



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

THE FIGURES HAVE NOT BEEN AUDITED

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	Note	30/09/2013	30/09/2012	30/09/2013	30/09/2012
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	16,417	14,607	48,556	38,996
Cost of sales		(5,881)	(5,202)	(17,737)	(13,314)
Gross profit		10,536	9,405	30,819	25,682
Other operating income		450	(8)	725	769
Payroll expenses		(5,914)	(4,841)	(17,260)	(14,358)
Administration expenses		(1,699)	(1,566)	(4,715)	(4,593)
Distribution costs		(543)	(630)	(1,599)	(1,602)
Other expenses		(45)	(714)	(270)	(615)
Profit before interest, taxation, amortisation & depreciation		2,785	1,646	7,700	5,283
Depreciation expenses		(661)	(617)	(2,025)	(1,782)
Finance cost		(50)	(48)	(147)	(141)
Profit before taxation		2,074	981	5,528	3,360
Income tax expense		(67)	(75)	37	(75)
Profit from continuing operations, net of tax		2,007	906	5,565	3,285
Discontinued operation					
Profit from discontinued operations, net of tax		-	-	-	352
Profit for the period		2,007	906	5,565	3,637
Attributable to:					
Owners of the Company		2,023	906	5,606	3,637
Non-controlling interest		(16)	-	(41)	-
		2,007	906	5,565	3,637
Weighted average number of ordinary shares in issue		171,962	144,386	159,054	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	1.18	0.63	3.52	2.52
- Diluted (sen)	B14	1.18	0.63	3.52	2.52
Profit for the period		2,007	906	5,565	3,637
Other comprehensive income, net of tax					
Foreign currency translation differences		84	211	84	5
Total comprehensive income for the period		2,091	1,117	5,649	3,642
Total comprehensive income attributable to:					
Owners of the Company		2,107	1,117	5,690	3,642
Non-controlling interest		(16)	-	(41)	-
		2,091	1,117	5,649	3,642

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2013

THE FIGURES HAVE NOT BEEN AUDITED

		AS AT CURRENT YEAR QUARTER 30/09/2013 (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		33,057	30,434
Intangible assets		2,107	157
Deferred tax assets		1,200	1,200
		<u>36,364</u>	<u>31,791</u>
Current assets			
Inventories		9,129	8,302
Trade receivables		10,946	11,753
Other receivables		1,991	2,142
Tax recoverable		502	204
Fixed deposits placed with licensed banks		835	1,552
Cash and bank balances		19,336	15,441
		<u>42,739</u>	<u>39,394</u>
TOTAL ASSETS		<u>79,103</u>	<u>71,185</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	A6	36,630	73,401
Share premium reserves		19,733	(31,452)
Treasury Shares		(638)	(638)
Equity attributable to equity holders of the parent		<u>55,725</u>	<u>41,311</u>
Non controlling interest		(60)	(18)
Total equity		<u>55,665</u>	<u>41,293</u>
Non-current liabilities			
Hire purchase payables	B9	464	812
Bank borrowing	B9	1,679	1,889
Deferred tax liability		807	807
Deferred income		3,519	4,290
		<u>6,469</u>	<u>7,798</u>
Current liabilities			
Trade payables		1,351	4,392
Other payables		14,500	15,779
Hire purchase payables	B9	725	829
Bank borrowings	B9	393	842
Tax payable		-	252
		<u>16,969</u>	<u>22,094</u>
Total liabilities		<u>23,438</u>	<u>29,892</u>
TOTAL EQUITY AND LIABILITIES		<u>79,103</u>	<u>71,185</u>
Number of ordinary shares		181,733	145,386
Net assets per share (sen)		30.66	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 THIRD QUARTER ENDED 30 SEPTEMBER 2013

THE FIGURES HAVE NOT BEEN AUDITED

	Share Capital RM'000	Share Premium Reserve RM'000	Foreign Exchange Reserves RM'000	ESOS Reserve RM'000	Treasury Shares RM'000	Retained Profits / (Accumulated Losses) RM'000	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	-	-	5	-	-	3,637	3,642	-	3,642
At 30 September 2012	<u>72,901</u>	<u>-</u>	<u>(1,134)</u>	<u>514</u>	<u>(638)</u>	<u>(32,183)</u>	<u>39,460</u>	<u>-</u>	<u>39,460</u>
At 1 January 2013	73,401	-	(516)	-	(638)	(30,936)	41,311	(18)	41,293
Share capital reduction	(44,041)	-	-	-	-	44,041	-	-	-
Right issue	7,270	-	-	-	-	-	7,270	-	7,270
Total comprehensive income for the year	-	1,454	84	-	-	5,606	7,144	(42)	7,102
At 30 September 2013	<u>36,630</u>	<u>1,454</u>	<u>(432)</u>	<u>-</u>	<u>(638)</u>	<u>18,711</u>	<u>55,725</u>	<u>(60)</u>	<u>55,665</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 SEPTEMBER 2013

THE FIGURES HAVE NOT BEEN AUDITED

	CURRENT YEAR TO DATE 30/09/2013 RM'000	PRECEDING YEAR CURRENT YEAR TO DATE 30/09/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- Continuing operations	5,528	3,360
- Discontinued operations	-	352
	5,528	3,712
Adjustment for:-		
Bad debts written-off	4	2
Depreciation of property, plant and equipment	6,128	4,332
Impairment loss on receivables	-	210
Interest expense	147	141
Interest income	(146)	(221)
(Gain)/Loss on disposal of property, plant and equipment	(5)	8
Property, plant and equipment written-off	4	1
Property, plant and equipment written back	(29)	-
Reversal of impairment on trade receivables	(103)	(212)
Unrealised gain on foreign exchange	(36)	(161)
Operating profit before working capital changes	11,492	7,812
Decrease/(Increase) in working capital		
Inventories	(827)	(2,097)
Trade and other receivables	895	(1,167)
Trade and other payables	(5,091)	2,964
	(5,023)	(300)
Cash generated from operations	6,469	7,512
Interest received	146	221
Interest paid	(147)	(141)
Tax refund/(paid)	(292)	103
	(293)	183
Net cash from operating activities	6,176	7,695
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(8,465)	(8,306)
Proceeds from disposal of property, plant and equipment	40	18
Disposal of discontinued operation, net of cash	-	(203)
Addition in intangible assets	(1,950)	-
Net cash used in investing activities	(10,375)	(8,491)
Cash Flows From Financing Activities		
Issuance of right issue	8,723	-
Decrease/(Increase) in fixed deposits pledged	985	(35)
Drawdown of hire purchase	200	335
Repayment of hire purchase payables	(651)	(425)
Drawdown of bank borrowings	770	-
Repayment of bank borrowings	(1,430)	(197)
Net cash used in financing activities	8,597	(322)
Net (decrease)/increase in cash and cash equivalents	4,398	(1,118)
Effect of exchange rate fluctuation	(235)	(308)
Cash and cash equivalents at beginning of the finance period	15,459	19,469
Cash and cash equivalents at end of the finance period	19,622	18,043

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

Cash and bank balances	19,336	18,031
Fixed deposits with licensed banks	835	1,475
	20,171	19,506
Less: Fixed deposits pledged to licensed banks	(549)	(1,463)
	19,622	18,043

(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
(Company No: 293040-D)

Part A: Explanatory notes on consolidated results for the third quarter ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 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 Capital Reduction and the 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.

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.

A7. Dividend Paid

There were no dividends paid for the nine months ended 30 September 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 September	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CONTINUING OPERATIONS												
REVENUE												
External Sales												
Shared Services	6,017	6,383	3,387	1,614	792	900	-	-	-	-	10,196	8,897
Solution Services	2,011	2,153	831	653	306	176	52	-	-	-	3,200	2,982
Transaction Payment Acquisition	2,312	2,152	544	501	165	75	-	-	-	-	3,021	2,728
Inter-segment sales	3,673	3,563	-	-	-	-	-	-	(3,673)	(3,563)	-	-
	14,013	14,251	4,762	2,768	1,263	1,151	52	-	(3,673)	(3,563)	16,417	14,607
RESULTS												
Segment results	1,840	1,368	815	324	(153)	64	(273)	-	(170)	(795)	2,059	961
Interest income											65	68
Interest expense											(50)	(48)
Profit before taxation											2,074	981
Taxation											(67)	(75)
Net profit for the period											2,007	906

Cumulative - 30 September	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CONTINUING OPERATIONS												
REVENUE												
External Sales												
Shared Services	18,967	16,998	9,016	4,323	2,635	2,029	-	-	-	-	30,618	23,350
Solution Services	6,317	5,549	1,654	1,783	796	727	320	-	-	-	9,087	8,059
Transaction Payment Acquisition	6,564	6,099	1,834	1,237	453	251	-	-	-	-	8,851	7,587
Inter-segment sales	11,030	11,561	-	-	-	-	-	-	(11,030)	(11,561)	-	-
	42,878	40,207	12,504	7,343	3,884	3,007	320	-	(11,030)	(11,561)	48,556	38,996
RESULTS												
Segment results	4,429	3,014	2,377	686	(430)	101	(604)	-	(243)	(521)	5,529	3,280
Interest income											146	221
Interest expense											(147)	(141)
Profit before taxation											5,528	3,360
Taxation											37	(75)
Net profit for the period											5,565	3,285

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 September 2013 of the balance sheet date that have not been reflected in this report other than the followings:

On 30 October 2013, GHL Systems Berhad ("GHL") issued 283,500 new ordinary shares of RM0.20 each under the Executives Share Option ("ESS") at an issue price of RM0.34. GHL latest paid up share capital after the listing of the ESS shares are 183,432,150 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.

GHL ePayments Sdn Bhd ("GEPSB") had incorporated a 99.99% owned subsidiary in Thailand on 19 September 2013 namely GHL ePayments Co Ltd ("GEPCL"). The paid up share capital of GEPCL is THB5,435,000.00 divided into 54,350 ordinary shares of THB100.00 each, of which 54,347 ordinary shares of THB100 are held by GEPSB and the remaining three (3) ordinary shares are held one (1) each by Kanagaraj Lorenz, Amphol Suwantherangkoon and Passpunnee Mahayos.

On 8 October 2013, GHL ePayments Sdn Bhd ("GEPSB") had incorporated a 99.99% owned subsidiary in Philippines, namely GHL ePayments Philippines, Inc. ("GEPI"). The authorised and paid up capital shares of GEPI is Peso8,800,000.00 divided into 88,000 ordinary shares of Peso100.00 each, of which 87,993 ordinary shares of Peso100 each are held by GEPSB and the remaining seven (7) ordinary shares are held one (1) each by Loh Wee Hian, Kanagaraj Lorenz, Rey Maria Chumacera, Czareenah Amiscaray, Maurine Javier, Roderick R.C. Salazar III and Rebecca D. De Guzman.

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	RM'000
- Secured	<u>405</u>

A13. Capital Commitment

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

Approved but not contracted for	RM'000
	<u>1,271</u>

A14. Significant Related Party Transactions

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

Related Party:	Current Year Quarter 30/09/2013 RM'000	Preceding Year Corresponding Quarter 30/09/2012 RM'000	Current Year To Date 30/09/2013 RM'000	Preceding Year Corresponding Period 30/09/2012 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") *	374	351	1,037	634
# 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") *	64	1	203	151

^ 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

Performance of current quarter (3Q 2013) Vs corresponding quarter (3Q 2012) by business segment.

GHL group's 3Q13 net profit after tax for the quarter ended 30 September 2013 was RM2.0 million, a +121% improvement compared to RM0.9 million achieved in the 3Q12 quarter. The improvement in profitability was achieved with a corresponding +12.4% yoy increase in group turnover to RM16.4 million. The group experienced better performance across all three business segments and 3Q13 net profit margins improved to 12.2% from 6.2% (3Q12 previously).

The performance of the individual business segments are as follows:

Shared Services

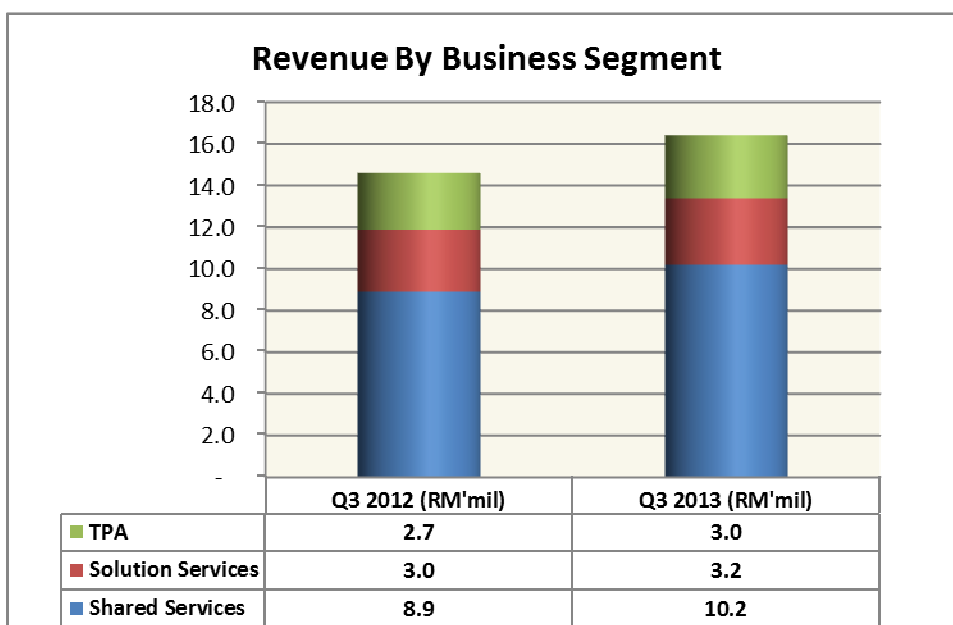
Shared services remained the largest contributor to group earnings accounting for 62.1% for the group's turnover. This business segment's turnover increased 14.6% yoy (RM10.2 million vs RM8.9 million) as the group continued to switch from one-off sales of EDC terminals with that of rental/annuity income. Card sales during this quarter was also +24% higher compared to the same period last year.

Solution Services

Solution services turnover contributed 19.5% during the 3Q quarter under review and grew 7.3% yoy due to higher software and hardware related sales. Rental/maintenance revenue for this segment was however slightly lower.

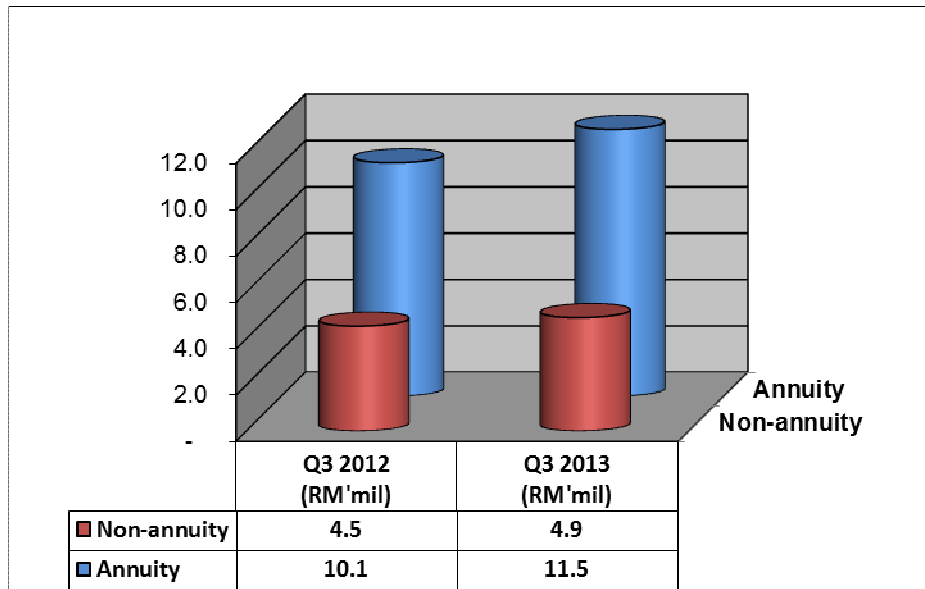
Transaction Payment Acquisition (TPA)

TPA revenue recorded RM3.0 million, (10.7%) increased from the corresponding quarter due to an increase in the number of merchants acquired for credit and debit card services.



B1. Review of Performance (Continued)

Annuity based rental/maintenance revenue, as a proportion of total income increased slightly to 70.2% from 69.0% in 3Q12. Higher rental/maintenance revenue from shared services was offset by lower maintenance revenue from solution services during 3Q13. GHL group's strategy remains that of building its recurring annuity incomes.



Performance of current quarter (3Q 2013) Vs corresponding quarter (3Q 2012) by geographical segment

The 3Q13 revenue improvement of +12.4% yoy to RM16.4 million was due to improvements in performance by operations in Thailand and the Philippines. The group's Malaysia operations showed a marginal decline in revenues to RM10.3 million from RM10.7 million in 3Q12.

Malaysia continues to be the main contributor (63.0%) but its share of group revenue is declining as revenue from overseas markets start to gain traction (3Q 2012 proportion was: 73.2%). 3Q13 revenues from Malaysian operations were derived mainly from the shared services business segment but hardware sales during 3Q13 was less compared to 3Q12. Overall, the decline in Malaysia's yoy turnover were due to lower hardware and software sales. Malaysia accounted for 89.4% of group EBIT. Prospects for Malaysia remain stable as e-payments increasingly gains wider usage.

Philippines performance was strong in 3Q13, recording revenues of RM4.8 million (+72% yoy) and accounting for 29.0% of group revenues compared to 18.9% in 3Q12. Its shared services were again the main growth driver (+110%) whereas solution services and TPA were up but on a smaller scale. In terms of profitability, Philippines operations grew its EBIT from RM0.3 million (3Q12) to RM0.8 million in 3Q13. EBIT margins grew to 17.1% from 11.7% in the same period a year ago.

Thailand operations recorded a small improvement in 3Q13 revenues to RM1.3 million (3Q12 RM1.2 million). The contribution from the Shared services segment declined due to lower hardware sales during 3Q13 but this was offset by higher software sales from the solution services division. TPA revenues grew to RM0.2 million from an almost zero base a year ago. In terms of profitability, Thailand operations recorded a small loss at EBIT level as it continues to invest development costs in preparation of launching its TPA business segment in the coming quarters.

Apart from the three units in Malaysia, Thailand and Philippines, the group had marginal EBIT losses in Australia of RM0.3 million due to office overheads.

B2. Current Year's Prospects

The group's cumulative net profit for the nine months to 30 September 2013 was up +69.4% to RM5.6m. The YTD net profit after tax margins for the period was 11.5% compared to 8.4% a year ago as the group succeeded in generating higher margin, annuity based income.

Overall, group turnover grew strongly by +24.5% to RM48.6m driven by growth in all of its 3 key markets, with Philippines operations showing exceptional growth. Thailand remains marginally loss making as it invests in the TPA business. Australia is similarly marginally loss making pending the closure of certain key pipeline deals. .

The GHL group expects 2013 prospects to be remain positive and will continue to place emphasis in all its geographical markets as it expects growth in the ASEAN region to gain momentum in the coming quarters and years.

B3. Profit Forecast and Profit Guarantee

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

B4. Profit Before Taxation – Continuing Operations

	Current Quarter 30/09/2013 RM'000	Preceding Year Corresponding Quarter 30/09/2012 RM'000	Current Year To Date 30/09/2013 RM'000	Preceding Year Corresponding Period 30/09/2012 RM'000
Bad debts written off	4	-	4	2
Depreciation of property, plant and equipment	2,137	1,445	6,128	4,115
Fixed assets (written back)/written off	(29)	-	(29)	1
(Gain)/Loss on foreign exchange				
- Realised	(645)	82	(603)	341
- Unrealised	(96)	(13)	(36)	(161)
(Gain)/Loss on disposal of fixed assets	(4)	9	(5)	8
(Gain)/Loss on disposal of investment	-	-	-	(620)
Impairment loss on receivables	-	210	-	210
Interest income	(65)	(68)	(146)	(221)
Interest expenses	50	48	147	141
Rental expenses	258	281	859	892
Reversal of allowance for doubtful debts	(33)	3	(103)	(212)

B5. Taxation

	Current Quarter <u>30/09/2013</u> RM'000	Preceding Year Corresponding Quarter <u>30/09/2012</u> RM'000	Current Year To Date <u>30/09/2013</u> RM'000	Preceding Year Corresponding Period <u>30/09/2012</u> RM'000
(Tax expenses)/Tax refund	(67)	(75)	37	(75)

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 nine months ended 30 September 2013.

B7. Purchase and Disposal of Quoted Securities

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

B8. Status of Corporate Proposals

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

(i) GHL Systems Berhad ("GHL") had on 4 October 2013 notified its intention to undertake a takeover offer to acquire all of the shares in e-pay Asia Limited ("EPY"), a public company listed on the Australian Securities Exchange ("ASX") for AUD0.40 per ordinary share in EPY ("EPY Share(s)") (equivalent to RM1.21) ("Offer Price") ("Offer") pursuant to Chapter 6 of the Australian Corporations Act, 2001 (Cth) ("Corporations Act") ("Proposed Acquisition");

(ii) Proposed exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Takeovers and Mergers 2010 ("Code") to Mr Loh Wee Hian and the parties acting in concert with him ("PAC") from the obligation to extend a mandatory takeover offer for the remaining ordinary shares of RM0.20 each in GHL ("GHL Share(s)") not already held by them pursuant to the issuance of new GHL Shares to them pursuant to the Proposed Acquisition ("Proposed Exemption"); and

(iii) GHL had on 4 October 2013 entered into a share subscription agreement ("SSA") with Cycas ("Cycas") for the proposed issuance and allotment of up to such number of new GHL Shares equivalent to twenty percent (20%) of the enlarged issued and paid up share capital of GHL (i.e. after the completion of the Proposed Acquisition and the Proposed Share Issuance) to Cycas at an issue price of RM0.42 per GHL Share ("New Issue Share(s)") to be satisfied in cash ("Proposed Share Issuance").

B9. Group Borrowings and Debt Securities

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

(a) Bank Borrowings

	Total Secured Term Loan RM'000
Repayable within twelve months	393
Repayable more than twelve months	1,679
	2,072

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 September 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 September 2013.

(b) Hire Purchase

	Total Hire Purchase RM
Repayable within twelve months	725
Repayable more than twelve months	464
	1,189

The hire purchase payables of the Group as at 30 September 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 Profit/(Losses)

	As at 30/09/2013 RM'000	As at 31/12/2012 (Audited) RM'000
Total retained profit/ (losses) of the Company and subsidiaries:-		
- Realised	73,818	(46,230)
- Unrealised	(36)	(11)
	73,782	(46,241)
Less: Share capital reduction	(44,041)	-
	29,741	(46,241)
Less: Consolidation adjustment	(11,030)	15,305
Total group retained	18,711	(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 followings:-

- (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 nine months ended 30 September 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 30/09/2013	Preceding Year Corresponding Quarter 30/09/2012	Current Year To Date 30/09/2013	Preceding Year Corresponding Period 30/09/2012
Net profit attributable to owners of the Company	(RM'000)	2,023	906	5,606	3,637
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	171,962	144,386	159,054	144,386
Basic earnings per share	(Sen)	1.18	0.63	3.52	2.52

B14. Earnings Per Share (Continued)

<u>Diluted</u>		Current Quarter <u>30/09/2013</u>	Preceding Year Corresponding Quarter <u>30/09/2012</u>	Current Year To Date <u>30/09/2013</u>	Preceding Year Corresponding Period <u>30/09/2012</u>
Net profit attributable to owners of the Company	(RM'000)	2,023	906	5,606	3,637
*Weighted average number of ordinary shares in issue and issuable	(Unit'000)	171,962	144,386	159,054	144,386
Diluted earnings per share	(Sen)	1.18	0.63	3.52	2.52

* 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.