



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2018
(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	30/09/2018	30/09/2017	30/09/2018	30/09/2017
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	87,424	63,379	214,898	192,130
Cost of sales		(49,705)	(37,174)	(123,630)	(115,411)
Gross profit		37,719	26,205	91,268	76,719
Other operating income		1,741	(538)	4,586	5,802
Payroll expenses		(16,418)	(12,181)	(43,340)	(37,217)
Administration expenses		(6,861)	(3,881)	(16,933)	(16,197)
Distribution costs		(1,158)	(1,358)	(3,324)	(3,666)
Other expenses		(1,737)	141	(2,033)	(844)
Profit before interest, taxation, amortisation & depreciation		13,286	8,388	30,224	24,597
Depreciation expenses		(3,320)	(1,370)	(5,993)	(3,942)
Finance cost		(547)	(386)	(1,405)	(1,439)
Share of results of associated companies		(94)	42	418	13
Profit before taxation		9,325	6,674	23,244	19,229
Income tax expense		(3,003)	(1,595)	(5,778)	(3,579)
Profit for the period		6,322	5,079	17,466	15,650
Attributable to:					
Owners of the Company		6,304	5,065	17,435	15,624
Non-controlling interest		18	14	31	26
		6,322	5,079	17,466	15,650
Earnings Per Ordinary Share					
- Basic (sen)	B9	0.86	0.77	2.52	2.38
- Diluted (sen)	B9	0.85	0.77	2.51	2.38
Profit for the period		6,322	5,079	17,466	15,650
Other comprehensive income, net of tax					
Foreign currency translation differences		4,774	(808)	3,287	(2,468)
Total comprehensive income for the period		11,096	4,271	20,753	13,182
Total comprehensive income attributable to:					
Owners of the Company		11,078	4,257	20,722	13,156
Non-controlling interest		18	14	31	26
		11,096	4,271	20,753	13,182

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2017)



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30 SEPTEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

		AS AT CURRENT YEAR QUARTER 30/09/2018 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2017 (Audited) RM'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		82,563	64,810
Goodwill on consolidation		133,735	105,630
Intangible assets		1,758	1,929
Other investment		2,716	8,181
Deferred tax assets		2,842	1,500
		<u>223,614</u>	<u>182,050</u>
Current assets			
Inventories		66,920	63,524
Trade receivables		58,874	48,113
Other receivables		30,622	20,829
Tax recoverable		8,148	4,720
Fixed deposits placed with licensed banks		30,038	11,555
Cash and bank balances		128,774	95,945
		<u>323,376</u>	<u>244,686</u>
TOTAL ASSETS		<u>546,990</u>	<u>426,736</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		309,533	208,110
Reserves		87,886	66,392
Treasury Shares		-	(306)
Equity attributable to equity holders of the parent		<u>397,419</u>	<u>274,196</u>
Non controlling interest		160	129
Total equity		<u>397,579</u>	<u>274,325</u>
Non-current liabilities			
Hire purchase payables	B7	5,083	1,720
Bank borrowing	B7	14,965	15,513
Deferred tax liability		360	2,271
Deferred income		-	-
		<u>20,408</u>	<u>19,504</u>
Current liabilities			
Trade payables		35,154	23,471
Other payables		67,211	89,570
Deferred income		1,972	833
Hire purchase payables	B7	2,048	928
Bank borrowings	B7	15,704	16,026
Tax payable		6,914	2,079
		<u>129,003</u>	<u>132,907</u>
Total liabilities		<u>149,411</u>	<u>152,411</u>
TOTAL EQUITY AND LIABILITIES		<u>546,990</u>	<u>426,736</u>
 Net assets per share (sen)		 53.85	 41.97

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2017)



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2018
(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 2017	130,945	72,825	2,725	162	(638)	53,126	259,145	76	259,221
Share capital reduction	-	-	-	-	-	-	-	-	-
Resale of ordinary shares in open market	935	-	-	-	332	-	1,267	-	1,267
Issuance of ordinary shares pursuant to ESS	3,405	-	-	(181)	-	-	3,224	-	3,224
Adjustments for effects of Companies Act 2016 (Note a)	72,825	(72,825)	-	-	-	-	-	-	-
ESS lapsed	-	-	-	-	-	-	-	-	-
Share options granted under ESS	-	-	-	19	-	-	19	-	19
Reclassification adjustments of exchange translation reserv	-	-	(3,166)	-	-	-	(3,166)	-	(3,166)
Total comprehensive income for the year	-	-	(3,478)	-	-	20,452	16,974	53	17,027
Forex exchange differences	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(3,267)	(3,267)	-	(3,267)
At 31 December 2017	208,110	-	(3,919)	-	(306)	70,311	274,196	129	274,325
At 1 January 2018	208,110	-	(3,919)	-	(306)	70,311	274,196	129	274,325
Issuance of ordinary shares	100,502	-	-	-	-	-	100,502	-	100,502
Issuance of ordinary shares pursuant to ESS	135	-	-	-	-	-	135	-	135
Resale of ordinary shares in open market	786	-	-	-	306	-	1,092	-	1,092
Share option granted under ESS	-	-	-	772	-	-	772	-	772
Reclassification adjustments of exchange translation reserve	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	3,287	-	-	17,435	20,722	31	20,753
Forex exchange differences	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
At 31 December 2018	309,533	-	(632)	772	-	87,746	397,419	160	397,579

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2017)

Note a

Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.



GHL SYSTEMS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	CURRENT YEAR TO DATE 30/09/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,244	19,229
Adjustment for:-		
Amortisation of development cost	190	257
Amortisation of deferred income	(2,096)	(1,214)
Bad debts written-off	1,384	1,191
Depreciation of property, plant and equipment	18,052	15,204
Impairment loss on receivables	500	740
Interest expense	1,405	1,439
Interest income	(1,520)	(646)
Inventories written off/ (back)	(26)	63
Loss/(Gain) on disposal of property, plant and equipment	(249)	(226)
Loss on liquidation of subsidiary	-	111
Gain on disposal of other investment	(172)	-
Property, plant and equipment written-off	9	2
Reversal of impairment on trade receivables	(1,534)	(1,642)
Share options granted under ESS	772	19
Share of gain from an associate	(418)	(13)
Unrealised loss/ (gain) on foreign exchange	(76)	(23)
Operating profit before working capital changes	39,465	34,491
(Increase)/Decrease in working capital		
Inventories	(5,267)	671
Trade and other receivables	(11,191)	11,524
Trade and other payables	(18,607)	(3,003)
Advance receipt from deferred income	3,235	1,199
	(31,830)	10,391
Cash generated from operations	7,635	44,882
Interest received	1,519	646
Interest paid	(1,405)	(1,439)
Tax paid	(4,663)	(4,773)
	(4,549)	(5,566)
Net cash from operating activities	3,086	39,316
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(10,170)	(9,284)
Purchase of other investment	(2,118)	(49)
Proceeds from disposal of property, plant and equipment	258	1,395
Proceeds from disposal of other investments	8,172	-
Addition in intangible assets	(19)	150
Acquisition of subsidiary for cash, net cash acquired	(56,000)	-
Net cash used in investing activities	(59,877)	(7,788)
Cash Flows From Financing Activities		
Proceeds from issuance of shares	100,500	-
Proceeds from issuance of shares-ESOS	135	3,224
Proceeds from issuance of shares-Treasury	1,092	-
(Increase)/Decrease in fixed deposits pledged	(4,970)	(199)
Drawdown of hire purchase	5,372	350
Repayment of hire purchase payables	(2,492)	(2,551)
Drawdown of bank borrowings	4,690	12,500
Repayment of bank borrowings	(6,231)	(28,139)
Net cash used in financing activities	98,096	(14,815)
Net increase/(decrease) in cash and cash equivalents	41,305	16,713
Effect of exchange rate fluctuation	5,356	(2,743)
Cash and cash equivalents at beginning of the finance period	99,945	76,887
Cash and cash equivalents at end of the finance period	146,606	90,857
Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	128,774	76,364
Fixed deposits with licensed banks	30,038	21,668
	158,812	98,032
Less: Fixed deposits pledged to licensed banks	(12,206)	(7,175)
	146,606	90,857

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements financial year ended 31 December 2017)

Part A: Explanatory notes on consolidated results for the quarter ended 30 September 2018

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 results for this interim period are unaudited and should be read in conjunction with the Group's audited consolidated financial statements and the accompanying notes for the year ended 31 December 2017.

A2. Significant Accounting Policies

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2018 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2017.

As of 1 January 2018, the Group and the Company have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

Effective for annual periods beginning on or after 1 January 2018

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

Adoption of the above MFRS and Amendments to MFRSs and Annual Improvement to Standards will have no material impact on the financial statements of the Group.

MFRSs and Amendments to MFRS issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group.

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

A2. Significant Accounting Policies (continued)
MFRSs and Amendments to MFRS issued but not yet effective (continued)

The Group and the Company are in the process of assessing the impact of implementing these Standards, Amendments and Interpretations since the effects would only be observable for the future financial years.

A3. Audit Report of Preceding Annual Financial Statements

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2017 was not subject to any audit qualification.

A4. Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors.

A5. Unusual Items

There were no items or events affecting assets, liabilities, equity, net income or cash flow of the Group that are unusual of their nature, size or incidence during the current quarter.

A6. Changes in Estimates

There were no changes in estimates that have had any material effect during the current quarter.

A7. Changes in Debts and Equity Securities

During the current quarter, the Company issued 95,000 new ordinary shares at average exercise price of RM1.08 pursuant to the Executives' Share Scheme ("ESS") and disposed of 678,601 treasury shares at an average price of RM1.61 per share.

Saved as disclosed above, there were no other issuance and repayment of debt and equity securities, share buy-backs and share cancellations during the current quarter.

A8. Dividend Paid

There were no dividends paid during the quarter ended 30 September 2018.



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A9. 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.



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A9. Segmental Reporting (continued)

Quarter - 30 Sept	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CONTINUING OPERATIONS												
REVENUE												
<u>External Sales</u>												
Shared Services	19,718	4,939	5,430	4,362	12,081	1,803	-	-	(15)	-	37,214	11,104
Solution Services	1,867	3,099	913	716	391	301	311	233	-	-	3,482	4,349
Transaction Payment Acquisition	42,025	44,257	2,574	2,655	2,129	1,014	-	-	-	-	46,728	47,926
Inter-segment sales	7,445	7,240	-	-	-	-	-	-	(7,445)	(7,240)	-	-
	71,055	59,535	8,917	7,733	14,601	3,118	311	233	(7,460)	(7,240)	87,424	63,379
RESULTS												
Normalised EBITDA	11,228	10,421	3,356	2,743	1,937	892	158	(13)	418	(2,283)	17,097	11,760
<i>Adjusted for:</i>												
<i>Professional fees</i>	(210)	21	-	-	-	-	-	-	-	-	(210)	21
<i>Unrealised gain/(loss) on forex</i>	231	(1,932)	(232)	(177)	188	50	-	-	(418)	2,283	(231)	224
EBITDA	11,249	8,510	3,124	2,566	2,125	942	158	(13)	-	-	16,656	12,005
Interest income	804	246	3	4	-	6	-	-	-	-	807	256
Interest expense	(506)	(319)	(118)	(67)	(19)	-	-	-	96	-	(547)	(386)
Depreciation of PPE	(5,030)	(2,832)	(1,753)	(1,851)	(650)	(485)	(1)	(1)	-	-	(7,434)	(5,169)
Amortisation of intangible assets	(63)	(75)	-	-	-	-	-	-	-	-	(63)	(75)
Share of results of associate company	(94)	43	-	-	-	-	-	-	-	-	(94)	43
Taxation	(2,396)	(2,021)	(551)	(257)	(95)	-	-	(1)	39	684	(3,003)	(1,595)
Segment profit/ (loss) for the financial period	3,964	3,552	705	395	1,361	463	157	(15)	135	684	6,322	5,079
Minority interest	-	-	-	-	-	-	-	-	(18)	(14)	(18)	(14)
Segment profit/ (loss) for the financial period after non-controlling interest	3,964	3,552	705	395	1,361	463	157	(15)	117	670	6,304	5,065
Segmental assets	754,119	344,614	40,157	41,945	49,404	16,760	738	295	(297,428)	(12,040)	546,990	391,574
Segmental liabilities	447,712	192,984	20,145	23,991	33,485	9,571	973	1,060	(352,904)	(105,397)	149,411	122,209



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A9. Segmental Reporting (continued)

Cumulative - 30 Sept	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CONTINUING OPERATIONS												
REVENUE												
<u>External Sales</u>												
Shared Services	31,822	24,499	14,279	13,372	22,500	4,428	-	-	(29)	-	68,572	42,299
Solution Services	6,629	6,673	1,815	1,451	1,210	884	847	668	-	-	10,501	9,675
Transaction Payment Acquisition	122,075	132,417	7,489	5,555	6,261	2,183	-	-	-	-	135,825	140,155
Inter-segment sales	21,222	18,687	-	-	-	-	-	-	(21,222)	(18,687)	-	-
	181,748	182,276	23,583	20,378	29,971	7,495	847	668	(21,251)	(18,687)	214,898	192,130
RESULTS												
Normalised EBITDA	27,934	29,285	9,101	7,828	4,790	1,930	397	2	(663)	(2,987)	41,559	36,058
<i>Adjusted for:</i>												
<i>Professional fees</i>	(682)	(611)	-	-	-	-	-	-	-	-	(682)	(611)
<i>Unrealised gain/(loss) on forex</i>	363	(2,788)	(1,074)	(390)	124	214	-	-	663	2,987	76	23
EBITDA	27,615	25,886	8,027	7,438	4,914	2,144	397	2	-	-	40,953	35,470
Interest income	1,508	631	8	7	4	8	-	-	-	-	1,520	646
Interest expense	(1,226)	(1,119)	(236)	(320)	(39)	-	-	-	96	-	(1,405)	(1,439)
Depreciation of PPE	(14,330)	(8,389)	(5,046)	(5,468)	(1,748)	(1,344)	(2)	(2)	3,074	-	(18,052)	(15,203)
Amortisation of intangible assets	(190)	(257)	-	-	-	-	-	-	-	-	(190)	(257)
Share of results of associate company	418	13	-	-	-	-	-	-	-	-	418	13
Taxation	(3,692)	(3,641)	(1,333)	(622)	(343)	-	-	(1)	(410)	684	(5,778)	(3,580)
Segment profit/ (loss) for the financial period	10,103	13,124	1,420	1,035	2,788	808	395	(1)	2,760	684	17,466	15,650
Minority interest	-	-	-	-	-	-	-	-	(31)	(26)	(31)	(26)
Segment profit/ (loss) for the financial period after non-controlling interest	10,103	13,124	1,420	1,035	2,788	808	395	(1)	2,729	658	17,435	15,624
Segmental assets	754,119	344,614	40,157	41,945	49,404	16,760	738	295	(297,428)	(12,040)	546,990	391,574
Segmental liabilities	447,712	192,984	20,145	23,991	33,485	9,571	973	1,060	(352,904)	(105,397)	149,411	122,209



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A10. 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.

A11. Material Subsequent Events to the end of Current Quarter

There were no material events arising in the interval between the end of the current quarter and the date of this announcement which would likely affect the results of the operations of the Group.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review other than the following:

- (i) On 30 August 2018, the Company announced that GHL ePayments Philippines, Inc. a 99.99% owned subsidiary of GHL Epayments Sdn Bhd, which is a wholly-owned subsidiary of the Company, had been struck off from The Philippines Business Registry on 29 January 2018.
- (ii) On 25 September 2018, the Company announced that E-Pay Thailand Co. Limited, a 49.50% owned subsidiary of e-pay (M) Sdn Bhd, a wholly-owned subsidiary of the Company, was struck-off by the Registrar of Thailand on 28 February 2011.

A13. Contingent Liabilities and Contingent Assets

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

	RM'000
(a) Banker's guarantee in favour of third parties	
- Secured	26,323
(b) Corporate guarantee – Financial Institution and trade suppliers	111,390
	<u>137,713</u>

A14. Capital Commitments

Capital commitments for purchase of property, plant and equipment not provided for as at 30 September 2018 are as follows:

	RM'000
Approved but not contracted for	
	<u>2,474</u>

A15. Significant Related Party Transactions

There were no significant related party transactions as at the end of the current financial quarter under review.



GHL SYSTEMS BERHAD
(Company No: 293040-D)

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

B1. Review of Performance

Performance of current quarter (3Q 2018) vs corresponding quarter (3Q 2017) by segment

GHL's 3Q18 group turnover grew by 37.9% yoy to RM 87.4 million as compared to RM63.4 million for the corresponding period in 3Q17. 3Q18 pre-tax profits were 39.7% higher at RM9.3 million compared to RM6.7 million in 3Q17. Profit after tax was also up 24.5% at RM6.3 million (3Q17 RM5.1 million), despite a higher effective taxation rate in the current quarter under review. The group's topline improvement in this quarter was due primarily to the Shared Services division despite both the Solutions Services and TPA division registered a small decline yoy over 3Q17. The group's balance sheet remains healthy with a net cash position of RM121.0 million (30.9.2017 – Net cash RM73 .7 million). The performance of the individual segments are as follows.

Shared Services

Shared services division gross revenue in 3Q18 grew by 235.1% yoy to RM37.2 million (3Q17 – RM11.1 million) due to strong Electronic Data Capture (EDC) hardware sales in the Thai market and higher rental revenue from the consolidation of the group's new subsidiary Paysys.

Solutions Services

Solutions services gross revenue was down by 19.9% in 3Q18 to RM3.5 million (3Q17 – RM4.3 million) due to lower maintenance revenue and lower software sales in 3Q18.

Transaction Payment Acquisition (TPA)

The TPA business has 2 distinct components, each in a different stage of development. These are; i) e-pay's direct contractual relationships with merchants to provide Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and ii) GHL's direct contractual relationships with merchants to provide international and domestic card payment services ("card payment services"). Each of these is described in more detail as follows: -

(i) e-pay (reload and collection services)

e-pay is the largest provider of reload and collection services in Malaysia. It has approximately 37,343 acceptance points nationwide, encompassing all petrol chains and large convenience store chains. The e-pay brand is well known to consumers who use the service. With over 19 years' experience, e-pay is clearly the market leader in Malaysia within this industry segment.

A summary of key data relating to the e-pay business is found in the Table 1 below. As can be seen, the transaction value processed by e-pay was flat with stable gross profit margins of 122 basis points.



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B1. Review of Performance (continued)

Performance of current quarter (3Q 2018) vs corresponding quarter (3Q 2017) by segment (continued)

Table 1

e-pay <i>(All stated in RM'millions unless stated otherwise)</i>	3Q 2017	3Q 2018	% change
Transaction Value Processed	958.41	958.50	0.0%
Gross Revenue	34.86	32.14	-7.8%
Gross Revenue / Transaction Value (Note 1)	3.64%	3.35%	-7.8%
Gross Profit	11.74	11.68	-0.5%
Gross Profit / Transaction Value (Note 1)	1.22%	1.22%	-0.5%
Merchant Footprint - e-pay Only (Thousands)	35.49	37.34	5.2%

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

(ii) GHL (e-payment services)

This TPA electronic payment services business is driven by our TPA arrangements with leading domestic banks in our respective markets as well as a leading China e-wallet provider which is expanding into Asean. The existing GHL TPA data as shown in Table comprises of the following activities;

- a) Various Merchant Discount Rate ("MDR") revenue sharing arrangements under direct contracts with merchants and banks in Malaysia, Thailand and Philippines
- b) Domestic debit card merchant acquisition in Malaysia and Philippines
- c) Internet TPA ("eGHL") in Malaysia, Indonesia and Thailand
- d) e-wallet providers in Malaysia, Thailand and Philippines

A summary of key data relating to the card payment business is found in the Table 2 below. While the transaction value processed grew strongly by 35.1%, Gross profit/transaction margins declined yoy due to ongoing competition in the market in terms of MDR and monthly rental. Over the longer term, however, margins should stabilise as more merchants are on-boarded and a larger portfolio is built as well as our overseas TPA in Philippines and Thailand gather momentum. The introduction of e-wallets in all three markets in 2018 is expected to contribute positively in the near future.



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Performance of current quarter (3Q 2018) vs corresponding quarter (3Q 2017) by segment (continued)

Table 2

GHL Electronic payments TPA (All stated in RM'millions unless stated otherwise)	3Q 2017 (Restated)	3Q 2018	% change
Transaction Value Processed (Note 1)	1,178.49	1,592.05	35.1%
Gross Revenue	12.57	14.59	16.1%
Gross Revenue / Transaction Value (Note 2)	1.07%	0.92%	-14.1%
Gross Profit (Note 3)	5.51	5.26	-4.6%
Gross Profit / Transaction Value (Note 2)	0.47%	0.33%	-29.4%
Merchant Footprint - TPA Only (Thousands)	32.66	45.81	40.2%

Note 1 – The 3Q 2018 Transaction Value Processed includes transactions relating to Philippine's Bancnet transactions which were previously omitted in 2017 which has been restated. Bancnet inclusion commenced only in 2017 due to regulatory changes.

Note 2 - Gross Revenue or Gross Profit respectively divided by the Transaction Value Processed expressed as a %.

Note 3 – The gross profit has been restated as a result of changes in indirect costs allocation basis due to required improvements to our internal business processes to include certain network service and compliance fees, as well as support expenses relating to the TPA business that were previously included in the administrative OPEX expenses. This reclassification from OPEX to COGS is intended to more accurately reflect the gross margins of this epayment TPA segment.

TPA division's revenues declined by 2.5% in 3Q18 to hit RM46.7 million (2Q17 – RM47.9m) dragged by declines in e-pay revenues from telco topup but this was tempered by revenue growth from payments TPA. e-pay remains the major contributor in the TPA segment but the GHL electronic payments TPA (encompassing card, online, mobile and nextgen payments) are growing at a faster rate.

Performance of current quarter (3Q 2018) vs corresponding quarter (3Q 2017) by geographical segment

GHL's 3Q18 group turnover grew by 37.9% yoy to RM87.4 million as compared to RM63.4 million for the corresponding period in 3Q17 with revenue growth being recorded in all the key geographical markets, Malaysia, Thailand and Philippines. All the geographical markets contributed positively to the EBITDA line. Group wise, 3Q18 pre-tax profits were also 39.7% higher at RM9.3 million compared to RM6.7 million in 3Q17 due to higher hardware sales and the maiden consolidation of a new subsidiary.

Malaysia operations accounted for 72.7% of group revenues in 3Q18 with a 21.6% yoy growth driven by Shared Services' EDC hardware sales and strong rental revenue growth. The TPA segment was down marginally due to lower e-pay revenues as a result of change in product mix but this was compensated by higher MDR revenues from payments TPA. Solutions services declined yoy due to lower rental/maintenance revenue.

The Philippines operations accounted for 10.2% of 3Q18 group revenues. This 3rd quarter saw revenues grew by 15.3% yoy to RM8.9 million (3Q17 – RM7.7m) supported by growth in the Shared and Solutions services. Its 3Q18 TPA segment however saw a small decline of 3.0% due to a revenue adjustment.

Thailand operations' 3Q18 revenue contributed 16.7% to the group total and grew by an impressive 368.3% to RM14.6 million (3Q17 RM3.1 million) as the group recorded strong hardware and software sales to a bank in its Shared Services division in 3Q18. Solutions. Services segment saw a small growth due to software sales. TPA revenues saw an increase of 109.9% to RM2.1 million (3Q17 – RM1.0 million) from higher transactional fee revenue and rental collected.

The group's Australian operations recorded 3Q18 revenues of RM0.3 million (3Q17 – RM0.2 million) on an ongoing maintenance projects in Australia in its Solutions Service division. There are no Shared solutions and TPA revenues recorded by our Australian operations.



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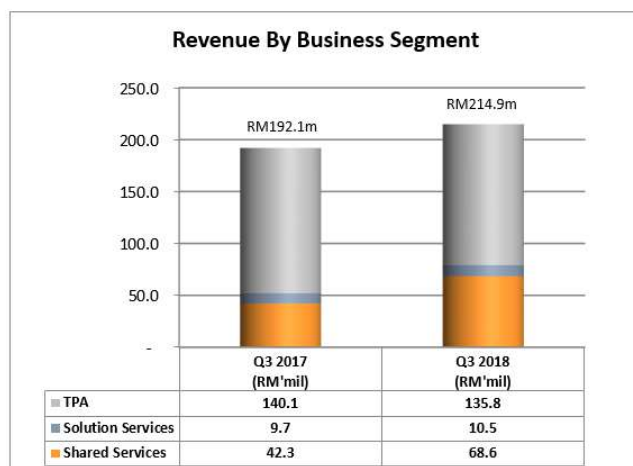
Performance of current quarter (3Q18) vs preceding quarter (2Q18) by segment

Revenue (RM million)	3Q2018	2Q2018
Shared Services	37.2	19.1
Solutions Services	3.5	3.2
TPA	46.7	45.4
Group revenue	87.4	67.7
Profit Before Tax	9.3	6.2

For the 3Q18 ended 30th September 2018, the group recorded revenues of RM87.4 million, a 29.1% qoq growth over RM67.7 million recorded in 2Q18. The topline growth was driven by our Thailand operations which saw improved hardware sales in 3Q18 as well as the maiden consolidation of Paysys, a newly acquired subsidiary which was completed in late June 2018. 3Q18 pre-tax profit also grew of 50.5% qoq due higher revenue recorded in 3Q18.

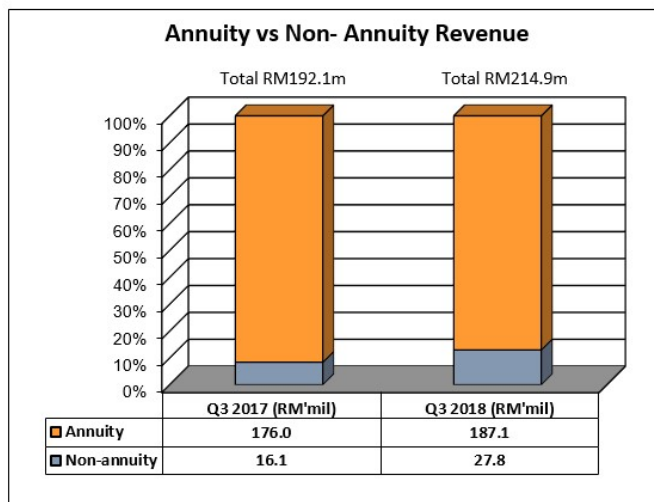
Performance of year to date (3Q 2018) vs corresponding period (3Q 2017) by segment

Group turnover for the first 9 months of 2018 was up 11.9% yoy to RM214.9 million (3Q17 – RM192.1m) with growth registered by all the geographical markets. The segment performance are as follows (Shared Services, +62.1% yoy; Solutions Services, +8.5% yoy; TPA, -3.1% yoy). Pre-tax profit was up by 20.9% yoy to RM23.2 million compared to RM19.2 million a year ago and pre-tax margin was 10.8%, compared to 3Q17's pre-tax margin of 10.0%. Net profit after tax grew by 11.6% yoy to RM17.5 million (3Q17 – RM15.6 million). Net profit growth was weaker as compared to pre-tax profit growth due to higher effective taxation rates for the first 9 months of 2018.



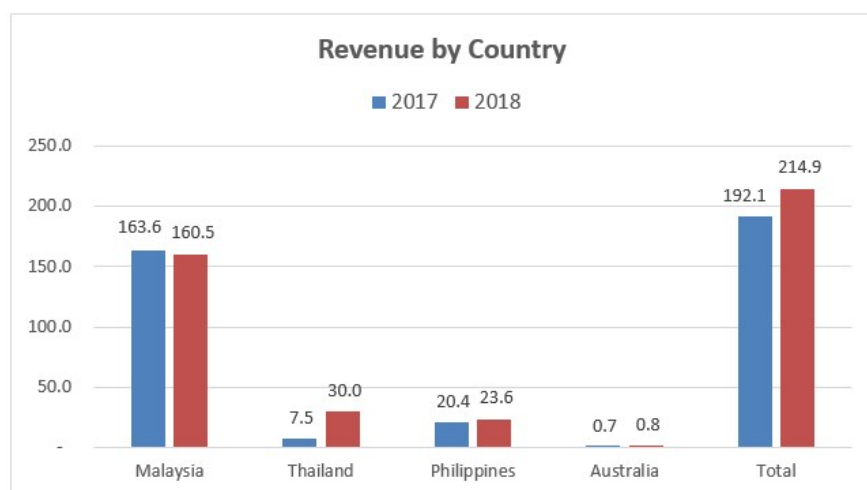
Shared Services and Solutions Services recorded improved in sales due to higher rental revenue collected and software sales in 3Q18. TPA performance was down in the first 9 months of 2018 as compared to the same period last year due to weaker e-pay sales resulted from a change in product mix (lower telco top-up sales) but this was compensated by improved collection of MDR transaction fees.

Performance of year to date (3Q 2018) vs corresponding period (3Q 2017) by segment (continued)



The annuity based revenue component within the group's total revenue remains high at 87.1% although this was lower when compared to the 91.6% achieved in the previous period. Although annuity based income continued to grow yoy, 2018 saw higher hardware sales in the Thai market. The group's strategy is to grow the TPA and other businesses that have a strong recurring annuity based revenue and de-prioritise non-recurrent hardware and software sales. As TPA gathers momentum in all 3 geographical markets, we expect annuity revenues will grow even stronger.

Performance of year to date (3Q 2018) vs corresponding period (3Q 2017) by country



3Q18 group turnover was up 11.9% yoy to RM214.9 million (3Q17 – RM192.1m) with growth registered by Thailand and Philippines whereas Malaysia saw a marginal decline. Pre-tax profits were up by 20.9% yoy to RM23.2 million compared to RM19.2 million a year ago and net profit after tax grew by 11.6% yoy to RM17.5 million (3Q17 – RM15.6 million).

Malaysian operations contributed 74.7% (3Q17 – 85.1%) of group turnover and the 1.9% yoy decrease was due to a weaker TPA performance of e-pay sales as well as lower Shared Services EDC hardware sales. EBITDA margin was stable at 17.4% for 3Q18, (3Q17 17.8%).



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Performance of year to date (3Q 2018) vs corresponding period (3Q 2017) by country (continued)

Philippines turnover was 15.7% yoy higher at RM23.6m (3Q17 – RM20.4m) with EBITDA margin at 38.6% from 38.4% on the corresponding period. All three segments, namely Shared Services, Solutions Services and TPA registered yoy growth in line with the growth in the revenue topline.

Thailand recorded a strong growth in topline revenue of 299.9% due to higher EDC hardware sales from its Shared Services segment. TPA saw 3Q18 revenue of RM6.3 million vs 3Q17 revenues of RM2.2 million due to the ongoing merchant acquiring for the Chinese based e-wallet. EBITDA remains positive at 16% compared to 25.8% in 3Q17 due to lower margin from the EDC hardware sales in 2018 to date.

Australia remains the smallest contributor to group operations at RM0.8 million or 0.4% of group turnover compared to 3Q17 turnover of RM0.7 million. This led to a small EBITDA contribution of RM0.4 million compared to RM20,000 in the same period of the previous year.

B2. Current Year's Prospects (FY2018)

The Group continues to focus on merchant acquisition across the three markets by offering our clients, payments options ranging from credit/debit acceptance, mobile payments as well as internet payments. 2017 saw Malaysia commenced payment acceptance of a China based e-wallet with the Philippines following closely in early 2018. The emergence QR based e-wallets have spurred the growth of domestic e-wallet players in all three markets and 2018 will see the launch of several local players in this space. This bodes well for GHL, as it increases our competitive edge in offering our merchants an integrated omni-channel payment solution.

The group remains optimistic of further developing TPA as a key growth engine for the group given the changes in the payment landscape as e-payments gain further traction as driven by not only regulatory directives, growing market acceptance, but also positive changes in consumer preferences towards e-payments. However, part of this fast changing landscape also includes competitive pressures which will impact profit margins and hence the group needs to remain nimble. The outlook for 2018 and beyond remains optimistic.

B3. Profit Forecast and Profit Guarantee

The Company has not issued any profit forecast or profit guarantee.



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B4. Profit before Taxation

Profit before tax is arrived at after charging/(crediting) the following items:

	Current Quarter 30/9/2018 RM'000	Preceding Year Corresponding Quarter 30/9/2017 RM'000	Current Year To Date 30/9/2018 RM'000	Preceding Year Corresponding Period 30/9/2017 RM'000
Amortisation of intangible asset	63	75	190	257
Bad Debt written off	190	96	1,384	1,191
Depreciation of property, plant and equipment	7,434	5,169	18,052	15,203
Fixed assets written off	-	-	9	2
(Gain)/Loss on foreign exchange:				
Realised	59	924	153	(15)
Unrealised	231	(224)	(76)	(23)
(Gain)/loss on disposal of fixed Assets	(248)	12	(249)	(226)
Gain on disposal of investment	-	-	(172)	-
Loss on liquidation of subsidiaries	-	111	-	111
Impairment loss on receivables	302	126	500	740
Interest income	(807)	(256)	(1,520)	(646)
Interest expenses	547	386	1,405	1,439
Inventory written off/(back)	91	46	65	63
Rental expenses	311	238	1,022	472
Reversal of allowance for doubtful debts	(307)	(567)	(1,534)	(1,642)
Share based payment	515	6	772	19

B5. Taxation

	Current Quarter 30/9/2018 RM'000	Current Year To Date 30/9/2018 RM'000
Current tax expenses based on profit for the financial year:		
Malaysian income tax	(1,460)	(3,452)
Foreign income tax	(893)	(1,676)
Deferred tax:		
Relating to origination and reversal of temporary differences	(650)	(650)
Total	(3,003)	(5,778)

The Group's effective tax rate for the current period were higher than the statutory tax rate mainly due to revised upwards of the tax estimates.



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B6. Status of Corporate Proposals

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

B7. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 30 September 2018 are as follows: -

	Long-term Borrowings		Short-term Borrowings		Total Borrowings	
	Foreign '000	RM'000	Foreign '000	RM'000	Foreign '000	RM'000
Secured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	7,419	-	5,069	-	12,488
- Philippine Peso	11,087	849	4,454	341	15,541	1,190
<i>Hire purchase</i>						
- Ringgit Malaysia	-	2,317	-	276	-	2,593
- Philippine Peso	36,133	2,766	23,140	1,772	59,273	4,538
Unsecured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	6,697	-	1,340	-	8,037
- Thai Baht	-	-	70,000	8,954	70,000	8,954
		20,048		17,752		37,800

B8. 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.

B9. 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.



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B9. Earnings Per Share (continued)

	Current Quarter 30/9/2018 RM'000	Preceding Year Corresponding Quarter 30/9/2017 RM'000	Current Year TO Date 30/9/2018 RM'000	Preceding Year Corresponding Period 30/9/2017 RM'000
<u>Basic</u>				
Profit attributable to owners of the Company (RM'000)	6,304	5,065	17,435	15,624
Weighted average number of ordinary shares in issue and issuable (Unit'000)	737,259	658,029	691,653	655,935
Basic earnings per share (Sen)	0.86	0.77	2.52	2.38
<u>Diluted</u>				
Profit attributable to owners of the Company (RM'000)	6,305	5,065	17,435	15,624
Weighted average number of ordinary shares in issue and issuable (Unit'000)	738,656	658,029	695,793	655,935
Diluted earnings per share (Sen)	0.85	0.77	2.51	2.38