



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2016
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/3/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2015 RM'000	CURRENT YEAR TO DATE 31/3/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2015 RM'000
Revenue *	A8	55,879	52,552	55,879	52,552
Cost of sales *		(32,602)	(32,391)	(32,602)	(32,391)
Gross profit		23,277	20,161	23,277	20,161
Other operating income		908	948	908	948
Payroll expenses		(11,206)	(9,799)	(11,206)	(9,799)
Administration expenses		(2,784)	(2,971)	(2,784)	(2,971)
Distribution costs		(1,822)	(936)	(1,822)	(936)
Other expenses		(739)	(979)	(739)	(979)
Profit before interest, taxation, amortisation & depreciation		7,634	6,424	7,634	6,425
Depreciation expenses		(1,219)	(1,255)	(1,219)	(1,256)
Finance cost		(648)	(720)	(648)	(720)
Share of results of associated companies		(57)	(34)	(57)	(34)
Profit before taxation		5,710	4,415	5,710	4,415
Income tax expense		(1,379)	(1,090)	(1,379)	(1,090)
Profit for the period		4,331	3,325	4,331	3,325
Attributable to:					
Owners of the Company		4,327	3,338	4,327	3,338
Non-controlling interest		4	(12)	4	(12)
		4,331	3,325	4,331	3,325
Earnings Per Ordinary Share					
- Basic (sen)	B15	0.67	0.52	0.67	0.52
- Diluted (sen)	B15	0.66	0.51	0.66	0.51
Profit for the period		4,331	3,325	4,331	3,325
Other comprehensive income, net of tax					
Foreign currency translation differences		20	1,563	20	1,563
Total comprehensive income for the period		4,351	4,888	4,351	4,888
Total comprehensive income attributable to:					
Owners of the Company		4,347	4,900	4,347	4,900
Non-controlling interest		4	(12)	4	(12)
		4,351	4,888	4,351	4,888

Note: * Comparatives have been presented to conform with current year presentation.

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2015)



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016
(THE FIGURES HAVE NOT BEEN AUDITED)

<u>Note</u>	AS AT CURRENT YEAR QUARTER 31/3/2016 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2015 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	55,806	56,797
Goodwill on consolidation	105,630	105,630
Intangible assets	2,984	3,351
Other investment	8,060	8,071
Deferred tax assets	1,270	1,156
	<u>173,750</u>	<u>175,005</u>
Current assets		
Inventories	53,342	62,781
Trade receivables	12,177	34,079
Other receivables	25,839	34,957
Tax recoverable	2,293	1,242
Fixed deposits placed with licensed banks	7,535	6,848
Cash and bank balances	38,489	52,256
	<u>139,675</u>	<u>192,163</u>
TOTAL ASSETS	<u>313,425</u>	<u>367,168</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	130,101	129,969
Reserves	112,216	107,609
Treasury Shares	(638)	(638)
Equity attributable to equity holders of the parent	<u>241,679</u>	<u>236,940</u>
Non controlling interest	46	42
Total equity	<u>241,725</u>	<u>236,982</u>
Non-current liabilities		
Hire purchase payables	B9 2,514	3,259
Bank borrowing	B9 13,314	14,746
Deferred tax liability	1,164	807
Deferred income	-	184
	<u>16,992</u>	<u>18,996</u>
Current liabilities		
Trade payables	6,456	11,819
Other payables	33,113	66,871
Deferred income	787	255
Hire purchase payables	B9 2,079	2,150
Bank borrowings	B9 8,831	26,358
Tax payable	3,442	3,737
	<u>54,708</u>	<u>111,190</u>
Total liabilities	<u>71,700</u>	<u>130,186</u>
TOTAL EQUITY AND LIABILITIES	<u>313,425</u>	<u>367,168</u>
Net assets per share (sen)	37.23	36.54

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2015)



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016
 (THE FIGURES HAVE NOT BEEN AUDITED)

	Share Capital RM'000	Share Premium RM'000	Exchange Translation Reserve RM'000	Share Options Reserve RM'000	Treasury Shares RM'000	Retained Profits / (Accumulated Losses) RM'000	Total Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2015	128,318	70,156	(374)	544	(638)	24,652	222,658	133	222,791
Issuance of ordinary shares pursuant to ESS	1,652	921	-	(525)	-	-	2,048	-	2,048
ESS lapsed/forfeited	-	-	-	(1)	-	1	-	-	-
Share options granted under ESS	-	-	-	474	-	-	474	-	474
Total comprehensive income for the year	-	-	1,420	-	-	10,340	11,760	(91)	11,669
At 31 December 2015	<u>129,969</u>	<u>71,077</u>	<u>1,047</u>	<u>492</u>	<u>(638)</u>	<u>34,993</u>	<u>236,940</u>	<u>42</u>	<u>236,982</u>
At 1 January 2016	129,969	71,077	1,047	492	(638)	34,993	236,940	42	236,982
Issuance of ordinary shares pursuant to ESS	132	219	-	-	-	-	351	-	351
Share option granted under ESS	-	-	-	41	-	-	41	-	41
Total comprehensive income for the year	-	-	20	-	-	4,327	4,347	4	4,351
At 31 March 2016	<u>130,101</u>	<u>71,296</u>	<u>1,067</u>	<u>533</u>	<u>(638)</u>	<u>39,320</u>	<u>241,679</u>	<u>46</u>	<u>241,725</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2015)



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016
(THE FIGURES HAVE NOT BEEN AUDITED)

	CURRENT YEAR TO DATE 31/3/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,710	4,415
Adjustment for:-		
Amortisation of development cost	224	221
Amortisation of deferred income	(342)	(111)
Depreciation of property, plant and equipment	4,133	3,569
Impairment loss on property, plant and equipment	-	-
Impairment loss on receivables	422	60
Interest expense	648	720
Interest income	(180)	(319)
Inventories written back	(287)	-
Loss/(Gain) on disposal of property, plant and equipment	(1)	(4)
Property, plant and equipment written-off	62	-
Reversal of impairment on trade receivables	-	(62)
Share options granted under ESS	40	124
Share of gain from an associate	57	34
Unrealised gain on foreign exchange	(188)	551
Operating profit before working capital changes	10,298	9,198
(Increase)/Decrease in working capital		
Inventories	4,728	(10,600)
Trade and other receivables	29,548	6,294
Trade and other payables	(36,087)	(21,531)
	(1,811)	(25,837)
Cash generated from operations	8,487	(16,639)
Interest received	180	319
Interest paid	(648)	(720)
Tax paid	(2,801)	-
	(3,269)	(401)
Net cash from operating activities	5,218	(17,040)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(485)	(4,935)
Addition in intangible assets	(744)	(191)
Net cash used in investing activities	(1,273)	(5,126)
Cash Flows From Financing Activities		
Proceeds from issuance of shares	-	282
Proceeds from issuance of shares-ESOS	351	-
(Increase)/Decrease in fixed deposits pledged	(81)	(722)
Repayment of hire purchase payables	(473)	(211)
Drawdown of bank borrowings	-	30,829
Repayment of bank borrowings	(18,524)	(214)
Net cash used in financing activities	(18,727)	29,964
Net increase/(decrease) in cash and cash equivalents	(14,782)	7,798
Effect of exchange rate fluctuation	1,850	(253)
Cash and cash equivalents at beginning of the finance period	52,100	39,442
Cash and cash equivalents at end of the finance period	39,168	46,987
Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	38,489	45,295
Fixed deposits with licensed banks	7,535	8,300
	46,024	53,595
Less: Fixed deposits pledged to licensed banks	(6,856)	(6,608)
	39,168	46,987

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2015)

Part A: Explanatory notes on consolidated results for the 1st quarter ended 31 March 2016

A1. Basis of Preparation

The interim financial report has been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2015.

The significant accounting policies and methods of computation applied in the interim financial report are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2015.

The Group has not applied in advance the following MFRSs, Amendments to MFRSs and IC Interpretations that have been issued by MASB but not yet effective for the current interim financial report:

Title	Effective Date
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 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101 Disclosure Initiative	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 2012-2015 Cycle	1 January 2016
MFRS 9 Financial Instruments (IFRS as issued by IASB in July 2015)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018

The Directors anticipate that the adoption of the abovementioned Standards and interpretations, when they become effective, are not expected to have material impact on the financial statements of the Group in the in the period of initial application.



GHL SYSTEMS BERHAD
(Company No: 293040-D)

A2. Audit Report

The audited report for the annual financial statements of the Group for the financial year ended 31 December 2015 was not subject to any audit qualification.

A3. Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors.

A4. Unusual Items

During the current quarter and financial year to date ended 31 December 2015, there were no items or events affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual of their nature, size or incidence.

A5. Changes in Estimates

There were no changes in the estimates of amount reported in the prior financial year that have a material effect on the results of the Group for the current quarter and year to date ended 31 December 2015.

A6. Changes in Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and year to date ended 31 March 2016 other than the followings:

- a) Issuance of 80,000 and 580,000 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.227 and RM0.574 respectively.

A7. Dividend Paid

There were no dividends paid for the current quarter and year to date ended 31 March 2016.

A8. Segmental Reporting

The Group has four reportable segments for continuing operations, as described below, which are the Group's strategic business units. The strategic business units offer different geographical locations and are managed separately. The following summary describes the geographical locations units in each of the Group's reportable segments.

- (a) Malaysia
- (b) Philippines
- (c) Thailand
- (d) Australia



GHL SYSTEMS BERHAD
(Company No: 293040-D)

A8. Segmental Reporting (continued)

The core revenue of the Group comprises; Shared Services, Solution Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:-

Shared Services comprises mainly revenue derived from the sales, rental and maintenance of EDC terminals and other card acceptance devices and the supply of cards to banks and other payment operators.

Solution Services comprises mainly revenue derived from the sales and services of payment solutions which include network devices and related software, outsourced payment networks, management/processing of payment and loyalty cards, internet payment processing, and the development of card management systems.

Transaction Payment Acquisition (“TPA”) comprises revenue derived from 2 distinct components

- ii) e-pay services which provides Telco prepaid and other top-up facilities and, bill collection services for consumers (“reload and collection services”) and
- ii) GHL’s direct merchant acquiring and card payment services (“card payment services”)

Performance is measured based on core businesses revenue and geographical profit before tax and interest, as included in the internal management reports that are reviewed by the Group’s Chief Executive Officer. Core businesses revenue and geographical profit are used to measure performance as management believes that such information are the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



GHL SYSTEMS BERHAD
(Company No: 293040-D)

A8. Segmental Reporting (continued)

Cumulative - 31 March	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
REVENUE												
External Sales												
Shared Services	6,701	6,888	4,442	3,770	755	750	-	-	-	-	11,898	11,408
Solution Services	1,342	1,473	744	275	117	30	265	234	-	-	2,469	2,012
Transaction Payment Acquisition	39,931	37,746	1,231	936	350	450	-	-	-	-	41,512	39,132
Inter-segment sales	5,272	4,145	-	-	-	-	-	-	(5,272)	(4,145)	-	-
	53,247	50,252	6,417	4,981	1,223	1,230	265	234	(5,272)	(4,145)	55,879	52,552
RESULTS												
Segment results	5,264	4,464	803	704	76	(141)	35	59	-	(270)	6,178	4,816
Interest income											180	319
Interest expense											(648)	(720)
Profit before taxation											5,710	4,415
Taxation											(1,379)	(1,090)
Net profit for the period											4,331	3,325



GHL SYSTEMS BERHAD
(Company No: 293040-D)

A9. Valuation of Property, Plant and Equipment

There were no changes or amendments to the valuation of property, plant and equipment from the previous annual financial statements.

A10. Material Subsequent Events

There were no material events subsequent to 31 March 2016 of the balance sheet date that have not been reflected in this report.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year to date under review.

A12. Contingent Liabilities

The Group does not have any contingent liabilities as at the date of this report other than the followings:

	RM'000
(a) Banker's guarantee in favour of third parties	
- Secured	14,636
(b) Corporate guarantee – Financial Institution and trade suppliers	114,500
	<u>129,136</u>

A13. Capital Commitment

The amount of capital commitment for purchase property, plant and equipment not provided for as at 31 March 2016 are as follows:

Approved but not contracted for	RM'000
	<u>6,863</u>



GHL SYSTEMS BERHAD
(Company No: 293040-D)

A14. Significant Related Party Transactions

Significant related party transactions for the current quarter and year to date under review are as follows:

Related Party:	Current Year Quarter 31/3/2016 RM'000	Preceding Year Corresponding Quarter 31/3/2015 RM'000	Current Year To Date 31/3/2016 RM'000	Preceding Year Corresponding Period 31/3/2015 RM'000
# 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 GHL Group from Microtree Sdn Bhd ("Microtree") *	-	25	-	25
@ Office rental paid to Telemas Corporation Sdn Bhd ("Telemas") *	114	105	114	105

[^] GHL Systems Berhad Executive Vice Chairman and is a major shareholder Loh Wee Hian has an indirect interest in e-pay (M) Sdn Bhd through his 61.60% shareholding in e-pay Asia Limited("EPY"), the holding company of e-pay (M) Sdn Bhd. He is currently also the Executive Director of e-pay (M) Sdn Bhd as well as the Executive Chairman and CEO of e-pay Asia Limited. On 21 February 2014, GHL had controlling interest of 96.75% of EPY shares. Subsequently, on 16 April 2014, the acquisition was completed and EPY had become a wholly-owned subsidiary of GHL Systems Berhad. As a subsidiary of the Group, the related party transaction will be eliminated at the Group consolidation.

GHL Systems Berhad Independent Non-Executive Director and is a substantial shareholder Goh Kuan Ho is currently General Manager of Microtree. She has resigned on 3 March 2015.

@ Mr Loh Wee Hian also has direct interest in Telemas Corporation Sdn Bhd.

* The Board of Directors is of the opinion that all the transaction above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transaction with unrelated parties.



GHL SYSTEMS BERHAD
(Company No: 293040-D)

PART B: ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

Performance of current quarter (1Q2016) vs corresponding quarter (1Q2015) by segment

GHL Group's 1Q16 net profit after tax for the quarter ended 31 March 2016 was RM4.3 million, a 30% yoy improvement as compared to RM3.3million achieved in 1Q2015. The improvement in profitability was due to a 6% yoy improvement in Group revenue to RM55.9 million (RM52.6 million in 1Q2015) combined with a change in the sales product mix that resulted in higher margins. Our Solutions Services division, that attracts better margins performed particularly well in the 1Q2016. All three divisions, i.e. Shared Services, Solutions Services and TPA showed yoy growth and all our geographical markets showed positive returns. Net margins also improved to 7.7% (1Q15 - 6.3%) due to higher EDC rentals, TPA transaction fees and Solution Services software sales.

The performance of the individual segments are as follows.

Shared Services

Shared Services revenue increased +4% in 1Q2016 yoy to RM11.9 million (1Q2015 – RM11.4 million). The net increase was due to the higher collection of rental and maintenance fee income (mostly from Philippines and Malaysia) but offset by lower hardware sales in Malaysia in 1Q2016 as compared to 1Q2015.

Solutions Services

While Solutions Services gross revenue increased +23% yoy to RM2.5 million (1Q2015 RM2.0 million), this segment contributed only 4.4% of the Group's 1Q2016 total revenue. Despite the lower proportion to Group revenue, this division attracted better margins which in turn contributed to the Group's improved bottom line for 1Q2016. While Philippines and Thailand showed increases in this division's gross revenue, all three regions, including Malaysia showed improvements in their net contribution due to the sales product mix. This overall increase in gross revenue, more than offset lower rental and maintenance annuity revenues of -2.6%.

Transaction Payment Acquisition (TPA)

TPA gross revenues grew +6% to RM41.5 million (1Q2015 – RM39.1 million) with improvements in both the e-pay and card payments TPA segments. Malaysia and the Philippines saw increases in this segment but Thailand showed a small decline of RM100,000 in gross revenue. e-pay was able to maintain its gross margin per transaction at 130 basis points while the card payments TPA segment increased its gross margin per transaction from 50 to 70 basis points in 1Q16, an increase of 40%. This resulted from higher rentals and MDR earned from the bigger merchant acceptance base and higher transaction values processed.



GHL SYSTEMS BERHAD
(Company No: 293040-D)

B1. Review of Performance (continued)

A summary of key data relating to the e-pay and card payments businesses are found in Tables 1 and 2 below.

e-pay (reload and collection services)

Table 1

e-pay (All stated in RM' Millions unless stated otherwise)	1Q 2015	1Q 2016	% change
Transaction Value Processed	795.39	872.27	9.7%
Gross Revenue	33.77	34.59	2.5%
Gross Revenue/Transaction Value (Note 1)	4.20%	4.00%	-0.2%
Gross Profit	10.55	11.21	6.3%
Gross Profit/Transaction Value (Note 1)	1.30%	1.30%	0.0%
Number of Merchant Acceptance Points (Thousands) (Note 2)	24.88	29.89	20.1%

Note 1 - Gross Revenue or Gross Profit respectively divided by the Transaction Value Processed expressed as a %.

Note 2 – Merchant Acceptance Points means the number of merchant outlets that accept e-pay products and services

GHL (card payment services)

Table 2

GHL Bank Card Payments TPA (All stated in RM' Millions unless stated otherwise)	1Q 2015	1Q 2016	% change
Transaction Value Processed	481.25	512.27	6.4%
Gross Revenue	5.36	6.92	29.0%
Gross Revenue/Transaction Value (Note 1)	1.11%	1.35%	0.24%
Gross Profit	2.54	3.34	31.5%
Gross Profit/Transaction Value (Note 1)	0.50%	0.70%	0.20%
Number of Merchant Acceptance Points (Thousands) (Note 2)	34.12	48.17	41.2%

Note 1 - Gross Revenue or Gross Profit respectively divided by the Transaction Value Processed expressed as a %.

Note 2 – Merchant Acceptance Points means the number of merchant outlets that accept GHL TPA products and services. 1Q 2015 number has been restated to exclude inactive merchants.

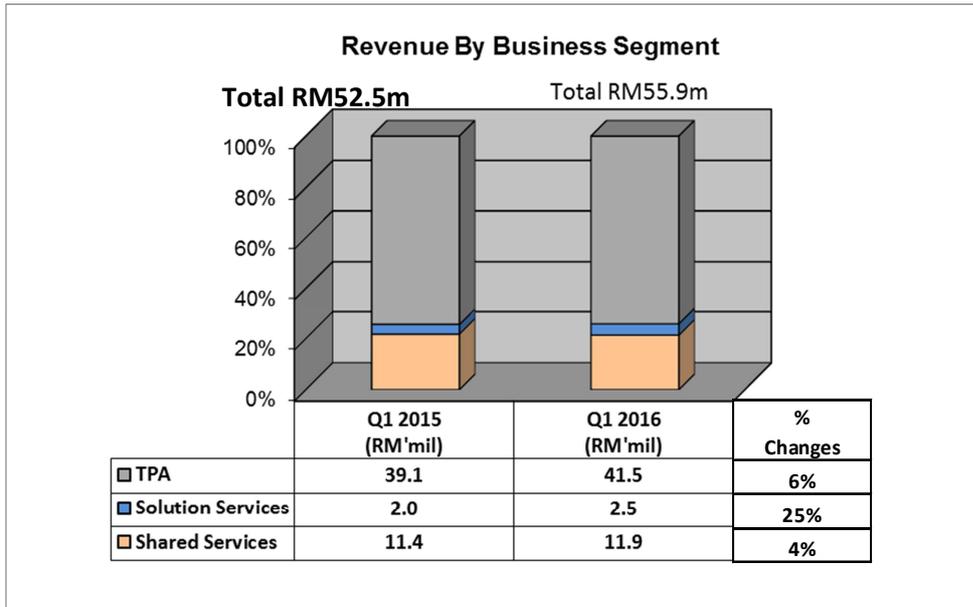
Note 3 GHL (card payment services)

The TPA Bank card payment services business is relatively new. The existing GHL Bank card payment services data as shown in Table 2 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 (Since 2008)
- (ii) Malaysian domestic debit card ("MyDebit") merchant acquisition (since 2003)
- (iii) Internet TPA ("eGHL") in Malaysia (Since 2Q 2014) and Thailand (Since 2013), and
- (iv) "Card Present" TPA (i.e. non-internet TPA) in Thailand (Since 2Q 2014).

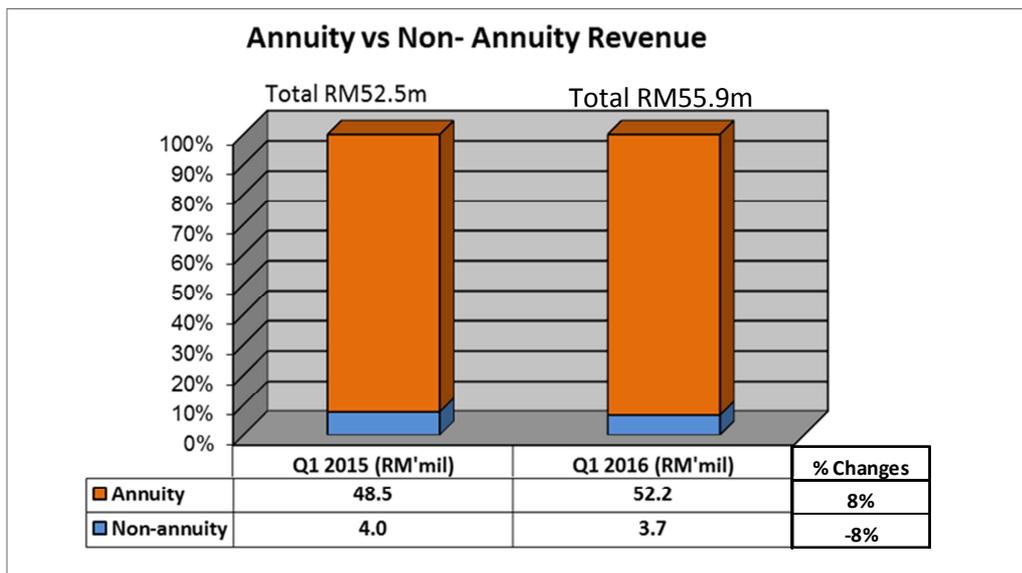
B1. Review of Performance (continued)

Figure 1



GHL Group’s annuity based revenues grew to 93.4% in 1Q2016 as compared to 92.4% in the same quarter, a year ago. The Group’s stated strategy of continually reducing lumpy, non-annuity based revenues has been successful and is expected to strengthen further with growth in the TPA business.

Figure 2





GHL SYSTEMS BERHAD
(Company No: 293040-D)

B1. Review of Performance (continued)

Performance of current quarter (1Q 2016) vs corresponding quarter (1Q 2015) by geographical segment

1Q2016 revenue improved +6% yoy to RM55.8 million (1Q2015 – RM52.6m) principally due to increases in the Malaysia and Philippine markets of +4.1% yoy and +28.8% yoy respectively, whereas Thailand showed a slight decline of -0.6% yoy. All geographical segments were profitable including Thailand which registered a small EBIT gain of RM76,000.

Malaysia continues to be the largest contributor, accounting for 86.0% (1Q2105 – 87.7%) of Group revenue. Within this, the main contributor of revenue was from e-pay whose operations are based in Malaysia. The Shared Services and Solutions Services divisions in Malaysia registered small yoy declines in 1Q2016 due to lower hardware sales as compared to the same period in the previous year. Solutions Services gross revenue for Malaysia was down marginally by -8.9% due to lower maintenance fees and hardware sales but this was offset by higher software sales. TPA revenue increased with both e-pay and card payment's TPA revenue improving due to higher rental and maintenance income as well as higher transaction fees collected. Overall, Malaysia recorded an improved EBIT of RM5.3 million (1Q2015 – RM4.5 million).

At 11.5% of the 1Q2016 Group revenue, Philippines was the second largest revenue contributor to the Group. Philippines recorded revenues of RM6.4 million (+28.8%) with sales being driven mainly by its Solutions Services division which registered stronger hardware and software sales of our proprietary payment network and encryption products. The Shared Services segment also grew 17.8%, driven by higher rental and maintenance fees. The TPA segment grew +31.5% yoy, due to higher rental income and transaction fees received from revenue sharing contracts with the acquiring banks (*See Note 3 of Table 2 for composition of the TPA income*). The TPA growth rate was high even though the Philippines had not yet commenced its TPA under a direct contracting model with the merchants, this will only occur in the late 2Q2016. Philippines EBIT grew 14% to RM0.8 million in 1Q2016 from RM0.7 million in 1Q2015.

Thailand recorded flat sales of RM1.2 million both in 1Q2016 and 1Q2015. The Shared Services revenue remained unchanged at RM755,000 but there was a decline in the TPA segment which was offset by increases in Solutions Services revenue due to higher hardware and software sales. Business conditions in Thailand remain challenging at the present time given the political situation and the Group's position is to remain cautionary, monitor the situation and contain costs. In 2016 the Group managed to secure a contract to deliver a payment network upgrade for one of the local banks and this will be reflected in the Solutions Services division's results in the second half of 2016.

Our Australia operations recorded sales of RM265,000 for network rental and maintenance fees. Australia recorded a small EBIT of RM35,000 compared to RM59,000 in the previous period last year.

B2. Current Year's Prospects

In Malaysia, the Group successfully implemented, since the middle of 2015, its TPA agreements with a large local Bank and a foreign owned, non-Bank acquirer for physical and online merchant acquisition respectively. The merchant acquisition momentum started in 2015 is expected to be maintained for the rest of 2016. The payments landscape in Malaysia is rapidly changing due to directives and incentives put in place by Bank Negara. GHL is optimistic that these changes will positively impact its 2016 performance as the acquiring Banks grow their merchant card acceptance points through the TPA initiative.



GHL SYSTEMS BERHAD
(Company No: 293040-D)

B2. Current Year's Prospects (continued)

In the Philippines, whereas the previous TPA arrangements were restricted to revenue sharing arrangements with acquiring banks, the Group is now poised to commence its TPA business by directly contracting with merchants. This model is consistent with that implemented in Malaysia and will enable the Philippines to target a much wider and larger segment within the marketplace. Merchants will start being acquired under this model in the latter part of 2Q2016 and the Group expects that this will lead to higher growth rates in the TPA business.

GHL Group expects 2016 prospects to be positive. The investments made in growing new businesses thus far should strengthen the Group's position and to enable it to take advantage of opportunities for e-payment conversion in ASEAN.

B3. Profit Forecast and Profit Guarantee

The Company has not issued any profit forecast or profit guarantee for the current financial year.

B4. Profit Before Taxation

	Current Quarter <u>31/3/2016</u> RM'000	Preceding Year Corresponding Quarter <u>31/3/2015</u> RM'000	Current Year To Date <u>31/3/2016</u> RM'000	Preceding Year Corresponding Period <u>31/3/2015</u> RM'000
Amortisation of intangible asset	224	221	224	221
Depreciation of property, plant and equipment	4,133	3,569	4,133	3,569
Fixed assets written off/(written back)	62	-	62	-
(Gain)/Loss on foreign exchange				
- Realised	(78)	339	(78)	339
- Unrealised	(188)	551	(188)	551
(Gain)/Loss on disposal of fixed assets	1	(4)	1	(4)
Impairment loss on receivables	422	60	422	60
Interest income	(180)	(319)	(180)	(319)
Interest expenses	648	720	648	720
Inventory written off/(back)	287	-	287	-
Rental expenses	449	277	449	277
Reversal of allowance for doubtful debts	-	(62)	-	(62)
Share based payment	40	124	40	124



GHL SYSTEMS BERHAD
(Company No: 293040-D)

B5. Taxation

	Current Quarter 31/3/2016 RM'000	Preceding Year Corresponding Quarter 31/3/2015 RM'000	Current Year to Date 31/3/2016 RM'000	Preceding Year Corresponding Period 31/3/2015 RM'000
Current tax expenses based on based on profit for the financial year:				
Malaysian income tax	(1,204)	(943)	(1,204)	(943)
Foreign income tax	(175)	(147)	(175)	(147)
Over/(under) provision in prior year	-	-	-	-
Total	(1,379)	(1,090)	(1,379)	(1,090)

The Group's tax rate is disproportionate to the statutory tax rate due to unabsorbed tax loss and unutilised tax allowances and deferred tax benefits of certain companies within the Group.

B6. Profit on Sale of Unquoted Investment and/or Properties

There was no disposal of unquoted investment or properties for the current quarter and year to date ended 31 March 2016.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for current quarter and year to date ended 31 March 2016.

B8. Status of Corporate Proposals

There were no corporate proposals announced and not completed as at the date of this report.

B9. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 March 2016 are as follows:-

(a) Bank Borrowings

	Long-term Borrowings RM'000	Short-term Borrowings RM'000	Total RM'000
Ringgit Malaysia	11,000	5,572	16,573
Philippine peso	2,314	918	3,231
US dollar	-	2,341	2,341
	13,314	8,831	22,145



GHL SYSTEMS BERHAD
(Company No: 293040-D)

B9. Group Borrowings and Debt Securities (continued)

The Bankers' Acceptance and Commodity Murabahah/Trade Loan are secured by way of:

	2016	2015
	RM'000	RM'000
(i) term deposits of the Group	6,951	6,608
(ii) structured investment of the Group	8,000	8,000
(iii) a Corporate Guarantee by parent entity	74,000	74,000
	88,951	88,608

The term loans are secured by way of:

- (i) negative pledge from e-pay (M) Sdn Bhd
- (ii) first party charge over cash deposits by the Company over Escrow Account solely operated by the Bank
- (iii) Undertaking from the Company to assign 100% dividend from the subsidiaries throughout the duration of the Term Loan facilities to the Bank's Escrow Account

(b) Hire Purchase

	Long-term Hire Purchase RM'000	Short-term Hire Purchase RM'000	Total RM'000
Ringgit Malaysia	282	236	518
Philippine peso	2,232	1,843	4,075
	2,514	2,079	4,593

The hire purchase payables of the Group as at 31 March 2016 are for the Group's motor vehicles and EDC equipment. The portion of the hire purchase due within one (1) year is classified as current liabilities.

B10. Realised and Unrealised Profit

	As at 31/3/2016	As at 31/3/2015
	RM'000	RM'000
Total retained profit of the Group:-		
- Realised	39,238	(46,159)
- Unrealised	800	1,443
	40,038	(44,716)
Less: Consolidation adjustment	(716)	72,705
Total group retained	39,321	27,989

B11. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.



GHL SYSTEMS BERHAD
(Company No: 293040-D)

B12. Material Litigation

As at the date of this report, the Group is not engaged in any material litigation, claims, arbitration or prosecution, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

B13. Dividend Proposed

There was no dividend declared for the current quarter and year to date ended 31 December 2015.

B14. Earnings Per Share

a) Basic earnings per share

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

b) Diluted earnings per share

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

<u>Basic</u>		Current Quarter <u>31/3/2016</u>	Preceding Year Corresponding Quarter <u>31/3/2015</u>	Current Year To Date <u>31/3/2016</u>	Preceding Year Corresponding Period <u>31/3/2015</u>
Profit attributable to owners of the Company	(RM'000)	4,327	3,337	4,327	3,337
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	648,585	640,717	648,585	640,717
Basic earnings per share	(Sen)	0.67	0.52	0.67	0.52

<u>Diluted</u>		Current Quarter <u>31/3/2016</u>	Preceding Year Corresponding Quarter <u>31/3/2015</u>	Current Year To Date <u>31/3/2016</u>	Preceding Year Corresponding Period <u>31/3/2015</u>
Profit attributable to owners of the Company	(RM'000)	4,327	3,337	4,327	3,337
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	651,799	649,178	651,799	649,178
Diluted earnings per share	(Sen)	0.66	0.51	0.66	0.51