



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/03/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2017 RM'000	CURRENT YEAR TO DATE 31/03/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2017 RM'000
			-		-
Revenue	A9	59,751	68,001	59,751	68,001
Cost of sales		(33,524)	(41,603)	(33,524)	(41,603)
Gross profit		26,227	26,398	26,227	26,398
Other operating income		1,027	1,877	1,027	1,877
Payroll expenses		(12,929)	(12,721)	(12,929)	(12,721)
Administration expenses		(4,197)	(5,743)	(4,197)	(5,743)
Distribution costs		(834)	(1,059)	(834)	(1,059)
Other expenses		(671)	(151)	(671)	(150)
Profit before interest, taxation, amortisation & depreciation		8,623	8,602	8,623	8,602
Depreciation expenses		(1,256)	(1,281)	(1,256)	(1,281)
Finance cost		(394)	(609)	(394)	(609)
Share of results of associated companies		751	(20)	751	(20)
Profit before taxation		7,724	6,692	7,724	6,692
Income tax expense		(1,853)	(1,355)	(1,853)	(1,355)
Profit for the period		5,871	5,337	5,871	5,337
Attributable to:					
Owners of the Company		5,866	5,326	5,866	5,326
Non-controlling interest		5	11	5	11
		5,871	5,337	5,871	5,337
Earnings Per Ordinary Share					
- Basic (sen)	B13	0.89	0.81	0.89	0.81
- Diluted (sen)	B13	0.89	0.81	0.89	0.81
Profit for the period		5,871	5,337	5,871	5,337
Other comprehensive income, net of tax					
Foreign currency translation differences		(4,293)	1,255	(4,293)	1,255
Reclassification adjustments of exchange translation reserve		-	3,166	-	3,166
Total comprehensive income for the period		1,578	9,758	1,578	9,758
Total comprehensive income attributable to:					
Owners of the Company		1,574	9,747	1,574	9,747
Non-controlling interest		4	11	4	11
		1,578	9,758	1,578	9,758

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2017)



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 31 MARCH 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	<u>Note</u>	AS AT CURRENT YEAR QUARTER 31/03/2018 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2017 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		60,965	64,810
Goodwill on consolidation		105,630	105,630
Intangible assets		1,869	1,929
Other investment		8,932	8,181
Deferred tax assets		(18)	1,500
		<u>177,378</u>	<u>182,050</u>
Current assets			
Inventories		68,192	63,524
Trade receivables		32,224	48,113
Other receivables		24,370	20,829
Tax recoverable		6,997	4,720
Fixed deposits placed with licensed banks		17,890	11,555
Cash and bank balances		<u>82,252</u>	<u>95,945</u>
		<u>231,925</u>	<u>244,686</u>
TOTAL ASSETS		<u>409,303</u>	<u>426,736</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		208,110	208,110
Reserves		67,965	66,392
Treasury Shares		(306)	(306)
Equity attributable to equity holders of the parent		<u>275,769</u>	<u>274,196</u>
Non controlling interest		<u>136</u>	<u>129</u>
Total equity		<u>275,905</u>	<u>274,325</u>
Non-current liabilities			
Hire purchase payables	B9	1,402	1,720
Bank borrowing	B9	17,927	15,513
Deferred tax liability		639	2,271
Deferred income		26	-
		<u>19,994</u>	<u>19,504</u>
Current liabilities			
Trade payables		18,491	23,471
Other payables		83,154	89,570
Deferred income		1,006	833
Hire purchase payables	B9	846	928
Bank borrowings	B9	6,331	16,026
Tax payable		<u>3,576</u>	<u>2,079</u>
		<u>113,404</u>	<u>132,907</u>
Total liabilities		<u>133,398</u>	<u>152,411</u>
TOTAL EQUITY AND LIABILITIES		<u>409,303</u>	<u>426,736</u>
Net assets per share (sen)		41.86	41.97

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2017)



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018
(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 2017	130,945	72,825	2,725	162	(638)	53,126	259,145	76	259,221
Share capital reduction	-	-	-	-	-	-	-	-	-
Resale of ordinary shares in open market	935	-	-	-	332	-	1,267	-	1,267
Issuance of ordinary shares pursuant to ESS	3,405	-	-	(181)	-	-	3,224	-	3,224
Transfer pursuant to Companies Act 2016 (Note a)	72,825	(72,825)	-	-	-	-	-	-	-
ESS lapsed	-	-	-	-	-	-	-	-	-
Share options granted under ESS	-	-	-	19	-	-	19	-	19
Reclassification adjustments of exchange translation reserve	-	-	(3,166)	-	-	-	(3,166)	-	(3,166)
Total comprehensive income for the year	-	-	(3,478)	-	-	20,452	16,974	53	17,027
Forex exchange differences	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(3,267)	(3,267)	-	(3,267)
At 31 December 2017	208,110	-	(3,919)	-	(306)	70,311	274,196	129	274,325
At 1 January 2018	208,110	-	(3,919)	-	(306)	70,311	274,196	129	274,325
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESS	-	-	-	-	-	-	-	-	-
Additional non-controlling interests arising on business combination	-	-	-	-	-	-	-	2	2
Share option granted under ESS	-	-	-	-	-	-	-	-	-
Reclassification adjustments of exchange translation reserve	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(4,293)	-	-	5,866	1,573	5	1,578
Forex exchange differences	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
At 31 December 2018	208,110	-	(8,212)	-	(306)	76,177	275,769	136	275,905

Note a

Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2017)



GHL SYSTEMS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	CURRENT YEAR TO DATE 31/03/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,724	6,692
Adjustment for:-		
Amortisation of development cost	63	93
Amortisation of deferred income	(612)	(335)
Bad debts written-off	-	11
Depreciation of property, plant and equipment	5,139	4,984
Impairment loss on receivables	1	854
Interest expense	394	609
Interest income	(280)	(193)
Inventories written off/ (back)	(32)	19
Loss/(Gain) on disposal of property, plant and equipment	-	(397)
Property, plant and equipment written-off	9	2
Reversal of impairment on trade receivables	(54)	-
Share options granted under ESS	-	7
Share of gain from an associate	(751)	20
Unrealised loss/ (gain) on foreign exchange	1,414	147
Operating profit before working capital changes	13,015	14,209
(Increase)/Decrease in working capital		
Inventories	(6,376)	10,043
Trade and other receivables	11,228	(12,280)
Trade and other payables	(10,768)	(18,466)
Advance receipt from deferred income	811	229
	(5,105)	(20,474)
Cash generated from/ (used in) operations	7,910	(6,265)
Interest received	280	193
Interest paid	(394)	(609)
Tax paid	(2,141)	(4,499)
	(2,255)	(4,915)
Net cash from/ (used in) operating activities	5,655	(11,180)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(1,799)	(3,197)
Purchase of other investment	-	(49)
Proceeds from disposal of property , plant and equipment	2,171	1,255
Addition in intangible assets	(4)	(8)
Net cash from/ (used in) investing activities	368	(1,999)
Cash Flows From Financing Activities		
Advances from associate company	-	-
Proceeds from issuance of shares-ESOS	-	488
(Increase)/Decrease in fixed deposits pledged	(60)	(77)
Drawdown of hire purchase	-	350
Repayment of hire purchase payables	(216)	(744)
Drawdown of bank borrowings	4,212	-
Repayment of bank borrowings	(11,414)	(11,840)
Net cash used in financing activities	(7,478)	(11,823)
Net increase/(decrease) in cash and cash equivalents	(1,455)	(25,002)
Effect of exchange rate fluctuation	(1,645)	(82)
Cash and cash equivalents at beginning of the finance period	95,945	76,887
Cash and cash equivalents at end of the finance period	92,845	51,803
Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	82,252	51,496
Fixed deposits with licensed banks	17,890	7,361
	100,142	58,857
Less: Fixed deposits pledged to licensed banks	(7,297)	(7,054)
	92,845	51,803

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2017)

Part A: Explanatory notes on consolidated results for the quarter ended 31 March 2018

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 2017.

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 2018 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2017.

As of 1 January 2018, the Group and the Company have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

Effective for annual periods beginning on or after 1 January 2018

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

Adoption of the above MFRS and Amendments to MFRSs and Annual Improvement to Standards will have no material impact on the financial statements of the Group.

MFRSs and Amendments to MFRS issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group.

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

A2. Significant Accounting Policies (continued)
MFRSs and Amendments to MFRS issued but not yet effective (continued)

The Group and the Company are in the process of assessing the impact of implementing these Standards, Amendments and Interpretations since the effects would only be observable for the future financial years.

A3. Audit Report of Preceding Annual Financial Statements

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2017 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 current quarter.

A8. Dividend Paid

There were no dividends paid for the current quarter ended 31 March 2018.

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.



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A9. Segmental Reporting (continued)

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 ended- 31 Mar	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CONTINUING OPERATIONS												
REVENUE												
External Sales												
Shared Services	6,224	13,540	4,281	4,348	1,790	1,382	-	-	(8)	-	12,287	19,270
Solution Services	2,535	1,718	411	294	607	260	226	138	-	-	3,779	2,410
Transaction Payment Acquisition	39,498	44,494	2,139	1,336	2,049	491	-	-	-	-	43,685	46,321
Inter-segment sales	7,013	5,338	-	-	-	-	-	-	(7,013)	(5,338)	-	-
	55,270	65,090	6,830	5,978	4,446	2,133	226	138	(7,021)	(5,338)	59,751	68,001
RESULTS												
Normalised EBITDA	9,747	9,392	2,935	2,510	1,040	523	84	(73)	(1,127)	(137)	12,679	12,215
<i>Adjusted for:</i>												
<i>Professional fees</i>	(102)	-	-	-	-	-	-	-	-	-	(102)	-
<i>Unrealised gain/(loss) on forex</i>	(1,015)	(244)	(534)	(53)	134	150	-	-	1,127	137	(288)	(10)
EBITDA	8,630	9,148	2,401	2,457	1,174	673	84	(73)	-	-	12,289	12,205
Interest income	277	193	3	-	-	-	-	-	-	-	280	193
Interest expense	(336)	(449)	(58)	(160)	-	-	-	-	-	-	(394)	(609)
Depreciation of PPE	(3,045)	(2,772)	(1,568)	(1,796)	(525)	(415)	(1)	(1)	-	-	(5,139)	(4,984)
Amortisation of intangible assets	(63)	(93)	-	-	-	-	-	-	-	-	(63)	(93)
Share of results of associate company	751	(20)	-	-	-	-	-	-	-	-	751	(20)
Taxation	(763)	(1,189)	(393)	(166)	-	-	-	-	(697)	-	(1,853)	(1,355)
Segment profit/ (loss) for the financial period	5,451	4,818	385	335	649	258	83	(74)	(697)	-	5,871	5,337
Minority interest	-	-	-	-	-	-	-	-	(5)	(11)	(5)	(11)
Segment profit/ (loss) for the financial period after non-controlling interest	5,451	4,818	385	335	649	258	83	(74)	(702)	(11)	5,866	5,326
Segmental assets	370,860	313,574	41,243	41,740	20,540	12,616	647	469	(23,987)	4,453	409,303	372,851
Segmental liabilities	209,595	168,707	23,646	23,422	12,168	13,608	1,188	1,323	(113,198)	(97,309)	133,398	109,749



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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	26,683
(b) Corporate guarantee – Financial Institution and trade suppliers	118,842
	<u>145,525</u>

A14. Capital Commitment

The amount of capital commitment for purchase property, plant and equipment not provided for as at 31 March 2018 are as follows:

	RM'000
Approved but not contracted for	<u>1,502</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 31/3/2018 RM'000	Preceding Year Corresponding Quarter 31/3/2017 RM'000	Current Year To Date 31/3/2018 RM'000	Preceding Year Corresponding Period 31/3/2017 RM'000
@ Office rental paid to Telemas Corporation Sdn Bhd ("Telemas") and Global Voice Corporation Sdn Bhd *	135	130	135	130

@ 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 (1Q18) vs corresponding quarter (1Q17) by segment

GHL group's 1Q18 net profit after tax for the quarter ended 31 March 2018 totalled RM5.9 million, a +10% yoy improvement compared to RM5.3 million achieved in 1Q2017. The profitability improvement was achieved despite a -12% yoy decline in group revenue to RM59.8 million vs RM68.0 million in 1Q2017. The improved profitability this quarter was achieved due to better product mix as well as better performance from solutions services and TPA divisions whereas shared services were flat. Net margins also improved to 9.8% (1Q17 – 7.8%) due to higher solutions software 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 reduced performance in 1Q18, declining -36.2% yoy to RM12.3 million (1Q17 – RM19.3 million). The softer performance was due to high hardware sales in Malaysia in 1Q17. Shared services revenue in the Philippines were flat whereas Thailand was up +29.5% yoy.

Solution Services

Solution services division contributed only 6.3% of total 1Q18 group revenue and was up +57% yoy to RM3.8 million (1Q17 RM2.4 million). The improved results in 2018's first quarter was due to better hardware and software sales and also supported by higher revenues from maintenance.

Transaction Payment Acquisition (TPA)

TPA revenues overall decline marginally by -5.7% to RM43.7 million (1Q17 – RM46.3 million) with the decline coming primarily from e-pay transactions but mitigated by improvements in TPA e-payments. Improvements were recorded at all three key markets Thailand, Philippine and Malaysia in terms of better collection of MDR and rental revenue. e-pay transaction volumes and hence revenue dropped due to a change of product mix. Merchant footprint grew 27% yoy and 6% yoy for e-payments and e-pay respectively.

The TPA business has 2 distinct components, each in a different stage of development and growth profile. These are;

i) e-pay (reload and collection services)

e-pay is the largest provider of reload and bill collection services in Malaysia. It has approximately 35,830 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 below. 1Q18 transaction value processed by e-pay declined -9% due to the exit of a convenience store chain and margins saw changes due to product mix changes during the quarter.



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B1. Review of Performance (continued)

Table 1

e-pay <i>(All stated in RM'millions unless stated otherwise)</i>	1Q 2017	1Q 2018	% change
Transaction Value Processed	945.40	858.78	-9%
Gross Revenue	37.11	29.56	-20%
Gross Revenue / Transaction Value (Note 1)	3.93%	3.44%	-12%
Gross Profit	12.03	10.24	-15%
Gross Profit / Transaction Value (Note 1)	1.27%	1.19%	-6%
Merchant Footprint - e-pay Only	33.88	35.83	6%

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

ii) GHL (e-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 comprises of the following activities;

- a) Various MDR revenue sharing arrangements under direct contracts with merchants and banks in Malaysia, Thailand and Philippines
- b) Domestic debit card merchant acquisition in Malaysia and Thailand
- c) Internet TPA ("eGHL") in Malaysia, Indonesia and Thailand
- d) e-wallet providers in Malaysia, Thailand and Philippines

A summary of key data relating to the card payment business is found in the Table below. While the transaction value processed grew strongly at 75%, Gross Profit/transaction margins declined yoy due to ongoing competition in the market 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 in the near future.



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B1. Review of Performance (continued)

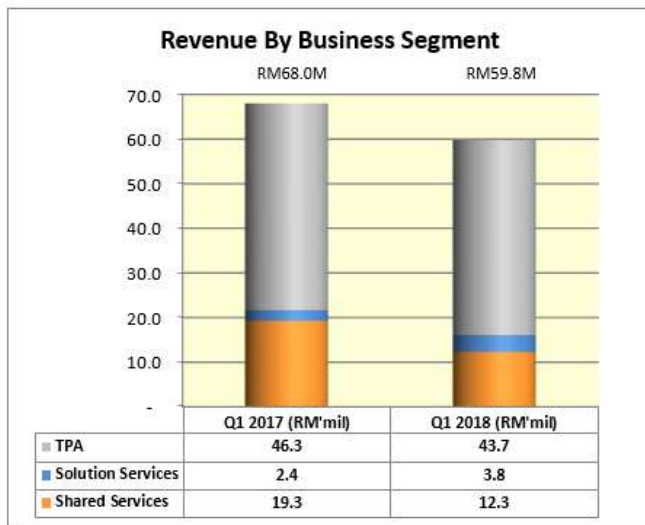
Table 2

GHL Electronic payments TPA <i>(All stated in RM'millions unless stated otherwise)</i>	1Q 2017	1Q 2018	% change
Transaction Value Processed (Note 1)	821.25	1,434.94	75%
Gross Revenue	9.36	14.12	51%
Gross Revenue / Transaction Value (Note 2)	1.14%	0.98%	-14%
Gross Profit (Note 3)	4.71	6.21	32%
Gross Profit / Transaction Value (Note 2)	0.57%	0.43%	-24%
Merchant Footprint - TPA Only (Thousands)	27.82	35.22	27%

Note 1 – The 1Q 2018 Transaction Value Processed includes transactions relating to Philippine's Bancnet transactions which were previously omitted in 2017 which has been restated. Bancnet inclusion commenced only in 2017 due to regulatory changes.

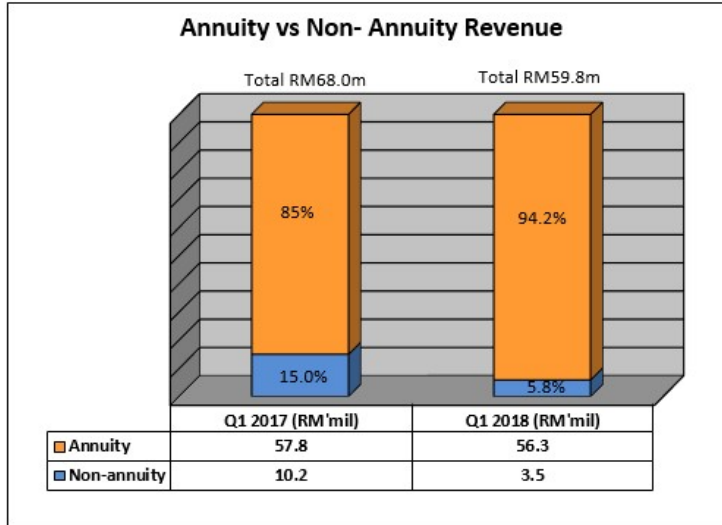
Note 2 - Gross Revenue or Gross Profit respectively divided by the Transaction Value Processed expressed as a %.

Note 3 – The gross profit has been restated as a result of changes in indirect costs allocation basis due to required improvements to our internal business processes to include certain network service and compliance fees, as well as support expenses relating to the TPA business that were previously included in the administrative OPEX expenses. This reclassification from OPEX to COGS is intended to more accurately reflect the gross margins of this epayment TPA segment.



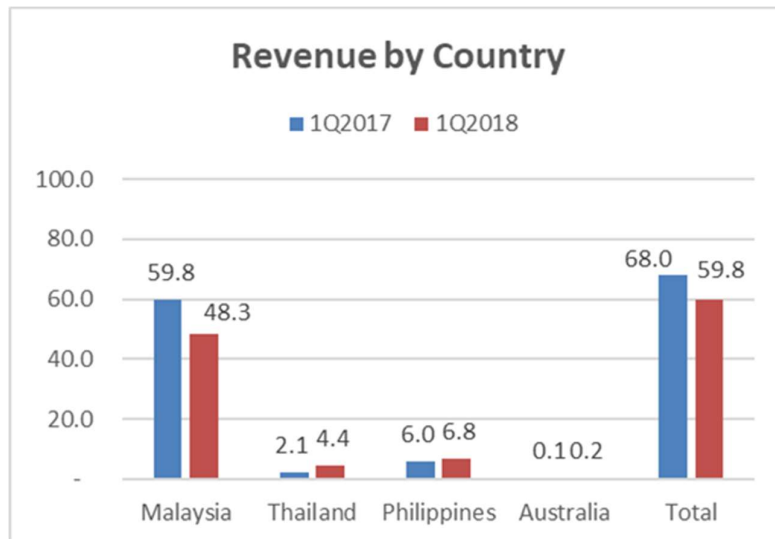
GHL group's annuity based recurring revenues remain strong at 94% (1Q18) vs 85% (1Q17) due to higher hardware sales in 1Q17. The Group's stated strategy of continually reducing non-annuity lumpy based revenues has been broadly successful and is expected to further strengthen when the group's TPA arrangements contribute more in the coming quarters, especially the non-bank TPA tie-ups.

B1. Review of Performance (continued)



Performance of current quarter (1Q18) vs corresponding quarter (1Q17) by geographical segment

1Q18 revenue declined -12.1% yoy to RM59.8 million (1Q17 – RM68.0m). Philippines, Australia and Thailand markets showed revenue growth but Malaysia was down as the corresponding quarter had strong hardware sales which was not present in 1Q18. Malaysia was down -19% yoy, Philippines operations was up +14% yoy, whereas the revenue contribution from Thailand was up +108% yoy. All geographical segments were EBITDA profitable in 1Q18 which also saw EBITDA margins improvement.





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Performance of current quarter (1Q18) vs corresponding quarter (1Q17) by geographical segment

Malaysia was the largest contributor to Group revenue accounting for 81% (1Q17 – 88%) with the main contribution from e-pay whose operations are solely based in Malaysia. Shared services division in Malaysia registered yoy declines in 1Q18 despite better rental revenue but this was offset by higher hardware sales in 1Q17 which was not repeated in 1Q18. Solution services for Malaysia was also up due to improved collection of maintenance fees and better hardware and software sales. TPA revenue decreased due to e-pay revenue but this was offset by better e-payment TPA revenue which saw improved rental/maintenance income as well as higher MDR transaction fees collected. Overall, Malaysia recorded an improved EBITDA of RM9.7 million (1Q17 – RM9.4 million).

Philippines was the second largest revenue contributor at 11% of group 1Q18 revenue. Philippines recorded RM6.8 million (+14% yoy) revenue, driven by its TPA division which saw improved MDR transaction fees collected. Its shared services (-1.5%) were flat but solutions services (+40%) was higher due to software sales and maintenance fees. Philippines EBITDA was higher at RM2.9 million from RM2.5 million a year ago.

Thailand recorded sales of RM4.4 million in 1Q18 (1Q17 – RM2.1million) driven by all its three segments. Shared services had better rental collection as well as higher hardware sales. Solutions services revenue were higher due to higher software & hardware sales and its TPA segment similarly recorded a +317% improvement in MDR transaction fees collected. Thailand's 1Q18 EBITDA of RM1.0 million was an improvement as compared to 1Q17's EBITDA of RM0.5 million.

Australia operations recorded sales of RM226,000 for network rental and maintenance fees. Australia recorded a small EBITDA of RM84,000 compared to RM73,000 loss in the previous period last year.

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 commenced 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.

Although TPA is a key focus, the group's recognises that the payment infrastructure within the markets it operates in remains under developed. Opportunities remain in the traditional spaces of EDC supply and payment network infrastructure and GHL remains well poised to capitalise on this growth area.

The outlook for 2018 remains positive.

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

	Quarter and Year-To-Date ended	
	31/3/2018 RM'000	31/3/2017 RM'000
Amortisation of intangible asset	63	93
Bad Debt written off	-	11
Depreciation of property, plant and equipment	5,139	4,984
Fixed assets written off	9	2
(Gain)/Loss on foreign exchange:		
Realised	17	(10)
Unrealised	1,414	147
(Gain)/loss on disposal of fixed Assets	-	(397)
Loss on liquidation of subsidiaries	-	1,696
Impairment loss on receivables	1	854
Interest income	(280)	(193)
Interest expenses	394	609
Inventory written off/(back)	(32)	19
Rental expenses	361	315
Reversal of allowance for doubtful debts	(54)	-
Share based payment	-	146

B5. Taxation

	Quarter and Year-To-Date ended	
	31/3/2018 RM'000	31/3/2017 RM'000
Current tax expenses based on based on profit for the financial year:		
Malaysian income tax	(1,460)	(1,189)
Foreign income tax	(393)	(166)
Total	(1,853)	(1,355)

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.



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B8. Status of Corporate Proposals

(a) Proposed acquisitions of equity interests in MPOS Global Limited ("MPOS Global")

(i) On 12 February 2018, the Group had entered into a revised share subscription agreement ("SSA") to amend and restate certain terms of the SSA ("Revised SSA").

(ii) On 12 February 2018, MPOS Global had entered into a share purchase agreement ("MPOS Vietnam SPA") with MPOS Vietnam and the shareholders of MPOS Vietnam, namely Tuat and Binh ("Sellers") to purchase a total of 5,200,000 MPOS Vietnam Shares ("Transferred Shares") from the Sellers representing approximately 95.69% of MPOS Vietnam for an aggregate purchase price of VND52,000,000,000 (equivalent to approximately RM9.67 million) ("MPOS Vietnam Purchase Price") ("Proposed MPOS Vietnam Acquisition"). Accordingly, MPOS Global and MPOS Vietnam had, via a Liquidation Agreement dated 12 February 2018, mutually agreed to terminate the MPOS Vietnam SSA.

There will be no change to the Group's cost of investment and equity interest in MPOS Global and MPOS Vietnam upon completion of the Proposed Share Subscription pursuant to the Revised SSA, the Proposed Share Purchase and the Proposed MPOS Vietnam Acquisition as per the MPOS Vietnam SPA.

(b) Proposed acquisition of Paysys (M) Sdn Bhd ("PMSB")

On 5 April 2018, GHL announced that S Capital Sdn Bhd ("SCSB"), a wholly-owned subsidiary of GHL had on even date, entered into the share sale agreement ("SSA") to acquire 100% of the equity interest in PMSB from Paysys Group Holdings Sdn Bhd and Rica Holdings (M) Sdn Bhd for a total purchase consideration of up to RM80,000,000, to be settled via a combination of RM40,000,000 cash consideration and up to 33,537,353 new ordinary shares in GHL, subject to the terms of the SSA and PMSB meeting certain profit targets.

The extraordinary general meeting to table the acquisition of PMSB for shareholders' consideration has been set on 31 May 2018.

(c) Proposed Private Placement

On 14 May 2018, GHL announced that it proposes to undertake a private placement of up to 10% of the total number of issued share capital of the Company in accordance with the general mandate pursuant to Section 75 and Section 76 of the Companies Act, 2016 ("Act") obtained from the shareholders of GHL at the annual general meeting ("AGM") convened on 26 May 2017 ("General Mandate"). Based on the issued share capital of GHL as at 8 May 2018 (net of treasury shares) of 658,766,391 ordinary shares in GHL, the private placement will entail the issuance of up to 65,986,639 new ordinary shares in GHL to potential placee(s).

GHL had on 17 May 2018, announced the submission of the additional listing application to Bursa Malaysia Securities Berhad ("Bursa Securities"). On 23 May 2018, Bursa Securities had via its letter dated 23 May 2018, granted its approval on the listing of up to 65,876,639 Placement Shares to be issued pursuant to the Proposed Private Placement.



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B9. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 March 2018 are as follows: -

(a) Bank Borrowings

	Long-term Borrowings RM'000	Short-term Borrowings RM'000	Total RM'000
Ringgit Malaysia	16,939	4,143	21,083
Philippine peso	988	2,188	3,175
	17,927	6,331	24,258

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

	2018 RM'000	2017 RM'000
(i) term deposits of the Group	7,297	7,053
(ii) structured investment of the Group	8,000	8,000
(iii) a Corporate Guarantee by parent entity	63,950	63,950
	79,247	79,003

The term loans of the Group are:

- (i) secured by legal charge and negative pledge on the long term leasehold land and buildings of the Group
- (ii) by way of corporate guarantee by the Group.

(b) Hire Purchase

	Long-term Hire Purchase RM'000	Short-term Hire Purchase RM'000	Total RM'000
Ringgit Malaysia	363	137	500
Philippine peso	1,039	709	1,748
	1,402	846	2,248

The hire purchase payables of the Group as at 31 March 2018 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.



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B10. Realised and Unrealised Profit

	As at 31/3/2018	As at 31/3/2017
	RM'000	RM'000
Total retained profit of the Group:-		
- Realised	76,013	57,928
- Unrealised	756	(934)
	76,769	56,994
Less: Consolidation adjustment	(592)	1,395
Total group retained	76,177	58,353

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.

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.

Basic	Quarter and Year-To-Date ended	
	31/3/2018	31/3/2017
Profit attributable to owners of the Company (RM'000)	5,866	5,326
Weighted average number of ordinary shares in issue and issuable (Unit'000)	658,766	653,517
Basic earnings per share (Sen)	0.89	0.81

Diluted	Quarter and Year-To-Date ended	
	31/3/2018	31/3/2017
Profit attributable to owners of the Company (RM'000)	5,866	5,326
Weighted average number of ordinary shares in issue and issuable (Unit'000)	658,766	654,758
Diluted earnings per share (Sen)	0.89	0.81