



**GHL SYSTEMS BERHAD**  
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2017  
(THE FIGURES HAVE NOT BEEN AUDITED)

|                                                                          | Note | INDIVIDUAL QUARTER                                |                                                                   | CUMULATIVE QUARTER                                |                                                                  |
|--------------------------------------------------------------------------|------|---------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------------|
|                                                                          |      | CURRENT<br>YEAR<br>QUARTER<br>31/3/2017<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER<br>31/3/2016<br>RM'000 | CURRENT<br>YEAR<br>TO DATE<br>31/3/2017<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br>31/3/2016<br>RM'000 |
|                                                                          |      |                                                   | -                                                                 |                                                   | -                                                                |
| Revenue                                                                  | A9   | 68,001                                            | 55,879                                                            | 68,001                                            | 55,879                                                           |
| Cost of sales                                                            |      | <u>(41,603)</u>                                   | <u>(32,602)</u>                                                   | <u>(41,603)</u>                                   | <u>(32,602)</u>                                                  |
| <b>Gross profit</b>                                                      |      | <b>26,398</b>                                     | <b>23,277</b>                                                     | <b>26,398</b>                                     | <b>23,277</b>                                                    |
| Other operating income                                                   |      | 1,877                                             | 908                                                               | 1,877                                             | 908                                                              |
| Payroll expenses                                                         |      | (12,721)                                          | (11,206)                                                          | (12,721)                                          | (11,206)                                                         |
| Administration expenses                                                  |      | (5,743)                                           | (2,784)                                                           | (5,743)                                           | (2,784)                                                          |
| Distribution costs                                                       |      | (1,059)                                           | (1,822)                                                           | (1,059)                                           | (1,822)                                                          |
| Other expenses                                                           |      | (150)                                             | (739)                                                             | (150)                                             | (739)                                                            |
| <b>Profit before interest, taxation, amortisation &amp; depreciation</b> |      | <b>8,602</b>                                      | <b>7,634</b>                                                      | <b>8,602</b>                                      | <b>7,634</b>                                                     |
| Depreciation expenses                                                    |      | (1,281)                                           | (1,219)                                                           | (1,281)                                           | (1,219)                                                          |
| Finance cost                                                             |      | (609)                                             | (648)                                                             | (609)                                             | (648)                                                            |
| Share of results of associated companies                                 |      | (20)                                              | (57)                                                              | (20)                                              | (57)                                                             |
| <b>Profit before taxation</b>                                            |      | <b>6,692</b>                                      | <b>5,710</b>                                                      | <b>6,692</b>                                      | <b>5,710</b>                                                     |
| Income tax expense                                                       |      | (1,355)                                           | (1,379)                                                           | (1,355)                                           | (1,379)                                                          |
| <b>Profit for the period</b>                                             |      | <b>5,337</b>                                      | <b>4,331</b>                                                      | <b>5,337</b>                                      | <b>4,331</b>                                                     |
| <b>Attributable to:</b>                                                  |      |                                                   |                                                                   |                                                   |                                                                  |
| Owners of the Company                                                    |      | 5,326                                             | 4,327                                                             | 5,326                                             | 4,327                                                            |
| Non-controlling interest                                                 |      | <u>11</u>                                         | <u>4</u>                                                          | <u>11</u>                                         | <u>4</u>                                                         |
|                                                                          |      | <b>5,337</b>                                      | <b>4,331</b>                                                      | <b>5,337</b>                                      | <b>4,331</b>                                                     |
| Earnings Per Ordinary Share                                              |      |                                                   |                                                                   |                                                   |                                                                  |
| - Basic (sen)                                                            | B13  | 0.81                                              | 0.67                                                              | 0.81                                              | 0.67                                                             |
| - Diluted (sen)                                                          | B13  | 0.81                                              | 0.66                                                              | 0.81                                              | 0.66                                                             |
| <b>Profit for the period</b>                                             |      | <b>5,337</b>                                      | <b>4,330</b>                                                      | <b>5,337</b>                                      | <b>4,331</b>                                                     |
| Other comprehensive income, net of tax                                   |      |                                                   |                                                                   |                                                   |                                                                  |
| Foreign currency translation differences                                 |      | 1,255                                             | 20                                                                | 1,255                                             | 20                                                               |
| Reclassification adjustments on exchange translation reserve             |      | <u>3,166</u>                                      | <u>-</u>                                                          | <u>3,166</u>                                      | <u>-</u>                                                         |
| <b>Total comprehensive income for the period</b>                         |      | <b>9,758</b>                                      | <b>4,350</b>                                                      | <b>9,758</b>                                      | <b>4,351</b>                                                     |
| <b>Total comprehensive income attributable to:</b>                       |      |                                                   |                                                                   |                                                   |                                                                  |
| Owners of the Company                                                    |      | 9,747                                             | 4,347                                                             | 9,747                                             | 4,347                                                            |
| Non-controlling interest                                                 |      | <u>11</u>                                         | <u>4</u>                                                          | <u>11</u>                                         | <u>4</u>                                                         |
|                                                                          |      | <b>9,758</b>                                      | <b>4,351</b>                                                      | <b>9,758</b>                                      | <b>4,351</b>                                                     |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2016)



**GHL SYSTEMS BERHAD**  
(Company No: 293040-D)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDED 31 MARCH 2017**  
(THE FIGURES HAVE NOT BEEN AUDITED)

|                                                            | <b>Note</b> | <b>AS AT<br/>CURRENT YEAR<br/>QUARTER<br/>31/3/2017<br/>(Unaudited)<br/>RM'000</b> | <b>AS AT PRECEDING<br/>FINANCIAL<br/>YEAR ENDED<br/>31/12/2016<br/>(Audited)<br/>RM'000</b> |
|------------------------------------------------------------|-------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| <b>ASSETS</b>                                              |             |                                                                                    |                                                                                             |
| <b>Non-current assets</b>                                  |             |                                                                                    |                                                                                             |
| Property, plant and equipment                              |             | 59,098                                                                             | 59,568                                                                                      |
| Goodwill on consolidation                                  |             | 105,630                                                                            | 105,630                                                                                     |
| Intangible assets                                          |             | 2,142                                                                              | 2,405                                                                                       |
| Other investment                                           |             | 8,143                                                                              | 8,114                                                                                       |
| Deferred tax assets                                        |             | 1,197                                                                              | 1,207                                                                                       |
|                                                            |             | <u>176,210</u>                                                                     | <u>176,924</u>                                                                              |
| <b>Current assets</b>                                      |             |                                                                                    |                                                                                             |
| Inventories                                                |             | 71,445                                                                             | 83,493                                                                                      |
| Trade receivables                                          |             | 45,608                                                                             | 31,607                                                                                      |
| Other receivables                                          |             | 17,181                                                                             | 20,010                                                                                      |
| Tax recoverable                                            |             | 3,550                                                                              | 1,321                                                                                       |
| Fixed deposits placed with licensed banks                  |             | 7,361                                                                              | 13,004                                                                                      |
| Cash and bank balances                                     |             | 51,496                                                                             | 70,860                                                                                      |
|                                                            |             | <u>196,641</u>                                                                     | <u>220,295</u>                                                                              |
| <b>TOTAL ASSETS</b>                                        |             | <u>372,851</u>                                                                     | <u>397,219</u>                                                                              |
| <b>EQUITY AND LIABILITIES</b>                              |             |                                                                                    |                                                                                             |
| <b>Equity attributable to equity holders of the parent</b> |             |                                                                                    |                                                                                             |
| Share capital                                              |             | 204,258                                                                            | 130,945                                                                                     |
| Reserves                                                   |             | 59,395                                                                             | 128,838                                                                                     |
| Treasury Shares                                            |             | (638)                                                                              | (638)                                                                                       |
| <b>Equity attributable to equity holders of the parent</b> |             | <u>263,015</u>                                                                     | <u>259,145</u>                                                                              |
| Non controlling interest                                   |             | 87                                                                                 | 76                                                                                          |
| <b>Total equity</b>                                        |             | <u>263,102</u>                                                                     | <u>259,221</u>                                                                              |
| <b>Non-current liabilities</b>                             |             |                                                                                    |                                                                                             |
| Hire purchase payables                                     | B9          | 1,149                                                                              | 966                                                                                         |
| Bank borrowing                                             | B9          | 14,569                                                                             | 16,714                                                                                      |
| Deferred tax liability                                     |             | 2,131                                                                              | 2,135                                                                                       |
| Deferred income                                            |             | 17                                                                                 | -                                                                                           |
|                                                            |             | <u>17,866</u>                                                                      | <u>19,815</u>                                                                               |
| <b>Current liabilities</b>                                 |             |                                                                                    |                                                                                             |
| Trade payables                                             |             | 5,645                                                                              | 16,641                                                                                      |
| Other payables                                             |             | 71,742                                                                             | 79,198                                                                                      |
| Deferred income                                            |             | 493                                                                                | 619                                                                                         |
| Hire purchase payables                                     | B9          | 2,771                                                                              | 3,445                                                                                       |
| Bank borrowings                                            | B9          | 7,409                                                                              | 16,999                                                                                      |
| Tax payable                                                |             | 3,823                                                                              | 1,281                                                                                       |
|                                                            |             | <u>91,883</u>                                                                      | <u>118,183</u>                                                                              |
| <b>Total liabilities</b>                                   |             | <u>109,749</u>                                                                     | <u>137,998</u>                                                                              |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |             | <u>372,851</u>                                                                     | <u>397,219</u>                                                                              |
| Net assets per share (sen)                                 |             | 40.21                                                                              | 39.67                                                                                       |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2016)



**GHL SYSTEMS BERHAD**  
**(Company No: 293040-D)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 2017**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

|                                                           | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Exchange Translation<br>Reserve<br>RM'000 | Share Options<br>Reserve<br>RM'000 | Treasury<br>Shares<br>RM'000 | Retained Profits /<br>(Accumulated Losses)<br>RM'000 | Total Attributable To<br>Owners Of The Parent<br>RM'000 | Non-Controlling<br>Interests<br>RM'000 | Total Equity<br>RM'000 |
|-----------------------------------------------------------|----------------------------|----------------------------|-------------------------------------------|------------------------------------|------------------------------|------------------------------------------------------|---------------------------------------------------------|----------------------------------------|------------------------|
| 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               | 976                        | 1,748                      | -                                         | -                                  | -                            | -                                                    | 2,724                                                   | -                                      | 2,724                  |
| Share options granted under ESS                           | -                          | -                          | -                                         | (330)                              | -                            | -                                                    | (330)                                                   | -                                      | (330)                  |
| Total comprehensive income for the year                   | -                          | -                          | 1,678                                     | -                                  | -                            | 18,133                                               | 19,811                                                  | 34                                     | 19,845                 |
| At 31 December 2016                                       | 130,945                    | 72,825                     | 2,725                                     | 162                                | (638)                        | 53,126                                               | 259,145                                                 | 76                                     | 259,221                |
| At 1 January 2017                                         | 130,945                    | 72,825                     | 2,725                                     | 162                                | (638)                        | 53,126                                               | 259,145                                                 | 76                                     | 259,221                |
| Issuance of ordinary shares pursuant to ESS               | 170                        | 318                        | -                                         | -                                  | -                            | -                                                    | 488                                                     | -                                      | 488                    |
| Adjustments for effects of Companies Act 2016 (Note a)    | 73,143                     | (73,143)                   | -                                         | -                                  | -                            | -                                                    | -                                                       | -                                      | -                      |
| Share option granted under ESS                            | -                          | -                          | -                                         | 66                                 | -                            | -                                                    | 66                                                      | -                                      | 66                     |
| Reclassification adjustments of exchange translation rese | -                          | -                          | (3,166)                                   | -                                  | -                            | 3,166                                                | -                                                       | -                                      | -                      |
| Total comprehensive income for the year                   | -                          | -                          | 1,255                                     | -                                  | -                            | 5,327                                                | 6,582                                                   | 11                                     | 6,593                  |
| Dividend paid                                             | -                          | -                          | -                                         | -                                  | -                            | (3,266)                                              | (3,266)                                                 | -                                      | (3,266)                |
| At 31 March 2017                                          | 204,258                    | -                          | 814                                       | 228                                | (638)                        | 58,353                                               | 263,015                                                 | 87                                     | 263,102                |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2016)

**Note a**

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium of RM73,143,000, has been transferred to the share capital account. Pursuant to subsection 618 (3) and 618 (4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.



**GHL SYSTEMS BERHAD**  
(Company No: 293040-D)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 MARCH 2017**  
(THE FIGURES HAVE NOT BEEN AUDITED)

|                                                                     | CURRENT<br>YEAR TO DATE<br>31/3/2017<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br>31/3/2016<br>RM'000 |
|---------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                                                |                                                                  |
| Profit before taxation                                              | 6,692                                          | 5,710                                                            |
| <b>Adjustment for:-</b>                                             |                                                |                                                                  |
| Amortisation of development cost                                    | 93                                             | 224                                                              |
| Amortisation of deferred income                                     | (335)                                          | (342)                                                            |
| Bad debts written-off                                               | 11                                             | -                                                                |
| Depreciation of property, plant and equipment                       | 4,984                                          | 4,133                                                            |
| Impairment loss on receivables                                      | 854                                            | 422                                                              |
| Loss on liquidation of subsidiary companies                         | 1,696                                          | -                                                                |
| Interest expense                                                    | 609                                            | 648                                                              |
| Interest income                                                     | (193)                                          | (180)                                                            |
| Inventories written off/(back)                                      | 19                                             | (287)                                                            |
| Gain on disposal of property, plant and equipment                   | (397)                                          | (1)                                                              |
| Property, plant and equipment written-off                           | 2                                              | 62                                                               |
| Share options granted under ESS                                     | 7                                              | 40                                                               |
| Share of gain from an associate                                     | 20                                             | 57                                                               |
| Unrealised gain on foreign exchange                                 | 147                                            | (188)                                                            |
| <b>Operating profit before working capital changes</b>              | <b>14,209</b>                                  | <b>10,298</b>                                                    |
| <b>(Increase)/Decrease in working capital</b>                       |                                                |                                                                  |
| Inventories                                                         | 10,043                                         | 4,728                                                            |
| Trade and other receivables                                         | (12,280)                                       | 29,548                                                           |
| Trade and other payables                                            | (18,467)                                       | (36,087)                                                         |
| Advance receipt from deferred income                                | 229                                            | -                                                                |
|                                                                     | <b>(20,475)</b>                                | <b>(1,811)</b>                                                   |
| <b>Cash (used in)/ generated from operations</b>                    | <b>(6,266)</b>                                 | <b>8,487</b>                                                     |
| Interest received                                                   | 193                                            | 180                                                              |
| Interest paid                                                       | (609)                                          | (648)                                                            |
| Tax paid                                                            | (4,999)                                        | (2,801)                                                          |
|                                                                     | <b>(4,915)</b>                                 | <b>(3,269)</b>                                                   |
| <b>Net cash (used in )/ from operating activities</b>               | <b>(11,181)</b>                                | <b>5,218</b>                                                     |
| <b>Cash Flows From Investing Activities</b>                         |                                                |                                                                  |
| Purchase of property, plant and equipment                           | (3,197)                                        | (485)                                                            |
| Purchase of other investment                                        | (49)                                           | (45)                                                             |
| Proceeds from disposal of property , plant and equipment            | 1,255                                          | 1                                                                |
| Addition in intangible assets                                       | (8)                                            | (744)                                                            |
| <b>Net cash used in investing activities</b>                        | <b>(1,999)</b>                                 | <b>(1,273)</b>                                                   |
| <b>Cash Flows From Financing Activities</b>                         |                                                |                                                                  |
| Proceeds from issuance of shares-ESOS                               | 488                                            | 351                                                              |
| (Increase)/Decrease in fixed deposits pledged                       | (77)                                           | (81)                                                             |
| Drawdown of hire purchase                                           | 350                                            | -                                                                |
| Repayment of hire purchase payables                                 | (744)                                          | (473)                                                            |
| Repayment of bank borrowings                                        | (11,840)                                       | (18,524)                                                         |
| <b>Net cash used in financing activities</b>                        | <b>(11,823)</b>                                | <b>(18,727)</b>                                                  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>         | <b>(25,003)</b>                                | <b>(14,782)</b>                                                  |
| <b>Effect of exchange rate fluctuation</b>                          | <b>(81)</b>                                    | <b>1,850</b>                                                     |
| <b>Cash and cash equivalents at beginning of the finance period</b> | <b>76,887</b>                                  | <b>52,100</b>                                                    |
| <b>Cash and cash equivalents at end of the finance period</b>       | <b>51,803</b>                                  | <b>39,168</b>                                                    |

**Cash and cash equivalents at end of the finance year:-**

|                                                |               |               |
|------------------------------------------------|---------------|---------------|
| Cash and bank balances                         | 51,496        | 38,489        |
| Fixed deposits with licensed banks             | 7,361         | 7,535         |
|                                                | 58,857        | 46,024        |
| Less: Fixed deposits pledged to licensed banks | (7,054)       | (6,856)       |
|                                                | <b>51,803</b> | <b>39,168</b> |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2016)

**Part A: Explanatory notes on consolidated results for the quarter ended 31 March 2017**

**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 results for this interim period are unaudited and should be read in conjunction with the Group’s audited consolidated financial statements and the accompanying notes for the year ended 31 December 2016.

**A2. Significant Accounting Policies**

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2017 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2016.

As of 1 January 2017, the Group and the Corporation have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

MFRS and amendments effective for annual periods beginning on or after 1 January 2017:

Amendments to MFRS 12: Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)

Amendments to MFRS 107: Statement of Cash Flows: Disclosure Initiative

Amendments to MFRS 112: Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above pronouncements has no material financial impact to the Group and the Corporation.

**A3. Audit Report**

The audited report for the annual financial statements of the Group for the financial year ended 31 December 2016 was not subject to any audit qualification.

**A4. Seasonal or Cyclical Factors**

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

**A5. Unusual Items**

There were no items or events affecting assets, liabilities, equity, net income or cash flow of the Group that are unusual of their nature, size or incidence during the current quarter.

**A6. Changes in Estimates**

There were no changes in estimates that have had any material effect during the current quarter.

**A7. 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 during the current quarter.

**A8. Dividend Paid**

On 20 February 2017, the Company announced an interim single tier dividend of RM0.005 per ordinary share amounting to a total of RM3,266,546.46.

This dividend was paid on 31 March 2017.

**A9. 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

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:-

- i) 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)

**A9. Segmental Reporting (continued)**

| Quarter and Year to date ended<br>31 March | Malaysia       |                | Philippines    |                | Thailand       |                | Australia      |                | Adjustment and Elimination |                | Consolidated   |                |
|--------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------------|----------------|----------------|----------------|
|                                            | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 | 2017<br>RM'000             | 2016<br>RM'000 | 2017<br>RM'000 | 2016<br>RM'000 |
| <b>CONTINUING OPERATIONS</b>               |                |                |                |                |                |                |                |                |                            |                |                |                |
| <b>REVENUE</b>                             |                |                |                |                |                |                |                |                |                            |                |                |                |
| External Sales                             |                |                |                |                |                |                |                |                |                            |                |                |                |
| Shared Services                            | 13,540         | 6,701          | 4,348          | 4,442          | 1,382          | 755            |                | -              | -                          | -              | 19,270         | 11,898         |
| Solution Services                          | 1,718          | 1,342          | 294            | 744            | 260            | 117            | 138            | 265            | -                          | -              | 2,410          | 2,469          |
| Transaction Payment Acquisition            | 44,494         | 39,931         | 1,336          | 1,231          | 491            | 350            |                | -              | -                          | -              | 46,321         | 41,512         |
| Inter-segment sales                        | 5,338          | 5,272          |                | -              |                | -              |                | -              | (5,338)                    | (5,272)        | -              | -              |
|                                            | <b>65,090</b>  | <b>53,247</b>  | <b>5,978</b>   | <b>6,417</b>   | <b>2,133</b>   | <b>1,223</b>   | <b>138</b>     | <b>265</b>     | <b>(5,338)</b>             | <b>(5,272)</b> | <b>68,001</b>  | <b>55,879</b>  |
| <b>RESULTS</b>                             |                |                |                |                |                |                |                |                |                            |                |                |                |
| <b>Segment results</b>                     | <b>6,007</b>   | <b>5,264</b>   | <b>501</b>     | <b>803</b>     | <b>258</b>     | <b>76</b>      | <b>(74)</b>    | <b>35</b>      | <b>416</b>                 | <b>-</b>       | <b>7,108</b>   | <b>6,178</b>   |
| Interest income                            |                |                |                |                |                |                |                |                |                            |                | 193            | 180            |
| Interest expense                           |                |                |                |                |                |                |                |                |                            |                | (609)          | (648)          |
| <b>Profit before taxation</b>              |                |                |                |                |                |                |                |                |                            |                | <b>6,692</b>   | <b>5,710</b>   |
| Taxation                                   |                |                |                |                |                |                |                |                |                            |                | (1,355)        | (1,379)        |
| <b>Net profit for the period</b>           |                |                |                |                |                |                |                |                |                            |                | <b>5,337</b>   | <b>4,331</b>   |



**GHL SYSTEMS BERHAD**  
(Company No: 293040-D)

**A10. 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.

**A11. Material Subsequent Events to the end of Current Quarter**

There were no material events subsequent to the end of the current quarter that have not been reflected in this interim report.

**A12. 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.

**A13. Contingent Liabilities**

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

|                                                                     | <b>RM'000</b>  |
|---------------------------------------------------------------------|----------------|
| (a) Banker's guarantee in favour of third parties                   |                |
| - Secured                                                           | 25,424         |
| (b) Corporate guarantee – Financial Institution and trade suppliers | 92,197         |
|                                                                     | <u>117,621</u> |

**A14. Capital Commitment**

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

|                                 | <b>RM'000</b> |
|---------------------------------|---------------|
| Approved but not contracted for | <u>155</u>    |

**A15. Significant Related Party Transactions**

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

| Related Party:                                                                                         | Quarter and Year-To- Date ended |                     |
|--------------------------------------------------------------------------------------------------------|---------------------------------|---------------------|
|                                                                                                        | 31/3/2017<br>RM'000             | 31/3/2016<br>RM'000 |
| @ Office rental paid to Telemas Corporation Sdn Bhd ("Telemas") and Global Voice Corporation Sdn Bhd * | <b>130</b>                      | <b>114</b>          |

@ Mr Loh Wee Hian also has direct interest in Telemas Corporation Sdn Bhd and Global Voice 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 (1Q2017) vs corresponding quarter (1Q2016) by segment**

GHL group's 1Q17 net profit after tax for the quarter ended 31 March 2017 totalled RM5.34 million, a 23.2% yoy improvement compared to RM4.33 million achieved in 1Q2016. The profitability improvement was on the back of a +21.7% yoy improvement in Group revenue to RM68.0 million vs RM55.9 million in 1Q2016. The higher profitability this quarter was achieved on the back of better performance from shared services and TPA divisions whereas solutions services were flat. Net margins also slightly improved to 7.85% (1Q16 – 7.75%) due to higher EDC rental sales as well as higher TPA transaction fees earned.

The performances of the individual segments are as follows.

Shared Services

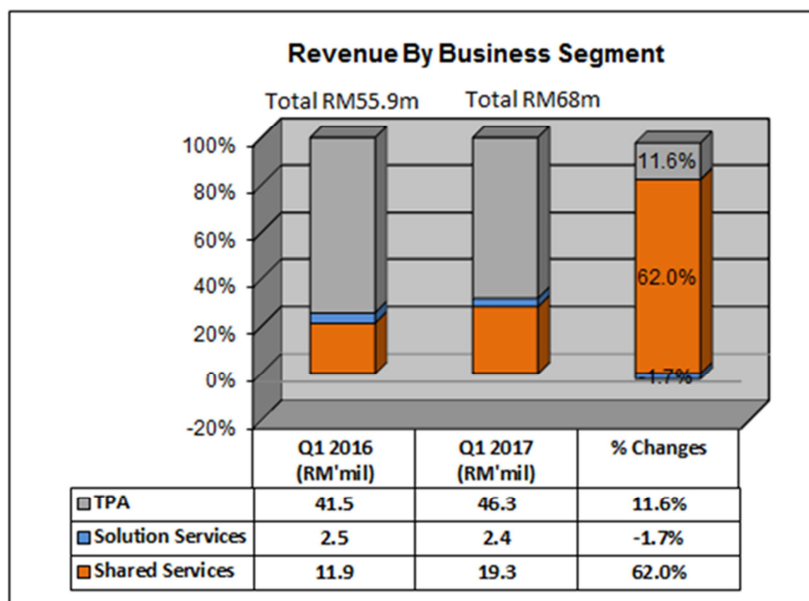
The shared services division revenue registered a good performance in 1Q2017, growing +62% yoy to RM19.3 million (1Q2016 – RM11.9 million). The better performance was due to higher rental and maintenance revenue as well as higher hardware sales in Malaysia and Thailand. The higher hardware sales in Malaysia is due to the continuing Pin & Pay project as banks stepped up the effort of replacing the old EDC terminals. EDC sales in the Philippines was down in 1Q17 whereas rental and maintenance revenue was flat.

Solution Services

Solution services division contributed only 3.5% of total 1Q17 Group revenue and was down marginally -2.3% yoy to RM2.41 million (1Q16 RM2.47 million). The flattish results in 2017's first quarter was due to lower hardware and software sales but was mitigated by higher annuity revenues from rental and maintenance.

Transaction Payment Acquisition (TPA)

TPA revenues grew +11.6% to RM46.3 million (1Q16 – RM41.5 million) with improvements from both the e-pay as well as card TPA. Improvements were recorded at all three key markets Thailand, Philippines and Malaysia. e-pay transaction margin was stable at 127 basis points whereas card TPA margin dipped to 63 basis points as merchant footprint grew 42% yoy to 27,725 points. e-pay's 1Q17 merchant footprint grew 13% yoy to 33,880 points.



**B1. Review of Performance (continued)**

**e-pay (reload and collection services)**

As can be seen in Table 1 below, the transaction value processed by e-pay grew 8.4% in 1Q 2017 as compared to the corresponding quarter in 2016. The decline in Gross Revenue/Transaction Value and Gross Profit/Transaction Value is due to the product mix of higher bill collections and non-mobile reloads which have lower merchant discount rates.

**Table 1**

| <b>e-pay (All stated in RM' Millions unless stated otherwise)</b> | <b>1Q 2016<br/>(Restated)</b> | <b>1Q 2017</b> | <b>% change</b> |
|-------------------------------------------------------------------|-------------------------------|----------------|-----------------|
| Transaction Value Processed                                       | 872.27                        | 945.40         | 8.4%            |
| Gross Revenue                                                     | 34.59                         | 37.12          | 7.3%            |
| Gross Revenue/Transaction Value (Note 1)                          | 3.97%                         | 3.93%          | -1.0%           |
| Gross Profit                                                      | 11.21                         | 11.99          | 6.9%            |
| Gross Profit/Transaction Value (Note 1)                           | 1.29%                         | 1.27%          | -1.4%           |
| Merchant Footprint - e-pay only (Note 2)                          | 29.89                         | 33.88          | 13.3%           |

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

Note 2 – Q1 2016 figures have been restated to reflect the absolute number of POS terminals deployed at merchant outlets contracted by e-pay to accept e-pay products and services.

This includes EDC Terminals, ePOS (Integrated POS) as well as PayHere (Registered Mobile Application Users). Previously, we reported the total number of acceptance points which included EDC Terminals, ePOS (Integrated POS) and an estimated number of Bank ATMs/CDMs that accept e-pay services.

**GHL (card payment services)**

Transaction values processed has grown significantly at 43.5% as did the number of POS terminals deployed at merchant outlet which grew 42.2% for the same period. However, gross margins has declined significantly due to market competition.

**Table 2**

| <b>GHL electronic payments TPA (All stated in RM' Millions unless stated otherwise)</b> | <b>1Q 2016<br/>(Restated)</b> | <b>1Q 2017</b> | <b>% change</b> |
|-----------------------------------------------------------------------------------------|-------------------------------|----------------|-----------------|
| Transaction Value Processed (Note 1)                                                    | 570.38                        | 818.56         | 43.5%           |
| Gross Revenue                                                                           | 6.90                          | 9.21           | 33.4%           |
| Gross Revenue/Transaction Value (Note 2)                                                | 1.21%                         | 1.12%          | -7.0%           |
| Gross Profit (Note3)                                                                    | 4.79                          | 5.16           | 7.8%            |
| Gross Profit/Transaction Value (Note 2)                                                 | 0.84%                         | 0.63%          | -24.9%          |
| Merchant Footprint - TPA only (Thousands) (Note 4)                                      | 19.50                         | 27.73          | 42.2%           |

Note 1 – The Q1 2016 figure has been restated to be consistent with re-classifications in Q1 2017

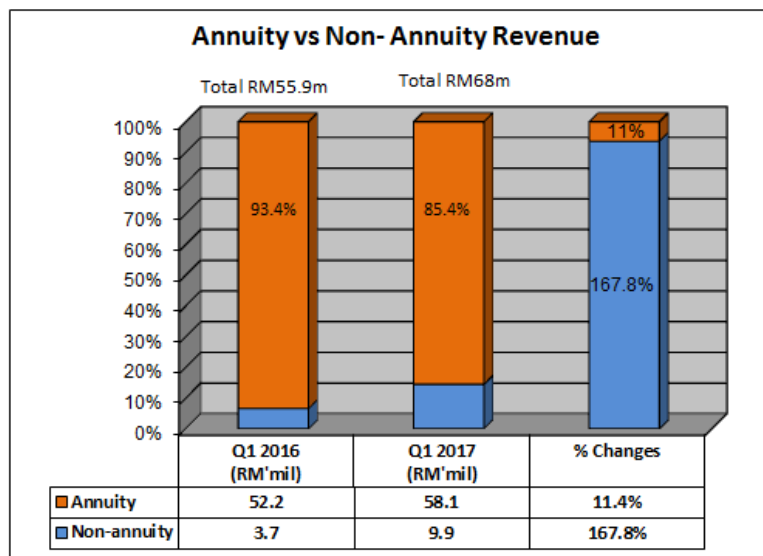
Note 2 - Gross Revenue or Gross Profit respectively divided by the Transaction Value Processed expressed as a %.

Note 3 – The Q1 gross profit has been restated to reflect certain processing and maintenance fees relating to the TPA business that were previously excluded and which have now been appropriately re-classified.

Note 4 – This has been restated to reflect the absolute number of POS terminals deployed at merchant outlets contracted by GHL to accept card payment products and services. Previously, we reported the total number of acceptance points for each of the various payment products that GHL offers its merchants e.g. credit cards, MyDebit, etc.

## **B1. Review of Performance (continued)**

GHL group's annuity based recurring revenues remain strong and grew 11.4% yoy but only accounted for 85.4% of group revenues due to higher hardware sales in 1Q17 as compared to 93.4% in 1Q16, a year ago. The Group's stated strategy of continually reducing non-annuity lumpy based revenues has been successful and is expected to further strengthen when the group's TPA arrangements begins to contribute more in the coming quarters, especially the non-bank TPA tie-ups.



### **Performance of current quarter (1Q 2017) vs corresponding quarter (1Q 2016) by geographical segment**

1Q17 revenue improved +21.7% yoy to RM68.0 million (1Q16 – RM55.8m). Malaysia and Thailand markets showed revenue growth but Philippines was down marginally. Malaysia was up +24.5% yoy, Philippines operations slowed - 6.8% yoy, whereas the contribution from Thailand was up +74.4% yoy. All geographical segments were EBIT profitable except for Australia which registered a small EBIT loss of RM74,000.

Malaysia was the largest contributor to Group revenue accounting for 87.9% (1Q16 – 87.7%) with the main contribution from e-pay whose operations are based in Malaysia. All three divisions, Shared services, Solutions services and TPA divisions in Malaysia registered yoy improvements in 1Q17 due to higher rental income and hardware sales compared to the same period in the previous year. Solution services for Malaysia was also up marginally due to higher rental and maintenance fees and slightly better hardware and software sales. TPA revenue increased, with both e-pay revenue and card TPA revenue improving due to higher rental/maintenance income as well as higher transaction fees collected. Overall, Malaysia recorded an improved EBIT of RM6.0 million (1Q16 – RM5.3 million).

Philippines is the second largest revenue contributor at 8.8% of Group 1Q17 revenue. Philippines recorded RM6.0 million (-6.8%) sales, whereby its shared services and solutions services divisions were marginally lower due to lower hardware/software sales. Its TPA segment grew +18.5% yoy, due to transaction fees received. Philippines EBIT was lower at RM0.5 million from RM0.8 million.

Thailand recorded sales of RM2.1 million in 1Q17 (1Q16 – RM1.2million). Its shared services and solutions services revenue were higher due to higher rental/maintenance fees collected. Its TPA segment similarly recorded an improvement in transaction fees collected. Thailand's 1Q17 EBIT of RM258,000 was an improvement as compared to 1Q16's EBIT of RM76,000.

Our Australia operations recorded sales of RM138,000 for network rental and maintenance fees. Australia recorded a small EBIT loss of RM74,000 compared to RM35,000 gain in the previous period last year.



**GHL SYSTEMS BERHAD**  
(Company No: 293040-D)

## **B2. Future Prospects**

The Group has successfully deployed since 2015, its TPA merchant acquiring tie-ups with CIMB (physical merchants) and Global Payments (online and physical merchants) and in 2016, additional tie-ups with Alipay (Thailand) and RCBC group (Philippines). GHL group will commence merchant acquiring for Alipay in Malaysia and AFPI (Beep card) in Philippines for merchant acquiring in 2017. The group remains optimistic of further developing TPA as a key growth engine for the group given the changes in the payment landscape as e-payments gain further traction as driven by not only regulatory directives but also positive changes in consumer preferences towards e-payments.

GHL Group expects 2017 prospects to be positive given the recent tie-ups announced last year as well as in 2017. The investments made in growing new businesses this year will also strengthen our position overall in the years ahead as the e-payments space gain more prominence.

## **B3. Profit Forecast and Profit Guarantee**

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

## **B4. Profit Before Taxation**

|                                               | Quarter and Year-To-Date ended |                     |
|-----------------------------------------------|--------------------------------|---------------------|
|                                               | 31/3/2017<br>RM'000            | 31/3/2016<br>RM'000 |
| Amortisation of intangible asset              | 93                             | 224                 |
| Bad Debt written off                          | 11                             | -                   |
| Depreciation of property, plant and equipment | 4,984                          | 4,133               |
| Fixed assets written off                      | 2                              | 62                  |
| (Gain)/Loss on foreign exchange               |                                |                     |
| - Realised                                    | (10)                           | (78)                |
| - Unrealised                                  | 147                            | (188)               |
| Gain on disposal of fixed Assets              | (397)                          | (1)                 |
| Loss on liquidation of subsidiaries           | 1,696                          | -                   |
| Impairment loss on receivables                | 854                            | 422                 |
| Interest income                               | (193)                          | (180)               |
| Interest expenses                             | 609                            | 648                 |
| Inventory written off/(back)                  | 19                             | (287)               |
| Rental expenses                               | 315                            | 449                 |
| Share based payment                           | 146                            | 40                  |



**GHL SYSTEMS BERHAD**  
(Company No: 293040-D)

**B5. Taxation**

|                                                                       | Quarter and Year-To-Date ended |                     |
|-----------------------------------------------------------------------|--------------------------------|---------------------|
|                                                                       | 31/3/2017<br>RM'000            | 31/3/2016<br>RM'000 |
| Current tax expenses based on based on profit for the financial year: |                                |                     |
| Malaysian income tax                                                  | (1,189)                        | (1,204)             |
| Foreign income tax                                                    | (166)                          | (175)               |
| <b>Total</b>                                                          | <b>(1,355)</b>                 | <b>(1,379)</b>      |
|                                                                       |                                |                     |

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.

**B7. Purchase and Disposal of Quoted Securities**

There was no purchase or disposal of quoted securities for the current quarter.

**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 2017 are as follows:-

**(a) Bank Borrowings**

|                  | Long-term<br>Borrowings<br>RM'000 | Short-term<br>Borrowings<br>RM'000 | Total<br>RM'000 |
|------------------|-----------------------------------|------------------------------------|-----------------|
| Ringgit Malaysia | 13,000                            | 6,576                              | 19,576          |
| Philippine peso  | 1,569                             | 833                                | 2,402           |
|                  |                                   |                                    |                 |
|                  | <b>14,569</b>                     | <b>7,409</b>                       | <b>21,978</b>   |

**B9. Group Borrowings and Debt Securities (continued)**

The Bankers' Acceptance, Islamic facility and Term Loan are secured by way of:

|                                              | <b>2017</b><br><b>RM'000</b> | <b>2016</b><br><b>RM'000</b> |
|----------------------------------------------|------------------------------|------------------------------|
| (i) term deposits of the Group               | 7,053                        | 6,977                        |
| (ii) structured investment of the Group      | 8,000                        | 8,000                        |
| (iii) a Corporate Guarantee by parent entity | 63,950                       | 74,000                       |
|                                              | <b>79,003</b>                | <b>88,977</b>                |

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**

|                  | <b>Long-term Hire<br/>Purchase<br/>RM'000</b> | <b>Short-term Hire<br/>Purchase<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|------------------|-----------------------------------------------|------------------------------------------------|-------------------------|
| Ringgit Malaysia | 667                                           | 182                                            | 849                     |
| Philippine peso  | 483                                           | 2,589                                          | 3,071                   |
|                  | <b>1,149</b>                                  | <b>2,771</b>                                   | <b>3,920</b>            |

The hire purchase payables of the Group as at 31 March 2017 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**

|                                      | <b>As at 31/3/2017</b> | <b>As at 31/3/2016</b> |
|--------------------------------------|------------------------|------------------------|
|                                      | <b>RM'000</b>          | <b>RM'000</b>          |
| Total retained profit of the Group:- |                        |                        |
| - Realised                           | 57,928                 | 39,238                 |
| - Unrealised                         | (934)                  | 800                    |
|                                      | 56,994                 | 40,038                 |
| Less: Consolidation adjustment       | 1,359                  | (716)                  |
| <b>Total group retained</b>          | <b>58,353</b>          | <b>39,321</b>          |

**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. 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.

| <b>Basic</b>                                                                | <b>Quarter and Year- To-Date ended</b> |                  |
|-----------------------------------------------------------------------------|----------------------------------------|------------------|
|                                                                             | <b>31/3/2017</b>                       | <b>31/3/2016</b> |
| Profit attributable to owners of the Company (RM'000)                       | 5,326                                  | 4,327            |
| Weighted average number of ordinary shares in issue and issuable (Unit'000) | 653,517                                | 648,585          |
| Basic earnings per share (Sen)                                              | 0.81                                   | 0.67             |

| <b>Diluted</b>                                                              | <b>Quarter and Year- To-Date ended</b> |                  |
|-----------------------------------------------------------------------------|----------------------------------------|------------------|
|                                                                             | <b>31/3/2017</b>                       | <b>31/3/2016</b> |
| Profit attributable to owners of the Company (RM'000)                       | 5,326                                  | 4,327            |
| Weighted average number of ordinary shares in issue and issuable (Unit'000) | 654,758                                | 651,799          |
| Diluted earnings per share (Sen)                                            | 0.81                                   | 0.66             |