



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

THE FIGURES HAVE NOT BEEN AUDITED

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------|----------------------|--------------------------------------|----------------------|-------------------------------------|
| | | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | | 30/06/2013 | 30/06/2012 | 30/06/2013 | 30/06/2012 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | A8 | 15,434 | 12,662 | 32,139 | 24,389 |
| Cost of sales | | (5,316) | (4,594) | (11,856) | (8,112) |
| Gross profit | | 10,118 | 8,068 | 20,283 | 16,277 |
| Other operating income | | 138 | 991 | 274 | 1,316 |
| Payroll expenses | | (6,047) | (4,751) | (11,346) | (9,516) |
| Administration expenses | | (1,310) | (1,486) | (3,016) | (3,029) |
| Distribution costs | | (559) | (492) | (1,055) | (972) |
| Other expenses | | (123) | (355) | (225) | (439) |
| Profit before interest, taxation, amortisation & depreciation | | 2,217 | 1,975 | 4,915 | 3,637 |
| Depreciation expenses | | (720) | (739) | (1,364) | (1,165) |
| Finance cost | | (46) | (64) | (97) | (93) |
| Profit before taxation | | 1,451 | 1,172 | 3,454 | 2,379 |
| Income tax expense | | 104 | - | 104 | - |
| Profit from continuing operations, net of tax | | 1,555 | 1,172 | 3,558 | 2,379 |
| Discontinued operation | | | | | |
| Profit from discontinued operations, net of tax | | - | 448 | - | 352 |
| Profit for the period | | 1,555 | 1,620 | 3,558 | 2,731 |
| Attributable to: | | | | | |
| Owners of the Company | | 1,573 | 1,620 | 3,583 | 2,731 |
| Non-controlling interest | | (18) | - | (25) | - |
| | | 1,555 | 1,620 | 3,558 | 2,731 |
| Weighted average number of ordinary shares in issue | | 145,386 | 144,386 | 145,386 | 144,386 |
| Nominal value per share | | RM 0.20 | RM 0.50 | RM 0.20 | RM 0.50 |
| Earnings Per Ordinary Share | | | | | |
| - Basic (sen) | B14 | 1.08 | 1.12 | 2.46 | 1.89 |
| - Diluted (sen) | B14 | 1.08 | 1.12 | 2.46 | 1.89 |
| Profit for the period | | 1,555 | 1,620 | 3,558 | 2,731 |
| Other comprehensive income, net of tax | | | | | |
| Foreign currency translation differences | | (190) | 85 | (190) | 146 |
| Total comprehensive income for the period | | 1,365 | 1,705 | 3,368 | 2,877 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 1,383 | 1,705 | 3,393 | 2,877 |
| Non-controlling interest | | (18) | - | (25) | - |
| | | 1,365 | 1,705 | 3,368 | 2,877 |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2012)



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

THE FIGURES HAVE NOT BEEN AUDITED

| | AS AT CURRENT YEAR QUARTER 30/06/2013 (Unaudited) RM'000 | AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2012 (Audited) RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 33,060 | 30,434 |
| Intangible assets | 1,345 | 157 |
| Deferred tax assets | 1,200 | 1,200 |
| | <u>35,605</u> | <u>31,791</u> |
| Current assets | | |
| Inventories | 8,215 | 8,302 |
| Trade receivables | 11,965 | 11,753 |
| Other receivables | 1,732 | 2,142 |
| Tax recoverable | 412 | 204 |
| Fixed deposits placed with licensed banks | 850 | 1,552 |
| Cash and bank balances | 13,408 | 15,441 |
| | <u>36,582</u> | <u>39,394</u> |
| TOTAL ASSETS | <u>72,187</u> | <u>71,185</u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 29,360 | 73,401 |
| Reserves | 15,982 | (31,452) |
| Treasury Shares | (638) | (638) |
| Equity attributable to owners of the Company | <u>44,704</u> | <u>41,311</u> |
| Non controlling interest | (43) | (18) |
| Total equity | <u>44,661</u> | <u>41,293</u> |
| Non-current liabilities | | |
| Hire purchase payables | 560 | 812 |
| Bank borrowing | 1,750 | 1,889 |
| Deferred tax liability | 807 | 807 |
| Deferred income | 3,855 | 4,290 |
| | <u>6,972</u> | <u>7,798</u> |
| Current liabilities | | |
| Trade payables | 4,730 | 4,392 |
| Other payables | 14,614 | 15,779 |
| Hire purchase payables | 817 | 829 |
| Bank borrowings | 393 | 842 |
| Tax payable | - | 252 |
| | <u>20,554</u> | <u>22,094</u> |
| Total liabilities | <u>27,526</u> | <u>29,892</u> |
| TOTAL EQUITY AND LIABILITIES | <u>72,187</u> | <u>71,185</u> |
| Number of ordinary shares | 145,386 | 145,386 |
| Net assets per share (sen) | 30.75 | 28.41 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2012)



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

THE FIGURES HAVE NOT BEEN AUDITED

| | Share Capital RM'000 | Foreign Exchange Reserves RM'000 | ESOS Reserve RM'000 | Treasury Shares RM'000 | Retained Profits / (Accumulated Losses) RM'000 | Total Equity Attributable To Shareholders RM'000 | Non Controlling Interest RM'000 | Total Equity RM'000 |
|---|----------------------------|--|---------------------------|------------------------------|--|--|---------------------------------------|------------------------|
| At 1 January 2012 | 72,901 | (1,139) | 514 | (638) | (35,820) | 35,818 | - | 35,818 |
| Total comprehensive income for the year | - | 145 | - | - | 2,731 | 2,876 | - | 2,876 |
| At 30 June 2012 | <u>72,901</u> | <u>(994)</u> | <u>514</u> | <u>(638)</u> | <u>(33,089)</u> | <u>38,694</u> | <u>-</u> | <u>38,694</u> |
| At 1 January 2013 | 73,401 | (516) | - | (638) | (30,936) | 41,311 | (18) | 41,293 |
| Share capital reduction | (44,041) | - | - | - | 44,041 | - | - | - |
| Total comprehensive income for the year | - | (190) | - | - | 3,583 | 3,393 | (25) | 3,368 |
| At 30 June 2013 | <u>29,360</u> | <u>(706)</u> | <u>-</u> | <u>(638)</u> | <u>16,688</u> | <u>44,704</u> | <u>(43)</u> | <u>44,661</u> |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2012)



GHL SYSTEMS BERHAD
STATEMENT OF CASH FOLWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013
THE FIGURES HAVE NOT BEEN AUDITED

| | CURRENT YEAR TO DATE 30/06/2013 RM'000 | PRECEDING YEAR CURRENT YEAR TO DATE 30/06/2012 RM'000 |
|---|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | | |
| - Continuing operations | 3,454 | 2,379 |
| - Discontinued operations | - | 352 |
| | <u>3,454</u> | <u>2,731</u> |
| Adjustment for:- | | |
| Bad debts written-off | - | 2 |
| Depreciation of property, plant and equipment | 3,991 | 2,887 |
| Interest expense | 97 | 93 |
| Interest income | (81) | (153) |
| Gain on disposal of property, plant and equipment | (1) | (1) |
| Property, plant and equipment written-off | - | 1 |
| Reversal of impairment on trade receivables | (70) | (215) |
| Unrealised gain on foreign exchange | (60) | (148) |
| Operating profit before working capital changes | <u>7,330</u> | <u>5,197</u> |
| Decrease/(Increase) in working capital | | |
| Inventories | 87 | (2,823) |
| Trade and other receivables | 328 | 1,067 |
| Trade and other payables | (1,261) | (1,294) |
| | <u>(846)</u> | <u>(3,050)</u> |
| Cash generated from operations | 6,484 | 2,147 |
| Interest received | 81 | 153 |
| Interest paid | (97) | (93) |
| Tax refund/(paid) | (357) | 192 |
| | <u>(373)</u> | <u>252</u> |
| Net cash from operating activities | <u>6,111</u> | <u>2,399</u> |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (6,587) | (2,387) |
| Proceeds from disposal of property , plant and equipment | 25 | 13 |
| Addition in intangible assets | (1,188) | - |
| Net cash used in investing activities | <u>(7,750)</u> | <u>(2,374)</u> |
| Cash Flows From Financing Activities | | |
| Decrease/(Increase) in fixed deposits pledged | 964 | (30) |
| (Increase)/Decrease in cash at bank pledged | (2,926) | - |
| Drawdown of hire purchase | 200 | - |
| Repayment of hire purchase payables | (464) | (190) |
| Drawdown/(Repayment) of bank borrowings | (589) | (130) |
| Net cash used in financing activities | <u>(2,815)</u> | <u>(350)</u> |
| Net (decrease)/increase in cash and cash equivalents | (4,454) | (325) |
| Effect of exchange rate fluctuation | (244) | 297 |
| Cash and cash equivalents at beginning of the financial period | 15,459 | 19,468 |
| Cash and cash equivalents at end of the financial period | <u>10,761</u> | <u>19,440</u> |

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

| | | |
|--|---------------|---------------|
| Cash and bank balances | 13,408 | 19,440 |
| Fixed deposits with licensed banks | 850 | 1,459 |
| | <u>14,258</u> | <u>20,899</u> |
| Less: Fixed deposits pledged to licensed banks | (571) | (1,459) |
| Less: Cash at bank pledged to licensed banks | (2,926) | - |
| | <u>10,761</u> | <u>19,440</u> |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the year ended 31 December 2012)



GHL SYSTEMS BERHAD
(Company No: 293040-D)

Part A: Explanatory notes on consolidated results for the second quarter ended 30 June 2013

A1. Basis of Preparation

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

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2012.

The significant accounting policies and methods of computation applied in the interim financial report are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2012 except for the effects of newly issued Malaysian Financial Reporting Standard (“MFRS”) and IC Interpretations to be applied for the financial period beginning on 1 January 2013:

| | |
|-------------------------------|---|
| <i>MFRS 10</i> | <i>Consolidated Financial Statements</i> |
| <i>MFRS 11</i> | <i>Joint Arrangements</i> |
| <i>MFRS 12</i> | <i>Disclosures of Interests in Other Entities</i> |
| <i>MFRS 13</i> | <i>Fair Value Measurement</i> |
| <i>MFRS119</i> | <i>Employee Benefits (2011)</i> |
| <i>MFRS 127</i> | <i>Separate Financial Statements (2011)</i> |
| <i>MFRS 128</i> | <i>Investments in Associates and Joint Ventures (2011)</i> |
| <i>IC Interpretation 20</i> | <i>Stripping Costs in the Production Phase of a Surface Mine</i> |
| <i>Amendments to MFRS 7</i> | <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> |
| <i>Amendments to MFRS 1</i> | <i>First-time Adoption of MFRS – Government Loans</i> |
| <i>Amendments to MFRS 101</i> | <i>Presentation of Financial Statements</i> |
| <i>Amendments to MFRS 116</i> | <i>Property, Plant and Equipment</i> |
| <i>Amendments to MFRS 132</i> | <i>Financial Instruments: Presentation</i> |
| <i>Amendments to MFRS 134</i> | <i>Interim Financial Reporting</i> |
| <i>Amendments to MFRS 10</i> | <i>Consolidated Financial Statements: Transition Guidance</i> |
| <i>Amendments to MFRS 11</i> | <i>Joint Arrangements: Transition Guidance</i> |
| <i>Amendments to MFRS 12</i> | <i>Disclosures of Interests in Other Entities: Transition Guidance</i> |

A2. Audit Report

The audited report for the annual financial statements of the Group for the financial year ended 31 December 2012 was not subject to any audit qualification.

A3. Seasonal or Cyclical Factors

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

A4. Unusual Items

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

A5. Change in estimates

There were no changes in the estimates of amount reported in the prior financial year that have a material effect on the results of the Group for the six months ended 30 June 2013.



A6. Changes in Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the six months ended 30 June 2013 other than the followings:

On 22 May 2013, the High Court of Malaya at Kuala Lumpur has granted the Order confirming the Proposed Capital Reduction of GHL Systems Berhad (GHL) and it has been lodged with the Companies Commission of Malaysia on 18 June 2013 pursuant to Section 64(6) of the Companies Act, 1965.

The issued and paid-up share capital of GHL is reduced from RM73,401,050 comprising 146,802,100 ordinary shares of RM0.50 each to RM29,360,420 comprising 146,802,100 ordinary shares of RM0.20 each effective 18 June 2013.

Following the completion of the Proposed Capital Reduction, GHL's authorised share capital has decreased from RM100,000,000 divided into 200,000,000 ordinary shares of RM0.50 each to RM40,000,000 divided into 200,000,000 ordinary shares of RM0.20 each. As the Proposed Capital Reduction and the Proposed Increase In Authorised Share Capital are inter-conditional upon each other, the authorised share capital of GHL is therefore consequently increased from RM40,000,000 divided into 200,000,000 ordinary shares of RM0.20 each to RM500,000,000 divided into 2,500,000,000 ordinary shares of RM0.20 each with effect on 18 June 2013.

A7. Dividend Paid

There were no dividends paid for the six months ended 30 June 2013.

A8. Segmental Reporting

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

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

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 directly contracting with merchants to accept payment and loyalty cards and conduct other payment services.

Performance is measured based on core businesses revenue and geographical profit before tax, interest, depreciation and amortisation, 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.



| Quarter - 30 June | Malaysia | | Philippines | | Thailand | | Australia | | Adjustment and Elimination | | Consolidated | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------------|----------------|----------------|----------------|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| CONTINUING OPERATIONS | | | | | | | | | | | | |
| REVENUE | | | | | | | | | | | | |
| External Sales | | | | | | | | | | | | |
| Shared Services | 5,495 | 5,328 | 2,810 | 1,218 | 908 | 847 | - | - | - | - | 9,213 | 7,393 |
| Solution Services | 2,238 | 1,277 | 289 | 1,098 | 353 | 515 | 195 | - | - | - | 3,075 | 2,890 |
| Transaction Payment Acquisition | 2,171 | 1,921 | 828 | 382 | 147 | 76 | - | - | - | - | 3,146 | 2,379 |
| Inter-segment sales | 3,604 | 4,097 | - | - | - | - | - | - | (3,604) | (4,097) | - | - |
| | 13,508 | 12,623 | 3,927 | 2,698 | 1,408 | 1,438 | 195 | - | (3,604) | (4,097) | 15,434 | 12,662 |
| RESULTS | | | | | | | | | | | | |
| Segment results | 985 | 493 | 809 | 205 | (218) | 163 | (140) | - | 14 | 274 | 1,450 | 1,135 |
| Interest income | | | | | | | | | | | 47 | 101 |
| Interest expense | | | | | | | | | | | (46) | (64) |
| Profit before taxation | | | | | | | | | | | 1,451 | 1,172 |
| Taxation | | | | | | | | | | | 104 | - |
| Profit from discontinued operations | | | | | | | | | | | - | 448 |
| Net profit for the period | | | | | | | | | | | 1,555 | 1,620 |

| Cumulative - 30 June | Malaysia | | Philippines | | Thailand | | Australia | | Adjustment and Elimination | | Consolidated | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------------|----------------|----------------|----------------|
| | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 | 2013 RM'000 | 2012 RM'000 |
| CONTINUING OPERATIONS | | | | | | | | | | | | |
| REVENUE | | | | | | | | | | | | |
| External Sales | | | | | | | | | | | | |
| Shared Services | 12,950 | 10,615 | 5,629 | 2,709 | 1,843 | 1,129 | - | - | - | - | 20,422 | 14,453 |
| Solution Services | 4,306 | 3,396 | 823 | 1,130 | 490 | 551 | 268 | - | - | - | 5,887 | 5,077 |
| Transaction Payment Acquisition | 4,252 | 3,947 | 1,290 | 736 | 288 | 176 | - | - | - | - | 5,830 | 4,859 |
| Inter-segment sales | 7,357 | 7,998 | - | - | - | - | - | - | (7,357) | (7,998) | - | - |
| | 28,865 | 25,956 | 7,742 | 4,575 | 2,621 | 1,856 | 268 | - | (7,357) | (7,998) | 32,139 | 24,389 |
| RESULTS | | | | | | | | | | | | |
| Segment results | 2,589 | 1,646 | 1,562 | 362 | (277) | 37 | (331) | - | (73) | 274 | 3,470 | 2,319 |
| Interest income | | | | | | | | | | | 81 | 153 |
| Interest expense | | | | | | | | | | | (97) | (93) |
| Profit before taxation | | | | | | | | | | | 3,454 | 2,379 |
| Taxation | | | | | | | | | | | 104 | - |
| Profit from discontinued operations | | | | | | | | | | | - | 352 |
| Net profit for the period | | | | | | | | | | | 3,558 | 2,731 |



A9. Valuation of Property, Plant and Equipment

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

A10. Material Subsequent Events

There were no material events subsequent to 30 June 2013 of the balance sheet date that have not been reflected in this report other than the following:

GHL Systems Berhad (“GHL”) has completed the renounceable rights issue of 36,346,550 new ordinary shares of RM0.20 each in GHL on the basis of one (1) rights share for every four (4) ordinary shares of RM0.20 each held in GHL at an issue price of RM0.24 per rights share. The rights shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 31 July 2013. GHL latest paid up share capital after the listing of the rights shares are 183,148,650 ordinary shares of RM0.20 each.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year to date under review other than the followings:

GHL Systems Philippines Inc. (“GHLP”) had on 7 January 2013 incorporated a legal entity in the Philippines namely Pinoytek Solusyon, Inc. (“Pinotek”). GHLP holds a 40% of the equity interest in Pinoytek. The authorised share capital of Pinoytek is PHP10,000,000 divided into 100,000 shares of common stock of PHP100 each. The paid up capital is PHP2,500,000 divided into 25,000 shares of common stock of PHP100 each.

GHL Payment Services Sdn Bhd was incorporated on 11 January 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

GHL BPO1 Sdn Bhd was incorporated on 11 January 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

GHL ePayments Sdn Bhd was incorporated on 29 March 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

On 08 April 2013, GHL Asia Pacific Ltd (“GHLAP”) had incorporated a subsidiary in the Republic of Indonesia namely PT SpotPay Indonesia. PT SpotPay Indonesia is 99% owned by GHLAP and 1% owned by GHL Systems Berhad. The authorised share capital of PT SpotPay Indonesia is USD\$300,000.00 divided into 300,000 shares of USD\$1.00 each.

A12. Contingent Liabilities

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

| | |
|--|-------------------------------|
| (a) Banker’s guarantee in favour of third parties - Secured | RM’000 <u>3,315</u> |
|--|-------------------------------|



A13. Capital commitment

The amount of capital commitment for purchase property, plant and equipment not provided for as at 30 June 2013 are as follows:

| | |
|---------------------------------|-------------------------------|
| Approved but not contracted for | RM'000 <u>1,233</u> |
|---------------------------------|-------------------------------|

A14. Significant related party transactions

Significant related party transactions for the current quarter under review are as follows:

| Related Party: | Current Year Quarter 30/06/2013 RM'000 | Preceding Year Corresponding Quarter 30/06/2012 RM'000 | Current Year To Date 30/06/2013 RM'000 | Preceding Year Corresponding Period 30/06/2012 RM'000 |
|--|---|--|---|---|
| ^ Supply of EuroPay-MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; supply of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHL Group to e-pay (M) Sdn Bhd ("e-pay") * | 336 | 139 | 663 | 283 |
| # Purchase of EuroPay-MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; purchase of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHL Group from Microtree Sdn Bhd ("Microtree") * | 84 | 7 | 139 | 150 |

^ GHL Systems Berhad Executive Vice Chairman and is a major shareholder Loh Wee Hian has an indirect interest in e-pay (M) Sdn Bhd through his 61.60% shareholding in e-pay Asia Limited, the holding company of e-pay (M) Sdn Bhd. He is currently also the Executive Director of e-pay (M) Sdn Bhd as well as the Executive Chairman and CEO of e-pay Asia Limited.

GHL Systems Berhad Independent Non-Executive Director and is a substantial shareholder Goh Kuan Ho is currently General Manager of Microtree.

* 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.



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

B1. Review of Performance – Continuing operations

2Q 2013 VS 2Q 2012

Profit After Tax

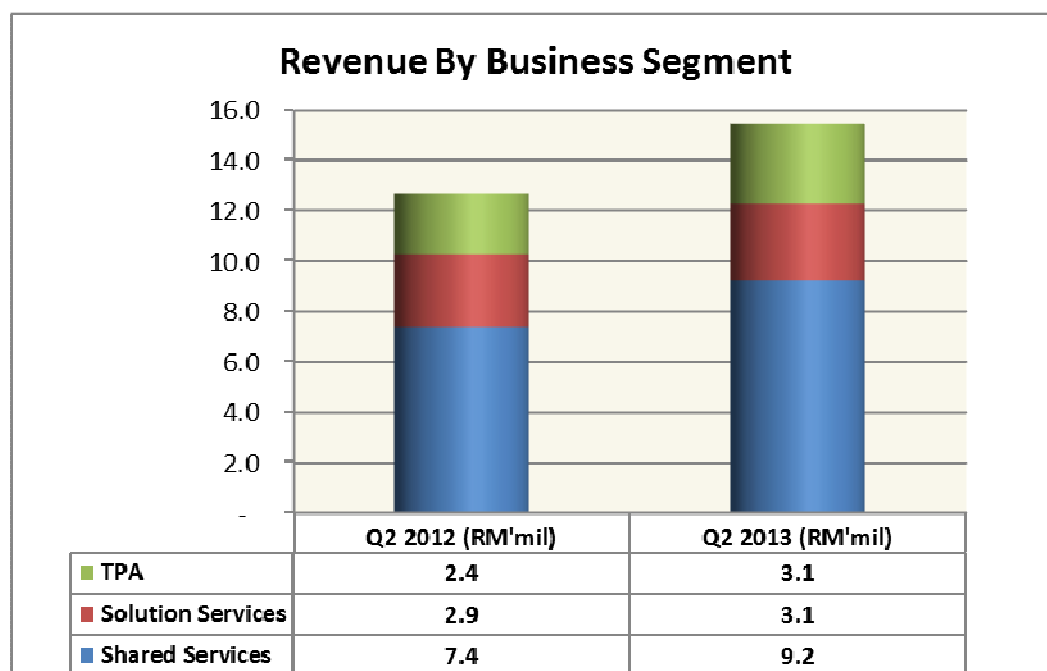
GHL group’s 2Q13 net profit after tax for the quarter ended 30 June 2013 was RM1.56 million, a 4% decline compared to RM1.62 million recorded in the corresponding 2Q12 quarter. 2Q13 vs 2Q12 net profit declined mainly due to a RM0.45 million one-off gain recorded in 2Q12 arising from the disposal of the group’s China operations. Had the one-off gain been excluded, the net profit after tax would have improved by 32.7% yoy. This is also reflected in the group’s increase of 21.9% in revenue between 2Q12 and 2Q13.

2Q 2013 VS 2Q 2012

Segment Revenue

On a revenue basis, the group recorded a 21.9% yoy improvement to RM15.43 million from RM12.66 million in 2Q12. The group saw growth in all its core business segments; i.e. Shared Services (+24.6%), Solution Services (+6.4%) and Transaction Payment Acquisition (“TPA”) (+32.2%).

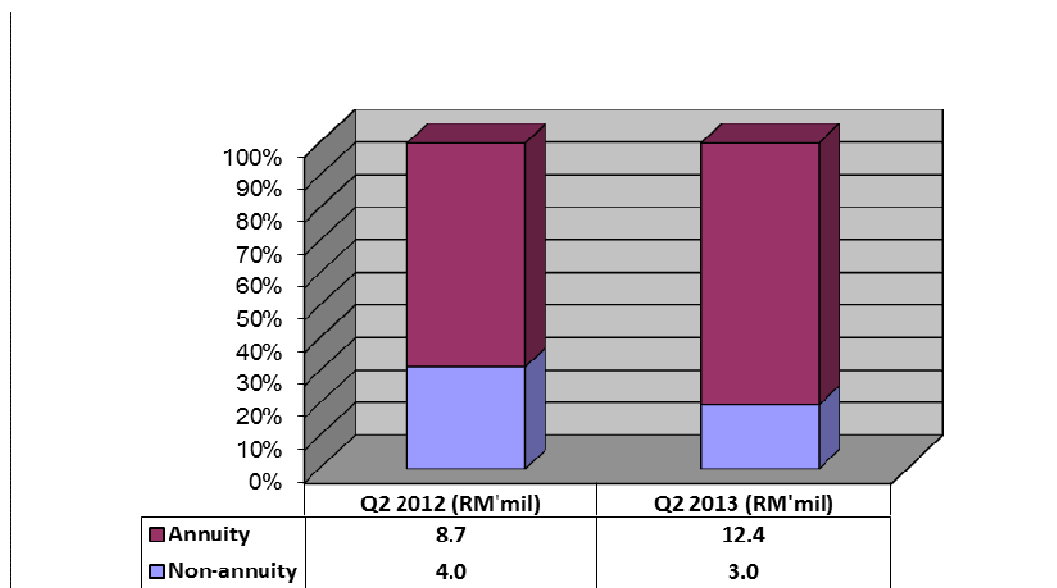
Shared Services revenue growth was driven mainly by higher rental and maintenance income whereas outright sales of EDC terminals declined marginally and card sales remained flat yoy. Solution Services recorded revenues of RM3.08 million (6.4% increase) in 2Q13 due to better maintenance revenues and despite lower outright sales. TPA 2Q13 revenue of RM3.15 million (32.2% increase) was driven by improvements in all three geographical markets.





B1. Review of Performance (Continued)

The group’s annuity based revenue in 2Q13 grew to 80.4% compared to 68.6% in the same period last year. This was due to a change in the revenue mix from outright sales to recurrent annuity derived from rental and maintenance services. This is congruent with the group’s overall strategy to build recurrent revenue streams, albeit more slowly than non-recurring revenue, that has greater resilience.



2Q 2013 VS 2Q 2012

Revenue & Result by Country

Overall, 2Q13 revenue grew by 21.9% yoy to RM15.43million due mainly to improvements in performance by Malaysia and the Philippines. The group’s Thai operations showed a marginal decline in revenues to RM1.41 million (2Q12 RM1.44 million).

Malaysia continues to be the main contributor to group revenues (64.2%). However, the proportion of domestic revenue to the group’s total revenue declined from 67.3% to 64.2% comparing 2Q12 vs 2Q13. Revenues from Malaysian operations in 2Q13 were driven by strong growth in Solution Services whereas, the Shared Services and TPA segments were marginally higher. Malaysia accounted for 68% of group EBIT (previously 43.4%) and prospects and opportunities remain strong given Malaysia’s push for a greater adoption of e-payments.

Philippines’ revenue grew strongly to RM3.93 million (+45.6% yoy) thereby accounting for 25.4% of group revenues as compared to 21.3% in 2Q12. The strong performance of its Shared Services segment outweighed the contraction in its Solution Services. Also, Philippines’ TPA segment grew very strongly, recording a 117% revenue growth compared to 2Q12. In terms of net profit, Philippines’ operations quadrupled its EBIT from RM0.21 million in 2Q12 to RM0.81 million in 2Q13.

Thailand operations recorded a small decline in 2Q13 revenues to RM1.41 million (2Q12 RM1.44 million). Shared Services and TPA revenues grew marginally but Solution Services were down in 2Q13. In terms of net profit, Thai operations recorded a small loss at EBIT level due to investments made in building a new TPA business in the coming quarters.



B1. Review of Performance (continued)

Apart from the three units in Malaysia, Thailand and Philippines, the group had marginal EBIT losses in Australia of RM0.14 million (1Q13 RM0.07 million) due to office overheads and the lead time needed to close certain pipeline deals.

1H 2013 VS 1H 2012 - Profit After Tax

The Group's profit after tax for the cumulative 6 months ended 30 June 2013 (1H 2013) was RM3.6 million, an increase of 30.3% of RM0.8 million compared to 1H 2012 of RM2.7 million.

The higher PBT resulted from a change in the revenue mix, tighter cost control and the exit from loss making operations in China.

1H 2013 VS 1H 2012 – Segment Revenue **Continuing operations**

The Group's total revenue increased by RM7.7 million (32%) to RM32.1 million (1H 2012 RM24.4 million). The increased was caused by higher sales from all the 3 business segments.

Shared Services Overall revenue increased by RM6.0 million (41%) to RM20.4 million (1H 2012 RM14.5 million). The increased resulted from higher rental/maintenance, outright sales of EDC hardware and cards.

Solution Services Total revenue increased by RM0.8 million (16%) to RM5.9 million (1H 2012 RM5.1 million). This was due to increases in software services sales in Malaysia.

Transaction Payments Acquisition ("TPA") Overall revenue increased by 20% to RM5.8 million (1H 2012 RM4.9 million) due to higher merchant acquisition rates and market acceptance of e-debit transaction mainly in Malaysia and Philippines.

B2. Current Year's Prospects

GHL group continues to consolidate itself as ASEAN's leading electronic payment solution provider and the only one that regionally offers a complete, end-to-end suit of payment and other bank and merchant solutions.

The group showed a 30.3% improvement in net profit between 1H13 and 1H12. Further, had the one-off gain for disposal of China operation been excluded for 1H12, the group would have shown a 49.6% improvement in net profit between 1H13 and 1H12. This improvement is also reflected in the group's revenue growth of 31.8% in the 1H13 vs 1H12. The group continues to invest in building the TPA business for both the physical and internet channels. The systems and processes to support these new businesses are still under construction but are expected to be implemented in the 4th quarter of 2013. As the initial implementation is in Thailand, this has negatively impacted the results of that subsidiary for the first half of the year. However, the implementation of these businesses will open up new growth opportunities that will be favourable to the group. Our other key markets, Malaysia and Philippines have already achieved critical scale and continue to show strong revenue growth. Our Philippines' operations, in particular, now shows marked improvement in profitability.

GHL group expects 2013 prospects to remain positive and will continue to invest resources in all its geographical segments as well as explore promising new markets such as Indonesia. GHL group intends to fully tap the potential of the ASEAN payments industry as the region evolves from a cash payment society to an e-payment one.

B3. Profit forecast and Profit guarantee

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

B4. Profit before Taxation – Continuing Operations

| | Current Quarter 30/06/2013 RM'000 | Preceding Year Corresponding Quarter 30/06/2012 RM'000 | Current Year To Date 30/06/2013 RM'000 | Preceding Year Corresponding Period 30/06/2012 RM'000 |
|---|--|---|---|--|
| Bad debts written off | - | - | - | 2 |
| Depreciation of property, plant and equipment | 2,069 | 1,342 | 3,991 | 2,670 |
| Fixed assets written off | - | - | - | 1 |
| (Gain)/Loss on foreign exchange | | | | |
| - Realised | (21) | 277 | 42 | 259 |
| - Unrealised | 64 | (103) | 60 | (148) |
| (Gain)/Loss on disposal of fixed assets | - | - | (1) | (1) |
| (Gain)/Loss on disposal of investment | - | (619) | - | (619) |
| Interest income | (47) | (101) | (81) | (153) |
| Interest expenses | 46 | 64 | 97 | 93 |
| Rental expenses | 307 | 372 | 601 | 611 |
| Reversal of allowance for doubtful debts | (10) | (88) | (70) | (215) |

B5. Taxation

| | Current Quarter <u>30/06/2013</u> RM'000 | Preceding Year Corresponding Quarter <u>30/06/2012</u> RM'000 | Current Year To Date <u>30/06/2013</u> RM'000 | Preceding Year Corresponding Period <u>30/06/2012</u> RM'000 |
|---------------------------|---|--|--|---|
| (Tax expenses)/Tax refund | 104 | - | 104 | - |

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 six months ended 30 June 2013.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the six months ended 30 Jun 2013.

B8. Status of Corporate Proposals

The corporate proposals announced and not completed as at the date of this report are as follows:

- (i) Proposed establishment of an executives' share scheme up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme ("Proposed Executives' Share Scheme").

B9. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 30 June 2013 are as follows:-

(a) Bank Borrowings

| | Total Secured Term Loan RM'000 |
|-----------------------------------|---|
| Repayable within twelve months | 393 |
| Repayable more than twelve months | 1,750 |
| | 2,143 |

The secured term loan from a local financial institution is to finance the purchase of three (3) units of 4 ½ storey shop offices. The term loan bears an interest of 5.0% per annum ("p.a.") on monthly rest for the first three (3) years and thereafter Base Lending Rate ("BLR") + 0.60% p.a. and is repayable over fifteen (15) years. The loan is expected to be fully repaid by year 2019. The term loan interest rate was revised at BLR + 0.00% p.a. based on letter dated 21 December 2007. Subsequently, the term loan interest rate was revised at BLR – 1.00% p.a. based on letter dated 23 February 2010 and 26 April 2010. The BLR as at 30 June 2013 is 6.60% p.a. The Group's banking facilities are secured by pledging of fixed deposits to the financial institution and pledging of the aforementioned three (3) units of the 4½ storey shop offices. The portion of the bank borrowings due within one (1) year is classified as current liabilities. The Group does not have any foreign currency denominated bank borrowings as at 30 June 2013.

B9. Group Borrowings and Debt Securities (Continued)

(b) Hire Purchase

| | Total Hire Purchase RM |
|-----------------------------------|-----------------------------------|
| Repayable within twelve months | 817 |
| Repayable more than twelve months | 560 |
| | 1,377 |

The hire purchase payables of the Group as at 30 June 2013 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 Losses

| | As at 30/06/2013 | As at 31/12/2012 (Audited) |
|--|-------------------------|---------------------------------------|
| | RM'000 | RM'000 |
| Total accumulated losses of the Company and subsidiaries:- | | |
| - Realised | 68,146 | (46,230) |
| - Unrealised | (60) | (11) |
| | <u>68,086</u> | <u>(46,241)</u> |
| Less: Share capital reduction | (44,041) | - |
| | <u>24,045</u> | <u>-</u> |
| Less: Consolidation adjustment | (7,357) | 15,305 |
| Total group retained | <u>16,688</u> | <u>(30,936)</u> |

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, other than the following:-

- (a) As disclosed in our 2012 annual report, claims had been made by Privilege Investment Holdings Pte Ltd ("Privilege") against several GHL group companies for alleged breach of contract and other legal obligations in relation to a Shareholders Agreement that was signed between GHL International Sdn Bhd, GHLSYS Singapore Pte Ltd and Privilege in 2005 ("Shareholders Agreement"). The abovementioned parties mutually agreed to terminate the Shareholders Agreement via a termination agreement in 2006. Since then, the matter has yet to proceed to Court. The Board of Directors is of the opinion that the allegations are unfounded and that the company will vigorously defend its position if required to do so.

B13. Dividend Proposed

There was no dividend declared for the six months ended 30 June 2013.

B14. Earnings Per Share
a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period and excluding the treasury shares held by the Company.

b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity holders of the parent and weighted average number of ordinary shares in issue during the period and excluding treasury shares held by the Company.

| <u>Basic</u> | | Current Quarter 30/06/2013 | Preceding Year Corresponding Quarter 30/06/2012 | Current Year To Date 30/06/2013 | Preceding Year Corresponding Period 30/06/2012 |
|--|------------|---|--|--|---|
| Net profit attributable to owners of the Company | (RM'000) | 1,573 | 1,620 | 3,583 | 2,731 |
| Weighted average number of ordinary shares in issue and issuable | (Unit'000) | 145,386 | 144,386 | 145,386 | 144,386 |
| Basic earnings per share | (Sen) | 1.08 | 1.12 | 2.46 | 1.89 |

| <u>Diluted</u> | | Current Quarter 30/06/2013 | Preceding Year Corresponding Quarter 30/06/2012 | Current Year To Date 30/06/2013 | Preceding Year Corresponding Period 30/06/2012 |
|---|------------|---|--|--|---|
| Net profit attributable to owners of the Company | (RM'000) | 1,573 | 1,620 | 3,583 | 2,731 |
| *Weighted average number of ordinary shares in issue and issuable | (Unit'000) | 145,386 | 144,386 | 145,386 | 144,386 |
| Diluted earnings per share | (Sen) | 1.08 | 1.12 | 2.46 | 1.89 |

* The number of shares exercised under ESOS was not taken into account in the computation of diluted earnings per share because the effect on the basic earnings per share is antidilutive.