



GHL SYSTEMS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015
THE FIGURES HAVE NOT BEEN AUDITED

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30/9/2015 RM'000	30/9/2014 RM'000	30/9/2015 RM'000	30/9/2014 RM'000
Revenue	A8	52,133	45,741	154,434	115,800
Cost of sales		(31,295)	(28,058)	(94,025)	(67,424)
Gross profit		20,838	17,683	60,409	48,376
Other operating income		1,117	227	3,110	2,517
Payroll expenses		(10,607)	(8,576)	(30,816)	(25,377)
Administration expenses		(3,347)	(1,174)	(9,303)	(7,301)
Distribution costs		(1,450)	(3,255)	(3,402)	(5,021)
Other expenses		(1,995)	(284)	(3,095)	(938)
Profit before interest, taxation, amortisation & depreciation		4,556	4,621	16,903	12,256
Depreciation expenses		(1,383)	(1,183)	(3,896)	(3,200)
Finance cost		(698)	(506)	(2,196)	(1,068)
Share of results of associated companies		(13)	41	(50)	89
Profit before taxation		2,462	2,973	10,761	8,077
Income tax expense		(1,396)	(1,211)	(3,654)	(1,732)
Profit for the period		1,066	1,762	7,107	6,345
Attributable to:					
Owners of the Company		1,082	1,820	7,151	6,406
Non-controlling interest		(16)	(58)	(44)	(61)
		1,066	1,762	7,107	6,345
Earnings Per Ordinary Share					
- Basic (sen)	B15	0.17	0.43	1.11	1.68
- Diluted (sen)	B15	0.17	0.42	1.10	1.65
Profit for the period		1,066	1,762	7,107	6,345
Other comprehensive income, net of tax					
Foreign currency translation differences		1,827	657	4,637	612
Total comprehensive income for the period		2,893	2,419	11,744	6,957
Total comprehensive income attributable to:					
Owners of the Company		2,909	2,477	11,788	7,018
Non-controlling interest		(16)	(58)	(44)	(61)
		2,893	2,419	11,744	6,957

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2014)



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

THE FIGURES HAVE NOT BEEN AUDITED

	Note	AS AT CURRENT YEAR QUARTER 30/9/2015 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2014 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		57,334	49,449
Goodwill on consolidation		105,630	105,630
Intangible assets		3,872	3,888
Other investment		8,081	8,087
Deferred tax assets		1,328	1,263
		<u>176,245</u>	<u>168,317</u>
Current assets			
Inventories		56,750	51,766
Trade receivables		37,376	34,719
Other receivables		37,482	17,251
Tax recoverable		2,074	1,289
Fixed deposits placed with licensed banks		8,547	7,103
Cash and bank balances		53,757	38,225
		<u>195,986</u>	<u>150,353</u>
TOTAL ASSETS		<u>372,231</u>	<u>318,670</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		129,778	128,318
Reserves		107,501	94,979
Treasury Shares		(638)	(638)
Equity attributable to equity holders of the parent		<u>236,641</u>	<u>222,659</u>
Non controlling interest		89	133
Total equity		<u>236,730</u>	<u>222,792</u>
Non-current liabilities			
Hire purchase payables	B9	3,731	4,631
Bank borrowing	B9	9,576	6,685
Deferred tax liability		370	370
Deferred income		231	3
		<u>13,908</u>	<u>11,689</u>
Current liabilities			
Trade payables		9,430	16,176
Other payables		68,907	37,429
Deferred income		471	370
Hire purchase payables	B9	2,303	1,752
Bank borrowings	B9	37,241	27,398
Tax payable		3,241	1,064
		<u>121,593</u>	<u>84,189</u>
Total liabilities		<u>135,501</u>	<u>95,878</u>
TOTAL EQUITY AND LIABILITIES		<u>372,231</u>	<u>318,670</u>
 Net assets per share (sen)		 36.55	 34.78

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2014)



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

THE FIGURES HAVE NOT BEEN AUDITED

	Share Capital RM'000	Share Premium RM'000	Exchange Translation Reserve RM'000	Share Options Reserve RM'000	Treasury Shares RM'000	Retained Profits / (Accumulated Losses) RM'000	Total Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2014	37,077	1,990	(1,215)	646	(638)	18,368	56,228	(117)	56,111
Share swap to acquire a subsidiary	30,120	36,145	-	-	-	-	66,265	-	66,265
Issuance of ordinary shares	16,825	18,508	-	-	-	-	35,333	-	35,333
Issuance of ordinary shares pursuant to ESS	896	626	-	-	-	-	1,522	-	1,522
Share options granted under ESS	-	-	-	568	-	-	568	-	568
Total comprehensive income for the year	-	-	612	-	-	6,406	7,018	(61)	6,957
Forex exchange differences	-	-	-	-	-	-	-	6	6
At 30 September 2014	84,918	57,269	(603)	1,214	(638)	24,774	166,934	(172)	166,762
At 1 January 2015	128,318	70,156	(373)	544	(638)	24,652	222,659	133	222,792
Issuance of ordinary shares pursuant to ESS	1,460	371	-	-	-	-	1,831	-	1,831
Share option granted under ESS	-	-	-	363	-	-	363	-	363
Total comprehensive income for the year	-	-	4,637	-	-	7,151	11,788	(44)	11,744
Forex exchange differences	-	-	-	-	-	-	-	-	-
At 30 September 2015	129,778	70,527	4,264	907	(638)	31,803	236,641	89	236,730

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2014)



GHL SYSTEMS BERHAD
STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015
THE FIGURES HAVE NOT BEEN AUDITED

	CURRENT YEAR TO DATE 30/9/2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,762	8,077
Adjustment for:-		
Amortisation of development cost	760	823
Amortisation of deferred income	293	-
Bad debts written-off	-	3
Depreciation of property, plant and equipment	11,514	7,645
Impairment loss on receivables	264	100
Interest expense	2,179	1,068
Interest income	(900)	(344)
Inventories written back	-	(41)
Loss/(Gain) on disposal of property, plant and equipment	49	41
Property, plant and equipment written back	55	-
Reversal of impairment on trade receivables	(109)	(94)
Share options granted under ESS	363	568
Share of gain from an associate	50	(89)
Unrealised gain on foreign exchange	(408)	(320)
Operating profit before working capital changes	24,872	17,437
(Increase)/Decrease in working capital		
Inventories	(15,189)	(22,670)
Trade and other receivables	(21,100)	(503)
Trade and other payables	22,470	(5,074)
Advance receipt from deferred income	-	(4,841)
	(13,819)	(33,088)
Cash generated from operations	11,053	(15,651)
Interest received	900	344
Interest paid	(2,179)	(1,068)
Tax paid	(63)	(460)
	(1,342)	(1,184)
Net cash from operating activities	9,711	(16,835)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(3,991)	(2,099)
Purchase of other investment	(44)	-
Proceeds from disposal of property, plant and equipment	-	319
Addition in intangible assets	(744)	(1,047)
Acquisition of subsidiary for cash, net cash acquired	-	19,069
Net cash used in investing activities	(4,779)	16,242
Cash Flows From Financing Activities		
Net proceeds from other investment	-	(40)
Net proceeds from share issues - Cycas	-	35,333
Proceeds from issuance of shares-ESOS	1,831	1,521
(Increase)/Decrease in fixed deposits pledged	(822)	(5,211)
Drawdown of hire purchase	-	2,946
Repayment of hire purchase payables	(1,483)	(949)
Drawdown of bank borrowings	16,557	80,229
Repayment of bank borrowings	(6,230)	(87,898)
Net cash used in financing activities	9,853	25,931
Net increase/(decrease) in cash and cash equivalents	14,785	25,338
Effect of exchange rate fluctuation	1,369	(339)
Cash and cash equivalents at beginning of the finance period	39,442	13,997
Cash and cash equivalents at end of the finance period	55,596	38,996

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

Cash and bank balances	53,757	22,632
Fixed deposits with licensed banks	8,547	21,675
	62,304	44,307
Less: Fixed deposits pledged to licensed banks	(6,708)	(5,311)
Less: Cash at bank pledged to licensed banks	-	-
	55,596	38,996

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2014)

Part A: Explanatory notes on consolidated results for the third quarter ended 30 September 2015

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 2014.

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 2014.

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

Title	Effective Date
Amendments to MFRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 - 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2011 - 2013 Cycle</i>	1 July 2014
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018

The Directors anticipate that the adoption of the abovementioned standards and interpretations, when they become effective, are not expected to have material impact on the financial statements of the Group in the in the period of initial application.

A2. Audit Report

The audited report for the annual financial statements of the Group for the financial year ended 31 December 2014 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 ended 31 December 2014, there were no items or events affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual of their nature, size or incidence.

A5. Changes in Estimates

There were no changes in the estimates of amount reported in the prior financial year that have a material effect on the results of the Group for the current quarter and year to date ended 31 December 2014.

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 current quarter and year to date ended 30 September 2015 other than the followings:

- a) Issuance of 7,036,000 and 264,000 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.227 and RM0.574.

A7. Dividend Paid

There were no dividends paid for the current quarter and year to date ended 30 September 2015.

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 2 distinct components

- i) E-pay services which provides Telco prepaid and other top-up facilities and, bill collection services for consumers (“reload and collection services”) and
- ii) GHL’s direct merchant acquiring and card payment services (“card payment services”)

Performance is measured based on core businesses revenue and geographical profit before tax and interest, 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 Sept	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
REVENUE												
<u>External Sales</u>												
Shared Services	4,126	5,106	5,428	3,409	720	497	-	-	-	-	10,274	9,012
Solution Services	1,139	865	368	452	58	191	260	582	-	-	1,825	2,090
Transaction Payment Acquisition	38,284	33,359	1,219	1,035	531	245	-	-	-	-	40,034	34,639
Inter-segment sales	4,835	4,506	-	-	-	-	-	-	(4,835)	(4,506)	-	-
	48,384	43,836	7,015	4,896	1,309	933	260	582	(4,835)	(4,506)	52,133	45,741
RESULTS												
Segment results	2,264	2,403	567	904	(484)	(221)	65	372	456	(107)	2,868	3,351
Interest income											292	128
Interest expense											(698)	(506)
Profit before taxation											2,462	2,973
Taxation											(1,396)	(1,211)
Net profit for the period											1,066	1,762

Cumulative - 30 Sept	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
REVENUE												
<u>External Sales</u>												
Shared Services	17,070	12,842	13,252	9,439	2,071	2,899	-	-	-	-	32,393	25,180
Solution Services	4,115	4,840	818	1,255	224	612	749	928	-	-	5,906	7,635
Transaction Payment Acquisition	111,421	79,675	3,259	2,623	1,455	687	-	-	-	-	116,135	82,985
Inter-segment sales	13,849	12,044	-	-	-	-	-	-	(13,849)	(12,044)	-	-
	146,455	109,401	17,329	13,317	3,750	4,198	749	928	(13,849)	(12,044)	154,434	115,800
RESULTS												
Segment results	10,984	7,699	1,940	2,047	(961)	(563)	188	(67)	(94)	(315)	12,057	8,801
Interest income											900	344
Interest expense											(2,196)	(1,068)
Profit before taxation											10,761	8,077
Taxation											(3,654)	(1,732)
Net profit for the period											7,107	6,345

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 2015 of the balance sheet date that have not been reflected in this report other than the followings:

On 15 October 2015, GHL Systems Berhad issued 253,100 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.227.

On 16 November 2015, GHL Systems Berhad issued 302,100 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.227.

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.

A12. Contingent Liabilities

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

	RM'000
(a) Banker's guarantee in favour of third parties	
- Secured	21,202
(b) Corporate guarantee	89,000
	<u>110,202</u>

A13. Capital Commitment

There were no capital commitment for purchase property, plant and equipment as at 30 September 2015.

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 30/9/2015 RM'000	Preceding Year Corresponding Quarter 30/9/2014 RM'000 (Restated)	Current Year To Date 30/9/2015 RM'000	Preceding Year Corresponding Period 30/9/2014 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") *	-	-	-	309
# 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") *	-	99	24	398
@ Office rental paid to Telemas Corporation Sdn Bhd ("Telemas") *	111	96	327	224

^ 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 ("EPY"), 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. On 21 February 2014, GHL had controlling interest of 96.75% of EPY shares. Subsequently, on 16 April 2014, the acquisition was completed and EPY had become a wholly-owned subsidiary of GHL Systems Berhad. As a subsidiary of the Group, the related party transaction will be eliminated at the Group consolidation.

GHL Systems Berhad Independent Non-Executive Director and is a substantial shareholder Goh Kuan Ho is currently General Manager of Microtree. She has resigned on 3 March 2015.

@ Mr Loh Wee Hian also has direct interest in Telemas Corporation Sdn Bhd.

* The Board of Directors is of the opinion that all the transaction above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transaction with unrelated parties.



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

B1. Review of Performance

Performance of current quarter (3Q 2015) vs corresponding quarter (3Q 2014) by segment ("Q-O-Q")

GHL Group turnover grew +14% Q-O-Q to RM52.13 million as compared to RM45.74 million for the corresponding period in 2014. 3Q15 pre-tax profits were lower at RM2.46 million compared to RM2.97 million in 3Q14 and hence, net profits were similarly lower at RM1.07 million (3Q14 RM1.76m). The lower results in 3Q15 resulted from unrealised foreign exchange losses of RM1.83 million mostly emanating from the Group's USD term loan obligations (USD1.4 million as at 30.09.15) and some unhedged supplier obligations. Had these unrealised foreign exchange losses been excluded, the normalised results would have been a profit of RM2.9 million for 3Q15. The Group's top-line growth was derived mostly from the TPA and Shared Services divisions with Solutions Services' revenue marginally lower. Net profit margins during this quarter were however, lower due to foreign exchange losses, higher effective taxes, and increased expenses as the Group grew its back office and sales teams to support its TPA expansion. The Group's balance sheet remains healthy with a net cash position of RM15.5 million (31.12.2014 – Net cash RM11.2 million).

The performance of the individual segments are as follows.

(Please see Section A8. Segment reporting for a definition of the various segments)

Shared Services

Shared services division 3Q15 revenue grew by +14% Q-O-Q to RM10.27 million (3Q14 – RM9.01million) due to better EDC hardware sales and rental/maintenance fees from its Philippines operations but this was tempered by lower EDC sales in Malaysia.

Solutions Services

Solutions services revenue declined marginally in 3Q15 to RM1.82 million (3Q14 – RM2.09million) due to lower non-annuity hardware and software sales. While rental and maintenance revenues grew by 38% Q-O-Q, this was insufficient to offset the decline in hardware and software sales.

Transaction Payment Acquisition (TPA)

e-pay's reload and collection services continues to show strong growth in transaction value processed (21.9%), primarily due to the increase in the number of acceptance points(28%). Even though the Gross Revenue/Transaction Value decreased Q-O-Q by 5.1%, the Gross Margin/Transaction Value increased by 4.9% primarily due to changes in the sales product mix.

GHL's card payment services TPA revenues grew +15.6% in 3Q15 to RM40.03 million (3Q14 – RM34.64million) driven primarily by higher transaction value processed (17.6%) and increases in the number of merchant acceptance points (42.5%). The GHL card payment services TPA was only implemented at the start of Q315 with a major Malaysian banking group. Given that this business is new, we expect to see some variations in margins particularly in the early periods. Over the medium and longer term however, margins should stabilise as more merchants are added and a larger more diverse portfolio is built for both the physical terminal and the online merchant base.

B1. Review of Performance (continued)

Table 1

e-pay (All stated in RM' Millions unless stated otherwise)	3Q 2014	3Q 2015	% change
Transaction Value Processed	691.44	842.59	21.9%
Gross Revenue	29.47	34.09	15.7%
Gross Revenue/Transaction Value (Note 1)	4.26%	4.05%	-5.1%
Gross Margin	8.61	11.01	27.8%
Gross Margin/Transaction Value (Note 1)	1.25%	1.31%	4.9%
Number of Merchant Acceptance Points (Thousands) (Note 2)	22.33	28.58	28.0%

Note 1 - Gross Revenue or Gross Margin respectively divided by the Transaction Value Processed expressed as a %.

Note 2 – Merchant Acceptance Points means the number of merchant outlets that accept e-pay products and services

Table 2

GHL TPA only (All stated in RM' Millions unless stated otherwise)	3Q 2014	3Q 2015	% change
Transaction Value Processed	399.55	469.86	17.6%
Gross Revenue	5.06	5.94	17.4%
Revenue/Transaction Value (Note 1)	1.27%	1.26%	-0.2%
Gross Margin	2.33	2.75	18.0%
Gross Margin/Transaction Value (Note 1)	0.58%	0.59%	0.4%
Number of Merchant Acceptance Points (Thousands) (Note 2)	29.67	42.28	42.5%

Note 1 - Gross Revenue or Gross Margin respectively divided by the Transaction Value Processed expressed as a %.

Note 2 – Merchant Acceptance Points means the number of merchant outlets that accept GHL TPA products and services

GHL (card payment services)

This TPA card payment services business is relatively new and other than a minor TPA deployment in Thailand, it has not yet been deployed in our major markets. The existing GHL TPA data as shown in Table 2 comprises of the following activities (listed in order of size);

- (i) Various revenue sharing arrangements under direct contracts with merchants and banks in Malaysia and Philippines (Since 2008)
- (ii) Malaysian domestic debit card ("MyDebit") merchant acquisition (since 2003)
- (iii) Internet TPA ("eGHL") in Malaysia (Since 2Q 2014) and Thailand (Since 2013), and
- (iv) "Card Present" TPA (i.e. non-internet TPA) in Thailand (Since 2Q 2014).

Performance of current quarter (3Q 2015) vs corresponding quarter (3Q 2014) by geographical segment (“Q-O-Q”)

3Q15 revenue was up +14% Q-O-Q with growth being recorded in Malaysia, Philippines and Thailand and a small decline in Australia. In terms of profit after tax, Malaysia and Philippines were the primary contributors to the bottom line with Thailand recording an EBIT loss of RM0.96 million for this quarter (3Q14 EBIT loss –RM0.56million). Australian’s EBIT improved to a profit of RM0.19 million (3Q14 EBIT loss –RM0.07 million). Group pre-tax profit for 3Q15 was RM2.46 million as opposed to RM2.97 million in 3Q 2014.

Malaysia operations accounted for 83.5% of Group revenues in 3Q2015 with yoy growth in TPA and Solutions Services but a contraction in its Shared Services segment. The Shared services division saw growth in its rental and maintenance business but experienced a drop in EDC hardware sales as compared to 3Q14. The TPA division saw higher revenues derived from both rental transaction fees from both e-pay and bank card services. Overall, Malaysia grew 10.7% Q-O-Q in 3Q15.

The Philippine operations was the second largest contributor, accounting for 13.5% of 3Q15 Group revenues. This 3rd quarter saw revenues grow +43.3% to RM7.02 million (3Q14 – RM4.90 million). The growth was supported by increased revenue in the rental and maintenance of EDC terminals as well as sales of new EDC terminals. Solutions Services segment were however down due to lower hardware sales in 3Q15 as compared to 3Q14. Philippines has been delayed in implementing its TPA business and traction in this area is only expected towards the end of the 4Q2015 onwards.

Thailand operations’ 3Q15 revenue improved 40.8% to RM1.31 million (3Q14 – RM0.93 million) as the Group grew its rental and maintenance revenues in Shared Services as well as higher TPA transaction fee income of RM0.53 million vs RM0.25 million in the same period last year . Solutions Services slowed in 3Q15 due to lower rentals collected. EBIT worsened Q-O-Q due to the incurrence of additional professional fees paid in 3Q15.

The Group’s Australian operations recorded 3Q15 revenues of RM0.26 million (3Q14 – RM0.58 million) on ongoing maintenance projects in Australia in its Solutions Service division. There are no shared solutions and TPA businesses in our Australian operations at present. EBIT improved Q-O-Q due to a rationalisation of staff costs in 2015.

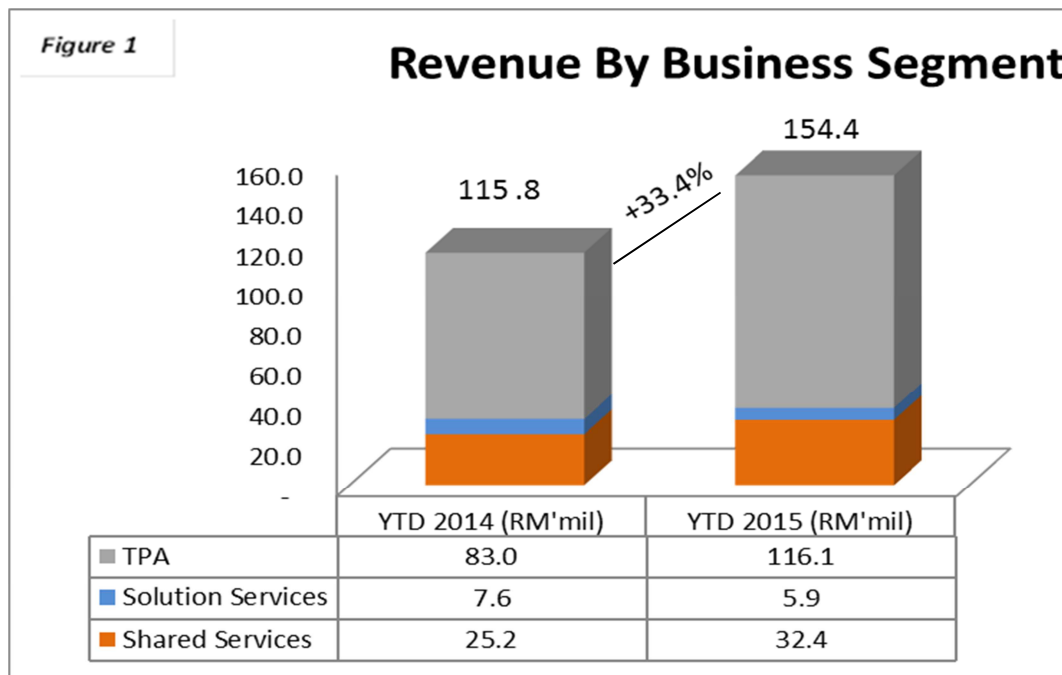
B1. Review of Performance (continued)

Performance of year to date period (3Q 2015) vs corresponding period (3Q 2014) by segment

Group turnover for the first 9 months of 2015 grew +33.4% to RM154.43 million (3Q14 YTD – RM115.8 million) driven by growth in all three segments; Shared Services (+29%), Solutions Services (+7%) and TPA (72%). Pre-tax profits grew 33.2% to RM10.76 million as compared to RM8.08 million a year ago and pre-tax margins remained flat at 7.0% for 3Q15 YTD and the comparable prior year's period. This growth was achieved despite a significant RM1.70 million expense for unrealised foreign exchange loss incurred in 3Q15 due a material depreciation in the value of Ringgit in the 3Q15.

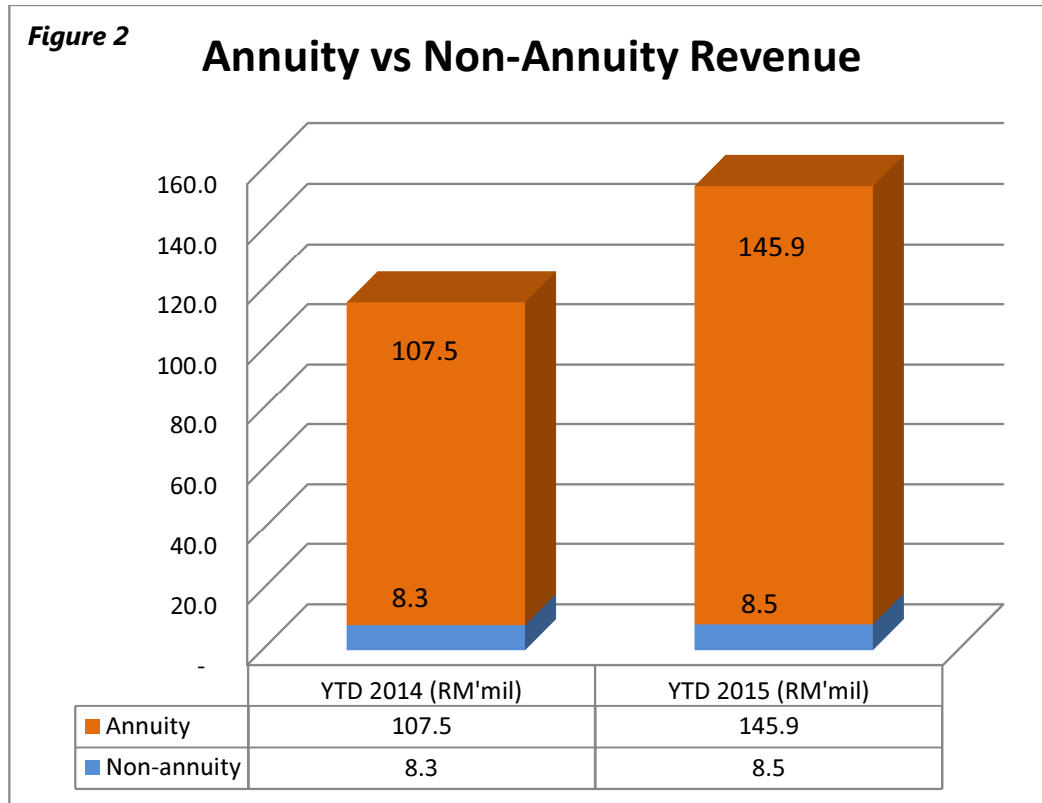
Net profit after tax grew +12.0% to RM7.10 million (3Q14 YTD – RM6.35 million). The 3Q15 YTD Net profit after tax growth was lower than the pre-tax profit growth due higher taxation charges in 3Q15. The higher taxation charges arose from deferred tax write-backs caused by the utilisation of earlier years' tax losses. This is to be expected as the Group is in its third year of profitability.

The chart in Figure 1 illustrates the significant changes in business composition that occurred between 3Q 2014 and 3Q 2015.



Shared Services and TPA recorded strong growth whereas Solutions Services revenue were lower yoy due to lower software and hardware sales in 2015 as compared to the same period last year.

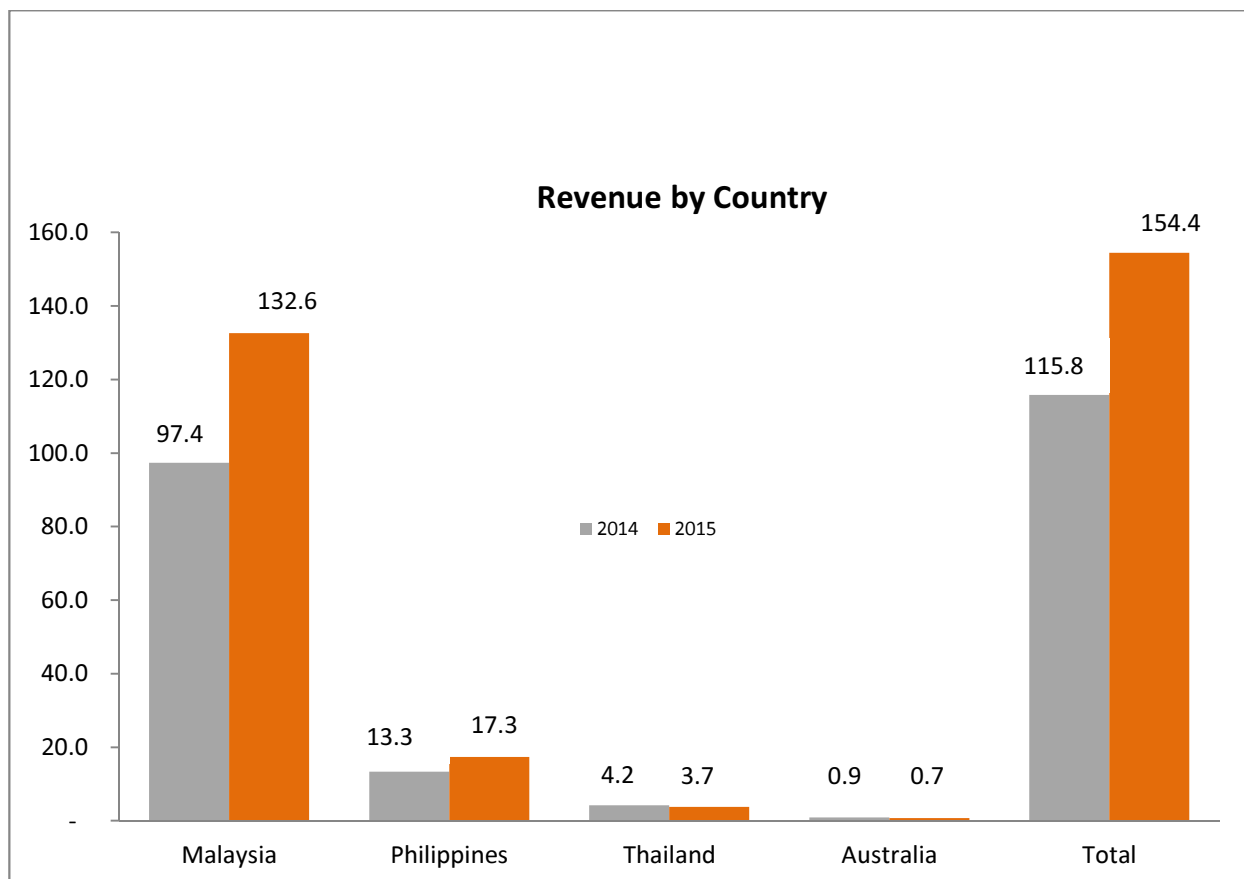
B1. Review of Performance (continued)



The annuity based recurring revenue component of total revenue for the first nine months of 2015 inched up higher by 0.4% to 94.5% as compared to 92.8% 3Q14 YTD previously. The Group's strategy is to accelerate growth in its TPA business. As TPA gathers momentum in all 3 geographical markets, we expect the annuity revenue component to grow even larger.

B1. Review of Performance (continued)

Performance of year to date period (3Q15) vs corresponding period (2Q14) by country



3Q15 Group turnover grew +33.3% 3Q15 YTD to RM154.4 million (3Q14 YTD – RM115.8 million). Pre-tax profits grew +33.2% to RM10.8 million as compared to RM8.1 million a year ago and pre-tax margins remained flat at 7.0%.

Malaysian operations contributed 86% (2014 – 84%) of Group turnover and this increase was due to higher EDC sales and growth in TPA revenues as transaction fees and volumes increased. EBIT margins were 8.2% for 3Q15, an improvement from 7.9% in 3Q14.

Philippines turnover grew 30.1% to RM17.3 million (3Q14 - RM13.3 million) but EBIT margins were lower at 11.2% in 3Q15 vs 15.4% in 2014 due to lower software sales which have a higher margin as compared to the annuity based rental (which nevertheless continues to grow). Both Shared Services and TPA registered growth of +40.4% and +24.3% respectively but Solutions Services was lower at -34.9% due to lower rental as well as non-annuity software sales. Philippines contributed 11.2% to Group revenues in 3Q15.

Thailand recorded a contraction in top-line revenue of -10.7% due to dismal EDC terminal sales in the first 9 months of 2015. This was, however tempered by a doubling of TPA revenue growth of 111.9% that saw 3Q15 TPA revenues to RM1.46 million (3Q14 – RM0.69 million). The business climate remains challenging in Thailand due to the lacklustre economy and competitive pressures from some of the Thai commercial banks. EBIT remained negative with losses before interest of RM0.96 million as compared to RM0.56 million loss in 2014.

Australia remains the smallest contributor to Group operations at RM0.75 million or 0.5% of Group turnover as compared to 3Q14 turnover of RM0.93 million. Nevertheless Australian operations contributed to a small EBIT of RM0.19 million as compared to a loss of RM0.07 million in the same period the previous year.



B. Current Year's Prospects

The Group started 2015 on an up-swing as it inked several TPA tie-ups in quick succession. In December 2014, GHL signed a TPA agreement with Omnipay, Inc. of the Philippines, in January 2015, the Group signed with Global Payments in Malaysia and in February 2015, signed a TPA agreement with Amanah Ikhtiar Malaysia (AIM) to help it collect loan repayments using MyDebit. In April 2015, GHL signed a TPA agreement with CIMB Bank to commence merchant acquiring. These TPA signings strategically position GHL as a major player in the merchant acquiring space in ASEAN and the Group is in the midst of implementing these.

This TPA implementation only started gathering momentum in 3Q15 in Malaysia and in Philippines implementation only just begun in 4Q15. These are the two primary markets where the Group expects to make the most inroads in the TPA business.

In Malaysia consumer sentiment has been dampened due to global economic factors, the depreciating Ringgit and the introduction of GST (Goods & Services Tax). These factors have negatively impacted consumer demand and therefore, the demand for payment acceptance. Nevertheless, Malaysian operations contributed 86% of Group revenues and Malaysia is expected to continue to be the largest contributor to Group earnings for the next few years. Over time, this proportion of Malaysian earnings should decrease as our overseas operations gain traction. While the Group took a significant loss due to unrealised foreign exchange this 3Q15, overall, foreign currency borrowings are minimal. The Group's US dollar term loan denominated borrowings are small (about USD1.4 million) and should be fully repaid by the end of 2016.

Although the Philippines accounts for only 11.2% of Group revenue, it is the fastest growing segment within the Group for card payment services. With the present implementation of TPA agreements with two telcos and a banking Group, we expected to start scaling the TPA business towards the end of the 4Q15. This should enable the Group to expand its merchant base more strongly in the years ahead. The Philippine Peso has also strengthened against the Ringgit and this has helped the Group better balance its portfolio earnings.

The Group continues to invest in the infrastructure and development of the sales and systems resources to implement GHL's TPA business in its three main markets; Malaysia, Philippines and Thailand. The scaled sign-up of merchants within TPA has caused an increase in merchant acquisition costs which will take a period of time to be recovered through incremental revenue. The Group's core other businesses remain strong, thus enabling the Group to take market share while at the same time maintain growth in its bottom line.

GHL Group is on track and we expect 2015 and 2016 prospects to remain positive. The Group continues to be bullish on the ASEAN payment market especially given the region's demographic advantage and the present low e-payments penetration and adoption.

B3. Profit Forecast and Profit Guarantee

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

B4. Profit Before Taxation

	Current Quarter <u>30/9/2015</u> RM'000	Preceding Year Corresponding Quarter <u>30/9/2014</u> RM'000 (Restated)	Current Year To Date <u>30/9/2015</u> RM'000	Preceding Year Corresponding Period <u>30/9/2014</u> RM'000 (Restated)
Amortisation of intangible asset	266	227	760	823
Bad debts written off	-	-	-	3
Depreciation of property, plant and equipment	4,151	2,483	11,514	7,645
(Gain)/Loss on foreign exchange				
- Realised	118	37	463	(28)
- Unrealised	1758	547	2,284	(320)
(Gain)/Loss on disposal of fixed assets	54	1	49	41
Gain on disposal of investment	-	-	-	(76)
Gross dividends received from:				
- Share quoted in Malaysia		(36)		(36)
Impairment loss on receivables	116	60	264	100
Interest income	(292)	(128)	(900)	(344)
Interest expenses	698	506	2,196	1,068
Inventory written off	-	-	-	(41)
Rental expenses	302	433	930	1,353
Reversal of allowance for doubtful debts	-	-	(109)	(94)
Share based payment	116	386	363	568

B5. Taxation

	Current Quarter <u>30/9/2015</u> RM'000	Preceding Year Corresponding Quarter <u>30/9/2014</u> RM'000	Current Year To Date <u>30/9/2015</u> RM'000	Preceding Year Corresponding Period <u>30/9/2014</u> RM'000
Current tax expenses based on profit for the financial year:				
Malaysian income tax	(1,149)	(642)	(3,156)	(1,062)
Foreign income tax	(247)	(443)	(498)	(544)
	(1,396)	(1,085)	(3,654)	(1,606)
Over/(under) provision in prior years	-	(126)		(126)
Total	(1,396)	(1,211)	(3,654)	(1,732)

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 current quarter and year to date ended 30 September 2015.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for current quarter and year to date ended 30 September 2015.

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 September 2015 are as follows:-

(a) Bank Borrowings

	Long-term Borrowings RM'000	Short-term Borrowings RM'000	Total RM'000
Ringgit Malaysia	6,500	30,084	36,584
Philippine peso	3,076	1,003	4,079
US dollar	-	6,154	6,154
	9,576	37,241	46,817

The Bankers' Acceptance and Commodity Murabahah/Trade Loan are secured by way of:

	2015 RM'000	2014 RM'000
(i) term deposits of the Group	6,708	5,211
(ii) structured investment of the Group	8,000	8,000
(iii) a Corporate Guarantee by parent entity	74,000	74,000
	88,708	87,211

The term loans are secured by way of:

- (i) negative pledge from e-pay (M) Sdn Bhd
- (ii) first party charge over cash deposits by the Company over Escrow Account solely operated by the Bank
- (iii) Undertaking from the Company to assign 100% dividend from the subsidiaries throughout the duration of the Term Loan facilities to the Bank's Escrow Account

(b) Hire Purchase

	Long-term Hire Purchase RM'000	Short-term Hire Purchase RM'000	Total RM'000
Ringgit Malaysia	404	230	634
Philippine peso	3,327	2,073	5,400
	3,731	2,303	6,034

The hire purchase payables of the Group as at 30 September 2015 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

	As at 30/9/2015	As at 31/12/2014 (Audited)
	RM'000	RM'000
Total retained profit of the Group:-		
- Realised	(39,590)	(53,935)
- Unrealised	3,177	508
	(36,413)	(53,427)
Less: Consolidation adjustment	68,216	78,079
Total group retained	31,803	24,652

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.

B13. Dividend Proposed

There was no dividend declared for the current quarter and year to date ended 30 September 2015.

B14. Memorandum of Understanding

On 12 February 2014, the GHL Systems Berhad entered into a Memorandum of Understanding ("MOU") with PT. Peruri Digital Security ("PDS") in Jakarta, Indonesia. The objective of the MOU is for the two parties to initiate a cooperation to forge a mutually beneficial and non-exclusive collaborative within one year from the date of signing the MOU in relation to the development and promotion of payment related businesses in Indonesia which includes; micropayment systems, Internet Payment Gateway, payment and loyalty management systems and processing services, smart card and its security technologies and other electronic payment systems.

On 4 March 2015, the Board has announced that the MOU has lapsed due to the expiration of the validity period of one (1) year from the date of execution and this is not expected to have any material effect on the share capital, shareholding structure, gearing, net assets per share and earnings per share of GHL group.

B15. Earnings Per Share

a) Basic earnings per share

Basic earnings per ordinary share for the financial period is calculated by dividing the profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial period.

b) Diluted earnings per share

Diluted earnings per ordinary share for the financial period is calculated by dividing the profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial period adjusted for the effects of dilutive potential ordinary shares.

<u>Basic</u>		<u>Current Quarter 30/9/2015</u>	<u>Preceding Year Corresponding Quarter 30/9/2014</u>	<u>Current Year To Date 30/9/2015</u>	<u>Preceding Year Corresponding Period 30/9/2014</u>
Profit attributable to owners of the Company	(RM'000)	1,082	1,820	7,151	6,406
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	642,248	424,474	642,871	380,648
Basic earnings per share	(Sen)	0.17	0.43	1.11	1.68

<u>Diluted</u>		<u>Current Quarter 30/9/2015</u>	<u>Preceding Year Corresponding Quarter 30/9/2014</u>	<u>Current Year To Date 30/9/2015</u>	<u>Preceding Year Corresponding Period 30/9/2014</u>
Profit attributable to owners of the Company	(RM'000)	1,082	1,820	7,151	6,406
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	647,295	431,698	647,844	387,872
Diluted earnings per share	(Sen)	0.17	0.42	1.10	1.65