



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

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 |
| | | 31/12/2012 | 31/12/2011 | 31/12/2012 | 31/12/2011 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing operations | | | | | |
| Revenue | A8 | 14,061 | 10,030 | 53,058 | 56,967 |
| Cost of sales | | (2,961) | (1,069) | (12,975) | (18,091) |
| Gross profit | | 11,100 | 8,961 | 40,083 | 38,876 |
| Other operating income | | 413 | (116) | 1,182 | 1,646 |
| Payroll expenses | | (4,527) | (5,094) | (18,885) | (18,516) |
| Administration expenses | | (4,105) | (4,171) | (8,979) | (9,780) |
| Distribution costs | | (659) | (939) | (2,947) | (3,037) |
| Other expenses | | (1,094) | (20,151) | (1,709) | (23,440) |
| Profit before interest, taxation, amortisation & depreciation | | 1,128 | (21,510) | 8,745 | (14,251) |
| Depreciation expenses | | (1,590) | 2,500 | (5,705) | (4,846) |
| Finance cost | | (67) | (113) | (208) | (224) |
| Profit before taxation | | (529) | (19,123) | 2,832 | (19,321) |
| Income tax expense | | 1,274 | (104) | 1,199 | (966) |
| Profit from continuing operations, net of tax | | 745 | (19,227) | 4,031 | (20,287) |
| Discontinued operation | | | | | |
| Profit/(Loss) from discontinued operations, net of tax | | - | (5,490) | 352 | (5,762) |
| Profit for the period | | 745 | (24,717) | 4,383 | (26,049) |
| Attributable to: | | | | | |
| Equity holders of the parent | | 763 | (24,717) | 4,401 | (26,049) |
| Non-controlling interest | | (18) | - | (18) | - |
| | | 745 | (24,717) | 4,383 | (26,049) |
| Weighted average number of ordinary shares in issue | | 144,984 | 144,386 | 144,536 | 144,386 |
| Nominal value per share | | RM 0.50 | RM 0.50 | RM 0.50 | RM 0.50 |
| Earnings Per Ordinary Share | | | | | |
| - Basic (sen) | B14 | 0.53 | (17.12) | 3.04 | (18.04) |
| - Diluted (sen) | B14 | 0.53 | (17.12) | 3.04 | (18.04) |
| Profit for the period | | 745 | (24,717) | 4,383 | (26,049) |
| Other comprehensive income, net of tax | | | | | |
| Foreign currency translation differences | | 758 | (52) | 707 | 116 |
| Total comprehensive income for the period | | 1,503 | (24,769) | 5,090 | (25,933) |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent | | 1,521 | (24,769) | 5,108 | (25,933) |
| Non-controlling interest | | (18) | - | (18) | - |
| | | 1,503 | (24,769) | 5,090 | (25,933) |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2011)



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

THE FIGURES HAVE NOT BEEN AUDITED

| <u>Note</u> | AS AT CURRENT YEAR QUARTER 31/12/2012 RM'000 | AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2011 (Audited) RM'000 | AS AT PRECEDING FINANCIAL YEAR ENDED 1/1/2011 (Audited) RM'000 |
|--|--|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 30,346 | 22,734 | 45,154 |
| Goodwill on consolidation | - | - | 1,096 |
| Intangible assets | 114 | - | - |
| Deferred tax assets | 1,200 | - | - |
| | 31,660 | 22,734 | 46,250 |
| Current assets | | | |
| Inventories | 8,390 | 5,670 | 6,538 |
| Trade receivables | 11,139 | 11,328 | 13,173 |
| Other receivables | 1,921 | 1,651 | 5,773 |
| Tax recoverable | 342 | 206 | 129 |
| Fixed deposits placed with licensed banks | 1,552 | 2,482 | 2,121 |
| Cash and bank balances | 15,441 | 18,414 | 10,572 |
| | 38,785 | 39,751 | 38,306 |
| TOTAL ASSETS | 70,445 | 62,485 | 84,556 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | 73,401 | 72,901 | 72,901 |
| Reserves | (31,337) | (36,445) | (10,768) |
| Treasury Shares | (638) | (638) | (638) |
| Equity attributable to equity holders of the parent | 41,426 | 35,818 | 61,495 |
| Non controlling interest | (18) | - | - |
| Total equity | 41,408 | 35,818 | 61,495 |
| Non-current liabilities | | | |
| Hire purchase payables | 814 | 1,168 | 44 |
| Bank borrowing | 1,889 | 2,343 | 2,618 |
| Deferred tax liability | 952 | 952 | - |
| | 3,655 | 4,463 | 2,662 |
| Current liabilities | | | |
| Trade payables | 4,013 | 2,031 | 5,246 |
| Other payables | 19,700 | 19,216 | 14,443 |
| Hire purchase payables | 827 | 754 | 528 |
| Bank borrowings | 842 | 203 | 182 |
| | 25,382 | 22,204 | 20,399 |
| Total liabilities | 29,037 | 26,667 | 23,061 |
| TOTAL EQUITY AND LIABILITIES | 70,445 | 62,485 | 84,556 |
| Number of ordinary shares | 144,536 | 144,386 | 144,386 |
| Net assets per share (sen) | 28.66 | 24.81 | 42.59 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2011)



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012
 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 2011 | 72,901 | (1,255) | 258 | (638) | (9,771) | 61,495 | - | 61,495 |
| Total comprehensive income for the year | - | 116 | - | - | (26,049) | (25,933) | - | (25,933) |
| Share based payment | - | - | 256 | - | - | 256 | - | 256 |
| At 31 December 2011 | <u>72,901</u> | <u>(1,139)</u> | <u>514</u> | <u>(638)</u> | <u>(35,820)</u> | <u>35,818</u> | <u>-</u> | <u>35,818</u> |
| At 1 January 2012 | 72,901 | (1,139) | 514 | (638) | (35,820) | 35,818 | - | 35,818 |
| Issuance of shares pursuant to ESOS | 500 | - | - | - | - | 500 | - | 500 |
| Total comprehensive income for the year | - | 707 | - | - | 4,401 | 5,108 | (18) | 5,090 |
| At 31 December 2012 | <u>73,401</u> | <u>(432)</u> | <u>514</u> | <u>(638)</u> | <u>(31,419)</u> | <u>41,426</u> | <u>(18)</u> | <u>41,408</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 2011)



GHL SYSTEMS BERHAD

STATEMENT OF CASH FOLWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012

THE FIGURES HAVE NOT BEEN AUDITED

| | CURRENT YEAR TO DATE 31/12/2012 RM'000 | PRECEDING YEAR CURRENT YEAR TO DATE 31/12/2011 RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before taxation | | |
| - Continuing operations | 2,832 | (19,321) |
| - Discontinued operations | 352 | (5,762) |
| | 3,184 | (25,083) |
| Adjustment for:- | | |
| Bad debts written-off | 2 | 7 |
| Depreciation of property, plant and equipment | 5,922 | 6,114 |
| Impairment loss on property, plant and equipment | 194 | 20,862 |
| Impairment loss on goodwill on consolidation | - | 1,096 |
| Impairment loss on receivables | 262 | 1,893 |
| Interest expense | 141 | 224 |
| Interest income | (277) | (204) |
| Inventories recovery | 863 | - |
| (Gain)/Loss on disposal of property, plant and equipment | (410) | 1,853 |
| Gain on disposal of other investment | (76) | - |
| Intangible asset | (114) | - |
| Property, plant and equipment written-off | 14 | 4 |
| Property, plant and equipment written back | - | (6) |
| Reversal of impairment on trade receivables | (437) | (204) |
| Provision for loss on disposal of property, plant and equipment | - | 400 |
| Share based payment | - | 256 |
| Unrealised gain on foreign exchange | (161) | (38) |
| Operating profit/(loss) before working capital changes | 9,107 | 7,174 |
| Decrease/(Increase) in working capital | | |
| Inventories | (3,601) | 868 |
| Trade and other receivables | (933) | 3,237 |
| Trade and other payables | 4,667 | 2,231 |
| | 133 | 6,336 |
| Cash generated from operations | 9,240 | 13,510 |
| Interest received | 277 | 204 |
| Interest paid | (141) | (224) |
| Tax refund/(paid) | (136) | (91) |
| Exchange fluctuation adjustment | (59) | 82 |
| | (59) | (29) |
| Net cash from operating activities | 9,181 | 13,481 |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (13,049) | (5,692) |
| Proceeds from disposal of property, plant and equipment | 300 | 1,606 |
| Disposal of discontinued operation, net of cash | (203) | - |
| Net cash used in investing activities | (12,952) | (4,086) |
| Cash Flows From Financing Activities | | |
| Proceeds from issuance of shares | 500 | - |
| (Decrease)/Increase in fixed deposits pledged | (106) | 535 |
| Repayment of hire purchase payables | (817) | (936) |
| Drawdown/(Repayment) of bank borrowings | 185 | (255) |
| Net cash used in financing activities | (238) | (656) |
| Net (decrease)/increase in cash and cash equivalents | (4,009) | 8,739 |
| Cash and cash equivalents at beginning of the finance year | 19,468 | 10,729 |
| Cash and cash equivalents at end of the finance year | 15,459 | 19,468 |
| Cash and cash equivalents at end of the finance year:- | | |
| Cash and bank balances | 15,441 | 18,414 |
| Fixed deposits with licensed banks | 1,552 | 2,482 |
| | 16,993 | 20,896 |
| Less: Fixed deposits pledged to licensed banks | (1,534) | (1,428) |
| | 15,459 | 19,468 |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the year ended 31 December 2011)



GHL SYSTEMS BERHAD
(Company No: 293040-D)

Part A: Explanatory notes on consolidated results for the third quarter ended 31 December 2012

A1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting, and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2011. The consolidated financial statements of the Group as at and for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards (FRS).

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

The Group adopted the following MFRS and Amendments to MFRS during the financial period beginning on or after 1 January 2012.

| | |
|------------------------|--|
| MFRS 124 | Related Party Disclosures |
| MFRS 139 | Financial Instruments: Recognition and Measurement |
| Amendments to MFRS 1 | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters |
| Amendments to MFRS 7 | Disclosures – Transfers of Financial Assets |
| Amendments to MFRS 112 | Deferred Tax: Recovery of Underlying Assets |
| Amendments to FRS 9 | Mandatory effective Fate of FRS 9 and Transition Disclosures |

The adoption is mainly to help clarify the requirements of or provide further explanations to existing MFRS and has no financial impact to the Group.

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

| | | <u>Effective Date</u> |
|------------------------|--|-----------------------|
| MFRS 9 | Financial Instruments | 1 January 2015 |
| MFRS 10 | Consolidated Financial Statements | 1 January 2013 |
| MFRS 11 | Joint Arrangements | 1 January 2013 |
| MFRS 12 | Disclosure of Interest in Other Entities | 1 January 2013 |
| MFRS 13 | Fair Value Measurement | 1 January 2013 |
| MFRS 119 | Employee Benefits | 1 January 2013 |
| MFRS 127 | Separate Financial Statements | 1 January 2013 |
| MFRS 128 | Investments in Associates and Joint Ventures | 1 January 2013 |
| Amendments to MFRS 1 | Government Loans | 1 January 2013 |
| Amendments to MFRS 7 | Disclosure – Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| Amendments to MFRS 101 | Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| Amendments to MFRS132 | Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| IC Interpretations 20 | Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |



A2. Audited Report

The audited report for the annual financial statements of the Group for the financial year ended 31 December 2011 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. Changes in estimates

There were no changes in the estimates of amount reported in the prior quarter or in the prior financial year that have a material effect on the results of the Group for the current quarter and financial year-to-date under review.

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 during the current quarter and financial year-to-date under review other than the following:

- (a) On 9 November 2012, the company issued 1,000,000 new ordinary shares of RM0.50 each pursuant to the Employees' Share Options Scheme.

A7. Dividend Paid

There were no dividends paid during the current quarter and financial year-to-date under review.



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, Solutions Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:-

Shared Services comprises mainly revenue derived from the provision of support and other outsourced sales services to banks and merchants. The principal activities comprise; EDC terminal rental and maintenance, sale of EDC terminals, and the production of Credit/Debit, ATM and loyalty cards for banks and merchants.

Solution Services comprises mainly revenue derived from the provision of value-added services to merchants and banks. The principal activities comprise; network device and software sales and rentals in respect of payment network solutions, consumer loyalty products, prepaid solutions, internet payment solutions and the development of various special purposes, back-end merchant applications.

Transaction Payment Acquisition ("TPA") comprises mainly revenue derived from credit card/e-debit transaction payment services to merchants under the "Affiliation Programmes".

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 - 31 December | Malaysia | | Philippines | | Thailand | | Australia | | Adjustment and Elimination | | Consolidated | |
|---|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------------|----------------|----------------|-----------------|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| REVENUE | | | | | | | | | | | | |
| External Sales | | | | | | | | | | | | |
| Shared Services | 6,876 | 6,504 | 2,057 | 1,729 | 972 | 255 | - | - | - | - | 9,905 | 8,488 |
| Solution Services | 1,801 | 725 | 530 | - | 896 | 29 | - | - | - | - | 3,227 | 754 |
| Transaction Payment Acquisition | 606 | 546 | 310 | 242 | 13 | - | - | - | - | - | 929 | 788 |
| Inter-segment sales | 3,744 | 3,962 | - | 123 | - | 791 | - | - | (3,744) | (4,876) | - | - |
| | 13,027 | 11,737 | 2,897 | 2,094 | 1,881 | 1,075 | - | - | (3,744) | (4,876) | 14,061 | 10,030 |
| RESULTS | | | | | | | | | | | | |
| Segment results | (458) | (19,730) | 303 | 835 | (144) | (179) | (481) | - | 262 | - | (518) | (19,074) |
| Interest income | | | | | | | | | | | 56 | 64 |
| Interest expense | | | | | | | | | | | (67) | (113) |
| Profit/loss before taxation | | | | | | | | | | | (529) | (19,123) |
| Taxation | | | | | | | | | | | 1,274 | (104) |
| Net profit/(loss) for the period | | | | | | | | | | | 745 | (19,227) |

| Cumulative - 31 December | Malaysia | | Philippines | | Thailand | | Australia | | Adjustment and Elimination | | Consolidated | |
|---|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------------|-----------------|----------------|-----------------|
| | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 | 2012 RM'000 | 2011 RM'000 |
| REVENUE | | | | | | | | | | | | |
| External Sales | | | | | | | | | | | | |
| Shared Services | 28,985 | 30,607 | 6,473 | 8,436 | 3,641 | 3,309 | - | - | - | - | 39,099 | 42,352 |
| Solution Services | 6,635 | 11,189 | 2,563 | 192 | 1,226 | 90 | - | - | - | - | 10,424 | 11,471 |
| Transaction Payment Acquisition | 2,309 | 2,064 | 1,205 | 1,080 | 21 | - | - | - | - | - | 3,535 | 3,144 |
| Inter-segment sales | 15,305 | 17,217 | - | 133 | - | 1,641 | - | - | (15,305) | (18,991) | - | - |
| | 53,234 | 61,077 | 10,241 | 9,841 | 4,888 | 5,040 | - | - | (15,305) | (18,991) | 53,058 | 56,967 |
| RESULTS | | | | | | | | | | | | |
| Segment results | 2,557 | (18,440) | 989 | 480 | (43) | (1,341) | (481) | - | (259) | - | 2,763 | (19,301) |
| Interest income | | | | | | | | | | | 277 | 204 |
| Interest expense | | | | | | | | | | | (208) | (224) |
| Profit/loss before taxation | | | | | | | | | | | 2,832 | (19,321) |
| Taxation | | | | | | | | | | | 1,199 | (966) |
| Net profit/(loss) for the period | | | | | | | | | | | 4,031 | (20,287) |



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 Events Subsequent to Balance Sheet Date

There were no material events subsequent to 31 December 2012 that have not been reflected in the financial statements in the current quarter and financial year-to-date under review.

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:

- a) On 12 April 2012, GHL Asia Pacific Ltd (“GHLAPL”), entered into a Share Sales Agreement (“SSA”) with HK New Huang PU Finance Holdings Limited (“HKNHPUF”) for the divestment of 1,560,000 ordinary shares of HKD1.00 each, representing 100% of the paid-up capital of its wholly owned subsidiary, GHL (China) Company Limited (“GHLCL”) for a total cash consideration of HK10.00.

The results of the divestment to discontinued operations in China are as follows:

Results of discontinued operations

| | 3 months ended 31 Dec | | 9 months ended 31 Dec | |
|--------------------------------------|------------------------------|----------------|------------------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| | RM’000 | RM’000 | RM’000 | RM’000 |
| Revenue | - | 1,238 | 417 | 5,759 |
| Cost of Sales | - | (321) | (164) | (1,700) |
| Profit/(Loss) from operations | - | 917 | 253 | 4,059 |
| Other operating income | - | (453) | 6 | (432) |
| Payroll expenses | - | (571) | (376) | (2,133) |
| Administration expenses | - | (5,029) | 715 | (5,665) |
| Distribution expenses | - | (59) | (29) | (316) |
| Other operating expenses | - | 45 | - | (8) |
| Operating profit | - | (5,150) | 569 | (4,495) |
| Depreciation | - | (340) | (217) | (1,267) |
| Finance costs | - | - | - | - |
| Profit/(Loss) before tax | - | (5,490) | 352 | (5,762) |
| Income taxation | - | - | - | - |
| Profit/(Loss) for the period | - | (5,490) | 352 | (5,762) |



A11. Changes in the Composition of the Group (continued)

a) Cash flow of discontinued operations

| | 31.12.2012 |
|--|-------------------|
| | RM'000 |
| Net liabilities arising from Disposal of GHL (China) Co. Ltd | (620) |
| Gain on disposals | 620 |
| Cash considerations | - |
| Less: cash and cash equivalent disposed off | (203) |
| Net cash inflow from disposal of subsidiaries | <u>(203)</u> |

b) On 20 July 2012, GHL Asia Pacific Ltd incorporated a wholly own subsidiary in Australia namely GHL Systems Australia Pty Ltd (“GSAPL”). The paid-up share capital of GSAPL is AUD100,000.00 divided into 100,000 shares of AUD1.00 each.

c) On 8 August 2012, GHLSYS Singapore Pte. Ltd. (“GHLSYS Singapore”), a dormant wholly-owned subsidiary of GHL Asia Pacific Ltd. Had been struck off from the register of Registrar of Companies and Businesses, Singapore pursuant to Section 344(2) of the Singapore Companies Act.

GHLSYS Singapore was incorporated in Singapore on 23 June 2005 with SG1.00 issued and fully paid up capital comprising 1 ordinary shares of SG1.00. GHLSYS Singapore had not been involved in any business activity since its incorporation.

d) On 17 August 2012, PaymentOne Singapore Pte. Ltd. (“PaymentOne”), a dormant wholly-owned subsidiary of GHL Asia Pacific Ltd. Had been struck off from the register of Registrar of Companies and Businesses, Singapore Companies Act (Cap 50) (“the Striking Off”).

PaymentOne was incorporated in Singapore on 17 April 2006 with SG10,000.00 issued and fully paid up capital comprising 10,000 ordinary shares of SG1.00. PaymentOne had not been involved in any business activity since its incorporation.

e) On 14 September 2012, PaymentOne (HK) Pte Limited (“PaymentOne HK”), a dormant wholly owned subsidiary of GHL Asia Pacific Ltd. Had been struck off from the Companies Registry, Hong Kong pursuant to Section 219AA(9) of the Companies Ordinance.

PaymentOne HK was incorporated in Hong Kong on 2 June 2006, with HK10,000.00 comprising ten thousand (10,000) ordinary shares of HK1.00. PaymentOne HK has not been involved in any business activity since its incorporation.

f) On 21 September 2012, GHL Thailand Co Ltd, a 99.99% subsidiary of GHL Asia Pacific Ltd. Had completed the acquisition of 10,000 ordinary shares of THB100 each fully paid up in the capital of Conscious Object Development Co. Ltd. (“COD”) representing 100% of the equity interest in COD from Mr Warrapot Hirunpiwong, Mr Yuttakit Kirunpiwong and Madam Pensri Sarakum at a total cost of acquisition of up to approximately RM895,000.



A11. Changes in the Composition of the Group (continued)

- g) On 19 October 2012, GHL Loyalty Sdn Bhd was incorporated under the Companies Act, 1965 with the issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each. On 7 November 2012, the company acquired the remaining one (1) ordinary share of RM1.00 each at a nominal consideration of RM1.00. Subsequently, GHL Loyalty Sdn Bhd became a wholly-owned subsidiary of the company.

A12. Contingent Liabilities

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

| | |
|---|---------------|
| (a) Banker's guarantee in favour of third parties | RM'000 |
| - Secured | <u>326</u> |

A13. Capital commitment

The amount of capital commitment for purchase property, plant and equipment not provided for as at 31 December 2012 are as follows:

| | |
|---------------------------------|---------------|
| Approved but not contracted for | RM'000 |
| | <u>1,988</u> |



A14. Significant related party transactions

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

| Related Party: | Current Year Quarter 31/12/2012 RM'000 | Preceding Year Corresponding Quarter 31/12/2011 RM'000 | Current Year To Date 31/12/2012 RM'000 | Preceding Year Corresponding Period 31/12/2011 RM'000 |
|--|---|---|---|--|
| <p>[^] 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") *</p> | 286 | 1,216 | 920 | 3,135 |
| <p>[#] 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") *</p> | 243 | 631 | 394 | 631 |

[^] 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 Deputy Chairman of e-pay (M) Sdn Bhd as well as the Executive Chairman and CEO of e-pay Asia Limited.

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



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

B1. Review of Performance

Q4 2012 VS Q4 2011 - Profit After Tax
Continuing operations

The group's 4Q12 profit after tax (PAT) for the quarter ended 31 December 2012 was RM0.75 million versus a loss after tax of RM24.7 million in the corresponding 4Q11 quarter. The 4Q12 PAT of RM0.75 million was earned after expensing a non-recurring item amounting to RM1.2 million in respect of professional fees and other expenses relating to the group's corporate proposal.

Q4 2012 VS Q4 2011
Segment Revenue - Continuing operations

The group recorded RM14.1 million (+40.2% y-o-y increase) in group revenue mainly due to its Solution Services division. The two other divisions, Shared Services and Transaction Payment Acquisition ("TPA") similarly recorded y-o-y revenue increases of 328% and 18% respectively. In addition, the group's focus on building annuity revenue streams in the form of rentals and maintenance charges as opposed to non-annuity revenue streams such as hardware sales has been successful.

Shared Services division continues to be the largest contributor with 4Q12 revenues of RM9.9 million (+16.7% y-o-y). The group continues to increase its rental and maintenance revenues supported by higher contributions from its overseas operations.

Solution Services delivered a turnover of RM3.2 million, up marginally from RM3.0 million in 3Q12. Contributions from the individual countries Malaysia, Philippines and Thailand were unchanged from 3 months ago.

Transaction Payment Acquisition ("TPA") recorded a turnover of RM 0.93 million which was also flat compared to 3Q12. The group is in the initial stages of building up the TPA business in Thailand and contribution from this division is expected to grow more rapidly later in 2013 as the people are fully hired and the business is launched.

Q4 2012 VS Q4 2011
Revenue & Result by Country - Continuing operations

Malaysia achieved revenue of RM9.3 million for the quarter under review, an increase of RM1.5 million or 19.4% over 4Q11 quarter of RM7.8 million. The growth was derived mainly from the growth of the Solution Services division. 4Q12 margins showed a considerable improvement against 4Q11 due to the significant asset write downs.

Philippines 4Q12 revenue came in at RM2.9 million (2011 – RM2.0 million), with a 47% y-o-y growth due to the Shared Services which recorded higher terminal rentals. 4Q12 profitability compared to 4Q11 was however lower due to a one off administration and other operating expenses charged out in 4Q12.



B1. Review of Performance (continued)

Q4 2012 VS Q4 2011

Revenue & Result by Country - Continuing operations

Thailand 4Q12 revenue was RM1.9 million an increase of RM1.1 million (2011 - RM0.3 million). The strong increase was derived from Solution Services which saw an 8 fold increase in revenues due to the commencement of a project with the country's national postal service. However Thailand contributed a loss of RM0.14 million due to the initial recruitment of the sales team in preparation for the launch of the Transaction Payment Acquisition ("TPA") division in 2Q 2013.

YTD 2012 VS YTD 2011

Profit After Tax (PAT) - Continuing operations

The group recorded a group profit after tax of RM4.4 million for the 12 months ended 31 December 2012, a significant turnaround from last year's total loss after tax of RM26.0 million.

The turnaround and return to profitability for the group in 2012 was the result of a concerted effort to streamline operational costs, exit our China operations and a strategic move to focus on changing the revenue mix from one-off hardware sales to that of annuity rental and maintenance income. This has allowed for a more sustainable earnings stream.

YTD 2012 VS YTD 2011

Segment Revenue - Continuing operations

The group's year to date revenue of RM53.1 million was marginally lower (2011 RM57.0 million, -6.9% y-o-y) compared to the corresponding period. The reduction was due to lower outright hardware sales within both Shared Services and Solution Services business segments of RM6.2 Million as well the impact of the exit of China operations RM5.3 million. Against this, the group grew its annuity income by RM2.9 million which partly compensated the reductions.

Shared Services division recorded revenue of RM39.1 million (-7.7% y-o-y). Hardware sales were down 45% y-o-y to RM4.6 million whereas annuity maintenance revenue was up 8% to RM30.9 million. Card sales were also down 35% y-o-y to RM3.5 million.

The Solution Services division recorded a marginally lower turnover of RM10.4 million (-9% y-o-y) due to lower hardware sales but offset by higher software sales in Philippines and Thailand.

Transaction Payment Acquisition ("TPA") division revenue increased by 12% to RM3.5 million (2011-RM3.1 million). This consistent uptrend of TPA revenue is underpinned by higher merchant acquisition rates and growing market acceptance of electronic payments in ASEAN.



B1. Review of Performance (continued)

YTD 2012 VS YTD 2011

Revenue & Result by Country - Continuing operations

Malaysia's revenue for 2012 was RM38.0 million, a reduction of 13.5% from 2011 of RM43.9 million. The reduction was mainly due to reduced outright EDC terminals and cards sales and solutions sales. Annuity and recurring rental revenue grew by RM0.67 million. Malaysia's segment profits of RM2.6 million are a commendable turnaround compared to 2011 losses of RM18.4 million. The group's operating margin improved despite a y-o-y reduction in topline revenue because of the change in revenue mix.

Philippines' 2012 revenue increased marginally by 6% from RM10.2 million from RM9.7 million. Hardware sales were down by RM2.7 million y-o-y but this was offset by growth in the rental revenues (RM1.9 million) as well as higher software sales (RM1.2 million). Overall, the revenue reduction from hardware sales within Shared Services division was surpassed by the improvement seen in the Solution Services division.

Philippines' profits also increased to RM1.0 million from RM0.5 million in the previous year. The margin turnaround was mainly attributed by improved profit margins from Solution Services sales and recurring annuity revenue in Shared Services.

Thailand's 2012 revenue similarly grew by RM1.5 million (43.8%) from RM3.4 million to RM4.9 million due to hardware and software sales improvement in both Shared Services and Solution Services divisions. As with the other countries, management remains focused on changing the revenue mix from hardware sales to recurring annuity revenue from EDC terminal rental/maintenance.

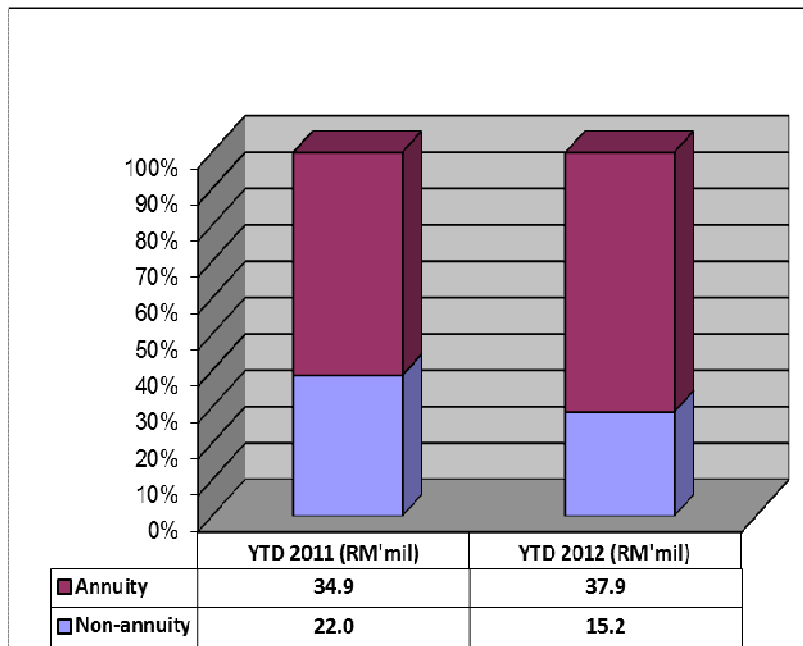
B2. Current Year's Prospects

Having turned around in 2012 and returning back to profitability, the group looks forward in 2013 to consolidate its position as ASEAN's leading electronic payment solution provider offering a full spectrum of payment solutions.

During 2012, the group was able to execute its strategy of repositioning its revenue streams from one off sales to that of recurring annuity revenue streams. This, coupled with more stringent controls on operational costs has resulted in turning in full year profit of RM4.4 million.

For 2013, management remains committed to its strategy of investing in people to capitalize on the growth opportunities in ASEAN. The group expects to perform better in Philippines and Thailand in 2013 and is expected to start making inroads into other neighboring ASEAN countries.

The Shared Services division will continue to provide the group with its stable and consistent revenue streams as GHL remains one of top players in Malaysia. Over the past 12 months, the group has continued to allocate resources to increase our presence in Thailand and Philippines, especially in the Solution Services segment and Transaction Payment Acquisition ("TPA") segments. The TPA segment in particular is expected to show good growth in both Thailand and Philippines in 2013



* The chart excludes China operation as it has been disposed.



B3. Profit forecast and Profit guarantee

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

B4. Profit before Taxation- Continuing Operations

| | Current Quarter <u>31/12/2012</u> RM'000 | Preceding Year Corresponding Quarter <u>31/12/2011</u> RM'000 | Current Year To Date <u>31/12/2012</u> RM'000 | Preceding Year Corresponding Period <u>31/12/2011</u> RM'000 |
|--|---|--|--|---|
| Bad debts written off | - | (33) | 2 | 7 |
| Depreciation of property, plant and equipment | 1,590 | 780 | 5,705 | 5,089 |
| Fixed assets written back | - | (2) | - | (6) |
| Fixed assets written off | 14 | 1,649 | 14 | 4 |
| (Gain)/Loss on disposal of fixed assets | (418) | 430 | (410) | 272 |
| Gain on disposal of investment in subsidiary | (76) | - | (76) | - |
| Impairment loss on goodwill | 713 | 1,096 | 713 | 1,096 |
| Impairment loss on property, plant and equipment | 194 | 20,862 | 194 | 20,862 |
| Impairment loss on receivables | 52 | 1,120 | 262 | 917 |
| Inventories reversal | - | (19) | - | (78) |
| Inventories written off | 863 | - | 863 | - |
| Interest income | (56) | (64) | (227) | (204) |
| Income expenses | 67 | 113 | 208 | 224 |
| Provision of loss on disposal of property, plant and equipment | - | 400 | - | 400 |
| Realised (gain)/loss on foreign exchange | (516) | (65) | (175) | 36 |
| Rental expenses | 289 | 266 | 1,083 | 826 |
| Reversal of allowance for doubtful Debts | (10) | (1,377) | (222) | (204) |
| Share based payment | - | 256 | - | 256 |
| Unrealised (gain)/loss on foreign exchange | 150 | 263 | (11) | (38) |

B5. Taxation

| | Current Quarter <u>31/12/2012</u> RM'000 | Preceding Year Corresponding Quarter <u>31/12/2011</u> RM'000 | Current Year To Date <u>31/12/2012</u> RM'000 | Preceding Year Corresponding Period <u>31/12/2011</u> RM'000 |
|-----------------------|---|--|--|---|
| Tax expenses | 74 | (104) | (1) | (966) |
| Deferred tax expenses | 1,200 | - | 1,200 | - |
| | 1,274 | (104) | 1,199 | (966) |

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 were no disposal of unquoted investment or properties during the current quarter and financial year-to-date under review.

B7. Purchase and Disposal of Quoted Securities

There were no purchase or disposal of quoted securities during the current quarter and financial year-to-date under review.

B8. Status of Corporate Proposals

There were no corporate proposals announced and not completed as at the date of this report other than the followings:

On 12 November 2012, AmInvestment Bank Berhad (“AmInvestment Bank”) on behalf of the Board of Directors of the Company announced that GHL proposes to undertake the following proposals:-

- (i) Proposed capital reduction of the issued and paid-up share capital of GHL pursuant to Section 64(1) of the Companies Act, 1965 (“Act”), involving the cancellation of RM0.30 of the par value of every existing ordinary share of RM0.50 each in GHL (“Share(s)”) (“Proposed Capital Reduction”);
- (ii) Proposed renounceable rights issue of up to [36.35 million] new ordinary shares of RM0.20 each (“Rights Shares”) on the basis of one (1) Right Share for every four (4) GHL Shares held after the Proposed Capital Reduction on an entitlement date to be determined later (“Entitlement Date”) (“Proposed Rights Issue”);
- (iii) Proposed exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Over and Mergers 2010 (“Code”) to Mr. Loh Wee Hian and Ms Teo Kwee Hwa from the obligation to extend a mandatory take-over offer for the remaining GHL Shares not already held by them which may arise pursuant to the Rights Issue (“Proposed Exemption”);
- (iv) 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 (“Proposed Executives’ Share Scheme”);
- (v) Proposed increase in GHL’s authorised share capital from RM100.00 million comprising 200.00 million GHL Shares to RM500.00 million comprising 2.5 billion GHL Shares (“Proposed Increase in Authorised Share Capital”); and
- (vi) Proposed amendments to the Memorandum and Articles of Association (“M&A”) of GHL (“Proposed Amendments”);

B9. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 December 2012 are as follows:-

(a) **Bank Borrowings**

| | Total Secured Term Loan RM'000 |
|-----------------------------------|---|
| Repayable within twelve months | 842 |
| Repayable more than twelve months | 1,889 |
| | 2,731 |

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 31 December 2012 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 31 December 2012.

(b) **Hire Purchase**

| | Total Hire Purchase RM |
|-----------------------------------|-----------------------------------|
| Repayable within twelve months | 827 |
| Repayable more than twelve months | 814 |
| | 1,641 |

The hire purchase payables of the Group as at 31 December 2012 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 Profits/ (Losses)

| | Current Quarter As at 31/12/2012 | Immediate Preceding Quarter As at 31/12/2011 (Audited) |
|--|---|---|
| | RM'000 | RM'000 |
| Total accumulated losses of the Company and subsidiaries:- | | |
| - Realised | (46,731) | (54,849) |
| - Unrealised | (11) | 38 |
| | (46,742) | (54,811) |
| Less: Consolidation adjustment | 15,305 | 18,991 |
| Total group retained | (31,437) | (35,820) |

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 2011 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 were no dividends declared during the current quarter and financial year-to-date under review.

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.

| Basic | | Current Quarter <u>31/12/2012</u> | Preceding Year Corresponding Quarter <u>31/12/2011</u> | Current Year To Date <u>31/12/2012</u> | Preceding Year Corresponding Period <u>31/12/2011</u> (Audited) |
|--|------------|--|---|---|--|
| Net profit attributable to equity holders of the parent | (RM'000) | 763 | (24,717) | 4,401 | (26,049) |
| Weighted average number of ordinary shares in issue and issuable | (Unit'000) | 144,984 | 144,386 | 144,536 | 144,386 |
| Basic earnings per share | (Sen) | 0.53 | (17.12) | 3.04 | (18.04) |

| Diluted | | Current Quarter <u>31/12/2012</u> | Preceding Year Corresponding Quarter <u>31/12/2011</u> | Current Year To Date <u>31/12/2012</u> | Preceding Year Corresponding Period <u>31/12/2011</u> (Audited) |
|---|------------|--|---|---|--|
| Net profit attributable to equity holders of the parent | (RM'000) | 763 | (24,717) | 4,401 | (26,049) |
| *Weighted average number of ordinary shares in issue and issuable | (Unit'000) | 144,984 | 144,386 | 144,536 | 144,386 |
| Diluted profit per share | (Sen) | 0.53 | (17.12) | 3.04 | (18.04) |

* 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.