



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
THE FIGURES HAVE NOT BEEN AUDITED

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/9/2016	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2015	CURRENT YEAR TO DATE 30/9/2016	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2015
		RM'000	RM'000	RM'000	RM'000
Revenue *	A8	60,440	52,133	178,768	154,434
Cost of sales *		<u>(37,274)</u>	<u>(31,295)</u>	<u>(108,701)</u>	<u>(94,024)</u>
Gross profit		23,166	20,838	70,067	60,409
Other operating income		2,487	1,117	4,881	3,110
Payroll expenses		(12,086)	(10,607)	(35,107)	(30,814)
Administration expenses		(3,325)	(3,347)	(9,332)	(9,303)
Distribution costs		(1,640)	(1,450)	(4,985)	(3,402)
Other expenses		(632)	(1,995)	(1,660)	(3,095)
Profit before interest, taxation, amortisation & depreciation		7,970	4,557	23,864	16,905
Depreciation expenses		(1,221)	(1,383)	(3,641)	(3,897)
Finance cost		(386)	(698)	(1,538)	(2,196)
Share of results of associated companies		(29)	(13)	(113)	(50)
Profit before taxation		6,334	2,463	18,572	10,762
Income tax expense	B5	(1,606)	(1,396)	(4,810)	(3,654)
Profit for the period		4,728	1,065	13,762	7,107
Attributable to:					
Owners of the Company		4,684	1,082	13,704	7,151
Non-controlling interest		44	(16)	58	(44)
		<u>4,728</u>	<u>1,065</u>	<u>13,762</u>	<u>7,107</u>
Earnings Per Ordinary Share					
- Basic (sen)	B14	0.72	0.17	2.11	1.11
- Diluted (sen)	B14	0.72	0.17	2.10	1.10
Profit for the period		4,728	1,065	13,762	7,107
Other comprehensive income, net of tax					
Foreign currency translation differences		34	1,827	(1,324)	4,637
Total comprehensive income for the period		4,762	2,892	12,438	11,744
Total comprehensive income attributable to:					
Owners of the Company		4,718	2,909	12,381	11,788
Non-controlling interest		44	(16)	57	(44)
		<u>4,762</u>	<u>2,893</u>	<u>12,438</u>	<u>11,744</u>

Note: * Comparatives have been presented to conform with current year presentation.

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2015)



GHL SYSTEMS BERHAD
(Company No: 293040-D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
THE FIGURES HAVE NOT BEEN AUDITED

Note	AS AT CURRENT YEAR QUARTER 30/9/2016 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2015 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	58,942	56,797
Goodwill on consolidation	105,630	105,630
Intangible assets	2,679	3,351
Other investment	8,106	8,071
Deferred tax assets	-	1,156
	<u>175,357</u>	<u>175,005</u>
Current assets		
Inventories	60,076	62,781
Trade receivables	28,315	34,079
Other receivables	12,601	34,957
Tax recoverable	2,755	1,242
Fixed deposits placed with licensed banks	7,252	6,848
Cash and bank balances	47,420	52,256
	<u>158,419</u>	<u>192,163</u>
TOTAL ASSETS	<u>333,776</u>	<u>367,168</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	130,945	129,969
Reserves	121,139	107,609
Treasury Shares	(638)	(638)
Equity attributable to equity holders of the parent	<u>251,446</u>	<u>236,940</u>
Non controlling interest	99	42
Total equity	<u>251,545</u>	<u>236,982</u>
Non-current liabilities		
Hire purchase payables	B9 1,939	3,259
Bank borrowing	B9 9,355	14,746
Deferred tax liability	860	807
Deferred income	-	184
	<u>12,154</u>	<u>18,996</u>
Current liabilities		
Trade payables	10,983	11,819
Other payables	41,621	66,871
Deferred income	941	255
Hire purchase payables	B9 1,954	2,150
Bank borrowings	B9 12,000	26,358
Tax payable	2,578	3,737
	<u>70,077</u>	<u>111,190</u>
Total liabilities	<u>82,231</u>	<u>130,186</u>
TOTAL EQUITY AND LIABILITIES	<u>333,776</u>	<u>367,168</u>
Net assets per share (sen)	38.49	36.54

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2015)



GHL SYSTEMS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
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 2015	128,318	70,156	(374)	544	(638)	24,652	222,658	133	222,791
Share capital reduction	-	-	-	-	-	-	-	-	-
Share swap to acquire a subsidiary	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESS	1,652	921	-	(525)	-	-	2,048	-	2,048
ESS lapsed/forfeited	-	-	-	(1)	-	1	-	-	-
Share options granted under ESS	-	-	-	474	-	-	474	-	474
Total comprehensive income for the year	-	-	1,420	-	-	10,340	11,760	(97)	11,663
Forex exchange differences	-	-	-	-	-	-	-	6	6
At 31 December 2015	<u>129,969</u>	<u>71,077</u>	<u>1,047</u>	<u>492</u>	<u>(638)</u>	<u>34,993</u>	<u>236,940</u>	<u>42</u>	<u>236,982</u>
At 1 January 2016	129,969	71,077	1,047	492	(638)	34,993	236,940	42	236,982
Issuance of ordinary shares pursuant to ESS	976	1,027	-	-	-	-	2,003	-	2,003
Share option granted under ESS	-	-	-	122	-	-	122	-	122
Total comprehensive income for the year	-	-	(1,324)	-	-	13,705	12,381	57	12,438
Forex exchange differences	-	-	-	-	-	-	-	-	-
At 30 September 2016	<u>130,945</u>	<u>72,104</u>	<u>(277)</u>	<u>614</u>	<u>(638)</u>	<u>48,698</u>	<u>251,446</u>	<u>99</u>	<u>251,545</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 2015)



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STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016
THE FIGURES HAVE NOT BEEN AUDITED

	CURRENT YEAR TO DATE 30/9/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,572	10,762
Adjustment for:-		
Amortisation of development cost	588	760
Amortisation of deferred income	(761)	293
Bad debts written-off	21	-
Depreciation of property, plant and equipment	13,321	11,514
Impairment loss on receivables	1,092	264
Interest expense	1,538	2,179
Interest income	(544)	(900)
Inventories written back	288	49
Loss/(Gain) on disposal of property, plant and equipment	(180)	-
Property, plant and equipment written-off	243	-
Property, plant and equipment written back	-	55
Reversal of impairment on trade receivables	(328)	(109)
Share options granted under ESS	122	363
Share of gain from an associate	113	50
Unrealised gain on foreign exchange	(1,829)	(408)
Operating profit before working capital changes	32,256	24,872
(Increase)/Decrease in working capital		
Inventories	(12,578)	(15,189)
Trade and other receivables	28,649	(21,100)
Trade and other payables	(25,870)	22,470
Advance receipt from deferred income	1,266	-
	(8,533)	(13,819)
Cash generated from operations	23,723	11,053
Interest received	544	900
Interest paid	(1,538)	(2,179)
Tax paid	(7,565)	(63)
	(8,559)	(1,342)
Net cash from operating activities	15,164	9,711
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,354)	(3,991)
Purchase of other investment	(147)	(44)
Proceeds from disposal of property, plant and equipment	186	-
Addition in intangible assets	(744)	(744)
Net cash used in investing activities	(3,059)	(4,779)
Cash Flows From Financing Activities		
Proceeds from issuance of shares-ESOS	2,003	1,831
(Increase)/Decrease in fixed deposits pledged	(126)	(822)
Repayment of hire purchase payables	(1,574)	(1,483)
Drawdown of bank borrowings	-	16,557
Repayment of bank borrowings	(19,631)	(6,230)
Net cash used in financing activities	(19,328)	9,853
Net increase/(decrease) in cash and cash equivalents	(7,223)	14,785
Effect of exchange rate fluctuation	2,665	1,369
Cash and cash equivalents at beginning of the finance period	52,305	39,442
Cash and cash equivalents at end of the finance period	47,747	55,596
Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	47,420	53,757
Fixed deposits with licensed banks	7,252	8,547
	54,672	62,304
Less: Fixed deposits pledged to licensed banks	(6,925)	(6,708)
	47,747	55,596

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2015)

Part A: Explanatory notes on consolidated results for the 3rd quarter ended 30 September 2016

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 2015.

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 2015.

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
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101 Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRSs Annual Improvements to 2012-2015 Cycle	1 January 2016
MFRS 9 Financial Instruments (IFRS as issued by IASB in July 2015)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	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.



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A2. Audit Report

The audited report for the annual financial statements of the Group for the financial year ended 31 December 2015 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 2015, 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 2015.

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 2016 other than the followings:

- a) Issuance of 2,217,800 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.227.
- b) Issuance of 1,000,000 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.574.

A7. Dividend Paid

There were no dividends paid for the current quarter and year to date ended 30 September 2016.

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



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A8. Segmental Reporting (continued)

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

- ii) 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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A8. Segmental Reporting (continued)

Quarter - 30 September	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CONTINUING OPERATIONS												
REVENUE												
External Sales												
Shared Services	6,375	4,126	4,282	5,428	1,464	720	-	-	-	-	12,121	10,274
Solution Services	1,931	1,139	1,312	368	540	58	241	260	-	-	4,024	1,825
Transaction Payment Acquisition	42,956	38,284	983	1,219	356	531	-	-	-	-	44,295	40,034
Inter-segment sales	4,942	4,835	-	-	-	-	-	-	(4,942)	(4,835)	-	-
	56,204	48,384	6,577	7,015	2,360	1,309	241	260	(4,942)	(4,835)	60,440	52,133
RESULTS												
Segment results	5,085	2,264	498	567	946	(484)	19	65		456	6,548	2,868
Interest income											172	292
Interest expense											(385)	(698)
Profit before taxation											6,335	2,462
Taxation											(1,607)	(1,396)
Net profit for the period											4,728	1,066

Cumulative - 30 September	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CONTINUING OPERATIONS												
REVENUE												
External Sales												
Shared Services	22,086	17,070	12,538	13,252	3,066	2,071	-	-	-	-	37,690	32,393
Solution Services	4,933	4,115	2,566	818	2,020	224	746	749	-	-	10,265	5,906
Transaction Payment Acquisition	125,970	111,421	3,789	3,259	1,054	1,455	-	-	-	-	130,813	116,135
Inter-segment sales	20,104	13,849	-	-	-	-	-	-	(20,104)	(13,849)	-	-
	173,093	146,455	18,893	17,329	6,140	3,750	746	749	(20,104)	(13,849)	178,768	154,434
RESULTS												
Segment results	16,983	10,984	1,237	1,940	1,247	(961)	99	188		(94)	19,566	12,057
Interest income											544	900
Interest expense											(1,538)	(2,196)
Profit before taxation											18,572	10,761
Taxation											(4,810)	(3,654)
Net profit for the period											13,762	7,107



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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 2016 of the balance sheet date that have not been reflected in this report.

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	21,053
(b) Corporate guarantee – Financial Institution and trade suppliers	101,180
	<u>122,233</u>

A13. Capital Commitment

The amount of capital commitment for purchase property, plant and equipment not provided for as at 30 September 2016 are as follows:

	RM'000
Approved but not contracted for	<u>433</u>



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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 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Year To Date 30/9/2016 RM'000	Preceding Year Corresponding Period 30/9/2015 RM'000
# 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") *	-	-	-	24
@ Office rental paid to Telemas Corporation Sdn Bhd ("Telemas") *	120	111	354	327

^ 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.



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

B1. Review of Performance

Performance of current quarter (3Q 2016) vs corresponding quarter (3Q 2015) by segment

GHL's 3Q16 group turnover grew +15.9% yoy to RM60.4 million as compared to RM52.1 million for the corresponding period in 2015. 3Q16 pre-tax profits were also higher at RM6.3 million as compared to RM2.5 million in 3Q15 and net profits similarly grew strongly to RM4.7 million (3Q15 RM1.1m), an increase of 343% yoy. The group's topline growth this quarter was driven by all three business segments; Shared Services, Solutions Services and the TPA divisions all of which registered yoy improvement over 3Q15. Net profit margins during this quarter improved due to a more normalised tax rate (as compared to 3Q15), improved operating margins and lower interest expense.

The performance of the individual segments are as follows.

Shared Services

Shared services division gross revenue in 3Q16 grew strongly by +18.0% yoy to RM12.12 million (3Q15 – RM10.27m) due to better EDC hardware sales and rental and maintenance fees collected.

Solutions Services

Solutions services gross revenue was up +120.7% in 3Q16 to RM4.03 million (3Q15 – RM1.82m) due to better non-annuity hardware and software sales. In addition, annuity rental and maintenance revenues were also up by +28.6%.

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:-

e-pay (reload and collection services)

e-pay is the largest provider of reload and collection services in Malaysia. It has approximately 33,000 acceptance points nationwide, encompassing all petrol chains, the largest convenience store chains and over 8,000 general stores. The e-pay brand is well known to consumers who use the service. With over 15 years' experience, e-pay is clearly the market leader in Malaysia within this industry segment.



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B1. Review of Performance (continued)

A summary of key data relating to the e-pay business is found in Table 1 below. As can be seen, the transaction value processed by e-pay has grown strongly with margins remaining relatively unchanged. 3Q16 topline transaction value processed was higher at +9.1% yoy.

Table 1

e-pay (All stated in RM' Millions unless stated otherwise)	3Q 2015	3Q 2016	% change
Transaction Value Processed	842.59	919.29	9.1%
Gross Revenue	34.09	36.50	7.1%
Revenue/Transaction Value (Note 1)	4.0%	4.0%	0.0%
Gross Profit	11.01	11.43	3.8%
Margin/Transaction Value (Note 1)	1.3%	1.2%	-0.1%
Number of Merchant Acceptance Points (Thousands) (Note 2)	28.58	33.05	15.7%

Note 1 - Gross Revenue or Gross Profit 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

GHL (card payment services)

Relative to e-pay, this TPA card payment services business is newer and is mainly driven by our TPA arrangement with a leading Malaysian domestic bank. 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, Thailand and Philippines (ii) Malaysian domestic debit card ("MyDebit") merchant acquisition (iii) Internet TPA ("eGHL") in Malaysia and Thailand

A summary of key data relating to the card payment business is found in Table 2 below. The transaction value processed grew strongly at 26.5% and the gross profit improved quarter on quarter due to higher transaction values processed in 3Q16, driven by the Malaysian TPA operations. Philippines TPA operations only partially commenced in June and hence was in start-up mode in 3Q2016. Over the longer term however, Philippines should start contributing more significantly to the TPA revenue stream in the latter part of the year and next.

Table 2

GHL Card Payments TPA (All stated in RM' Millions unless stated otherwise)	3Q 2015	3Q 2016	% change
Transaction Value Processed	469.86	594.40	26.5%
Gross Revenue	5.84	7.80	33.5%
Revenue/Transaction Value (Note 1)	1.2%	1.3%	0%
Gross Profit	2.75	3.29	20%
Margin/Transaction Value (Note 1)	0.6%	0.6%	0.0%
Number of Merchant Acceptance Points (Thousands) (Note 2)	42.28	57.34	35.6%

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

Note 2 - Merchant Acceptance Points means the number of merchant outlets that accept GHL Card Payments products and services



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B1. Review of Performance (continued)

TPA gross revenues grew strongly at +10.6% in 3Q16 to reach RM44.3 million (3Q15 – RM40.0m). This was due to revenue growth both from e-pay as well as the card payment services TPA. However, we expect the card payment services TPA environment to be more competitive due to Bank Negara's directive to all Banks to increase their card acceptance points. This has caused banks to adopt a more aggressive pricing posture that has resulted in reduced margins and terminal rentals.

Performance of current quarter (3Q 2016) vs corresponding quarter (3Q 2015) by geographical segment

3Q16 revenue was up +15.9% yoy with growth being recorded in Malaysia and Thailand, but there were small revenue declines in Philippines and Australia. Malaysia, Philippines, Thailand and Australia all contributed positively to the bottom line. The Group's, 3Q16 pre-tax profit was RM6.33 million (RM2.46 million pre-tax profit in 3Q15).

Malaysia operations accounted for 84.8% of group revenues in 3Q16 with +54.5% yoy growth in Shared Services due to higher EDC hardware sales and higher rental revenue. Solutions Services grew 69.5% on the back of higher rental collected and hardware sales. The TPA segment grew +10.6% yoy as both e-pay and card payment TPA businesses showed growth.

The Philippines operations was the second largest contributor, accounting for 10.9% of 3Q16 group revenues. This 3rd quarter saw revenues decline -6.2% yoy to RM6.58 million (3Q15 – RM7.02m) due to lower revenues in Shared Services and TPA caused by the terminations of certain contracts. Solutions Services segment revenue was up however, due to higher software sales in 3Q16.

Thailand operations' 3Q16 revenue increased +80.2% to RM2.36 million (3Q15 RM1.31m) due to increased Shared Services and Solutions Services revenue from higher rental and maintenance and hardware sales, respectively. TPA revenues saw a decrease to RM356,000 (3Q15 – RM531,000) from lower rental revenue as well as lower transactional fee income.

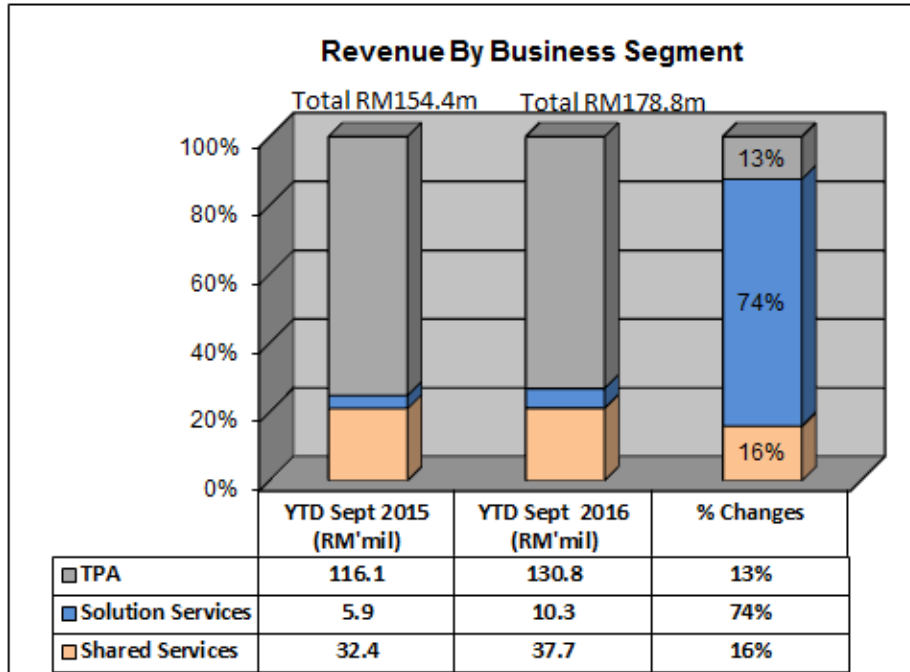
The group's Australian operations recorded 3Q16 revenues of RM241,000 (3Q15 – RM260,000) on an ongoing maintenance project in Australia in its Solutions Service division. There are no Shared Services and TPA revenues recorded by our Australian operations.

Performance of year to date period (3Q 2016) vs corresponding period (3Q 2015) by segment

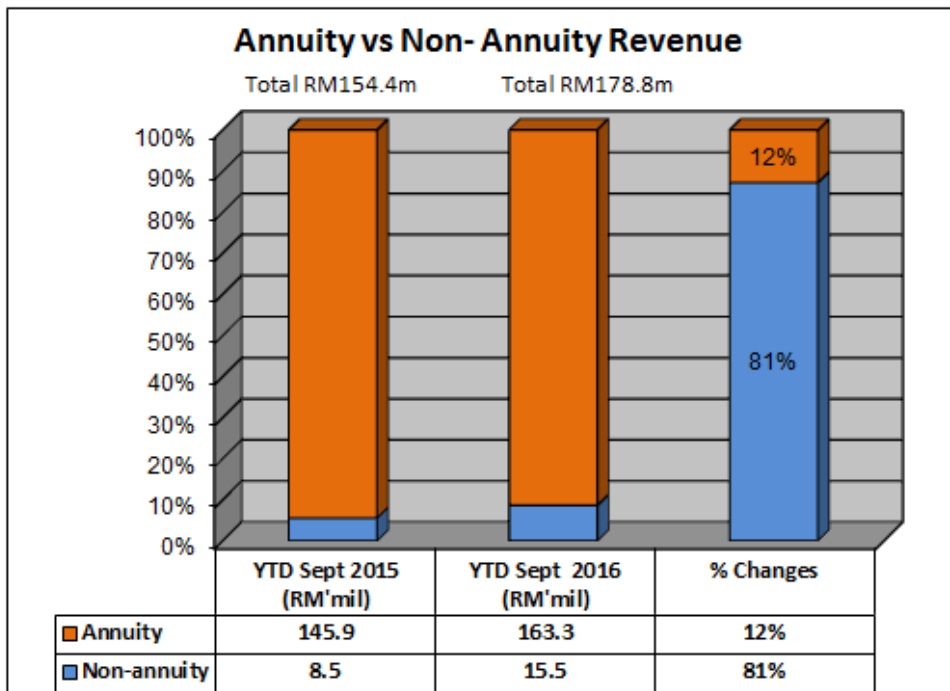
Group turnover grew +16% yoy to RM178.8 million (3Q15 – RM154.4m) with growth registered in all three segments as well as all geographical markets. Pre-tax profits grew 73% to RM18.6 million as compared to RM10.7 million a year ago and pre-tax margins were 10.4%, an improvement over 3Q15's pre-tax margins of 7%.

Net profit after tax grew +93% yoy to RM13.76 million (3Q15 – RM7.11m) driven by better margins from hardware sales as well as a full 9 month contribution from the card payment TPA in 2016 (3QYTD2015- 3 months). Net profit growth was stronger as compared to pre-tax profit growth due to lower effective tax in 3Q16.

B1. Review of Performance (continued)



Shared Services, Solutions Services and TPA all recorded growth in the first 9 months of 2016 as compared to the same period last year.



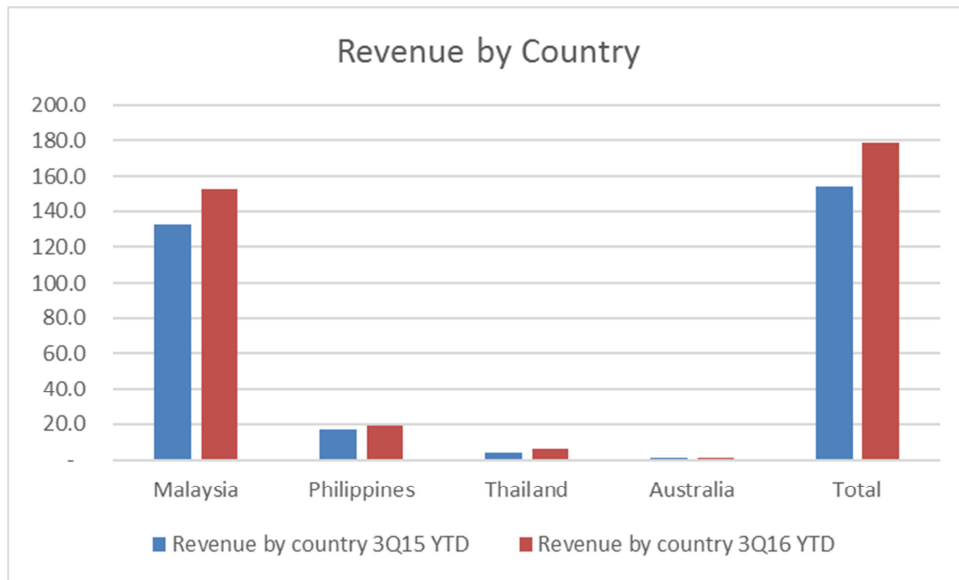
The annuity based revenue component within the group's total revenue remains high but was marginally lower at 91.3% in 3Q16 as compared to 94.0% 3Q15 due to a higher hardware sales in 2016. The group's strategy is to grow the TPA and other businesses that have a strong annuity based revenue and de-prioritise non-annuity hardware and software sales. As TPA gathers momentum in all 3 geographical markets, we expect annuity revenues will grow even stronger.



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B1. Review of Performance (continued)

Performance of year to date period (3Q 2016) vs corresponding period (3Q 2015) by country



3Q16 group turnover grew +15.8% yoy to RM178.8 million (3Q15 – RM154.4m). Pre-tax profits grew +72.6% to RM18.6 million as compared to RM10.8 million a year ago and pre-tax margins were 10.4%, an improvement over 3Q15’s pre-tax margins of 7.0%.

Malaysian operations contributed 86% (3Q15 – 86%) of group turnover due to strong performance in the shared services segment and a full 9 months contribution from TPA in the period. EBIT margins were 10.9% for 3Q16, an improvement from 7.8% in 3Q15.

Philippines turnover grew 9% yoy to RM18.9m (3Q15 - RM17.3m) with EBIT margins dropping to 6.5% from 11.2% in 3Q15 due to higher expenses relating to the TPA rollout starting from the end of 2Q16. Solutions Services and TPA registered yoy growth with Shared Services reporting a marginal decline but higher expenditure impacted its profitability for the period under review.

Thailand recorded growth in top line revenue of +64% due to higher hardware and software sales in its Solutions services segment. The TPA segment saw a decline in revenue to RM1.05m in 3Q2016YTD vs 3Q2015YTD revenues of RM1.45m due to ongoing competition amongst Thai banks in the card payment segments. Thailand’s Shared Services revenue however was up yoy to RM3.07m (3Q15 – RM2.07m) on the back of higher rental and maintenance revenue. The business climate remains challenging in Thailand but the group is exploring other avenues such as loyalty card payments. EBIT was positive at RM1.25m compared to losses before interest of RM961,000 in 3Q15.

Australia remains the smallest contributor to group operations at RM746,000 or less than 1% of group turnover compared to 3Q15 turnover of RM749,000. This led to a small EBIT contribution of RM99,000 compared to RM188,000 in the same period of the previous year.



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B2. Current Year's Prospects

The Group has successfully implemented in Malaysia, its TPA agreements with a large local Bank and a foreign owned, non-Bank acquirer for physical and online merchant acquisition respectively. 2016 will reflect the first full 12 months impact of these TPA agreements as the TPA initiative only commenced in the middle of 2015. The payments landscape in Malaysia remains highly competitive as Banks strive to meet the merchant acquisition targets imposed by Bank Negara. The intense competition has caused some spread erosion in net Merchant discounts earned as well as rentals charged to merchants for terminals deployed under the TPA program. Balancing this, the Banks have purchased and rented additional payment terminals from GHL resulting in growth in our Shared Services segment. We are optimistic that these changes will continue to positively impact future performance as the acquiring Banks grow their merchant card acceptance points either directly or through the TPA initiative. In addition, GHL is actively involved in redeploying new payment terminal software to accommodate the new "Pin & Pay" initiative by January 1, 2017. Under this initiative, card holders will be required to authenticate their transactions using a PIN rather than signature. While this has resulted in enormous logistical challenges for us, it has also generated some additional revenue by way of software development work and terminal re-deployment.

In the Philippines, the Group commenced its TPA business in the middle of 2016 with an established local Bank. This model adopted is consistent with that implemented in Malaysia and will enable the Philippines to target a much wider and larger segment within the marketplace. Merchants have started being acquired under this model and it is likely that the business will be able to scale up once the initial teething issues are resolved. The Group expects that this will lead to higher growth rates in the TPA business in the years ahead.

GHL Group is on track in terms of achieving its objective of becoming the largest merchant acquirer in ASEAN.

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 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Year To Date 30/9/2016 RM'000	Preceding Year Corresponding Period 30/9/2015 RM'000
Amortisation of intangible asset	178	266	588	760
Depreciation of property, plant and equipment	4,704	4,151	13,321	11,514
Fixed assets written off/(written back)	74	-	240	-
(Gain)/Loss on foreign exchange				
- Realised	80	118	304	463
- Unrealised	(2,051)	1758	(1,829)	2,284
(Gain)/Loss on disposal of fixed Assets	(128)	54	(180)	49
Impairment loss on receivables	625	116	1,092	264
Interest income	(172)	(292)	(544)	(900)
Interest expenses	386	698	1,538	2,196
Inventory written off/(back)	-	-	288	-
Rental expenses	75	302	997	930
Reversal of allowance for doubtful Debts	(253)	-	(328)	(109)
Share based payment	41	116	122	363



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B5. Taxation

	Current Quarter 30/9/2016 RM'000	Preceding Year Corresponding Quarter 30/9/2015 RM'000	Current Year to Date 30/9/2016 RM'000	Preceding Year Corresponding Period 30/9/2015 RM'000
Current tax expenses based on based on profit for the financial year:				
Malaysian income tax	(497)	(1,149)	(3,064)	(3,156)
Foreign income tax	(178)	(247)	(364)	(498)
Deferred tax	(877)	-	(1,328)	-
Over/(under) provision in prior years	(54)	-	(54)	-
Total	(1,606)	(1,396)	(4,810)	(3,654)

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 2016.

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 2016.

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 2016 are as follows:-

(a) Bank Borrowings

	Long-term Borrowings RM'000	Short-term Borrowings RM'000	Total RM'000
Ringgit Malaysia	7,500	11,065	18,566
Philippine peso	1,855	935	2,789
	9,355	12,000	21,355



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B9. Group Borrowings and Debt Securities (continued)

The Bankers' Acceptance, Islamic facility and Term Loan are secured by way of:

	2016	2015
	RM'000	RM'000
(i) term deposits of the Group	6,925	6,708
(ii) structured investment of the Group	8,000	8,000
(iii) a Corporate Guarantee by parent entity	74,000	74,000
	<u>88,925</u>	<u>88,708</u>

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	430	276	706
Philippine peso	1,509	1,678	3,187
	1,939	1,954	3,893

The hire purchase payables of the Group as at 30 June 2016 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 30/9/2016	As at 30/9/2015
	<u>RM'000</u>	<u>RM'000</u>
Total retained profit of the Group:-		
- Realised	52,614	(39,590)
- Unrealised	(2,689)	3,177
	<u>49,925</u>	<u>(36,413)</u>
Less: Consolidation adjustment	(1,227)	68,216
Total group retained	<u>48,698</u>	<u>31,803</u>

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.



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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 31 December 2015.

B14. 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>		Current Quarter 30/9/2016	Preceding Year Corresponding Quarter 30/9/2015	Current Year To Date 30/9/2016	Preceding Year Corresponding Period 30/9/2015
Profit attributable to owners of the Company	(RM'000)	4,684	1,082	13,704	7,151
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	652,093	642,248	650,141	642,871
Basic earnings per share	(Sen)	0.72	0.17	2.11	1.11

<u>Diluted</u>		Current Quarter 30/9/2016	Preceding Year Corresponding Quarter 30/9/2015	Current Year To Date 30/9/2016	Preceding Year Corresponding Period 30/9/2015
Profit attributable to owners of the Company	(RM'000)	4,684	1,082	13,704	7,151
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	655,040	647,295	653,021	647,844
Diluted earnings per share	(Sen)	0.72	0.17	2.10	1.10