



GHL SYSTEMS BERHAD
(Company No: 293040-D)

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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	Note	31/12/2017	31/12/2016	31/12/2017	31/12/2016
		RM'000	RM'000	RM'000	RM'000
			-		-
Revenue	A9	63,454	67,155	255,584	245,923
Cost of sales		(34,335)	(41,911)	(149,745)	(150,613)
Gross profit		29,119	25,244	105,839	95,310
Other operating income		1,111	1,495	6,913	6,377
Payroll expenses		(12,329)	(11,996)	(49,546)	(47,103)
Administration expenses		(6,849)	(4,794)	(23,046)	(14,126)
Distribution costs		(1,180)	(836)	(4,846)	(5,822)
Other expenses		(1,411)	(1,133)	(2,255)	(2,793)
Profit before interest, taxation, amortisation & depreciation		8,461	7,980	33,059	31,843
Depreciation expenses		(1,410)	(1,214)	(5,353)	(4,854)
Finance cost		(536)	(533)	(1,975)	(2,071)
Share of results of associated companies		6	(30)	18	(143)
Profit before taxation		6,521	6,203	25,749	24,775
Income tax expense		(1,574)	(1,815)	(5,152)	(6,625)
Profit for the period		4,947	4,388	20,597	18,150
Attributable to:					
Owners of the Company		4,919	4,411	20,542	18,116
Non-controlling interest		28	(23)	55	34
		4,947	4,388	20,597	18,150
Earnings Per Ordinary Share					
- Basic (sen)	B13	0.75	0.68	3.13	2.79
- Diluted (sen)	B13	0.75	0.67	3.13	2.78
Profit for the period		4,947	4,388	20,597	18,150
Other comprehensive income, net of tax					
Foreign currency translation differences		(1,245)	3,002	(3,712)	1,678
Total comprehensive income for the period		3,702	7,390	16,885	19,828
Total comprehensive income attributable to:					
Owners of the Company		3,674	7,413	16,830	19,794
Non-controlling interest		28	(23)	55	34
		3,702	7,390	16,885	19,828

(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 DECEMBER 2017
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	AS AT CURRENT YEAR QUARTER 31/12/2017 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2016 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		64,825	59,568
Goodwill on consolidation		105,630	105,630
Intangible assets		1,929	2,405
Other investment		8,181	8,114
Deferred tax assets		1,500	1,207
		<u>182,065</u>	<u>176,924</u>
Current assets			
Inventories		63,525	83,493
Trade receivables		47,600	31,607
Other receivables		16,249	20,010
Tax recoverable		5,773	1,321
Fixed deposits placed with licensed banks		11,741	13,004
Cash and bank balances		96,204	70,860
		<u>241,092</u>	<u>220,295</u>
TOTAL ASSETS		<u>423,157</u>	<u>397,219</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		207,928	130,945
Reserves		66,721	128,838
Treasury Shares		(306)	(638)
Equity attributable to equity holders of the parent		<u>274,343</u>	<u>259,145</u>
Non controlling interest		131	76
Total equity		<u>274,474</u>	<u>259,221</u>
Non-current liabilities			
Hire purchase payables	B9	1,720	966
Bank borrowing	B9	16,263	16,714
Deferred tax liability		2,099	2,135
Deferred income		9	-
		<u>20,091</u>	<u>19,815</u>
Current liabilities			
Trade payables		14,566	16,641
Other payables		93,902	79,198
Deferred income		824	619
Hire purchase payables	B9	928	3,445
Bank borrowings	B9	15,337	16,999
Tax payable		3,035	1,281
		<u>128,592</u>	<u>118,183</u>
Total liabilities		<u>148,683</u>	<u>137,998</u>
TOTAL EQUITY AND LIABILITIES		<u>423,157</u>	<u>397,219</u>
Net assets per share (sen)		41.64	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
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2017
(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 2016	129,969	71,077	1,047	492	(638)	34,993	236,940	42	236,982
Share capital reduction	-	-	-	-	-	-	-	-	-
Share swap to acquire a subsidiary	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESS	976	1,748	-	-	-	-	2,724	-	2,724
ESS lapsed	-	-	-	-	-	-	-	-	-
Share options granted under ESS	-	-	-	(330)	-	-	(330)	-	(330)
Total comprehensive income for the year	-	-	1,678	-	-	18,133	19,811	34	19,845
Forex exchange differences	-	-	-	-	-	-	-	-	-
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	934	-	-	-	332	-	1,266	-	1,266
Issuance of ordinary shares pursuant to ESS	944	2,280	-	-	-	-	3,224	-	3,224
Adjustments for effects of Companies Act 2016 (Note a)	75,105	(75,105)	-	-	-	-	-	-	-
Share option granted under ESS	-	-	-	309	-	-	309	-	309
Reclassification adjustments of exchange translation reserve	-	-	(3,165)	-	-	-	(3,165)	-	(3,165)
Total comprehensive income for the year	-	-	(3,712)	-	-	20,542	16,830	55	16,885
Forex exchange differences	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(3,266)	(3,266)	-	(3,266)
At 31 December 2017	207,928	-	(4,152)	471	(306)	70,402	274,343	131	274,474

(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 RM75,105,000, 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.



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

	CURRENT YEAR TO DATE 31/12/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,749	24,775
Adjustment for:-		
Amortisation of development cost	326	697
Amortisation of deferred income	(947)	(674)
Bad debts written-off	1,344	21
Depreciation of property, plant and equipment	20,203	18,518
Impairment loss on receivables	1,284	1,677
Interest expense	1,975	2,071
Interest income	(908)	(743)
Inventories written off/ (back)	234	440
Loss/(Gain) on disposal of property, plant and equipment	(217)	(213)
Loss on liquidation of subsidiary	111	-
Intangible asset	-	314
Property, plant and equipment written-off	12	595
Reversal of impairment on trade receivables	(1,941)	(294)
Share options granted under ESS	19	417
Share of gain from an associate	(18)	143
Unrealised gain on foreign exchange	620	(1,314)
Operating profit before working capital changes	47,846	46,430
(Increase)/Decrease in working capital		
Inventories	(6,676)	(27,410)
Trade and other receivables	(14,441)	16,558
Trade and other payables	13,438	16,808
Advance receipt from deferred income	1,163	1,054
	(6,516)	7,010
Cash generated from operations	41,330	53,440
Interest received	908	743
Interest paid	(1,975)	(2,071)
Tax paid	(7,380)	(7,874)
	(8,447)	(9,202)
Net cash from operating activities	32,883	44,238
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(3,190)	(17,052)
Purchase of other investment	(49)	(147)
Proceeds from disposal of property, plant and equipment	2,171	858
Addition in intangible assets	150	(65)
Net cash used in investing activities	(918)	(16,406)
Cash Flows From Financing Activities		
Advances from associate company	-	144
Proceeds from issuance of shares-ESOS	4,491	2,003
(Increase)/Decrease in fixed deposits pledged	(260)	(177)
Drawdown of hire purchase	350	447
Repayment of hire purchase payables	(1,786)	(1,348)
Drawdown of bank borrowings	28,684	9,000
Repayment of bank borrowings	(30,609)	(16,145)
Net cash used in financing activities	870	(6,076)
Net increase/(decrease) in cash and cash equivalents	32,835	21,756
Effect of exchange rate fluctuation	(9,014)	3,278
Cash and cash equivalents at beginning of the finance period	76,887	52,305
Cash and cash equivalents at end of the finance period	100,708	77,339
Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	96,204	71,002
Fixed deposits with licensed banks	11,741	13,314
	107,945	84,316
Less: Fixed deposits pledged to licensed banks	(7,237)	(6,977)
	100,708	77,339

(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 December 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 and share cancellations during the reporting period except for the disposal of 737,300 treasury shares at an average price of RM1.718 per share.



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A8. Dividend Paid

There were no dividends paid for the current quarter ended 31 December 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.



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A9. Segmental Reporting (continued)

Quarter - 31 Dec	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CONTINUING OPERATIONS												
REVENUE												
<u>External Sales</u>												
Shared Services	6,396	10,503	5,616	5,515	1,355	1,195	-	-	-	-	13,367	17,213
Solution Services	1,366	2,219	1,643	652	2,727	386	269	255	-	-	6,005	3,512
Transaction Payment Acquisition	41,540	44,688	1,408	1,375	1,134	367	-	-	-	-	44,082	46,430
Inter-segment sales	14,970	1,688	-	-	-	-	-	-	(14,970)	(1,688)	-	-
	64,272	59,098	8,667	7,542	5,216	1,948	269	255	(14,970)	(1,688)	63,454	67,155
RESULTS												
Normalised EBITDA	8,827	8,998	3,360	2,444	1,182	240	95	211	(490)	495	12,974	12,388
<i>Adjusted for:</i>												
<i>Professional fees</i>	(474)	-	-	-	-	-	-	-	-	-	(474)	-
<i>Unrealised gain/(loss) on forex</i>	(1,337)	699	199	(383)	5	(339)	-	-	490	(492)	(643)	(515)
EBITDA	7,016	9,697	3,559	2,061	1,187	(99)	95	211	-	3	11,857	11,873
Interest income	257	192	1	-	4	4	-	3	-	-	262	199
Interest expense	(491)	(381)	(45)	(152)	-	-	-	-	-	-	(536)	(533)
Depreciation of PPE	(2,929)	(2,780)	(1,590)	(1,840)	(478)	(577)	(1)	-	-	-	(4,998)	(5,197)
Amortisation of intangible assets	(70)	(109)	-	-	-	-	-	-	-	-	(70)	(109)
Share of results of associate company	6	(30)	-	-	-	-	-	-	-	-	6	(30)
Taxation	(327)	(1,390)	(540)	(372)	-	-	(23)	-	(684)	(53)	(1,574)	(1,815)
Segment profit/ (loss) for the financial period	3,462	5,199	1,385	(303)	713	(672)	71	214	(684)	(50)	4,947	4,388
Minority interest	-	-	-	-	-	-	-	-	(28)	23	(28)	23
Segment profit/ (loss) for the financial period after non-controlling interest	3,462	5,199	1,385	(303)	713	(672)	71	214	(712)	(27)	4,919	4,411
Segmental assets	388,395	356,926	44,156	43,706	23,363	13,220	1,084	618	(33,842)	(17,252)	423,157	397,219
Segmental liabilities	226,166	217,359	25,255	25,243	15,613	14,444	1,746	1,365	(120,096)	(120,414)	148,683	137,998



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A9. Segmental Reporting (continued)

Cumulative - 31 Dec	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CONTINUING OPERATIONS												
REVENUE												
<u>External Sales</u>												
Shared Services	30,895	32,589	18,988	18,053	5,783	4,261	-	-	-	-	55,666	54,903
Solution Services	8,039	7,152	3,094	3,218	3,611	2,406	937	1,001	-	-	15,681	13,777
Transaction Payment Acquisition	173,957	170,658	6,963	5,164	3,317	1,421	-	-	-	-	184,237	177,243
Inter-segment sales	33,657	21,792	-	-	-	-	-	-	(33,657)	(21,792)	-	-
	246,548	232,191	29,045	26,435	12,711	8,088	937	1,001	(33,657)	(21,792)	255,584	245,923
RESULTS												
Normalised EBITDA	38,112	32,144	11,188	9,363	3,112	1,972	97	312	(3,477)	356	49,032	44,147
<i>Adjusted for:</i>												
<i>Professional fees</i>	(1,085)	-	-	-	-	-	-	-	-	-	(1,085)	-
<i>Unrealised gain/(loss) on forex</i>	(4,125)	2,164	(191)	(730)	219	233	-	-	3,477	(353)	(620)	1,314
EBITDA	32,902	34,308	10,997	8,633	3,331	2,205	97	312	-	3	47,327	45,461
Interest income	888	730	8	5	12	5	-	3	-	-	908	743
Interest expense	(1,610)	(1,520)	(365)	(551)	-	-	-	-	-	-	(1,975)	(2,071)
Depreciation of PPE	(11,320)	(9,707)	(7,058)	(7,174)	(1,822)	(1,634)	(3)	(3)	-	-	(20,203)	(18,518)
Amortisation of intangible assets	(326)	(697)	-	-	-	-	-	-	-	-	(326)	(697)
Share of results of associate company	18	(143)	-	-	-	-	-	-	-	-	18	(143)
Taxation	(3,966)	(5,841)	(1,162)	(728)	-	-	(24)	(3)	-	(53)	(5,152)	(6,625)
Segment profit/ (loss) for the financial period	16,586	17,130	2,420	185	1,521	576	70	309	-	(50)	20,597	18,150
Minority interest	-	-	-	-	-	-	-	-	(55)	(34)	(55)	(34)
Segment profit/ (loss) for the financial period after non-controlling interest	16,586	17,130	2,420	185	1,521	576	70	309	(55)	(84)	20,542	18,116
Segmental assets	388,395	356,926	44,156	43,706	23,363	13,220	1,084	618	(33,842)	(17,252)	423,157	397,219
Segmental liabilities	226,166	217,359	25,255	25,243	15,613	14,444	1,746	1,365	(120,096)	(120,414)	148,683	137,998



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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:

	RM'000
(a) Banker's guarantee in favour of third parties	
- Secured	26,705
(b) Corporate guarantee – Financial Institution and trade suppliers	92,769
	<u>119,474</u>

A14. Capital Commitment

The amount of capital commitment for purchase property, plant and equipment not provided for as at 31 December 2017 are as follows:

	RM'000
Approved but not contracted for	<u>90</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:	Current Quarter 31/12/2017 RM'000	Preceding Year Corresponding Quarter 31/12/2016 RM'000	Current Year To Date 31/12/2017 RM'000	Preceding Year Corresponding Period 31/12/2016 RM'000
@ Office rental paid to Telemas Corporation Sdn Bhd ("Telemas") and Global Voice Corporation Sdn Bhd *	140	125	551	495

@ 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.



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

B1. Review of Performance

Performance of current quarter (4Q 2017) vs corresponding quarter (4Q 2016) by segment

GHL's 4Q17 group turnover declined -5.5% yoy to RM63.5 million as compared to RM67.2 million for the corresponding period in 4Q16. 4Q17 pre-tax profits however was a +5.1% improvement at RM6.5 million compared to RM6.2 million in 4Q16 and net profits grew +12.7% to RM4.9 million (4Q16 RM4.4m). The group's topline decline of -5.5% in this quarter were due primarily to both the Shared Solutions division which registered lower EDC sales and the TPA division which saw lower e-pay transaction volumes. Solutions Services division however registered a +71.0% yoy growth over 4Q16 due to payment network infrastructure hardware sales. Net profit margins during this quarter were stable at 7.8% (4Q16 – 6.5%). The group's balance sheet remain healthy with a net cash position of RM73.7 million (31.12.2016 – Net cash RM45.7 million).

The performance of the individual segments are as follows.

Shared Services

Shared services division revenue in 4Q17 declined by -22.3% yoy to RM13.4 million (4Q16 – RM17.2m) due to lower EDC hardware sales but was offset by higher rental/maintenance fees collected as well as software sales in 4Q17 .

Solutions Services

Solutions services revenue was up 71.0% in 4Q17 to RM6.0 million (4Q16 – RM3.5m) due to hardware sales from a payment network project in Thailand. Rental/maintenance revenue was stable and unchanged compared to the corresponding 4Q16.

Transaction Payment Acquisition (TPA)

The TPA business has 2 distinct components, each in a different stage of development and growth profile. These are; i) e-pay's direct contractual relationships with merchants to provide Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and ii) GHL's direct contractual relationships with merchants to provide international and domestic card payment services ("card payment services"). Each of these is described in more detail as follows:-

e-pay (reload and collection services)

e-pay is the largest provider of reload and collection services in Malaysia. It has approximately 36,350 acceptance points nationwide, encompassing all petrol chains, the largest convenience store chains and general retail stores. The e-pay brand is well known to consumers who use the service. With over 18 years' experience, e-pay is the market leader in Malaysia within this industry segment.

A summary of key data relating to the e-pay business is found in the Table 1 below. 4Q17 transaction value processed by e-pay declined -6% due to the exit of a convenience store chain but margins saw an improvement due to the discontinuation of a lower margin product during the quarter.



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B1. Review of Performance (continued)

Table 1

e-pay (All stated in RM'millions unless stated otherwise)	4Q 2016 (Restated)	4Q 2017	% change
Transaction Value Processed	956.11	901.69	-6%
Gross Revenue	37.69	31.98	-15%
Gross Revenue / Transaction Value ^(Note 1)	3.94%	3.55%	-10%
Gross Profit	10.69	10.91	2%
Gross Profit / Transaction Value ^(Note 1)	1.12%	1.21%	8%
Merchant Footprint - e-pay Only ^(Note 2)	31.65	36.35	15%

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

Note 2 - Q4 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 (payment services)

This TPA electronic payment services business is driven by our TPA arrangements with leading domestic banks in our respective markets as well as a leading China e-wallet provider which is expanding into Asean. The existing GHL TPA data as shown in Table 2 comprises of the following activities ; (i) Various MDR revenue sharing arrangements under direct contracts with merchants and banks in Malaysia, Thailand and Philippines (ii) Malaysian domestic debit card ("MyDebit") merchant acquisition (iii) Internet TPA ("eGHL") in Malaysia and Thailand (iv) e-wallet providers

A summary of key data relating to the card payment business is found in Table 2 below. While the transaction value processed grew strongly at 49%, transaction margins declined yoy due to ongoing competition in the market for merchant acquiring as banks compete in terms of MDR and monthly rental. Over the longer term, however, margins should stabilise as more merchants are on-boarded and a larger portfolio is built as well as our overseas TPA in Philippines and Thailand gather momentum. The introduction of e-wallets in all three markets in 2018 is expected to contribute positively.



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B1. Review of Performance (continued)

Table 2

GHL Electronic payments TPA (All stated in RM'millions unless stated otherwise)	4Q 2016 (Restated)	4Q 2017	% change
Transaction Value Processed ^(Note 1)	788.13	1,174.01	49%
Gross Revenue	9.15	10.52	15%
Gross Revenue / Transaction Value ^(Note 2)	1.16%	0.90%	-23%
Gross Profit ^(Note 3)	5.09	6.84	35%
Gross Profit / Transaction Value ^(Note 2)	0.65%	0.58%	-10%
Merchant Footprint - TPA Only (Thousands) ^(Note 4)	25.24	33.62	33%

Note 1 – The Q4 2016 figure has been restated to be consistent with re-classifications in Q4 2017

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

Note 3 – The Q4 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.

TPA division's gross revenues declined marginally at -5.0% in 4Q17 to hit RM44.1 million (4Q16 – RM46.4 m) due to revenue growth from e-payments TPA but this was tempered by a decline in e-pay revenues collected. E-pay remains the major contributor in the TPA segment but the GHL electronic payments TPA (encompassing card, online, mobile and next-gen payments) are growing at a faster rate.

Performance of current quarter (4Q 2017) vs corresponding quarter (4Q 2016) by geographical segment

GHL's 4Q17 group turnover declined -5.5% yoy to RM63.5 million as compared to RM67.2 million for the corresponding period in 4Q16 with the decline contributed mainly by Malaysia whereas revenue improvements were recorded in the two other main markets, Thailand and Philippines. All the three countries contributed positively to the EBITDA line. Group wise, 4Q17 pre-tax profits was a +5.1% improvement at RM6.5 million compared to RM6.2 million in 4Q16 due lower depreciation expenses and lower associate losses.

Malaysia operations accounted for 77.7% of group revenues in 4Q17 with a -39.1% yoy decline in Shared Services due to lower EDC hardware sales but tempered by better rental/maintenance revenue. The TPA segment was down -7.0% yoy with e-payment TPA business showing growth but e-pay showing a decline due to product mix and lower margins. Malaysia's Solutions services were also -38.4% yoy due to higher hardware/software sales in 4Q16.

The Philippine operations was the second largest contributor, accounting for 13.6% of 4Q17 group revenues. This 4th quarter saw revenues grew +14.9% yoy to RM8.7 million (4Q16 – RM7.5m) supported by growth in Solutions Services driven by hardware sales. TPA revenues were flat whereas Shared Services showed a small improvement due to better rental and maintenance collection.

Performance of current quarter (4Q 2017) vs corresponding quarter (4Q 2016) by geographical segment (continued)

Thailand operations' 4Q17 revenue was up +167.8% to RM5.2 million (4Q16 RM1.9m) as its Solutions Services recorded strong hardware and equipment sales in relation to a network infrastructure project. Thailand's 4Q17 TPA revenues saw a strong increase to RM1.1m (4Q16 – RM0.4m) from higher transactional fee revenue from merchants acquired for a foreign e-wallet operating in Thailand.

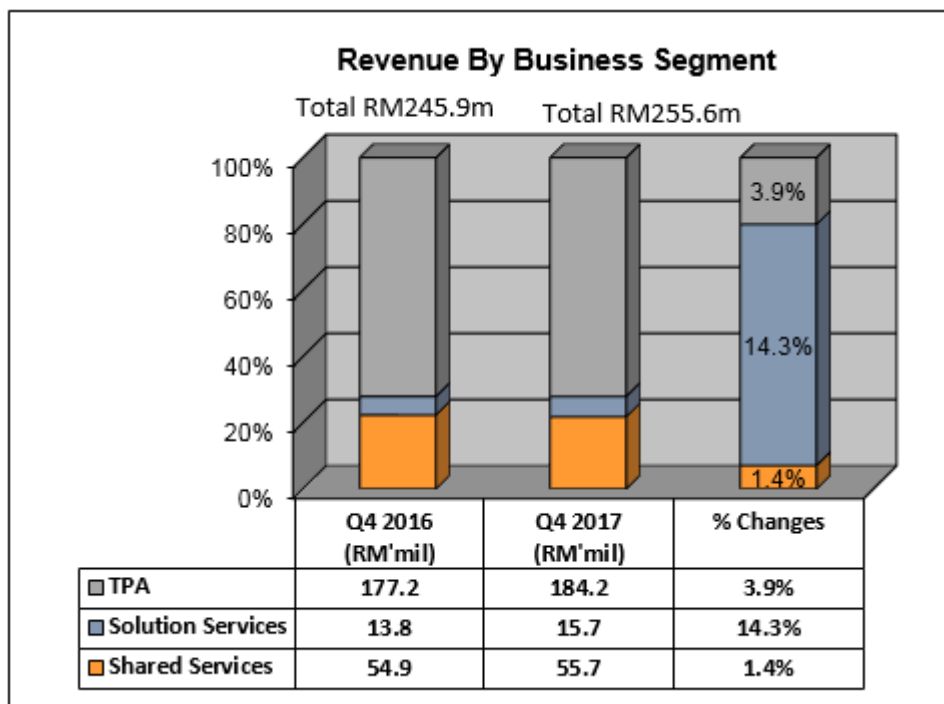
The group's Australian operations recorded 4Q17 revenues of RM269,000 (4Q16 – RM255,000) on an ongoing maintenance projects in Australia in its Solutions Service division. There are no Shared solutions and TPA revenues recorded by our Australian operations.

Performance of year to date period (4Q 2017) vs corresponding period (4Q 2016) by segment

Group turnover for the whole of 2017 grew +3.9% yoy to RM255.6 million (4Q16 YTD – RM245.9m) with growth registered by the Shared Services (+2.3%), Solutions Services (+13.8%) and TPA (+3.7%) segments as well as growth in all geographical markets. Pre-tax profits of RM25.7 million was up +3.9% yoy from RM24.8 million a year ago and pre-tax margins were stable at 10.1%.

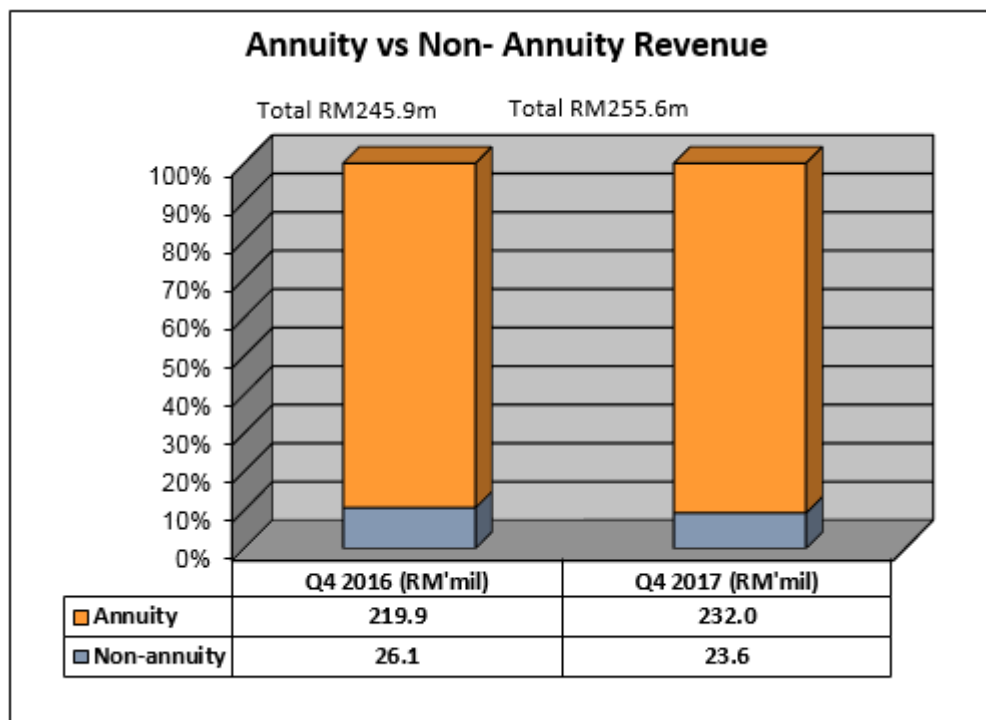
Net profit after tax grew +13.5% yoy to RM20.6 million (4Q16 YTD – RM18.1 million) driven by lower effective tax. Net profit growth was stronger as compared to pre-tax profit growth due lower effective taxation rates in 4Q17 YTD.

During the year, the Group incurred expenses amounting to RM1.6m relating to mergers and acquisitions. The normalised net profit after tax for the year ended 31 December 2017 would be RM22.2m, an increase of 22% from RM18.2m net profit after tax for the year ended 31 December 2016.



Shared Services grew 1.4% yoy driven by rental/maintenance revenue but was dragged by lower EDC terminal sales in Malaysia. The TPA segment recorded +3.9% growth whereby strong MDR transaction fees collected were unfortunately dragged by lower contribution from e-pay during the year. Solutions services performed well at +13.8% yoy in 2017 due to strong rental revenues and hardware sales during the period.

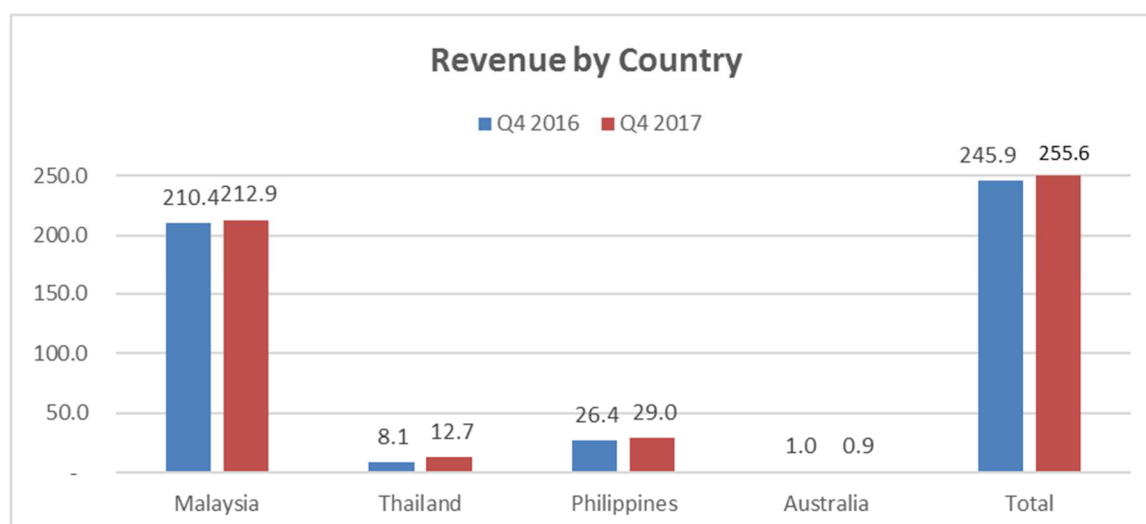
Performance of year to date period (4Q 2017) vs corresponding period (4Q 2016) by segment (continued)



The annuity based revenue component within the group's total revenue remains high at 91% when compared to 89% in 4Q16 YTD. The group's strategy to grow the TPA and other businesses that have a strong recurring annuity based revenue and de-prioritise non-recurrent hardware and software sales. As TPA gathers momentum in all 3 geographical markets, we expect annuity revenues will grow even stronger.

Although the focus remains that of pushing recurring income, the non-annuity based revenue continues to offer opportunities given the low penetration of payment infrastructure and acceptance point EDC terminals.

Performance of year to date period (4Q 2017) vs corresponding period (4Q 2016) by country





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Performance of year to date period (4Q 2017) vs corresponding period (4Q 2016) by country (continued)

4Q17 YTD group turnover grew +3.9% yoy to RM255.6 million (4Q16 YTD – RM245.9m). Pre-tax profits was up +3.9% yoy to RM25.7 million compared to RM24.8 million a year ago and pre-tax margins were stable 10.1%.

Malaysian operations contributed 83% (4Q16 YTD – 86%) of group turnover and the decrease in weighting was due to a better performance from both Thailand and Philippines. EBITDA margins was 15.5% for 4Q17 YTD, a decline from 16.3% in 4Q16 YTD.

Philippines' turnover grew +9.9% yoy at RM29.1m (4Q16 YTD – RM26.4m) with EBITDA margins up at 37.9% from 32.7% over the corresponding period last year. Solutions Services registered yoy decline but Shared Services and TPA saw growth driven by higher rental fees and transaction fees collected.

Thailand recorded a growth in topline revenue of +57.2% to RM12.7m (4Q16 YTD RM8.1m) driven by its TPA segment which saw strong growth in MDR transaction fee collected. Higher rental revenue from its Shared Services segment and contribution from hardware sales from a network project drove growth at its Solutions Services segment. EBITDA remain positive at RM3.3m compared to RM2.2m in 4Q16 YTD with EBITDA margins remaining stable at 26.2% vs 27.3% in 2016.

Australia remains the smallest contributor to group operations at RM937,000 compared to 4Q16 YTD turnover of RM1,001,000. Both years saw positive EBITDA contribution of RM97,000 and RM312,000 for 2017 and 2016 respectively.

B2. CURRENT YEAR'S PROSPECTS (FY2018)

The Group continues to focus on merchant acquisition across the three markets by offering businesses, payments options ranging from credit/debit acceptance, mobile payments as well as internet payments. In 2017, saw Malaysia commence payment acceptance of a China based e-wallet with the Philippines following closely in early 2018. The emergence QR based e-wallets have spurred growth of domestic e-wallet players in all three markets and 2018 will see the launch of several local players in this space. This bodes well for GHL, as it increases our competitive edge in offering our merchants an integrated omni-channel payment solution.

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, growing market acceptance, but also positive changes in consumer preferences towards e-payments.

GHL Group expects 2018 prospects to be positive given our strong network and partnership with the banking sector as well as our extensive merchant network of 170,000 acceptance points (as at end 2017). In the fast evolving market place, the group is expected to increase its investments to further strengthen our market positioning as e-payments gain more prominence.

B3. Profit Forecast and Profit Guarantee

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



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B4. Profit before Taxation

	Current Quarter 31/12/2017 RM'000	Preceding Year Corresponding Quarter 31/12/2016 RM'000	Current Year To Date 31/12/2017 RM'000	Corresponding Period 31/12/2016 RM'000
Amortisation of intangible asset	70	109	326	697
Bad Debt written off	153	-	1,344	-
Depreciation of property, plant and equipment	4,998	5,197	20,203	18,518
Fixed assets written off	10	355	12	595
(Gain)/Loss on foreign exchange				
Realised	(50)	(382)	(65)	(78)
Unrealised	643	515	620	(1,314)
(Gain)/loss on disposal of fixed Assets	9	(33)	(217)	(213)
Loss on liquidation of subsidiaries	111	-	111	-
Impairment loss on receivables	544	584	1,284	1,677
Interest income	(262)	(199)	(908)	(743)
Interest expenses	536	533	1,975	2,071
Inventory written off/(back)	171	151	234	440
Rental expenses	340	344	812	1,341
Reversal of allowance for doubtful debts	(298)	72	(1,941)	(256)
Share based payment	-	295	19	417

B5. Taxation

	Current Quarter 31/12/2017 RM'000	Preceding Year Corresponding Quarter 31/12/2017 RM'000	Current Year To Date 31/12/2017 RM'000	Preceding Year Corresponding Period 31/12/2016 RM'000
Current tax expenses based on based on profit for the financial year:				
Malaysian income tax	(1,118)	(1,440)	(3,778)	(4,504)
Foreign income tax	(564)	(375)	(1,186)	(739)
Deferred tax	-	-	-	(1,327)
Over/(Under) provision in prior year	108	-	188,342	(55)
Total	(1,574)	(1,815)	(5,152)	(6,625)

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.



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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

On 7 November 2017, GHL Systems Berhad ("GHL") announced the company has entered into the agreement for the proposed acquisition of up to 31.16% equity interest in MPOS Global Limited ("MPOS") for a total consideration of USD3,37,226 (equivalent to approximately RM14.05 million).

The above proposed exercise is subject to regulatory approvals from the relevant authorities in accordance to Vietnamese Law.

B9. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 December 2017 are as follows:-

(a) Bank Borrowings

	Long-term Borrowings RM'000	Short-term Borrowings RM'000	Total RM'000
Ringgit Malaysia	15,089	14,972	30,062
Philippine peso	1,174	365	1,538
	16,263	15,337	31,600

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

	2017 RM'000	2016 RM'000
(i) term deposits of the Group	7,237	6,925
(ii) structured investment of the Group	8,000	8,000
(iii) a Corporate Guarantee by parent entity	63,950	74,000
	79,187	88,925

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



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B9. Group Borrowings and Debt Securities (continued)

(b) Hire Purchase

	Long-term Hire Purchase RM'000	Short-term Hire Purchase RM'000	Total RM'000
Ringgit Malaysia	380	165	545
Philippine peso	1,340	763	2,103
	1,720	928	2,648

The hire purchase payables of the Group as at 31 December 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

	As at 31/12/2017	As at 31/12/2016
	RM'000	RM'000
Total retained profit of the Group:-		
- Realised	67,908	85,778
- Unrealised	20	(2,242)
	67,929	83,536
Less: Consolidation adjustment	2,474	(30,427)
Total group retained	70,402	53,109

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.

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.



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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.

<u>Basic</u>	Current Quarter 31/12/2017 RM'000	Preceding Year Corresponding Quarter 31/12/2016 RM'000	Current Year To Date 31/12/2017 RM'000	Preceding Year Corresponding Period 31/12/2016 RM'000
Profit attributable to owners of the Company (RM'000)	4,919	4,411	20,542	18,116
Weighted average number of ordinary shares in issue and issuable (Unit'000)	658,029	653,309	656,463	650,141
Basic earnings per share (Sen)	0.75	0.68	3.13	2.79

<u>Diluted</u>	Current Quarter 31/12/2017 RM'000	Preceding Year Corresponding Quarter 31/12/2016 RM'000	Current Year To Date 31/12/2017 RM'000	Preceding Year Corresponding Period 31/12/2016 RM'000
Profit attributable to owners of the Company (RM'000)	4,919	4,411	20,542	18,116
Weighted average number of ordinary shares in issue and issuable (Unit'000)	658,029	654,318	656,463	651,254
Diluted earnings per share (Sen)	0.75	0.67	3.13	2.78