117,310	721,705	100,000
	45,327,322	14,097,422	15,520,857	5,276,593

(a) Included in the deposits of the Group and of the Company is an amount of RM5,885,764 (2013: RM100,000) pledged to licensed banks as securities for credit facilities granted to a subsidiary and the Company respectively as disclosed in Note 20 and Note 22 to the financial statements.

(b) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Australian Dollar	1,540,563	129,238	625,119	85,387
Ringgit Malaysia	38,378,459	10,709,964	14,598,066	5,080,133
Philippines Peso	3,125,496	1,925,313	-	-
Thai Baht	1,672,476	1,164,585	-	-
Singapore Dollar	88,221	-	-	-
Indonesia Rupiah	15,172	-	-	-
US Dollar	506,935	168,322	297,672	111,073
	45,327,322	14,097,422	15,520,857	5,276,593

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

16. CASH AND BANK BALANCES (continued)

(c) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash and bank balances	38,224,772	13,980,112	14,799,152	5,176,593
Deposits with licensed banks				
- not more than three months	1,216,786	17,310	621,705	-
- more than three months	5,885,764	100,000	100,000	100,000
	45,327,322	14,097,422	15,520,857	5,276,593
Less: Deposits pledged to licensed banks	(5,885,764)	(100,000)	(100,000)	(100,000)
	39,441,558	13,997,422	15,420,857	5,176,593

(d) Information on financial risks of cash and bank balances is disclosed in Note 36 to the financial statements.

17. SHARE CAPITAL

		Group and Company			
		2014		2013	
	Note	Number of shares	RM	Number of shares	RM
Authorised					
Before Capital Reduction					
Ordinary shares of RM0.50 each					
Balance as at 1 January		-	-	200,000,000	100,000,000
After Capital Reduction					
Ordinary shares of RM0.20 each					
Balance as at 1 January:		2,500,000,000	500,000,000	-	-
Reduction in par value of ordinary shares	(b)	-	-	200,000,000	40,000,000
Created during the financial year	(c)	-	-	2,300,000,000	460,000,000
Balance as at 31 December		2,500,000,000	500,000,000	2,500,000,000	500,000,000

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

17. SHARE CAPITAL (continued)

		Group and Company			
		2014		2013	
	Note	Number of shares	RM	Number of shares	RM
Issued and fully paid					
Before Capital Reduction					
Ordinary shares of RM0.50 each					
Balance as at 1 January		-	-	146,802,100	73,401,050
		-	-	146,802,100	73,401,050
After Capital Reduction					
Ordinary shares of RM0.20 each					
Balance as at 1 January:		185,386,850	37,077,370	-	-
Reduction in par value of ordinary shares	(b)	-	-	146,802,100	29,360,420
Issued for cash pursuant to:					
- ESS	(a)(iii) &(d)(ii)	8,223,500	1,644,700	2,238,200	447,640
- acquisition of subsidiaries	(a)(ii)	150,602,283	30,120,457	-	-
- special issue	(a)(i)	84,126,858	16,825,371	-	-
- bonus issue	(a)(iv)	213,250,001	42,650,000	-	-
- rights issue	(d)(i)	-	-	36,346,550	7,269,310
Balance as at 31 December		641,589,492	128,317,898	185,386,850	37,077,370

(a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased by way of:

(i) special issue of 84,126,858 new ordinary shares of RM0.20 each at RM0.42 per ordinary share for cash pertaining to the Share Subscription Agreement ("SSA") with Cycas for cash consideration paid for e-pay Asia Limited acquisition and related acquisition expenses and general working capital purposes;

(ii) issuance of 150,602,283 new ordinary shares of RM0.20 each at RM0.44 per ordinary share and remeasured to fair value of RM0.80 per ordinary share for share swap to acquire e-pay Asia Limited;

(iii) issuance of 8,223,500 new ordinary shares of RM0.20 each for cash pursuant to the exercise of Executives' Share Scheme ("ESS"); and

(iv) bonus issue of 213,250,001 new ordinary shares of RM0.20 each to be credited as fully paid, on the basis of one (1) bonus share for every two (2) existing shares held ("Bonus Issue").

(b) In the previous financial year, the Company completed a capital reduction exercise pursuant to Section 64(1) of the Companies Act, 1965 in Malaysia to reduce the issued and paid-up capital of the Company from 146,802,100 ordinary shares of RM0.50 each as of 18 June 2013 to 146,802,100 ordinary shares of RM0.20 each by way of cancellation of RM0.30 in par value of ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

17. SHARE CAPITAL (continued)

(c) In the previous financial year, the authorised share capital of the Company was increased by the creation of additional 2,300,000,000 new ordinary share of RM0.20 each.

(d) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased by way of:

(i) rights issue of 36,346,550 new ordinary shares of RM0.20 each at RM0.24 per ordinary share for cash on the basis of one (1) new ordinary shares for every four (4) existing ordinary shares for capital expenditure and general working capital purposes; and

(ii) issuance of 2,238,200 new ordinary shares of RM0.20 each for cash pursuant to the exercise of executives' share options as disclosed in Note 32 to the financial statements.

(e) Repurchased shares were held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia and none of the treasury shares were re-sold or cancelled during the financial year.

(f) Of the total 641,589,492 (2013: 185,386,850) issued and fully paid ordinary shares of RM0.20 each as at 31 December 2014, 1,415,901 (2013: 1,415,901) ordinary shares amounting to RM638,221 (2013: RM638,221) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 640,173,591 (2013: 183,970,949) ordinary shares of RM0.20 each.

(g) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

18. RESERVES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Non-distributable				
Share premium	70,155,741	1,989,688	70,155,741	1,989,688
Exchange translation reserve	(373,663)	(1,215,009)	-	-
Share options reserve	544,131	646,207	544,131	646,207
	70,326,209	1,420,886	70,699,872	2,635,895

(a) Share premium

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

18. RESERVES (continued)

(c) Share options reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

19. BORROWINGS

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-current liabilities					
Term loans	20	6,685,325	-	-	-
Hire purchase creditors	21	4,630,590	366,050	214,901	322,515
		11,315,915	366,050	214,901	322,515
Current liabilities					
Term loans	20	6,398,203	-	-	-
Hire purchase creditors	21	1,751,678	608,174	107,614	129,107
Bankers' acceptance	22	15,000,000	-	-	-
Islamic facility	22	6,000,000	-	-	-
		29,149,881	608,174	107,614	129,107
Total borrowings					
Term loans	20	13,083,528	-	-	-
Hire purchase creditors	21	6,382,268	974,224	322,515	451,622
Bankers' acceptance	22	15,000,000	-	-	-
Islamic Facility	22	6,000,000	-	-	-
		40,465,796	974,224	322,515	451,622

20. TERM LOANS

(a) The term loans of the Group and of the Company are secured by the following:

(i) fixed charge over the long term leasehold land and buildings of the Group and of the Company as disclosed in Note 7 to the financial statements;

(ii) pledge of deposits with licensed banks of the Group and of the Company as disclosed in Note 16 to the financial statements; and

(iii) assignment of certain receivables of a subsidiary.

In addition, the term loans are guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

20. TERM LOANS (continued)

(b) The currency exposure profile of term loans are as follows:

	Group	
	2014	2013
	RM	RM
Philippines Peso	3,992,768	-
US Dollar	9,090,760	-
	13,083,528	-

(c) Information on financial risk of term loans and its remaining maturity are disclosed in Note 36 to the financial statements.

21. HIRE PURCHASE CREDITORS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Minimum hire purchase payments				
- not later than one (1) year	2,176,881	630,533	119,508	146,448
- later than one (1) but not later than five (5) years	4,788,186	391,959	224,011	343,520
Total minimum hire purchase payments	6,965,067	1,022,492	343,519	489,968
Less: Future interest charges	(582,799)	(48,268)	(21,004)	(38,346)
Present value of hire purchase payments	6,382,268	974,224	322,515	451,622
Repayable as follows:				
Current liabilities:				
- not later than one (1) year	1,751,678	608,174	107,614	129,107
Non-current liabilities				
- later than one (1) year and not later than five (5) years	4,630,590	366,050	214,901	322,515
	6,382,268	974,224	322,515	451,622

(a) The currency exposure profile of hire purchase creditors are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Ringgit Malaysia	700,935	533,441	322,515	451,622
Philippines Peso	5,681,333	440,783	-	-
	6,382,268	974,224	322,515	451,622

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

21. HIRE PURCHASE CREDITORS (continued)

(b) Information on financial risk of hire purchase creditors and its remaining maturity disclosed in Note 36 to the financial statements.

22. BANKERS' ACCEPTANCE AND ISLAMIC FACILITY

(a) Bankers' acceptance and Islamic facility of the Group is secured by:

(i) A pledge of the deposits with licensed banks as disclosed in Note 16 to the financial statements; and

(ii) A pledge of the available-for-sale investments as disclosed in Note 12 to the financial statements;

In addition, the bankers' acceptance and Islamic facility are guaranteed by the Company.

(b) The currency exposure profile of bank acceptance and Islamic facility are denominated in Ringgit Malaysia.

(c) Information on financial risk of bankers' acceptance and Islamic facility and their remaining maturities are disclosed in Note 36 to the financial statements.

23. DEFERRED INCOME

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Non-current portion	3,104	3,175,178	-	-
Current portion	370,181	1,848,795	-	344,592
	373,285	5,023,973	-	344,592

(a) Deferred income represents advance receipts from NetAccess maintenance arrangements. These arrangements ranged from 1 month to 2 years (2013: 1 month to 5 years) for the Group and the Company. Deferred income is recognised in profit or loss upon the commencement of the arrangement and is amortised on a straight line basis over the arrangement period.

(b) Movements of deferred income during the financial year are as follows:

	Group	Company
	RM	RM
At 1 January 2013	6,367,241	789,243
Advance receipts during the financial year	502,723	102,420
Recognised in profit or loss	(1,845,991)	(547,071)
At 31 December 2013	5,023,973	344,592
Advance receipts during the financial year	373,285	-
Recognised in profit or loss	(730,760)	(344,592)
Acquisition of subsidiaries (Note 10)	(4,293,213)	-
At 31 December 2014	373,285	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade payables				
Third parties	16,176,127	1,489,380	111,706	403,076
Other payables				
Other payables	28,363,148	3,882,151	264,256	111,683
Amounts owing to subsidiaries	-	-	3,916,614	-
Deposits	4,728,401	4,504,677	1,879	1,879
Accruals	4,337,200	2,253,676	298,926	457,209
	37,428,749	10,640,504	4,481,675	570,771
	53,604,876	12,129,884	4,593,381	973,847

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 1 to 90 days and 30 to 60 days (2013: 30 to 90 days and 30 to 60 days) respectively.

(b) Amounts owing to subsidiaries represent payments on behalf are unsecured, interest free and payable upon demand in cash and cash equivalents.

(c) The currency exposure profile of payables are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Australian Dollar	1,153,945	47,607	-	-
Great Britain Pound	2,600	4,000	-	-
Ringgit Malaysia	41,602,391	8,559,341	4,333,109	723,612
Philippines Peso	5,220,661	1,590,857	-	-
Thai Baht	1,146,561	1,332,637	-	-
US Dollar	4,477,392	595,442	260,272	250,235
Indonesia Rupiah	1,326	-	-	-
	53,604,876	12,129,884	4,593,381	973,847

(d) Information on financial risk of trade and other payables are disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

25. CONTINGENT LIABILITIES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Secured				
Bank guarantee in favour of third party				
- performance bond	100,000	171,799	100,000	100,000
Unsecured				
Corporate guarantee given to banks for credit facilities granted to subsidiaries	-	-	89,000,000	-
	100,000	171,799	89,100,000	100,000

(a) The bank guarantee is secured by pledge of deposits with licensed banks of the Group and of the Company as disclosed in Note 20 to the financial statements.

(b) The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for the banking facilities are negligible.

26. COMMITMENTS

(a) Operating lease commitments

(i) The Group and the Company as lessee

The Group and the Company had entered into lease agreements for land and buildings.

	Group	
	2014	2013
	RM	RM
Not later than one (1) year	2,376,693	982,005
Later than one (1) year and not later than five (5) years	4,506,864	420,354
	6,883,557	1,402,359

	Company	
	2014	2013
	RM	RM
Not later than one (1) year	37,805	38,570
Later than one (1) year and not later than five (5) years	37,805	38,570
	75,610	77,140

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

26. COMMITMENTS (continued)

(a) Operating lease commitments (continued)

(ii) The Group as lessor

The Group has entered into lease arrangements on EDC equipment.

The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group	
	2014	2013
	RM	RM
Not later than one (1) year	18,199,899	14,946,375
Later than one (1) year and not later than five (5) years	4,005,705	28,048,140
Later than five (5) years	24,026,239	-
	46,231,843	42,994,515

27. REVENUE

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Rental of EDC equipment	32,203,822	31,451,727	187,392	-
Sales of value-added solutions	23,694,883	26,925,384	7,467,787	6,229,386
Sales of goods	10,139,849	5,654,266	3,788,316	8,407,331
Sales of prepaid air-time top-ups	98,894,484	-	-	-
	164,933,038	64,031,377	11,443,495	14,636,717

28. PROFIT/(LOSS) BEFORE TAXATION

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived after charging:					
Amortisation of intangible assets	8	1,193,883	802,269	1,017,976	790,000
Auditors' remuneration					
- statutory audit		249,361	156,789	50,000	48,000
- non-audit services		89,252	19,000	31,500	19,000
Bad debts written-off		85,886	3,819	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

28. PROFIT/(LOSS) BEFORE TAXATION (continued)

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Directors' fees paid and payable to the Directors of the Company		231,602	279,600	231,602	279,600
Directors' other emoluments paid and payable to the Directors of the Company		2,411,868	1,894,040	1,778,217	1,894,040
Depreciation of property, plant and equipment	7	10,770,192	7,666,142	993,349	1,076,876
Impairment losses on:					
- trade and other receivables	13	927,485	143,248	189,030	6,064,533
- property, plant and equipment	7	277,818	-	-	-
Interest expense on:					
- hire purchase creditors		52,654	28,720	17,342	23,130
- term loans		637,753	126,921	-	113,036
- bankers' acceptance		741,920	-	-	-
Bank guarantee charges		136,650	-	-	-
Inventories written off	15	840,931	158,737	837,221	134,258
Intangible assets written off	8	852,939	-	852,939	-
Loss on foreign exchange					
- unrealised		385,028	-	-	-
Loss on disposal of property, plant and equipment		12,481	-	5,071	-
Property, plant and equipment written off	7	1	144,361	-	42,562
Rental of premises		1,651,997	1,152,036	2,363	271,226
Research and development costs		-	121,815	-	-
And crediting:					
Bad debts written back		-	-	-	1,963
Gain on disposals of property, plant and equipment		-	11,544	-	16,598
Gain on disposal of available-for-sale investment		76,424	-	-	-
Gain on foreign exchange:					
- realised		169,876	605,776	135,314	21,356
- unrealised		-	221,292	615,253	498,429
Interest income from:					
- deposits with licensed banks		648,293	215,395	188,164	114,391
- advances to subsidiaries		-	-	499,308	242,578
Inventories written back		41,154	-	41,154	-
Property, plant and equipment written back	7	616	-	-	-
Reversal of impairment losses on trade and other receivables	13	184,073	159,537	15,361,331	8,076,545

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

29. TAXATION

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Current tax expense based on profit for the financial year:					
Malaysia income tax		1,968,654	-	-	-
Foreign income tax		1,672,853	-	87,886	-
Under/(Over)provision in prior years		168,048	(153,034)	-	(121,757)
		3,809,555	(153,034)	87,886	(121,757)
Withholding tax		33,676	23,779	13,231	12,236
Deferred tax:	14				
Relating to origination and reversal of temporary differences		909,360	(2,201,516)	(278,293)	(780,552)
(Over)/Underprovision in prior years		(2,169)	445,644	-	251,372
		907,191	(1,755,872)	(278,293)	(529,180)
Taxation for the financial year		4,750,422	(1,885,127)	(177,176)	(638,701)

(a) The Malaysian income tax is calculated at the statutory tax rate of twenty-five percent (25%) (2013: 25%) of the estimated taxable profits for the fiscal year.

(b) Taxation for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

(c) The numerical reconciliation between the taxation and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	2,780,420	820,050	2,495,953	(261,356)
Tax effects in respect of:				
Tax incentive	(1,148,647)	(704,987)	-	-
Non-allowable expenses	2,071,660	22,596	956,165	1,860,461
Non-taxable income	(571,984)	(343,592)	(4,131,717)	(2,367,421)
Deferred tax not recognised	1,206,992	1,301,618	502,423	-
Different tax rate in foreign jurisdiction	246,102	-	-	-
Utilisation of previously unrecognised tax losses and allowances	-	(3,273,422)	-	-
	4,584,543	(2,177,737)	(177,176)	(768,316)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

29. TAXATION (continued)

(c) The numerical reconciliation between the taxation and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows (continued):

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Under/(Over)provision of income tax expense in prior years	168,048	(153,034)	-	(121,757)
(Over)/Under provision of deferred tax in prior years	(2,169)	445,644	-	251,372
Taxation for the financial year	4,750,422	(1,885,127)	(177,176)	(638,701)

(d) Tax savings of the Group and the Company are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Arising from utilisation of current year tax losses	-	5,311	-	5,311
Arising from utilisation of previously unrecognised tax losses	-	48,421	-	-

(e) Tax on each component of other comprehensive income is as follows:

	Group					
	2014			2013		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
	RM	RM	RM	RM	RM	RM
Foreign currency translations	975,309	-	975,309	(699,250)	-	(699,250)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

30. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

	Group	
	2014	2013
Profit attributable to equity holders of the parent (RM)	6,529,458	5,263,660
Weighted average number of ordinary shares in issue	547,753,645	169,936,018
Effect of bonus issue	-	84,968,009*
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	547,753,645	254,904,027
Basic earnings per ordinary share for profit for the financial year (sen)	1.19	2.06

* The effects of the bonus issue on the number of ordinary shares for the financial year ended 31 December 2014 has been adjusted as if the event had occurred on 1 January 2013.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
Profit attributable to equity holders of the parent (RM)	6,529,458	5,263,660
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	547,753,645	254,904,027
Effect of dilution:		
- employee share options	9,772,445	8,529,886
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	557,526,090	263,433,913
Diluted earnings per ordinary share for profit for the financial year (sen)	1.17	2.00

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

31. EMPLOYEE BENEFITS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Salaries and bonuses	26,576,914	17,814,005	5,094,983	4,929,714
Contributions to defined contribution plan	3,113,913	1,379,341	410,086	360,464
Social security contributions	148,061	464,605	19,982	20,738
Share options granted under share options scheme	962,066	868,685	220,480	372,943
Other benefits	4,379,176	1,317,462	480,084	320,302
	35,180,130	21,844,098	6,225,615	6,004,161

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration as disclosed in Note 28 to the financial statements.

32. EXECUTIVES' SHARE SCHEME ("ESS")

The ESS of the Company came into effect on 30 August 2013. The ESS shall be in force for a period of five (5) years until 29 August 2018 ("the scheme period"). The main features of the ESS are as follows:

(a) Eligible Executive Directors and executives are those who meet the following criteria:

(i) if he has attained the age eighteen (18) years of age and is not an undischarged bankrupt;

(ii) if he is employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;

(iii) if his employment has been confirmed in writing;

(iv) if he is an Executive Director of the Company, the specific allocation of Scheme Shares and Options granted by the Company to him in his capacity as an Executive Director of the Company under the Scheme has been approved by the shareholders of the Company at a general meeting;

(v) if he is serving in a specific designation under an employment contract for a fixed duration but not if he is merely employed for a specific project; and

(vi) if he fulfils any other criteria and/or falls within such category as may be set by ESS Committee from time to time.

(b) The maximum number of options to be offered under the ESS based on the issued and paid-up ordinary share capital as at 31 December 2014, excluding treasury shares held, is 96,026,039;

(c) The options granted may be exercised any time upon the satisfaction of vesting conditions of each tranche;

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

32. EXECUTIVES' SHARE SCHEME ("ESS") (continued)

(d) The option price of a new ordinary share under the ESS shall be at a discount of not more than ten percent (10%) of the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer, or at the par value of the ordinary shares of RM0.20 each, whichever is higher;

(e) Upon exercise of the options, the shares issued rank pari passu in all respects with the then existing ordinary shares of the Company;

(f) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company; and

(g) The option price and the number of ordinary shares comprised in the ESS options are subject to adjustment in the event of any alteration in the capital structure of the Company during the scheme period in accordance with the provisions in the ESS By-Laws ("By-Laws"), subject to the determination by ESS Committee.

During the financial year ended 31 December 2014, the option price and number of options over ordinary shares have been adjusted in accordance with the provisions of the By-Laws (as mentioned in item (g) above) as a result of Bonus Issue.

The details of the options over ordinary shares of the Company are as follows:

	Number of options over ordinary shares of RM0.20 each						
	Outstanding as at 1.1.2014	Movements during the financial year: Granted	Bonus issue	Exercised	Forfeited	Outstanding as at 31.12.2014	Exercisable as at 31.12.2014
2014							
3 September 2013							
- first tranche	4,128,366	-	532,910	(2,895,210)	(200,000)	1,566,066	1,566,066
- second tranche	6,266,667	-	680,148	(4,895,056)	(410,134)	1,641,625	1,641,625
- third tranche#	6,266,667	-	2,633,342	(433,234)	(1,016,766)	7,450,009	900,100
	16,661,700	-	3,846,400	(8,223,500)	(1,626,900)	10,657,700	4,107,791
Weighted average exercise prices (RM)	0.34	-	0.227	0.334	0.308	0.227	0.227
Weighted average remaining contractual life (months)	32						20

The ESS granted becomes exercisable with the approval from ESS committee.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

32. EXECUTIVES' SHARE SCHEME ("ESS") (continued)

The details of the options over ordinary shares of the Company are as follows (continued):

	Number of options over ordinary shares of RM0.20 each						
	Outstanding as at 1.1.2014	Movements during the financial year: Granted	Bonus issue	Exercised	Forfeited	Outstanding as at 31.12.2014	Exercisable as at 31.12.2014
2014							
20 June 2014#							
- first tranche	-	1,333,333	666,668	-	-	2,000,001	2,000,001
- second tranche	-	1,333,333	666,668	-	-	2,000,001	-
- third tranche	-	1,333,334	666,664	-	-	1,999,998	-
	-	4,000,000	2,000,000	-	-	6,000,000	2,000,001
Weighted average exercise prices (RM)	-	0.86	0.574	-	-	0.574	0.574
Weighted average remaining contractual life (months)	-						30

The grant was made to eligible employees from the newly acquired subsidiaries.

	Number of options over ordinary shares of RM0.20 each					
	Outstanding as at 1.1.2013	Movements during the financial year: Granted	Exercised	Forfeited	Outstanding as at 31.12.2013	Exercisable as at 31.12.2013
2013						
3 September 2013						
- first tranche	-	6,366,666	(2,238,200)	(100)	4,128,366	4,128,366
- second tranche	-	6,366,667	-	(100,000)	6,266,667	-
- third tranche	-	6,366,667	-	(100,000)	6,266,667	-
	-	19,100,000	(2,238,200)	(200,100)	16,661,700	4,128,366
Weighted average exercise price (RM)	-	0.34	0.34	0.34	0.34	0.34
Weighted average remaining contractual life (months)	-					32

During the financial year, the Group recognised share options granted under shares options scheme of RM962,066 (2013: RM868,685) in profit or loss, out of which an amount of RM741,586 (2013: RM495,742) was in respect of employees of subsidiaries. At Company level, the amount of RM741,586 (2013: RM495,742) was recorded as an increase in investments in subsidiaries (Note 10) with a corresponding credit to equity.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

32. EXECUTIVES' SHARE SCHEME ("ESS") (continued)

The details of share options outstanding at the end of the reporting period are as follows:

Offer date	Weighted average exercise price 2014 RM	Weighted average exercise price 2013 RM	Exercise period
3 September 2013			
- first tranche	0.227	0.34	3.9.2013 - 2.9.2016
- second tranche	0.227	0.34	3.9.2014 - 2.9.2016
- third tranche	0.227	0.34	3.9.2015 - 2.9.2016
20 June 2014			
- first tranche	0.574	-	20.6.2014 - 19.6.2017
- second tranche	0.574	-	2.1.2016 - 19.6.2017
- third tranche	0.574	-	2.1.2017 - 19.6.2017

Share options exercised during the financial year resulted in the issuance of 8,223,500 (2013: 2,238,200) ordinary shares at an average price of RM0.334 (2013: RM0.34) each. The related weighted average ordinary share price at the date of exercise was RM0.79 (2013: RM0.38).

The fair value of share options granted during the financial year was estimated by an independent professional valuer using the Trinomial option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSs"). The fair value of share options measured at grant date and the assumptions are as follows:

	ESS Grant date 20.6.2014	ESS Grant date 3.9.2013
Fair value of share options at the following grant dates (RM):		
3 September 2013		
- first tranche	-	0.10
- second tranche	-	0.08
- third tranche	-	0.06
20 June 2014		
- first tranche	0.26	-
- second tranche	0.19	-
- third tranche	0.13	-
Weighted average share price (RM)	0.95	0.38
Weighted average exercise price (RM)	0.86	0.34
Expected volatility (%)	25	25
Expected life (years)	3	3
Risk free rate (%)	3.88	3.29
Expected dividend yield (%)	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

33. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 10 to the financial statements;

(ii) Direct and indirect joint ventures as disclosed in Note 11 to the financial statements;

(iii) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Company, and certain members of senior management of the Group; and

(iv) Microtree Sdn. Bhd. ("Microtree") whereby a substantial shareholder of the Company, Goh Kuan Ho, is also the General Manager of Microtree.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Subsidiaries:				
Sales of other hardware	-	-	1,226,077	1,941,700
Rental and license fee	-	-	3,570,550	3,423,550
Hosting services	-	-	319,500	312,000
Purchase of goods and services	-	-	1,302,252	1,382,740
Related parties:				
Supply of EuroPay				
- MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; supply of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services to e-pay (m) Sdn Bhd	308,995	1,680,027	304,344	331,520

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

33. RELATED PARTIES DISCLOSURES (continued)

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (continued)

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Related parties (continued):				
Purchase of EuroPay				
- MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; purchase of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the Group from Microtree	464,016	355,822	461,520	341,856
Rental expenses	323,000	-	-	-

The related party transactions were carried out on terms and conditions agreed between parties.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group and Company	
	2014	2013
	RM	RM
Short term employee benefits	2,208,959	2,371,503
Contributions to defined contribution plans	233,096	250,806
Share options granted under share options scheme	173,215	291,078
	2,615,270	2,913,387

33. RELATED PARTIES DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

Executive Directors of the Group and of the Company and other key management personnel have been granted the following number of options under the Executives' Share Scheme ("ESS") during the financial year:

	Group and Company	
	2014	2013
As at 1 January	5,800,000	-
Adjusted for Bonus Issue	1,067,500	-
Granted	-	6,400,000
Exercised	(3,665,000)	(600,000)
As at 31 December	3,202,500	5,800,000

The terms and conditions of the share options are detailed in Note 32 to the financial statements.

34. 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 geographical locations and are managed separately. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis.

The following summary described the geographical locations units in each of the Group's reportable segments:

(a) Malaysia
(b) Philippines
(c) Thailand
(d) Australia

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses and also excluding the effects of share-based payments.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

34. OPERATING SEGMENTS (continued)

2014	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total for reportable segments RM	Adjustment and elimination RM	Per consolidated financial statements RM
REVENUE							
External sales							
Shared services	17,796,220	12,853,052	4,106,002	-	34,755,274	-	34,755,274
Solution services	5,988,084	2,461,633	700,212	1,390,868	10,540,797	-	10,540,797
Transaction payment acquisition	115,038,688	3,577,427	1,020,852	-	119,636,967	-	119,636,967
Inter-segment sales	16,391,624	-	-	-	16,391,624	(16,391,624)	-
Revenue from external customers	155,214,616	18,892,112	5,827,066	1,390,868	181,324,662	(16,391,624)	164,933,038
RESULTS							
Segment results	34,035,453	3,199,349	(1,839,082)	(105,012)	35,290,708	(23,248,343)	12,042,365
Interest income							648,293
Finance costs							(1,568,977)
Profit before taxation							11,121,681
Taxation							(4,750,422)
Profit for the financial year							6,371,259
Assets							
Additions to non-current assets	21,920,911	14,124,322	1,615,191	(1)	37,660,423	105,538,243	143,198,666
Segment assets	362,705,028	36,794,881	10,144,308	820,590	410,464,807	(91,796,153)	318,668,654
Liabilities							
Segment liabilities	155,514,504	23,223,188	10,194,913	2,001,395	190,934,000	(95,056,663)	95,877,337

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

34. OPERATING SEGMENTS (continued)

2014	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total for reportable segments RM	Adjustment and elimination RM	Per consolidated financial statements RM
OTHER MATERIAL NON-CASH ITEMS							
Amortisation of intangible assets	1,193,883	-	-	-	1,193,883	-	1,193,883
Bad debts written off	85,886	-	-	-	85,886	-	85,886
Depreciation of property, plant and equipment	5,909,660	3,988,567	867,982	3,983	10,770,192	-	10,770,192
Share options granted under share options scheme	766,795	84,294	73,454	37,523	962,066	-	962,066
Loss/(Gain) on disposal of property, plant and equipment	48,555	(33,944)	(2,130)	-	12,481	-	12,481
Impairment losses on trade and other receivables	493,676	-	433,809	-	927,485	-	927,485
Unrealised (gain)/loss on foreign exchange	(290,621)	(10,026)	135,132	5,189	(160,326)	545,354	385,028
Intangible assets written off	852,939	-	-	-	852,939	-	852,939
Inventories written off	796,067	-	44,864	-	840,931	-	840,931
Impairment losses on property, plant and equipment	-	-	277,818	-	277,818	-	277,818
Reversal of impairment losses on trade receivables	(184,073)	-	-	-	(184,073)	-	(184,073)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

34. OPERATING SEGMENTS (continued)

2013	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total for reportable segments RM	Adjustment and elimination RM	Per consolidated financial statements RM
REVENUE							
External sales							
Shared services	24,373,167	12,132,737	3,433,884	-	39,939,788	-	39,939,788
Solution services	7,806,694	2,011,022	1,582,042	441,818	11,841,576	-	11,841,576
Transaction payment acquisition	8,931,431	2,669,163	649,419	-	12,250,013	-	12,250,013
Inter-segment sales	15,216,194	-	-	-	15,216,194	(15,216,194)	-
Revenue from external customers	56,327,486	16,812,922	5,665,345	441,818	79,247,571	(15,216,194)	64,031,377
RESULTS							
Segment results	1,712,927	2,828,759	(1,003,808)	(912,211)	2,625,667	594,779	3,220,446
Interest income							215,395
Finance costs							(155,641)
Profit before taxation							3,280,200
Taxation							1,885,127
Profit for the financial year							5,165,327
Assets							
Additions to non-current assets	8,266,253	4,476,645	2,522,167	11,851	15,276,916	(84,025)	15,192,891
Segment assets	52,186,910	19,441,752	7,400,066	172,378	79,201,106	(4,234,795)	74,966,311
Liabilities							
Segment liabilities	14,984,268	2,452,158	3,476,223	58,887	20,971,536	(2,116,814)	18,854,722

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

34. OPERATING SEGMENTS (continued)

2013	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total for reportable segments RM	Adjustment and elimination RM	Per consolidated financial statements RM
OTHER MATERIAL NON-CASH ITEMS							
Amortisation of intangible assets	802,269	-	-	-	802,269	-	802,269
Bad debts written off	3,819	-	-	-	3,819	-	3,819
Depreciation of property, plant and equipment	4,009,971	3,148,780	504,654	2,737	7,666,142	-	7,666,142
Share options granted under share options scheme	523,030	163,731	127,347	54,577	868,685	-	868,685
Gain on disposal of property, plant and equipment	(6,865)	-	(4,679)	-	(11,544)	-	(11,544)
Impairment losses on trade and other receivables	8,743,412	-	17,479	-	8,760,891	(8,617,643)	143,248
Inventories written off	158,737	-	-	-	158,737	-	158,737
Property, plant and equipment written off	144,361	-	-	-	144,361	-	144,361
Reversal of impairment losses on trade receivables	(8,863,213)	-	-	-	(8,863,213)	8,703,676	(159,537)

Major customers

There are no major customers with revenue equal or more than ten (10) percent of the Group revenue. As such, information on major customers is not presented.

35. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to maintain a strong capital base and safeguard the ability of the Group to continue as a going concern whilst maintaining an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital. The overall strategy of the Group remains unchanged from that in the previous financial year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

35. FINANCIAL INSTRUMENTS (continued)

(a) Capital management (continued)

Total capital managed at Group level, which comprises shareholders' funds, cash and cash equivalents and bank borrowings.

The gearing ratios are as follows:

	Group	
	2014	2013
	RM	RM
Total borrowings	40,465,796	974,224
Less: Cash and cash equivalents	(39,441,558)	(13,997,422)
Net debt	1,024,238	(13,023,198)
Total equity	222,658,360	56,228,344
Gearing ratio	>0.01	N/A

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement for the financial year ended 31 December 2014.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial instruments

Group	Loans and receivables RM	Available-for-sale RM	Total RM
31 December 2014			
Financial assets			
Available-for-sale investments	-	8,000,000	8,000,000
Trade and other receivables	38,932,707	-	38,932,707
Cash and bank balances	45,327,322	-	45,327,322
	84,260,029	8,000,000	92,260,029

	Other financial liabilities RM
Financial liabilities	
Borrowings	40,465,796
Trade and other payables	53,604,876
	94,070,672

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Company	Loans and receivables RM	Available-for-sale RM	Total RM
31 December 2014			
Financial assets			
Trade and other receivables	47,817,856	-	47,817,856
Cash and bank balances	15,520,857	-	15,520,857
	63,338,713	-	63,338,713

	Other financial liabilities RM
Financial liabilities	
Borrowings	322,515
Trade and other payables	4,593,381
	4,915,896

Group	Loans and receivables RM
31 December 2013	
Financial assets	
Trade and other receivables	13,573,328
Cash and bank balances	14,097,422
	27,670,750

	Other financial liabilities RM
Financial liabilities	
Borrowings	974,224
Trade and other payables	12,129,884
	13,104,108

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

35. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Company	Loans and receivables RM
31 December 2013	
Financial assets	
Trade and other receivables	11,509,419
Cash and bank balances	5,276,593
	16,786,012

	Other financial liabilities RM
Financial liabilities	
Borrowings	451,622
Trade and other payables	973,847
	1,425,469

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables under current assets, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of hire purchase creditors and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of these borrowings has been determined using discounted cash flows technique. The discount rates used are based on the risk-free MGS rates with a credit spread added to reflect the default risk of the Group.

(ii) Non-current amounts owing by subsidiaries and hire purchase creditors

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of each reporting period.

(iii) Available-for-sale investment

The fair value of the investments are determined by reference to the exchange quoted market bid price at the close of the business at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

35. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair values of non-derivative financial liabilities, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below.

Financial instruments	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Financial asset			
Trade and other receivables	Discounted cash flows method	Discount rate (Malaysia Base Lending Rate less 1%)	The higher the discount rate, the lower the fair value of the trade and other receivables would be.

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2014										
Group										
Financial assets										
Financial assets at available-for-sale										
- Available-for-sale investments	-	8,000,000	-	8,000,000	-	-	-	-	8,000,000	8,000,000
	-	8,000,000	-	8,000,000	-	-	-	-	8,000,000	8,000,000

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

35. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position (continued).

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Financial liabilities										
Other financial liabilities										
- Term loans	-	13,083,528	-	13,083,528	-	-	-	-	13,083,528	13,083,528
- Hire purchase creditors	-	6,409,085	-	6,409,085	-	-	-	-	6,409,085	6,382,268
- Bankers' acceptance	-	15,000,000	-	15,000,000	-	-	-	-	15,000,000	15,000,000
- Islamic facility	-	6,000,000	-	6,000,000	-	-	-	-	6,000,000	6,000,000
	-	40,492,613	-	40,492,613	-	-	-	-	40,492,613	40,465,796

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2014										
Company										
Financial assets										
Loans and receivables										
- Amounts owing by subsidiaries	-	-	5,813,845	5,813,845	-	-	-	-	5,813,845	5,813,845
	-	-	5,813,845	5,813,845	-	-	-	-	5,813,845	5,813,845
Financial liabilities										
Other financial liabilities										
- Hire purchase creditors	-	319,001	-	319,001	-	-	-	-	319,001	322,515
	-	319,001	-	319,001	-	-	-	-	319,001	322,515

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

35. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position (continued).

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	amount
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2013										
Group										
Financial liabilities										
Other financial liabilities										
- Hire purchase creditors	-	974,224	-	974,224	-	-	-	-	974,224	974,224
	-	974,224	-	974,224	-	-	-	-	974,224	974,224
Company										
Financial assets										
Loans and receivables										
- Amounts owing by subsidiaries	-	-	2,980,841	2,980,841	-	-	-	-	2,980,841	2,980,841
	-	-	2,980,841	2,980,841	-	-	-	-	2,980,841	2,980,841
Financial liabilities										
Other financial liabilities										
- Hire purchase creditors	-	451,622	-	451,622	-	-	-	-	451,622	451,622
	-	451,622	-	451,622	-	-	-	-	451,622	451,622

35. FINANCIAL INSTRUMENTS (continued)

(e) The following table shows a reconciliation of Level 3 fair values:

	Company	
	2014	2013
	RM	RM
Financial asset		
Balance as at 1 January	2,980,841	1,364,240
Advances	5,000,488	8,299,182
Settlement	(2,654,154)	(5,746,704)
Gains and losses recognised in profit or loss:		
- impairment losses on trade and other receivables	-	(551,091)
- unrealised foreign exchange gain/(loss)	486,670	(384,786)
Balance as at 31 December	5,813,845	2,980,841

(f) The following table shows sensitivity analysis for the Level 3 fair values measurements:

Company	2014 RM	2013 RM
Profit after tax		
Discount rate		
- Increase by 0.1%	(3,733)	(2,236)
- Decrease by 0.1%	3,733	2,236

(g) The Group has guidelines in respect to the measurement of fair values of financial instruments. The management regularly reviews significant unobservable inputs and valuation adjustments.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and the Company's operations whilst managing its financial risks, including credit risk, liquidity risk and cash flow risk, interest rate risk and foreign currency exchange risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

(a) Credit risk

Cash deposits and trade and other receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy counterparties. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Exposure to credit risk

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. Overdue balances are reviewed regularly by senior management.

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	2014		2013	
	RM	% of total	RM	% of total
By country				
Malaysia	27,629,291	78	6,616,644	53
Philippines	5,764,292	16	4,370,256	35
Thailand	740,008	4	1,303,686	11
Australia	585,320	2	115,682	1
	34,718,911	100	12,406,268	100

At the end of each reporting period, approximately thirty-four percent (34%) (2013: 49%) of the trade receivables of the Group were due from five (5) (2013: 7) customers.

At the end of each reporting period, the Company does not have significant concentration of credit risk other than amounts owing by subsidiaries of RM46,108,216 (2013: RM9,097,992), which contributes 96% (2013: 77%) of total receivables.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (continued)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity and cash flow risk

The funding requirements of the Group and of the Company and their liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitor their cash flows and ensure that sufficient funding is in place to meet the obligations as and when they fall due.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

As at 31 December 2014	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities				
Borrowings	29,812,279	11,933,818	-	41,746,097
Trade and other payables	53,604,876	-	-	53,604,876
Total undiscounted financial liabilities	83,417,155	11,933,818	-	95,350,973
Company				
Financial liabilities				
Borrowings	119,508	224,011	-	343,519
Trade and other payables	4,593,381	-	-	4,593,381
Total undiscounted financial liabilities	4,712,889	224,011	-	4,936,900

As at 31 December 2013	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities				
Borrowings	630,533	391,959	-	1,022,492
Trade and other payables	12,129,884	-	-	12,129,884
Total undiscounted financial liabilities	12,760,417	391,959	-	13,152,376
Company				
Financial liabilities				
Borrowings	146,448	343,520	-	489,968
Trade and other payables	973,847	-	-	973,847
Total undiscounted financial liabilities	1,120,295	343,520	-	1,463,815

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from their borrowings.

Sensitivity analysis for interest rate risk

The exposure to interest rate risk of the Group and of the Company is not significant and therefore, sensitivity analysis is not presented.

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the financial instruments of Group and of the Company that are exposed to interest rate risk:

	Note	Weighted average effective interest rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Group									
At 31 December 2014									
Fixed rates									
Deposits with licensed banks	16	2.95	7,102,550	-	-	-	-	-	7,102,550
Hire purchase creditors									
- RM	21	4.45	218,213	228,134	201,582	53,006	-	-	700,935
- PHP	21	6.45	1,533,465	1,754,033	2,393,835	-	-	-	5,681,333
Bankers' acceptance	22	3.99	15,000,000	-	-	-	-	-	15,000,000
Islamic facility	22	5.08	6,000,000	-	-	-	-	-	6,000,000
Term loans	20	3.29	5,878,123	3,813,615	341,226	350,866	1,139,458	-	11,523,288
Floating rates									
Term loans	20	5.00	520,080	520,080	520,080	-	-	-	1,560,240
At 31 December 2013									
Fixed rates									
Deposits with licensed banks	16	2.95	117,310	-	-	-	-	-	117,310
Hire purchase creditors									
- RM	21	4.52	167,391	147,757	115,925	98,651	3,717	-	533,441
- PHP	21	10.37	440,783	-	-	-	-	-	440,783

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

	Note	Weighted average effective interest rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Company									
At 31 December 2014									
Fixed rates									
Amounts owing by subsidiaries	13	4.70	14,999,187	3,215,493	1,665,048	611,267	322,037	-	20,813,032
Deposits with licensed banks	16	2.95	721,705	-	-	-	-	-	721,705
Hire purchase creditors	21	4.63	107,614	112,533	98,651	3,717	-	-	322,515
At 31 December 2013									
Fixed rates									
Amounts owing by subsidiaries	13	4.70	2,855,417	2,309,500	671,341	-	-	-	5,836,258
Deposits with licensed banks	16	2.95	100,000	-	-	-	-	-	100,000
Hire purchase creditors	21	4.63	129,107	107,615	112,532	98,651	3,717	-	451,622

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Subsidiaries operating in Australia, Philippines and Thailand have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency risk (continued)

The following table demonstrates the sensitivity analysis of the Group and Company to a reasonably possible change in the AUD, PHP and USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Profit after tax				
AUD/RM - strengthen by 10% (2013: 10%)	72,911	8,539	46,884	8,539
AUD/RM - weaken by 10% (2013: 10%)	(72,911)	(8,539)	(46,884)	(8,539)
PHP/RM - strengthen by 10%	197,251	-	-	-
PHP/RM - weaken by 10%	(197,251)	-	-	-
USD/RM - strengthen by 10% (2013: 10%)	960,255	(42,712)	427,664	620,126
USD/RM - weaken by 10% (2013: 10%)	(960,255)	42,712	(427,664)	(620,126)

37. MATERIAL LITIGATION

Augustine Francis (trading as AF Innovations Consultants") ("AF") commenced a legal proceeding against EPYM at the High Court of Malaya in Kuala Lumpur ("High Court") on 27 February 2013, to claim for unascertained damages for breach of service agreement against e-pay (M) Sdn. Bhd. ("EPYM"), a wholly-owned subsidiary of e-pay Asia. Subsequently, EPYM filed a counterclaim against AF to claim for loss of income and profits, amounting to RM2,164,060.57 for non-performance of obligations under the said agreement. On 28 January 2014, the suit proceeded for trial and the High Court dismissed AF's claim and EPYM's counterclaim. Following thereon, AF filed an appeal and EPYM filed a cross-appeal against the High Court's decision at the Court of Appeal. The appeal and cross-appeal have subsequently been fixed for hearing at the Court of Appeal on 27 October 2014. The solicitors representing EPYM in this matter are of the view that EPYM has a reasonable chance to succeed in defending the main suit commenced by AF and in the counterclaim commenced against AF ("the Litigation").

The Litigation was inherited from the previous management of EPYM, prior to the Acquisition.

The solicitors representing EPYM had attended the court hearing on 21 January 2015 and the Court of Appeal found no appealable errors and dismissed the appeal and cross-appeal with no order as to costs.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 4 October 2013, the Company:

(i) notified its intention to undertake a takeover offer to acquire all of the shares in e-pay Asia Limited ("EPY"), a public company listed on the Australian Securities Exchange for AUD0.40 per ordinary share in EPY ("EPY Share(s)") (equivalent to RM1.21) ("Offer Price") ("Offer") pursuant to Chapter 6 of the Australian Corporations Act, 2001 ("Proposed Acquisitions"); and

(ii) entered into a share subscription agreement with Cycas for the proposed issuance and allotment of up to such number of new ordinary shares equivalent to twenty percent (20%) of the enlarged issued and paid up share capital of the Company (i.e. after the completion of the Proposed Acquisition) to Cycas at an issue price of RM0.42 per ordinary share to be satisfied in cash ("Proposed Share Issuance").

The acquisition was completed during the financial year. Details of the acquisition are disclosed in Note 10 to the financial statements.

(b) On 20 August 2014, the Company proposed to undertake a bonus issue and on 29 September 2014, a circular to shareholders in relation to the proposed bonus issue of up to 215,130,837 new ordinary shares of RM0.20 each in GHL, to be credited as fully paid-up, on the basis of one (1) Bonus Share for every two (2) existing GHL Shares held by shareholders of GHL on the entitlement date to be determined later.

On 31 October 2014, the Company announced 213,250,001 Bonus Shares have been listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, marking the completion of the Bonus Issue.

(c) On 31 December 2014, the Company acquired one hundred (100) ordinary shares of RM1.00 each in S Capital Sdn. Bhd. from e-pay Asia Pty. Ltd., representing 100% of the issued and paid-up share capital of S Capital Sdn. Bhd, for total consideration of RM100.

(d) On 31 December 2014, the Company acquired 2 ordinary shares of RM1.00 each in Sentripay Sdn. Bhd. from e-pay Asia Pty. Ltd., representing 100% of the issued and paid-up share capital of Sentripay Sdn. Bhd, for total consideration of RM2.

(e) On 31 December 2014, the Company acquired 1 ordinary shares of USD1.00 each in EPY Capital Holdings Limited from e-pay Asia Pty. Ltd., representing 100% of the issued and paid-up share capital of EPY Capital Holdings Limited, for total consideration of RM1,080,012.

(f) On 31 December 2014, the Company acquired 500,000 ordinary shares of RM1.00 each in Mobiepay Sdn. Bhd. from e-pay Asia Pty Ltd, representing 100% of the issued and paid-up share capital of Mobiepay Sdn. Bhd., for total consideration of RM500,000.

39. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 27 January 2015, the Company announced its wholly owned subsidiaries, GHL CardPay Sdn. Bhd. and GHL ePayments Sdn. Bhd., have each entered into an agreement with Global Payments Card Processing Malaysia Sdn. Bhd. ("Global Payments Malaysia") whereby they will act as a payment facilitator and payment service provider to Global Payments Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (continued)

40. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings/(accumulated losses) as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries:				
- Realised	(53,935,300)	(58,765,441)	116,005	(10,909,025)
- Unrealised	508,210	2,369,691	(615,253)	220,136
	(53,427,090)	(56,395,750)	(499,248)	(10,688,889)
Less: Consolidation adjustments	78,079,564	74,764,059	-	-
Total retained earnings/(accumulated losses) as per Consolidated/Company financial statements	24,652,474	18,368,309	(499,248)	(10,688,889)

LIST OF PROPERTIES

Title/Location	Description/ Existing Use	Registered Owner	Age of Building (Years)	Land Area	Tenure	Net Book Value as at 31.12.2014 (RM)	Date of Acquisition
4 1/2-storey shop office at Unit L 7, 8 & 9, C-G-15, Block C, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur	Office space	GHL Systems Berhad	9	570 square meters	Leasehold Expired on 27 August 2102	4,357,001	1.7.2005
One (1) Floor Office Space (6 Condominium units) at 6th Floor One Corporate Plaza, 845 Arnaiz Avenue, Legaspi Village, Makati City, Philippines	Office Space	GHL Systems Philippines, Inc.	23	979 square meters	Freehold	3,924,004	25.11.2014

SHAREHOLDING STATISTICS
As at 17 April 2015

Authorized Share Capital	RM 2,500,000,000.00
Issued and Fully Paid-up Capital	RM 128,834,058.40
Class of Shares	Ordinary shares of RM0.20 each fully paid
Voting Rights	One vote per RM0.20 share

BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of holders	%	No. of shares	%
Less than 100	1,659	23.90	65,193	0.01
100 - 1,000 shares	1,083	15.60	460,653	0.07
1001 - 10,000 shares	2,683	38.65	12,983,798	2.02
10,001 - 100,000 shares	1,297	18.69	40,097,810	6.24
100,001 to less than 5% of issued shares	215	3.10	175,539,094	27.31
5% and above of issued shares	4	0.06	413,607,843	64.35
Total	**6,941**	**100**	**642,754,391**	**100**

SUBSTANTIAL SHAREHOLDERS AS AT 17 APRIL 2015

According to the register required to be kept under Section 69L of the Companies Act, 1965, the following are substantial shareholders of the Company:-

	No. of Shares Held			
Substantial Shareholders	Direct Interest	%	Indirect Interest	%
CIMB Group Nominees (Asing) Sdn Bhd Cycas	184,470,418	28.70	-	-
HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBAP-SGDIV-ACCL)	144,666,241	22.51	-	-
CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LOH WEE HIAN (PBCL-0G0040)	45,000,000	7.00	-	-
CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOH WEE HIAN (PB)	39,471,184	6.14	6,110,250	0.95

DIRECTORS' SHAREHOLDINGS AS AT 17 APRIL 2015

		No. of shares Held			
Name of Directors	Note	Direct Interest	%	Indirect Interest	%
Loh Wee Hian	1	229,137,425	35.65	6,110,250	0.95
Kanagaraj Lorenz		4,395,900	0.68	-	-
Fong Seow Kee		1,861,950	0.29	635,175	0.10
Ng King Kau		1,800,000	0.28	-	-

Notes:

1) 84,471,184 held under CIMSEC Nominees (Tempatan) Sdn. Bhd. and 144,666,241 held under HSBC Nominees (Asing) Sdn. Bhd.

SHAREHOLDING STATISTICS
As at 17 April 2015 (continued)

STATEMENT OF SHAREHOLDINGS
THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 17 APRIL 2015

No	Shareholders	Holdings	%
1	CIMB GROUP NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CYCAS (CREADOR-CBD-GR4)	184,470,418	28.70%
2	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (HBAP-SGDIV-ACCL)	144,666,241	22.51%
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LOH WEE HIAN (PBCL-0G0040)	45,000,000	7.00%
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOH WEE HIAN (PB)	39,471,184	6.14%
5	GOH KUAN HO	18,878,520	2.94%
6	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	13,599,500	2.12%
7	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND 62L2 FOR USAA EMERGING MARKETS FUND	8,840,500	1.38%
8	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND 59DQ FOR OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	8,208,550	1.28%
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOH HIN YAW (PB)	6,110,250	0.95%
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR WONG YOKE YUNG (MP0265)	5,000,000	0.78%
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB-PRINCIPAL EQUITY FUND 2	4,728,500	0.74%
12	KANAGARAJ LORENZ	4,395,900	0.68%
13	TAN AH LOY @ TAN MAY LING	4,300,000	0.67%
14	YAP CHIH MING	4,267,549	0.66%
15	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIN HUAT YEAN @ CHIN CHUN YEAN (M01)	3,500,000	0.54%
16	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YOKE YUNG (03MG00018)	3,130,000	0.49%
17	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND AJEG FOR FUH HWA RISING ASEAN FUND	3,105,000	0.48%
18	AMANAHRAYA TRUSTEES BERHAD AFFIN HWANG GROWTH FUND	2,935,300	0.46%
19	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND 59HL FOR OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	2,863,951	0.45%
20	TAN AH LOY @ TAN MAY LING	2,700,000	0.42%

SHAREHOLDING STATISTICS

As at 17 April 2015 (continued)

STATEMENT OF SHAREHOLDINGS (continued)

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 17 APRIL 2015

No	Shareholders	Holdings	%
21	AMANAHRAYA TRUSTEES BERHAD	2,356,000	0.37%
	AFFIN HWANG PRINCIPLED GROWTH FUND		
22	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD	2,172,602	0.34%
	EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)		
23	HSBC NOMINEES (ASING) SDN BHD	2,000,000	0.31%
	SMTBUSA FOR DAIWA EMERGING ASEAN MID-SMALL CAP EQUITY FUND -FIVE SPROUTS-		
24	FONG SEOW KEE	1,861,950	0.29%
25	NG KING KAU	1,800,000	0.28%
26	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD	1,772,800	0.28%
	AFFIN HWANG ASSET MANAGEMENT BERHAD FOR AFFIN HWANG ABSOLUTERETURN FUND II		
27	HSBC NOMINEES (ASING) SDN BHD	1,735,700	0.27%
	TNTC FOR DRIEHAUS ULTRA SELECT FUND, L.P.		
28	HSBC NOMINEES (ASING) SDN BHD	1,456,200	0.23%
	TNTC FOR NUCLEAR ELECTRIC INSURANCE LIMITED		
29	AMANAHRAYA TRUSTEES BERHAD	1,344,900	0.21%
	PUBLIC MUTUAL PRS GROWTH FUND		
30	DB (MALAYSIA) NOMINEE (ASING) SDN BHD	1,300,000	0.20%
	STATE STREET AUSTRALIA FUND UAB6 FOR FUH HWA GLOBAL BALANCED FUND		

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of GHL Systems Berhad ("GHL" or "the Company") will be held at Rafflesia 1 & 2, LG 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on **Thursday, 25 June 2015** at **10.00 a.m.** for the following purposes:-

AGENDA

A. Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. (See Note 2)

2. To re-elect the following Directors who are retiring in accordance with Article 127 of the Articles of Association of the Company:-

   2.1 Datuk Kamaruddin bin Taib (Ordinary Resolution 1)

   2.2 Mr Fong Seow Kee (Ordinary Resolution 2)

3. To approve the Directors' fees in respect of the financial year ended 31 December 2014. (Ordinary Resolution 3)

4. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year. (Ordinary Resolution 4)

B. Special Business

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:-

5. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** (Ordinary Resolution 5)

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING
(continued)

6. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES UP TO 10% OF THE ISSUED AND PAID-UP CAPITAL OF THE COMPANY PURSUANT TO SECTION 67A OF THE COMPANIES ACT, 1965 ("Proposed Renewal of Share Buy-Back Authority")** (Ordinary Resolution 6)

"THAT, subject always to the Companies Act, 1965, the provisions of the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.20 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium reserves of the Company at the time of the purchase(s); and

(c) the Directors of the Company may decide to:-

   i. retain the shares purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; and/or

   ii. cancel the shares so purchased; and/or

   iii. retain part of the shares so purchased as treasury shares and cancel the remainder.

THAT such authority shall commence upon passing of this resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such resolution was passed at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next Annual General Meeting after the date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING
(continued)

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 1965, the provisions of the Articles of Association of the Company and the Main Market Listing Requirements of Bursa Securities and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

C. Other Business

7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

WONG WAI FOONG (MAICSA 7001358)
LIM POH YEN (MAICSA 7009745)
Company Secretaries

Kuala Lumpur
28 May 2015

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING
(continued)

NOTES:-

1. **Notes on Appointment of Proxy**

   i. A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his place. There shall be no restriction as to the qualification of the proxy.

   A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

   Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

   ii. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

   iii. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

   iv. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

   v. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

   vi. The Proxy Form or other instruments of appointment must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

   vii. In respect of deposited securities, only members whose names appeared in the Record of Depositors as at 19 June 2015 shall be eligible to attend, speak and vote at the Meeting.

2. **Audited Financial Statements for the financial year ended 31 December 2014**

   The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING
(continued)

3. **Explanatory Notes on Special Business**

   i. Ordinary Resolution 5 - Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

   The Proposed Ordinary Resolution 5 is a renewal of the general mandate pursuant to Section 132D of the Companies Act, 1965 ("General Mandate") obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being.

   The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twentieth Annual General Meeting held on 5 June 2014 and which will lapse at the conclusion of the Twenty-First Annual General Meeting.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

   ii. Ordinary Resolution 6 – Proposed Renewal of Share Buy-Back Authority

   The proposed Ordinary Resolution 6, if passed, will provide a mandate for the Company to purchase its own shares up to 10% of the issued and paid-up ordinary share capital of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the approval is obtained from the shareholders of the Company at a general meeting. Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority attached in the Annual Report 2014 of the Company for further details.

STATEMENT TO SHAREHOLDERS

in relation to the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

PROPOSED SHARES BUY-BACK PURSUANT TO PARAGRAPH 12.06(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Disclaimer Statement

Bursa Malaysia Securities Berhad ("Bursa Securities") takes no responsibility for the contents of this Share Buy-Back Statement ("Statement"), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of the document.

2. Introduction

2.1 Renewal of Authority for GHL to Purchase its Own Shares (Proposed Shares Buy-Back)

At the last Annual General Meeting of the Company held on 5 June 2014, the Company had obtained the shareholders' approval to purchase its own shares as may be determined by the Board of Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of ordinary shares purchased and/or held does not exceed 10% of the total issued and paid-up share capital of the Company at any point in time and an amount not exceeding the total retained profits and/or share premium account. Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2014, the Company's accumulated losses and share premium account were RM499,248 and RM70,155,741, respectively.

The authority obtained by the Board of Directors for purchasing the Company's own shares in accordance with the Main Market Listing Requirements of Bursa Securities governing shares buy-back by listed companies, will lapse at the conclusion of the forthcoming 21st Annual General Meeting to be held on 25 June 2015, unless renewed by an ordinary resolution.

On 20 April 2015, the Company announced its intention to seek shareholders' approval at the forthcoming 21st Annual General Meeting, for the proposed renewal of the authority for the Company to purchase its own shares.

2.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Shares Buy-Back and to seek your approval for the ordinary resolution to renew the authority for the Company to purchase its own shares, to be tabled at the forthcoming 21st Annual General Meeting. The notice of Annual General Meeting together with the Proxy Form is set out in this Annual Report.

3. Details of the Proposed Shares Buy-Back

3.1 Details of the Proposed Share Buy-Back

The Board proposes to seek the approval from the shareholders of GHL for the Company to purchase up to ten percent (10%) of its prevailing issued and paid-up ordinary share capital at any time though its appointed stockbroker.

The Proposed Share Buy-Back, once approved by the shareholders of the Company, shall be effective from the date of the passing of the ordinary resolution pertaining to the Proposed Share Buy-Back at the forthcoming 21st AGM and shall remain in force until:-

STATEMENT TO SHAREHOLDERS
in relation to the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

3. Details of the Proposed Shares Buy-Back (Cont'd)

3.1 Details of the Proposed Share Buy-Back (Cont'd)

(a) the conclusion of the next AGM of GHL following the forthcoming 21st AGM at which the ordinary resolution for the Proposed Share Buy-Back is passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
(b) the expiration of the period within which the next AGM after that date is required by law to be held; or
(c) the authority is revoked or varied by ordinary resolution passed by the shareholders of GHL in a general meeting,

whichever occurs first.

The actual number of GHL Shares to be purchased will depend on market conditions and sentiments of Bursa Securities as well as the retained profits, share premium and financial resources available to the Company at the time of the purchase(s).

GHL will ensure that the purchase of its own Shares will not result in the Company's public shareholding spread falling below the minimum public shareholding spread of twenty-five percent (25%) of its total listed Shares (excluding treasury shares).

If the Board decides to cancel the purchased GHL Shares, the Company's issued and paid-up share capital shall be diminished by the cancellation of the purchased GHL Shares.

4. Rationale for the Proposed Share Buy-Back

The Proposed Shares Buy-Back will enable GHL to utilise its surplus financial resources to buy-back GHL shares. The increase in Earnings Per Share, if any, arising from the Proposed Shares Buy-Back is expected to benefit the shareholders of the Company.

The purchased GHL shares can be held as treasury shares and resold on Bursa Securities to realise potential gain without affecting the total issued and paid-up capital of the Company. The distribution of the treasury shares as share dividends may also serve to reward the shareholders of the Company.

5. Source of Fund

The Proposed Share Buy-Back, if implemented, will be funded through internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of the purchase consideration and availability of internal funds of GHL. In the event bank borrowings are required for the purchase of GHL Shares, the Board will ensure that the Company has the capability to repay the bank borrowings and the repayment will not have any material impact on the Company's cash flow.

6. Potential Advantages and Disadvantages of the Proposed Renewal

The potential advantages of the Proposed Shares Buy-Back are as follows:

(i) the Proposed Share Buy-Back is expected to stabilise the supply and demand as well as the prices of the GHL Shares traded on Bursa Securities and thereby support its fundamental value and to maintain investors' confidence in GHL;
(ii) if the Shares are bought back as treasury shares, it will provide the Directors of GHL an option to sell the purchased GHL Shares at a higher price and generate capital gain for the Company;
(iii) the purchased GHL Shares can be distributed as share dividends to reward its shareholders.

STATEMENT TO SHAREHOLDERS

in relation to the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

6. Potential Advantages and Disadvantages of the Proposed Renewal (Cont'd)

The potential disadvantages of the Proposed Shares Buy-Back are as follows;

(i) The Proposed Renewal can only be made out of retained profits and/or share premium account of the Company resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders;
(ii) The Proposed Renewal will reduce the financial resources of the Company which may result in the Company foregoing better investment opportunities that may emerge in the future;
(iii) The cashflow of the Company may be affected if the Company decides to utilise bank borrowings to finance a Share Buy-Back.

7. Direct and Indirect Interests of the Directors and Substantial Shareholders

The effects of the Proposed Shares Buy-Back on the Substantial shareholders' and Directors' shareholdings based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 15 April 2015 are as follow:

Substantial Shareholders	Before the Proposed Shares Buy-Back *(a)				After the Proposed Shares Buy-Back *(b)			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No of shares	%	No. of shares	%	No. of shares	%
Loh Wee Hian	229,137,425	35.65	6,110,250	0.95	229,137,425	39.62	6,110,250	1.06
Cycas	185,239,518	28.82	-	-	185,239,518	32.03	-	-

Notes:
**(a) Adjusted for the number of treasury shares held as at 15 April 2015*
**(b) Assuming that 10% of the issued and paid up capital is purchased and retained as treasury shares.*

Directors	Before the Proposed Shares Buy-Back *(a)				After the Proposed Shares Buy-Back *(b)			
	Direct		Indirect		Direct		Indirect	
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Loh Wee Hian	229,137,425	35.65	6,110,250	0.95	229,137,425	39.62	6,110,250	1.06
Kanagaraj Lorenz	4,395,900	0.68	-	-	4,395,900	0.76	-	-
Ng King Kau	1,800,000	0.28	-	-	1,800,000	0.31	-	-
Fong Seow Kee	1,861,950	0.29	635,175	0.10	1,861,950	0.32	635,175	0.11

Notes:
**(a) Adjusted for the number of treasury shares held as at 15 April 2015*
**(b) Assuming that 10% of the issued and paid up capital is purchased and retained as treasury shares.*

8. Effects of Proposed Shares Buy-Back

Assuming that the Company buys back up to 64,417,029 GHL Shares representing 10% of its issued and paid-up share capital as at 15 April 2015 and such shares purchased are cancelled or alternatively be retained as treasury shares or both, the financial effects of the Proposed Share Buy-Back on the share capital of the Company, Net Assets, working capital, earnings and dividends of GHL are as follows:

STATEMENT TO SHAREHOLDERS

in relation to the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

8. Effects of Proposed Shares Buy-Back (Cont'd)

8.1 Share Capital

In the event that all GHL shares purchased are cancelled, the Proposed Share Buy-Back will result in the issued and paid up share capital of GHL as at 15 April 2015 to be reduced from RM128,834,058.40 comprising 644,170,292 GHL Shares to RM115,950,652.60 comprising 579,753,263 GHL Shares. It is not expected to have any effect on the issued and paid up capital if all GHL Shares purchased are to be retained as treasury shares.

The effect of the Proposed Shares Buy-Back on the issued and paid up share capital of GHL are illustrated below:

	No of Shares	RM
Issued and paid up share capital as per audited account as at 31 December 2014	641,589,492	128,317,898
Issued and paid up share capital as at 15 April 2014	644,170,292	128,834,058
After share purchase and cancellation	579,753,263	# 115,950,652

Notes:

\# *Assuming up to 10% of the issued and paid up capital of GHL or 64,417,029 GHL Shares are purchased and cancelled.*

8.2 Net Assets

The Proposed Share Buy-Back, if implemented may increase or decrease the NA and NA per Share depending on the purchase prices of GHL Shares pursuant to the Proposed Share Buy-Back. The consolidated NA per Share will increase if the purchase price is less than the audited consolidated NA per Share and conversely, the consolidated Net Assets per share will decrease if the purchase price exceeds the consolidated Net Assets per Share at the time when the GHL Shares are purchased.

In the event the purchased GHL Shares which are retained as treasury shares are resold, the consolidated Net Assets per Share of GHL will increase or decrease depending on whether a gain or a loss is realised upon the resale. The quantum of the increase or decrease in Net Assets will depend on the actual selling price and the number of the treasury shares resold to the market.

8.3 Working Capital

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital of the GHL Group, the quantum of which will depend on the actual purchase price and number of purchased GHL Shares as well as any associated costs incurred in relation to the share buy-back pursuant to the Proposed Share Buy-Back. However, it is not expected to have a material adverse effect on the working capital of the Company.

The working capital and the cash flow of the Company will also increase accordingly when the Proposed Share Buy-Back which are retained as treasury shares are resold. The quantum of the increase in working capital and cash flow will depend on the actual selling price and the number of the treasury shares resold to the market.

STATEMENT TO SHAREHOLDERS

in relation to the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

8. Effects of Proposed Shares Buy-Back (Cont'd)

8.4 Earnings

The effect of the Proposed Share Buy-Back on the EPS of GHL will depend on, inter-alia, the actual number of purchased GHL Shares and the effective cost of funding to the GHL Group, or any loss in interest income to GHL or opportunity cost in relation to other investment opportunity. However, the Proposed Share Buy-Back, if exercise, is not expected to have any material effect on the EPS of GHL for the financial year ending 31 December 2015.

8.5 Dividends

The above Proposed Share Buy-Back is not expected to have any impact on the dividend payment as the Board will take into considerations the Company's profit, cash flow and the capital commitments before proposing any dividend payment.

9. Malaysian Code on Take-Overs and Mergers 2010 (CODE)

The Proposed Shares Buy-Back if carried out in full (whether shares are cancelled or treated as treasury shares) may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provisions under Paragraph 10 of Practice Note 9 of the Code.

In the event that GHL decides to purchase its own Shares which will result in Loh Wee Hian's shareholdings in GHL increasing by more than 2% in any period of six (6) months, Loh Wee Hian will seek a waiver from the Securities Commission Malaysia under Paragraph 24 of Practice Note 9 of the Code before the Company purchases its own Shares.

10. Purchases Made in Last Financial Year

The Company did not undertake any Share Buy-Back during the financial year ended 31 December 2014.

11. Public Shareholding Spread

The Proposed Share Buy-Back will be carried out in accordance with the prevailing law at the time of the purchase including compliance with 25% public shareholding spread in the hands of public shareholders as required under Paragraph 12.14 of the Listing Requirements.

As at the 15 April 2015, the public shareholding spread of the Company was 32.31%. In implementing the Proposed Share Buy-Back, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

12. Director Statement and Recommendation

After having considered all aspects of the Proposed Shares Buy-Back, your Board of Directors is of the opinion that the Proposed Shares Buy-Back is in the best interest of the Company. Accordingly, they recommend that you vote in favour of the ordinary resolution for the Proposed Shares Buy-Back to be tabled at the forthcoming 21st Annual General Meeting.

PROXY FORM

GHL SYSTEMS BERHAD (293040-D)
(Incorporated in Malaysia)

No. of ordinary shares held	CDS Account No.

Telephone no. (During office hours) ______________________

I/We ______________________________________ NRIC No. ______________________
(PLEASE USE BLOCK CAPITAL)

of ____
(FULL ADDRESS)

being a member(s) of **GHL SYSTEMS BERHAD (293040-D)** hereby appoint* ______________________
(FULL NAME)

NRIC No. ______________________ of ______________________________________
(FULL ADDRESS)

______________________ or failing him ______________________ NRIC No. ______________________
(FULL NAME)

of ____
(FULL ADDRESS)

or THE CHAIRMAN OF THE MEETING as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Twenty-First Annual General Meeting of the Company to be held at Rafflesia 1 & 2, LG 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on **Thursday, 25 June 2015** at **10.00 a.m.** and at any adjournment thereof, to vote as indicated below:-

Ordinary Business		FOR	AGAINST
Ordinary Resolution 1	Re-election of Datuk Kamaruddin bin Taib as Director pursuant to Article 127 of the Company's Articles of Association		
Ordinary Resolution 2	Re-election of Mr Fong Seow Kee as Director pursuant to Article 127 of the Company's Articles of Association		
Ordinary Resolution 3	Approval of Directors' fees for the financial year ended 31 December 2014		
Ordinary Resolution 4	Re-appointment of Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration		
Special Business			
Ordinary Resolution 5	Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 6	Proposed Renewal of Share Buy-Back Authority		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion.)

The proportions of my/our shareholding to be represented by my/our proxy(ies) are as follows:

First named Proxy ______________________ %

Second named Proxy ______________________ %

100%

Dated this __________ day of ______________ 2015

____
Signature of Member(s) or/ Common Seal

Notes:-

i. A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his place. There shall be no restriction as to the qualification of the proxy.

A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

ii. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

iii. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

iv. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

v. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

vi. The Proxy Form or other instruments of appointment must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

vii. In respect of deposited securities, only members whose names appeared in the Record of Depositors as at 19 June 2015 shall be eligible to attend, speak and vote at the Meeting.

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Affix Stamp

The Company Secretary

GHL Systems Berhad (Company No. 293040-D)
Level 18, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.

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www.ghl.com

GHL SYSTEMS BERHAD (293040-D)

C-G-15, Block C, Jalan Dataran SD1, Dataran SD PJU 9
Bandar Sri Damansara, 52200 Kuala Lumpur
Tel : 603-6286 3388 Fax : 603-6280 2999