



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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR 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
	Note	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
	<u>Note</u>		
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	A6	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	B9	560	812
Bank borrowing	B9	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	B9	817	829
Bank borrowings	B9	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	<u>6,484</u>	<u>2,147</u>
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	<u>(4,454)</u>	<u>(325)</u>
Effect of exchange rate fluctuation	<u>(244)</u>	<u>297</u>
Cash and cash equivalents at beginning of the financial period	<u>15,459</u>	<u>19,468</u>
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												
<u>External Sales</u>												
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											1,555	1,172
Net profit for the period											-	448
											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												
<u>External Sales</u>												
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											3,558	2,379
Net profit for the period											-	352
											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
3,315



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:

	RM'000
Approved but not contracted for	<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

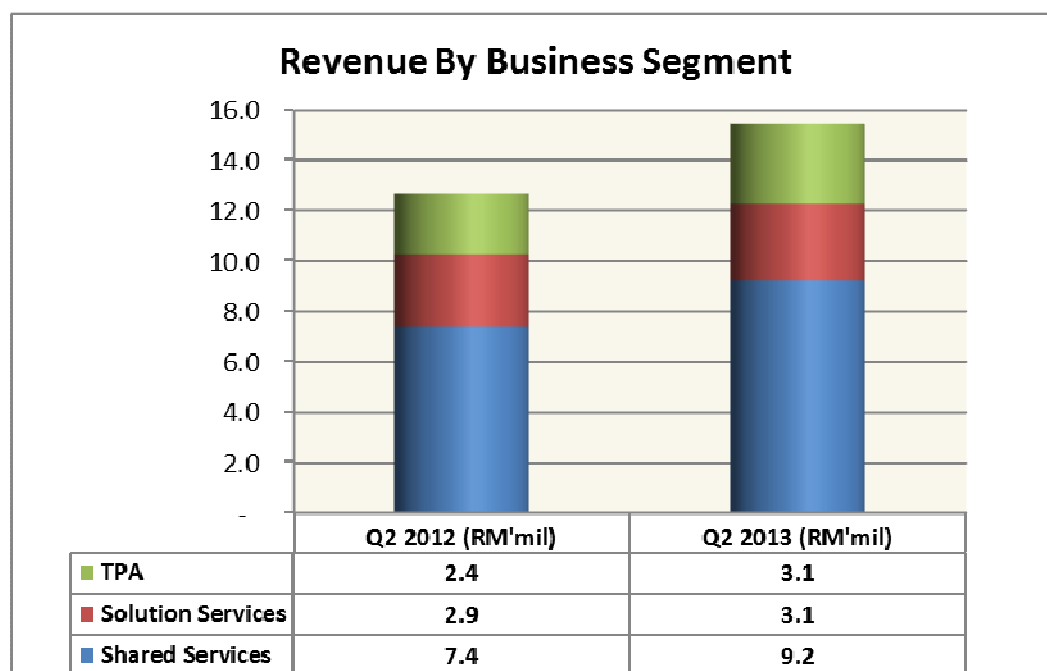
GHL group's 2Q13 net profit after tax for the quarter ended 30 June 2013 was RM1.56 million, a 4% decline compared to RM1.62 million recorded in the corresponding 2Q12 quarter. 2Q13 vs 2Q12 net profit declined mainly due to a RM0.45 million one-off gain recorded in 2Q12 arising from the disposal of the 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

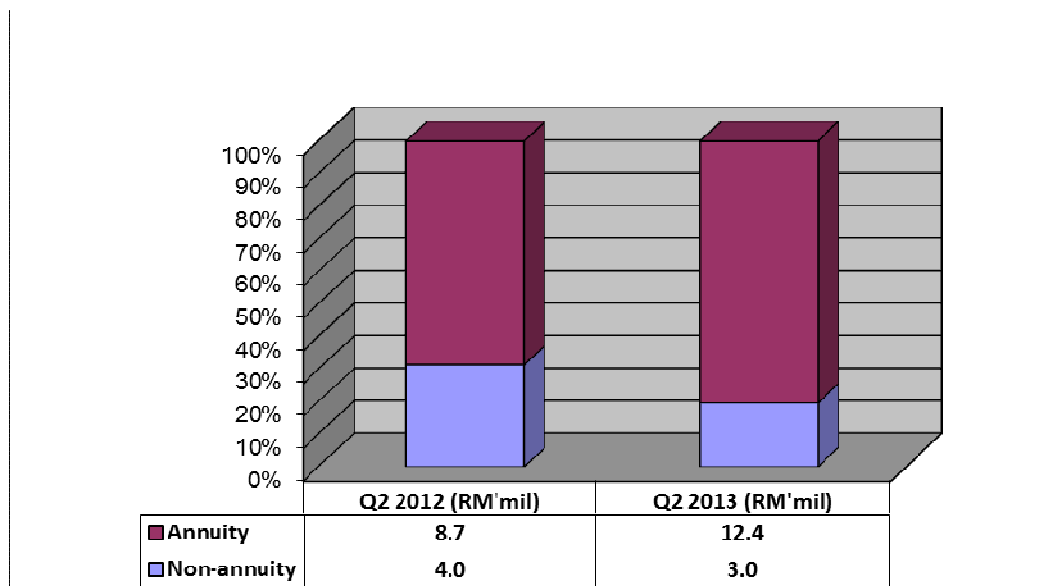
On a revenue basis, the group recorded a 21.9% yoy improvement to RM15.43 million from RM12.66 million in 2Q12. The group saw growth in all its core business segments; i.e. Shared Services (+24.6%), Solution Services (+6.4%) and Transaction Payment Acquisition ("TPA") (+32.2%).

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 <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
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)
	68,086	(46,241)
Less: Share capital reduction	(44,041)	-
	24,045	-
Less: Consolidation adjustment	(7,357)	15,305
Total group retained	16,688	(30,936)

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.