



GHL SYSTEMS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012
THE FIGURES HAVE NOT BEEN AUDITED

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/06/2012	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2011	CURRENT YEAR TO DATE 30/06/2012	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2011
	Note	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	A8	12,662	14,945	24,389	28,805
Cost of sales		(3,463)	(4,784)	(5,877)	(8,361)
Gross profit		9,199	10,161	18,512	20,444
Other operating income		453	309	777	417
Payroll expenses		(4,752)	(4,449)	(9,518)	(8,860)
Administration expenses		(1,594)	(1,956)	(3,212)	(3,584)
Distribution costs		(911)	(886)	(1,518)	(1,624)
Other expenses		183	(14)	101	(224)
Profit before interest, taxation, amortisation & depreciation		2,578	3,165	5,142	6,569
Depreciation expenses		(1,342)	(2,798)	(2,670)	(5,644)
Finance cost		(64)	(43)	(93)	(88)
Profit before taxation		1,172	324	2,379	837
Income tax expense		-	-	-	-
Profit from continuing operations, net of tax		1,172	324	2,379	837
Discontinued operation					
Profit from discontinued operations, net of tax		448	(193)	352	(181)
Profit for the period		1,620	131	2,731	656
Attributable to:					
Equity holders of the parent		1,620	131	2,731	656
Non-controlling interest		-	-	-	-
		1,620	131	2,731	656
Weighted average number of ordinary shares in issue		144,386	142,280	144,386	142,280
Nominal value per share		RM 0.50	RM 0.50	RM 0.50	RM 0.50
Earnings Per Ordinary Share					
- Basic (sen)	B14	1.12	0.09	1.89	0.46
- Diluted (sen)	B14	1.12	0.09	1.89	0.46
Profit for the period		1,620	131	2,731	656
Other comprehensive income, net of tax					
Foreign currency translation differences		85	60	146	60
Total comprehensive income for the period		1,705	191	2,877	716
Total comprehensive income attributable to:					
Equity holders of the parent		1,705	191	2,877	716
Non-controlling interest		-	-	-	-
		1,705	191	2,877	716

(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 SECOND QUARTER ENDED 30 JUNE 2012
THE FIGURES HAVE NOT BEEN AUDITED

	<u>Note</u>	AS AT CURRENT YEAR QUARTER 30/06/2012 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		22,068	22,734	45,154
Goodwill on consolidation		-	-	1,096
		<u>22,068</u>	<u>22,734</u>	<u>46,250</u>
Current assets				
Inventories		8,493	5,670	6,538
Trade receivables		10,430	11,328	13,173
Other receivables		1,845	1,651	5,773
Tax recoverable		153	206	129
Fixed deposits placed with licensed banks		1,459	2,482	2,121
Cash and bank balances		19,440	18,414	10,572
		<u>41,820</u>	<u>39,751</u>	<u>38,306</u>
TOTAL ASSETS		<u>63,888</u>	<u>62,485</u>	<u>84,556</u>
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital		72,901	72,901	72,901
Reserves		(33,568)	(36,445)	(10,768)
Treasury Shares		(638)	(638)	(638)
Total equity		<u>38,695</u>	<u>35,818</u>	<u>61,495</u>
Non-current liabilities				
Hire purchase payables	B9	926	1,168	44
Bank borrowing	B9	2,025	2,343	2,618
Deferred tax liability		952	952	-
		<u>3,903</u>	<u>4,463</u>	<u>2,662</u>
Current liabilities				
Trade payables		2,429	2,031	5,246
Other payables		17,524	19,216	14,443
Hire purchase payables	B9	806	754	528
Bank borrowings	B9	392	203	182
Tax payable		139	-	-
		<u>21,290</u>	<u>22,204</u>	<u>20,399</u>
Total liabilities		<u>25,193</u>	<u>26,667</u>	<u>23,061</u>
TOTAL EQUITY AND LIABILITIES		<u>63,888</u>	<u>62,485</u>	<u>84,556</u>
Number of ordinary shares		144,386	144,386	144,386
Net assets per share (sen)		0.27	0.25	0.43

(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 SECOND QUARTER ENDED 30 JUNE 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 RM'000	Total Shareholders' Equity RM'000
At 1 January 2011	72,901	(1,255)	258	(638)	(9,771)	61,495
Total comprehensive income for the year	-	60	-	-	656	716
At 30 June 2011	<u>72,901</u>	<u>(1,195)</u>	<u>258</u>	<u>(638)</u>	<u>(9,115)</u>	<u>62,211</u>
At 1 January 2012	72,901	(1,139)	514	(638)	(35,820)	35,818
Total comprehensive income for the year	-	146	-	-	2,731	2,877
At 30 June 2012	<u>72,901</u>	<u>(993)</u>	<u>514</u>	<u>(638)</u>	<u>(33,089)</u>	<u>38,695</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 30 JUNE 2012
THE FIGURES HAVE NOT BEEN AUDITED

	CURRENT YEAR QUARTER 30/06/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	2,731	656
Adjustment for:-		
Bad debts written-off	2	-
Depreciation of property, plant and equipment	2,887	6,229
Interest expense	93	88
Interest income	(153)	(89)
Inventories recovery	-	(59)
Gain/(Loss) on disposal of property, plant and equipment	(1)	224
Property, plant and equipment written-off	1	-
Property, plant and equipment written back	-	(4)
Reversal of impairment on trade receivables	(215)	(353)
Unrealised (gain)/loss on foreign exchange	(148)	(187)
Operating profit/(loss) before working capital changes	5,197	6,505
Decrease/(Increase) in working capital		
Inventories	(2,823)	(1,601)
Trade and other receivables	1,067	1,636
Trade and other payables	(1,294)	(5,438)
	(3,050)	(5,403)
Cash generated from operations	2,147	1,102
Interest received	153	89
Interest paid	(93)	(88)
Tax paid	192	65
Exchange fluctuation adjustment	297	60
	549	126
Net cash from operating activities	2,696	1,228
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,387)	(509)
Proceeds from disposal of property , plant and equipment	13	76
Proceeds from disposal of a subsidiary	-	-
Net cash used in investing activities	(2,374)	(433)
Cash Flows From Financing Activities		
Decrease in fixed deposits pledged	(31)	548
Repayment of hire purchase payables	(190)	(80)
Repayment of bank borrowings	(130)	(127)
Net cash used in financing activities	(351)	341
Net increase/(decrease) in cash and cash equivalents	(29)	1,136
Cash and cash equivalents at beginning of the finance year	19,469	10,729
Cash and cash equivalents at end of the finance year	19,440	11,865
Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	19,440	9,889
Fixed deposits with licensed banks	1,459	3,391
	20,899	13,280
Less: Fixed deposits pledged to licended banks	(1,459)	(1,415)
	19,440	11,865

(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 second quarter ended 30 June 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 has adopted the following MFRS and Amendments to MFRS during the current period:

MFRS 124	Related Party Disclosures (revised)
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.

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 under review, there were no items or events that arose and affected the assets, liabilities, equity, net income or cash flows of the Group, to the effect that is of unusual nature, size or incidence.

A5. Changes in estimates

There were no changes in the estimates of amounts reported in the previous quarter that have a material effect on the results of the Group for the current quarter 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 under review.

A7. Dividend Paid

There were no dividends paid during the quarter under review.

A8. Segmental Reporting

The Group has three 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

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, sale of credit card payment services to merchants on behalf of banks under "Affiliation Programmes" and the production of Credit/Debit, ATM and loyalty cards for banks and merchants.

Solutions 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 processing and the development of various special purposes, back-end merchant applications.

Transaction Payment Acquisition ("TPA") comprises mainly revenue derived from the provision of non-credit card payment processing services to merchants. In Malaysia, the company provides e-Debit services (an ATM PIN based payment) to merchants under a contractual arrangement with Malaysian Electronic Clearing Corporation Sdn Bhd ("MyClear"), the owner and operator of the service.

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 is 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		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
REVENUE										
External Sales										
Shared Services	7,188	8,653	1,628	1,906	1,223	1,165	-	-	10,039	11,724
Solutioning	1,022	2,705	1,070	200	212	31	-	-	2,304	2,936
Transaction Payment Acquisition	314	285	-	-	5	-	-	-	319	285
Inter-segment sales	4,096	4,412	-	-	-	509	(4,096)	(4,921)	-	-
	12,620	16,055	2,698	2,106	1,440	1,705	(4,096)	(4,921)	12,662	14,945
RESULTS										
Segment results	493	1,216	205	(517)	163	(310)	274	(70)	1,135	319
Interest income									101	48
Interest expense									(64)	(43)
Profit/loss before taxation									1,172	324
Taxation									-	-
Net profit/(loss) for the period									1,172	324

Cumulative - 30 June	Malaysia		Philippines		Thailand		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
REVENUE										
External Sales										
Shared Services	14,441	16,852	3,477	4,681	1,621	2,561	-	-	19,539	24,094
Solutioning	2,910	3,899	1,099	206	231	63	-	-	4,240	4,168
Transaction Payment Acquisition	605	543	-	-	5	-	-	-	610	543
Inter-segment sales	7,997	8,815	-	-	-	509	(7,997)	(9,324)	-	-
	25,953	30,109	4,576	4,887	1,857	3,133	(7,997)	(9,324)	24,389	28,805
RESULTS										
Segment results	1,646	1,217	362	220	37	(505)	274	(96)	2,319	836
Interest income									153	89
Interest expense									(93)	(88)
Profit/loss before taxation									2,379	837
Taxation									-	-
Net profit/(loss) for the period									2,379	837

A9. Valuation of Property, Plant and Equipment

The Company did not have any major adjustments on revaluation of its property, plant and equipment during the current quarter under review.

A10. Material Events Subsequent to 30 June 2012

There are no material events subsequent to the end of the quarter under review that have not been reflected in this report other than the following:

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.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter 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 30 June		6 months ended 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	27	2,088	417	3,787
Cost of Sales	(4)	(965)	(164)	(1,358)
Profit/(Loss) from operations	23	1,123	253	2,429
Other operating income	-	(41)	6	10
Payroll expenses	(67)	(513)	(376)	(986)
Administration expenses	544	(364)	715	(722)
Distribution expenses	-	(67)	(29)	(201)
Other operating expenses	-	(66)	-	(126)
Operating profit	500	72	569	404
Depreciation	(52)	(265)	(217)	(585)
Finance costs	-	-	-	-
Profit/(Loss) before tax	448	(193)	352	(181)
Income taxation	-	-	-	-
Profit/(Loss) for the period	448	(193)	352	(181)

- b) 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

A12. Contingent Liabilities

Save as disclosed below, the Group does not have any contingent liabilities as at the date of this report:-

(a) Banker's guarantee in favour of third parties	RM'000
- Secured	<u>337</u>

A13. Capital commitment

The amount of capital commitment for purchase property, plant and equipment not provided for as at 30 June 2012 are as follows:

Approved but not contracted for	RM'000
	<u>3,305</u>

A14. Significant related party transactions

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

Related Party:	Current Year Quarter 30/06/2012 RM'000	Preceding Year Corresponding Quarter 30/06/2011 RM'000	Current Year To Date 30/06/2012 RM'000	Preceding Year Corresponding Period 30/06/2011 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") *	887	412	1,099	836
[#] 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") *	7	-	151	-

[^] GHL Systems Berhad Executive 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 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

Q2 2012 VS Q2 2011 - Profit Before Tax

The Group's profit before tax (PBT) for the quarter ended 30 June 2012 (Q2 2012) was RM1.6 million, an increase of RM1.5 million (1137%) compared to the corresponding quarter, Q2 2011 of RM0.1 million.

The higher PBT was mainly due to the effects of a cost rationalization initiative which commenced in 2011. The key expense categories that reduced significantly include; Administration expenses (reduced by 19%) and Depreciation expense (reduced by 52%). In addition to immunizing the Group from future ongoing losses, the disposal of the China subsidiaries in April 2012 also resulted in the realization of a one-off RM0.4 million gain in Q2 2012.

Q2 2012 VS Q2 2011 - Segment Revenue
Continuing operations

The Group's total Q2 2012 revenue declined by RM2.3 million (15%) to RM12.7million (Q2 2011 RM14.9 million). The decrease was mainly caused by lower outright sales of hardware and cards (amounting to RM3.3 million) offset by an increase in terminal rental and maintenance (amounting to RM0.3 million) which fall within the Shared Services business. As in the previous quarter, the Group's revenue mix shifted from non-annuity hardware and card sales to recurrent annuity revenue from rentals and maintenance.

Shared Services Overall Q2 2012 revenue reduced by RM1.7 million (14%) to RM10.0 million (Q2 2011 RM11.7 million). The decline was mainly caused by lower outright hardware and cards sales of Malaysia (RM1.5 million) and Philippines (RM0.8 million). This in turn was offset by increases in rental and maintenance income from Malaysia and Philippines (RM0.5 million).

Solutioning Revenue decreased by RM0.6 million (22%) to RM2.3 million (Q2 2011 RM2.9 million). This was due to lower Malaysia revenue of RM1.7 million as offset by higher revenues in Philippines (increased RM0.9 million) and Thailand (increased RM0.2 million) arising from software and maintenance revenues within the Solutions business.

Transaction Payments Acquisition ("TPA") which comprises of e-debit transaction payment processing in Malaysia and Thailand increased by 12% driven by higher acceptance of e-debit merchants.

B1. Review of Performance (continued)

Q2 2012 VS Q2 2011 - Revenue & Result by Country

Continuing operations

Malaysia revenue for Q2 2012 was RM8.5 million (Q2 2011 RM11.6 million), a decline of 27%. This was mainly due to lower Shared Services and Solutioning revenues of RM1.5 million and RM1.7 million respectively. While these overall reductions were caused by lower outright hardware, card and solution services sales, these were offset by increases in the underlying annuity businesses of; rental, maintenance and TPA.

Philippines revenue for Q2 2012 improved by RM0.6 million to RM2.7 million (28%) (Q2 2011 RM2.1 million). The increase resulted from higher solution services sales (RM0.9 million) offset by lower hardware sales within Shared Services (RM0.3 million). The Solutions business, although small at present, grew rapidly by 437% which, by virtue of its higher margins, resulted in improved net results for Philippines.

Thailand Q2 2012 revenue increased by RM0.2 million to RM1.4 million (Q2 2011 RM1.2 million). The increase resulted from a marginal increase in Shared Services revenue of RM0.1 million and Solutions revenue of RM0.2 million. With a change in the revenue mix and some cost control initiative, Thailand's operations also turned around from a loss of RM0.3 million in Q2, 2011 to a profit of RM0.2 million in Q2, 2012.

1H 2012 VS 1H 2011 - Profit Before Tax

The Group's PBT for the cumulative 6 months ended 30 June 2012 (1H 2012) was RM2.7 million, an increase of 286% of RM2 million compared to 1H 2011 of RM0.7 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 2012 VS 1H 2011 – Segment Revenue

Continuing operations

The Group's total revenue reduced by RM4.4 million (15%) to RM24.4 million (1H 2011 RM28.8 million). The reduction was caused by lower outright sales of EDC hardware and cards both within the Shared Services business.

Shared Services Overall revenue reduced by RM4.5 million (19%) to RM19.5 million (1H: 2012 RM24.1 million). The decline resulted from lower outright sales of EDC hardware and cards. This is consistent with the Group's strategy of focusing on building long term annuity revenue streams as opposed to non-recurrent outright sales of hardware and cards.

Solutioning Total revenue increase by RM0.1 million (1.7%) to RM4.2 million (1H: 2011 RM4.2 million). This was due to increases in software services sales in Philippines and Thailand.

Transaction Payments Acquisition ("TPA") Overall revenue increased by 12.3% to RM0.6 million (1H: 2011 RM0.5 million) due to higher merchant acquisition rates and market acceptance of e-debit transaction mainly in Malaysia.

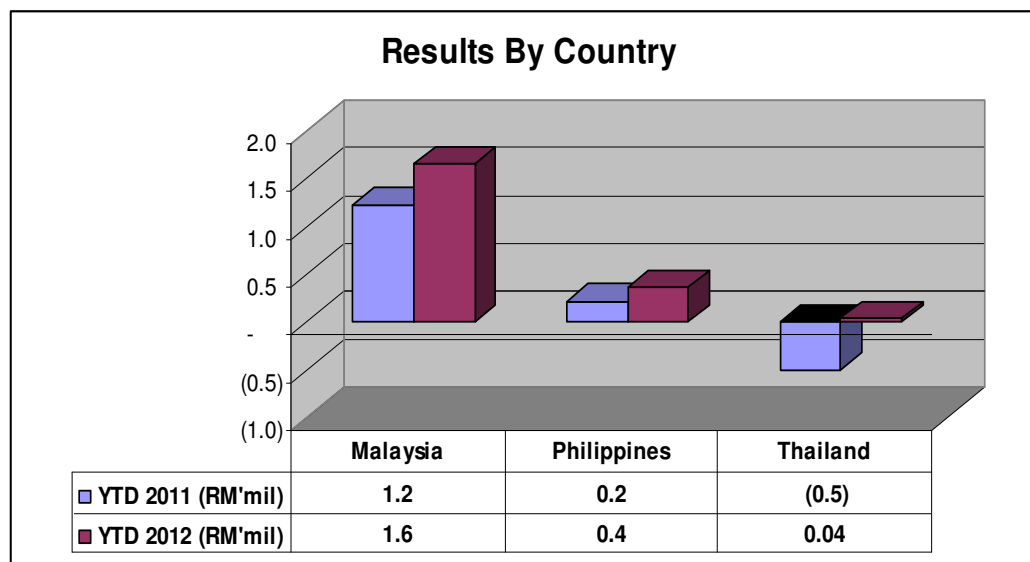
B1. Review of Performance (continued)

1H 2012 VS 1H 2011 - Revenue & Result by Country Continuing operations

Malaysia's revenue for 1H 2012 was RM17.9 million, a reduction of RM3.4 million (16%) from the 1H 2011 (1H 2011 RM21.3 million). The reduction was due to a reduction in outright EDC terminals, cards and Solutioning sales. Malaysia's results improved by RM0.4 million to RM1.6 million (1H 2011 RM1.2 million) because of effective cost management and the change in revenue mix.

Philippines's revenue marginally reduced by 6% or RM0.3 million from RM4.9 million to RM4.5 million. The reduction was caused by lower outright EDC hardware sales (RM1.9 million) offset by an encouraging RM0.9 million (434% growth) in Solutioning revenues. Philippines's results however, increased by 65% (RM0.4 million) principally due to improved profit margins from Solutioning sales.

Thailand's revenue reduced by RM0.8 million (29%) from RM2.6 million to RM1.8 million due to lower outright sales of hardware within the Shared Services business. The company continues to change its revenue mix from non-recurring hardware sales to long term annuity revenue streams arising from its rental and maintenance business. Thailand also turned around from a loss of RM0.5 million in 1H 2011 to a small profit in 1H 2012. The improvement in results was mainly due to cost rationalization and the change in its revenue mix.



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

B2. Current Year's Prospects

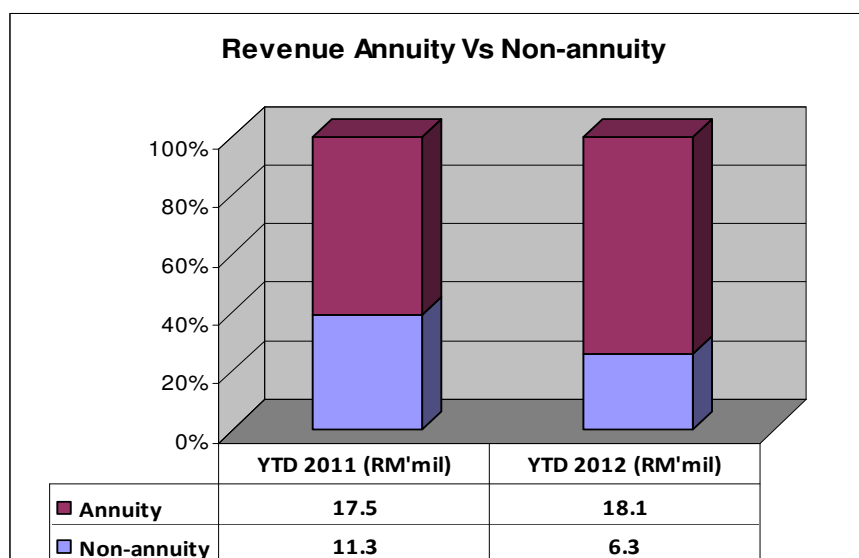
The Group continues to grow its businesses with the aim of becoming the leading payment service provider in South East Asia.

In respect of Shared Services, the Group is focusing on building strong and sustainable annuity revenue through rental and maintenance of EDC terminals in order to reduce the dependency on less predictable outright hardware and card sales. The Board remains committed to expending the necessary sales resources to increase merchant acquisition rates and the terminal base.

In respect of Solutions, the Group is presently enhancing its existing software and hardware products to cater for new market segments. While no significant growth is anticipated this year, the benefits should be felt in 2013 and beyond. We have just completed implementing a solution for a major Telecommunications company in Australia and are now in the second phase of implementation. We are presently implementing a nationwide prepaid card rollout for a major fast food chain in Philippines. In Thailand, the internet donation portal for 2 of the largest temples has just started to generate annuity income for the Group..

In respect of the TPA business, the Group is investing significantly in hiring new people and setting up regional offices in order to scale up merchant acquisition rates. In Malaysia, acquisition is centred around the e-debit product which is central to the Government's strategy of reducing cash payments. The TPA segment has been registering double digit growth over the past few years and this is expected continue into the future.

Despite lower revenue recorded in 1H 2012, the financial performance of the Company has improved significantly compared to same period last year. This was simply due to the change in the revenue mix, better cost control and the exit of loss making operations in China.



* 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 year.

B4. Profit before Taxation – (Continuing Operations)

	Current Quarter <u>30/06/2012</u> RM'000	Preceding Year Corresponding Quarter <u>30/06/2011</u> RM'000	Current Year To Date <u>30/06/2012</u> RM'000	Preceding Year Corresponding Period <u>30/06/2011</u> RM'000
Bad debts written off	-	-	2	-
Depreciation of property, plant and equipment	1,342	2,798	2,670	5,644
Fixed assets written back	-	(1)	-	(3)
Fixed assets written off	-	-	1	1
(Gain)/Loss on disposal of fixed assets	(1)	150	(1)	226
Gain on disposal of investment in subsidiary	(620)	-	(620)	-
Inventories reversal	-	(51)	-	(59)
Interest income	(101)	(46)	(153)	(82)
Income expenses	64	43	93	88
Realised (gain)/loss on foreign exchange	277	96	259	96
Reversal of allowance for doubtful debts	(84)	(348)	(215)	(353)
Unrealised (gain)/loss on foreign exchange	(103)	(32)	(148)	(187)

B5. Taxation

	Current Quarter <u>30/06/2012</u> RM'000	Preceding Year Corresponding Quarter <u>30/06/2011</u> RM'000	Current Year To Date <u>30/06/2012</u> RM'000	Preceding Year Corresponding Period <u>30/06/2011</u> RM'000
Tax expenses	-	-	-	-

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 during the financial quarter under review.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the financial quarter under review.

B8. Status of Corporate Proposals

There were no corporate proposals announced and not completed as at the date of this report.

B9. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 30 June 2012 are as follows:-

(a) Bank Borrowings

	Total Secured Term Loan RM'000
Repayable within twelve months	392
Repayable more than twelve months	2,025
	2,417

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 26 June 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 30 June 2012.

(b) Hire Purchase

	Total Hire Purchase RM
Repayable within twelve months	806
Repayable more than twelve months	926
	1,732

The hire purchase payables of the Group as at 30 June 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 30/06/2012	Immediate Preceding Quarter As at 31/12/2011 (Audited)
Total accumulated losses of the Company and subsidiaries:-	RM'000	RM'000
- Realised	(41,392)	(54,849)
- Unrealised	305	38
	(41,087)	(54,811)
Less: Consolidation adjustment	7,998	18,991
Total group retained	(33,089)	(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, a claim had been made by Privilege Investment Holdings Pte Ltd (“Privilege”) against several GHIL group companies for alleged breach of contract and other legal obligations in relation to a Shareholders Agreement that was signed between GHIL 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.
- (b) As previously reported, GHIL Systems Philippines, Inc. (“GHLP”) is the defendant in a claim filed by Payment Processing Corporation (“PPC”). In the announcement dated 20 June 2012, GHLP and PPC had in June 2012 executed a Compromise Agreement to amicably settle the claim. The Compromise Agreement has since been filed with the Makati Regional Trial Court and is currently pending final court resolution.

B13. Dividend Proposed

There was no dividend declared during the quarter 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.

<u>Basic</u>		Current Quarter <u>30/06/2012</u>	Preceding Year Corresponding Quarter <u>30/06/2011</u>	Current Year To Date <u>30/06/2012</u>	Preceding Year Corresponding Period <u>30/06/2011</u>
Net profit attributable to equity holders of the parent	(RM'000)	1,620	131	2,731	656
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	144,386	142,280	144,386	142,280
Basic earnings per share	(Sen)	1.12	0.09	1.89	0.46

<u>Diluted</u>		Current Quarter <u>30/06/2012</u>	Preceding Year Corresponding Quarter <u>30/06/2011</u>	Current Year To Date <u>30/06/2012</u>	Preceding Year Corresponding Period <u>30/06/2011</u>
Net loss attributable to equity holders of the parent	(RM'000)	1,620	131	2,731	526
*Weighted average number of ordinary shares in issue and issuable	(Unit'000)	144,386	142,280	144,386	142,280
Diluted loss per share	(Sen)	1.12	0.09	1.89	0.46

* 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.