



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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
		30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Revenue *	A8	45,741	17,251	115,800	50,973
Cost of sales *		(28,058)	(6,715)	(67,424)	(20,154)
Gross profit		17,683	10,536	48,376	30,819
Other operating income		227	450	2,517	725
Payroll expenses		(8,576)	(5,914)	(25,377)	(17,260)
Administration expenses		(1,174)	(1,699)	(7,301)	(4,715)
Distribution costs		(3,255)	(543)	(5,021)	(1,599)
Other expenses		(284)	(45)	(938)	(270)
Profit before interest, taxation, amortisation & depreciation		4,621	2,785	12,256	7,700
Depreciation expenses		(1,183)	(661)	(3,200)	(2,025)
Finance cost		(506)	(50)	(1,068)	(147)
Share of results of associated companies		41	-	89	-
Profit before taxation		2,973	2,074	8,077	5,528
Income tax expense		(1,211)	(67)	(1,732)	37
Profit for the period		1,762	2,007	6,345	5,565
Attributable to:					
Owners of the Company		1,820	2,023	6,406	5,606
Non-controlling interest		(58)	(16)	(61)	(41)
		1,762	2,007	6,345	5,565
Earnings Per Ordinary Share					
- Basic (sen)	B15	0.43	1.18	1.68	3.52
- Diluted (sen)	B15	0.42	1.18	1.65	3.52
Profit for the period		1,762	2,007	6,345	5,565
Other comprehensive income, net of tax					
Foreign currency translation differences		657	84	612	84
Total comprehensive income for the period		2,419	2,091	6,957	5,649
Total comprehensive income attributable to:					
Owners of the Company		2,477	2,107	7,018	5,690
Non-controlling interest		(58)	(16)	(61)	(41)
		2,419	2,091	6,957	5,649

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 2013)



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

THE FIGURES HAVE NOT BEEN AUDITED

<u>Note</u>	AS AT CURRENT YEAR QUARTER 30/09/2014 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2013 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	36,771	32,807
Goodwill on consolidation	51,529	-
Intangible assets	4,534	4,219
Other investment	8,163	-
Deferred tax assets	2,463	2,443
	<u>103,460</u>	<u>39,469</u>
Current assets		
Inventories	53,692	6,596
Trade receivables	17,130	12,406
Other receivables	15,208	1,752
Tax recoverable	1,935	646
Fixed deposits placed with licensed banks	21,675	117
Cash and bank balances	22,632	13,980
	<u>132,272</u>	<u>35,497</u>
TOTAL ASSETS	<u>235,732</u>	<u>74,966</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	84,918	37,077
Reserves	82,654	19,789
Treasury Shares	(638)	(638)
Equity attributable to equity holders of the parent	<u>166,934</u>	<u>56,228</u>
Non controlling interest	(172)	(117)
Total equity	<u>166,762</u>	<u>56,111</u>
Non-current liabilities		
Hire purchase payables	B9 2,664	366
Bank borrowing	B9 4,699	-
Deferred tax liability	1,167	295
Deferred income	-	3,175
	<u>8,530</u>	<u>3,836</u>
Current liabilities		
Trade payables	12,893	1,489
Other payables	19,260	10,641
Deferred income	183	1,849
Hire purchase payables	B9 849	608
Bank borrowings	B9 27,255	-
Tax payable	-	432
	<u>60,440</u>	<u>15,019</u>
Total liabilities	<u>68,970</u>	<u>18,855</u>
TOTAL EQUITY AND LIABILITIES	<u>235,732</u>	<u>74,966</u>
Net assets per share (sen)	39.45	30.56

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2013)



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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 2013	73,401	-	(516)	-	(638)	(30,936)	41,311	(18)	41,293
Issuance of ordinary shares	(44,041)	-	-	-	-	44,041	-	-	-
Right issue	7,270	-	-	-	-	-	7,270	-	7,270
Total comprehensive income for the year	-	1,454	84	-	-	5,606	7,144	(42)	7,102
At 30 September 2013	<u>36,630</u>	<u>1,454</u>	<u>(432)</u>	<u>-</u>	<u>(638)</u>	<u>18,711</u>	<u>55,725</u>	<u>(60)</u>	<u>55,665</u>
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 option 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	<u>84,918</u>	<u>57,269</u>	<u>(603)</u>	<u>1,214</u>	<u>(638)</u>	<u>24,774</u>	<u>166,934</u>	<u>(172)</u>	<u>166,762</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 2013)



GHL SYSTEMS BERHAD

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014
THE FIGURES HAVE NOT BEEN AUDITED

	CURRENT YEAR TO DATE 30/09/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,077	5,528
Adjustment for:-		
Amortisation of development cost	823	-
Bad debts written-off	3	4
Depreciation of property, plant and equipment	7,645	6,128
Impairment loss on receivables	100	-
Interest expense	1,068	147
Interest income	(344)	(146)
Inventories written back	(41)	-
Loss/(Gain) on disposal of property, plant and equipment	41	(5)
Property, plant and equipment written-off	-	4
Property, plant and equipment written back	-	(29)
Reversal of impairment on trade receivables	(94)	(103)
Share options granted under ESS	568	-
Share of gain from an associate	(89)	-
Unrealised gain on foreign exchange	(320)	(36)
Operating profit before working capital changes	<u>17,437</u>	<u>11,492</u>
(Increase)/Decrease in working capital		
Inventories	(22,670)	(827)
Trade and other receivables	(503)	895
Trade and other payables	(5,074)	(5,091)
Advance receipt from deferred income	(4,841)	-
	<u>(33,088)</u>	<u>(5,023)</u>
Cash generated from operations	(15,651)	6,469
Interest received	344	146
Interest paid	(1,068)	(147)
Tax paid	(460)	(292)
	<u>(1,184)</u>	<u>(293)</u>
Net cash from operating activities	<u>(16,835)</u>	<u>6,176</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,099)	(8,465)
Proceeds from disposal of property, plant and equipment	319	40
Addition in intangible assets	(1,047)	(1,950)
Acquisition of subsidiary for cash, net cash acquired	19,069	-
Net cash used in investing activities	<u>16,242</u>	<u>(10,375)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of shares	-	8,723
Net proceeds from other investment	(40)	-
Net proceeds from share issues - Cycas	35,333	-
Proceeds from issuance of shares-ESOS	1,521	-
(Increase)/Decrease in fixed deposits pledged	(5,211)	985
Drawdown of hire purchase	2,946	200
Repayment of hire purchase payables	(949)	(651)
Drawdown of bank borrowings	80,229	770
Repayment of bank borrowings	(87,898)	(1,430)
Net cash used in financing activities	<u>25,931</u>	<u>8,597</u>
Net increase/(decrease) in cash and cash equivalents	25,338	4,398
Effect of exchange rate fluctuation	(339)	(235)
Cash and cash equivalents at beginning of the finance period	<u>13,997</u>	<u>15,459</u>
Cash and cash equivalents at end of the finance period	<u>38,996</u>	<u>19,622</u>
Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	22,632	19,336
Fixed deposits with licensed banks	21,675	835
	<u>44,307</u>	<u>20,171</u>
Less: Fixed deposits pledged to licensed banks	(5,311)	(549)
	<u>38,996</u>	<u>19,622</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2013)



GHL SYSTEMS BERHAD
(Company No: 293040-D)

Part A: Explanatory notes on consolidated results for the third quarter ended 30 September 2014

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 2013.

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 2013.

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:

MFRSs/ IC Interpretation	Effective Date
Define Benefit Plans: Employee Contributions (Amendments to MFRS 119)	1 July 2014
Amendments to MFRSs Annual Improvements 2010 – 2012 Cycle	1 July 2014
Amendments to MFRSs Annual Improvements 2010 – 2013 Cycle	1 July 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosure	Deferred
MRFS 9 Financial Instruments (2009)	Deferred
MRFS 9 Financial Instruments (2010)	Deferred
MRFS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7, and MRFS 139)	Deferred

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 2013 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 30 September 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 30 September 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 2014 other than the followings:

On 16 January 2014, GHL Systems Berhad issued 180,000 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.34.

On 17 February 2014, GHL Systems Berhad issued 10,000 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.34.

On 3 March 2014, GHL Systems Berhad issued 146,203,468 new ordinary shares of RM0.20 each at an issue price of RM0.44 for share swap to acquire e-pay Asia Limited

On 20 March 2014, GHL Systems Berhad issued 328,300 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.34.

On 20 March 2014, GHL Systems Berhad issued 82,945,080 new ordinary shares of RM0.20 each to Cycas at an issue price of RM0.42 per share.

On 20 March 2014, GHL Systems Berhad issued 3,229,864 new ordinary shares of RM0.20 each at an issue price of RM0.44 for share swap to acquire e-pay Asia Limited.

On 16 April 2014, GHL Systems Berhad issued 1,168,951 new ordinary shares of RM0.20 each at an issue price of RM0.44 for share swap to acquire e-pay Asia Limited.

On 16 April 2014, GHL Systems Berhad issued 1,181,778 new ordinary shares of RM0.20 each to Cycas at an issue price of RM0.42 per share.

On 16 April 2014, GHL Systems Berhad issued 613,000 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.34.

On 19 May 2014, GHL Systems Berhad issued 660,200 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.34.

On 16 July 2014, GHL Systems Berhad issued 849,000 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.34.

On 17 September 2014, GHL Systems Berhad issued 1,832,100 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.34.

A7. Dividend Paid

There were no dividends paid for the current quarter and year to date ended 30 September 2014.



A8. Segmental Reporting

The Group has four reportable segments for continuing operations, as described below, which are the Group's strategic business units. The strategic business units offer different geographical locations and are managed separately. The following summary describes the geographical locations units in each of the Group's reportable segments.

- (a) Malaysia
- (b) Philippines
- (c) Thailand
- (d) Australia

The core revenue of the Group comprises; Shared Services, Solution Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:-

Shared Services comprises mainly revenue derived from the sales, rental and maintenance of EDC terminals and other card acceptance devices and the supply of cards to banks and other payment operators.

Solution Services comprises mainly revenue derived from the sales and services of payment solutions which include network devices and related software, outsourced payment networks, management/processing of payment and loyalty cards, internet payment processing, and the development of card management systems.

Transaction Payment Acquisition ("TPA") comprises revenue derived from directly contracting with merchants to accept payment and loyalty cards and conduct other payment services.

Performance is measured based on core businesses revenue and geographical profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Core businesses revenue and geographical profit are used to measure performance as management believes that such information are the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



Quarter - 30 September	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
REVENUE												
External Sales												
Shared Services	5,106	6,017	3,409	3,387	497	792	-	-	-	-	9,012	10,196
Solution Services	865	2,011	452	831	191	306	582	52	-	-	2,090	3,200
Transaction Payment Acquisition	33,359	3,146	1,035	544	245	165	-	-	-	-	34,639	3,855
Inter-segment sales	4,506	3,673	-	-	-	-	-	-	(4,506)	(3,673)	-	-
	43,836	14,847	4,896	4,762	933	1,263	582	52	(4,506)	(3,673)	45,741	17,251
RESULTS												
Segment results	2,403	1,840	904	815	(221)	(153)	372	(273)	(107)	(170)	3,351	2,059
Interest income											128	65
Interest expense											(506)	(50)
Profit before taxation											2,973	2,074
Taxation											(1,211)	(67)
Net profit for the period											1,762	2,007

Cumulative - 30 September	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
REVENUE												
External Sales												
Shared Services	12,842	18,967	9,439	9,016	2,899	2,635	-	-	-	-	25,180	30,618
Solution Services	4,840	6,317	1,255	1,654	612	796	928	320	-	-	7,635	9,087
Transaction Payment Acquisition	79,675	8,981	2,623	1,834	687	453	-	-	-	-	82,985	11,268
Inter-segment sales	12,044	11,030	-	-	-	-	-	-	(12,044)	(11,030)	-	-
	109,401	45,295	13,317	12,504	4,198	3,884	928	320	(12,044)	(11,030)	115,800	50,973
RESULTS												
Segment results	7,699	4,429	2,047	2,377	(563)	(430)	(67)	(604)	(315)	(243)	8,801	5,529
Interest income											344	146
Interest expense											(1,068)	(147)
Profit before taxation											8,077	5,528
Taxation											(1,732)	37
Net profit for the period											6,345	5,565



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 2014 of the balance sheet date that have not been reflected in this report other than the followings:

On 16 October 2014, GHL Systems Berhad issued 3,329,500 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.34.

On 31 October 2014, GHL Systems Berhad issued bonus shares of 213,250,001 new ordinary shares at RM0.20 each fully paid-up on the basis of one (1) bonus share for every two (2) existing GHL shares held on 30 October 2014.

On 17 November 2014, GHL Systems Berhad issued 389,400 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.34.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year to date under review other than the followings:

On 21 February 2014, the Group had controlling interest of 96.75% of e-pay Asia Limited (“EPY”) shares. Subsequently, on 16 April 2014, the acquisition was completed and EPY had become a wholly-owned subsidiary of GHL Systems Berhad.

A12. Contingent Liabilities

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

(a) Banker’s guarantee in favour of third parties	RM’000
- Secured	<u>34,728</u>

A13. Capital Commitment

The amount of capital commitment for purchase property, plant and equipment not provided for as at 30 September 2014 are as follows:

Approved but not contracted for	RM’000
	<u>3,311</u>

A14. Significant Related Party Transactions

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

Related Party:	Current Year Quarter 30/09/2014 RM'000	Preceding Year Corresponding Quarter 30/09/2013 RM'000	Current Year To Date 30/09/2014 RM'000	Preceding Year Corresponding Period 30/09/2013 RM'000
^ Supply of EuroPay-MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; supply of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHL Group to e-pay (M) Sdn Bhd ("e-pay") *	-	374	309	1,037
# 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	64	398	203
@ Office rental paid to Telemas Corporation Sdn Bhd ("Telemas") *	224	-	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.

@ 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 the current quarter (3Q 2014) vs corresponding quarter (3Q 2013) by segment

(Note: All 3Q 2013 comparatives have been presented to conform with the current year's reported results).

GHL group's 3Q14 turnover increased by 165.1% yoy to RM45.74 million as compared to RM17.25 million in the same period last year and net profit before tax also increased by 43.3% to RM2.97 million (3Q13 – RM2.07m). The net profit after tax decreased by 12.2% to RM1.76 million (3Q13 – RM2.01m) due to a higher tax charge in the period. The revenue improvements were due to the inclusion of a full quarter's contribution from e-pay Asia Limited ("e-pay"), a company that was acquired by the group in 1Q14. Net profit margins during this quarter were lower due to higher taxation, employee stock option costs as well as higher interest expenses. The Group's balance sheet remains healthy with a net cash position of RM8.84 million (4Q13 – Net cash RM13.12 million).

The performance of the individual segments is as follows.

Shared Services

Group revenue for the Shared Services division declined 11.6% yoy in 3Q14 to RM9.01 million (3Q13 – RM10.20m). This was due to very low card sales in 3Q14 and marginally lower rental and maintenance revenue.

Solution Services

Solution services group revenue was down 34.7% in 3Q14 to RM2.09 million (3Q13 – RM3.20m) as the result of lower hardware and software sales during this quarter.

Transaction Payment Acquisition (TPA)

TPA group revenues again increased almost nine-fold to RM34.64 million (2Q13 – RM3.86m) principally due to the inclusion of a full quarter's revenue from e-pay. All three markets Malaysia, Philippines and Thailand showed TPA revenue improvements this quarter.



B1. Review of Performance (continued)

Performance of current quarter (3Q 2014) vs corresponding quarter (3Q 2013) by geographical segment

3Q14 revenue was up 165.1% yoy with growth being recorded in Malaysia, Australia and Philippines. Thailand operations showed a marginal decline due to a lacklustre business environment emanating from a tenuous political situation where an interim military government has taken power pending general elections in 2015. In terms of profits, the Group was led by Malaysia and the Philippines whereas Thailand operations recorded a small EBIT loss of RM0.22 million for this quarter. Australia contributed EBIT of RM0.37 million due to a higher maintenance revenue and software sales. Group wise, the net profit after tax was RM1.76 million vs RM2.01 million in 3Q13.

Malaysia operations accounted for 86.0% of Group revenues in 3Q2014 which included a full quarter of e-pay's operations. Excluding TPA, Malaysia's revenues from both Shared Services and Solution Services were down yoy. Shared services were down due to lower rental revenue as banks exited low volume merchants. Card sales in shared services were also down during 3Q14.

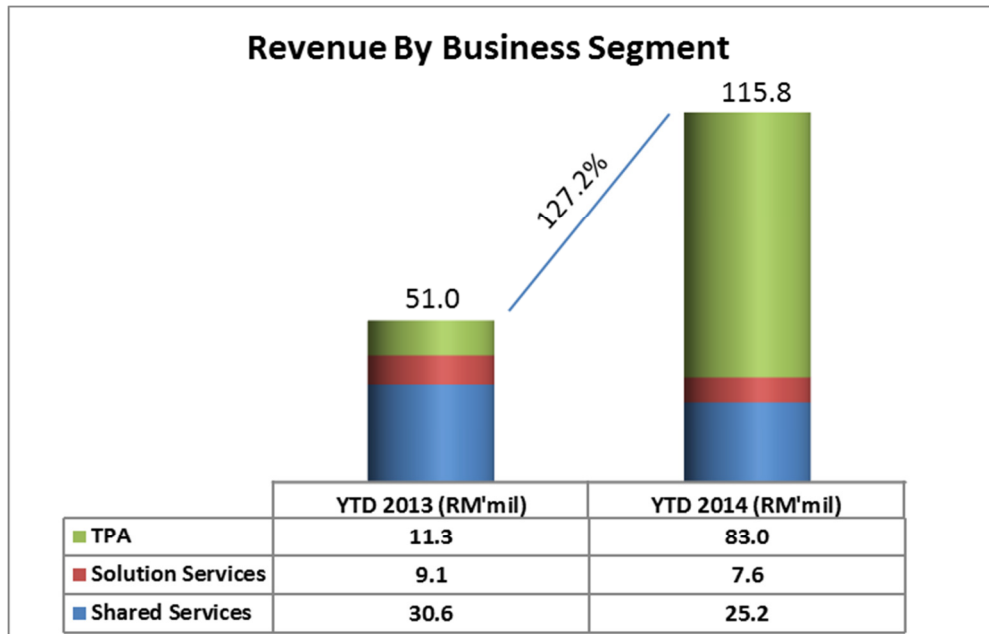
The Philippines operations were the second largest contributor, accounting for 10.7% of 3Q14 Group revenues. This third quarter saw flattish revenue growth at 2.8% yoy to RM4.90 million (3Q13 – RM4.76m). Despite a decline of RM0.79 million in hardware and software sales this quarter, the business generated higher rental and maintenance revenue and higher TPA revenues to more than compensate overall for this loss. The Group is laying the ground work to commence TPA in the Philippines and is presently awaiting approval from the regulatory authorities.

Thailand saw 3Q revenue decrease 26.1% yoy to RM0.93 million (3Q13 - RM1.26m) as the Group sold less EDC terminals amidst the cautious business environment. The commencement of TPA revenues from the tie up with Thanachart Bank has been slow as the Group felt it prudent to scale back on marketing and sales initiatives in order to save costs given the uncertainty surrounding the country's political impasse. However, 3Q14 TPA division in Thailand saw 48.5% improvement in revenues to RM0.24 million (3Q13 – RM0.17 million).

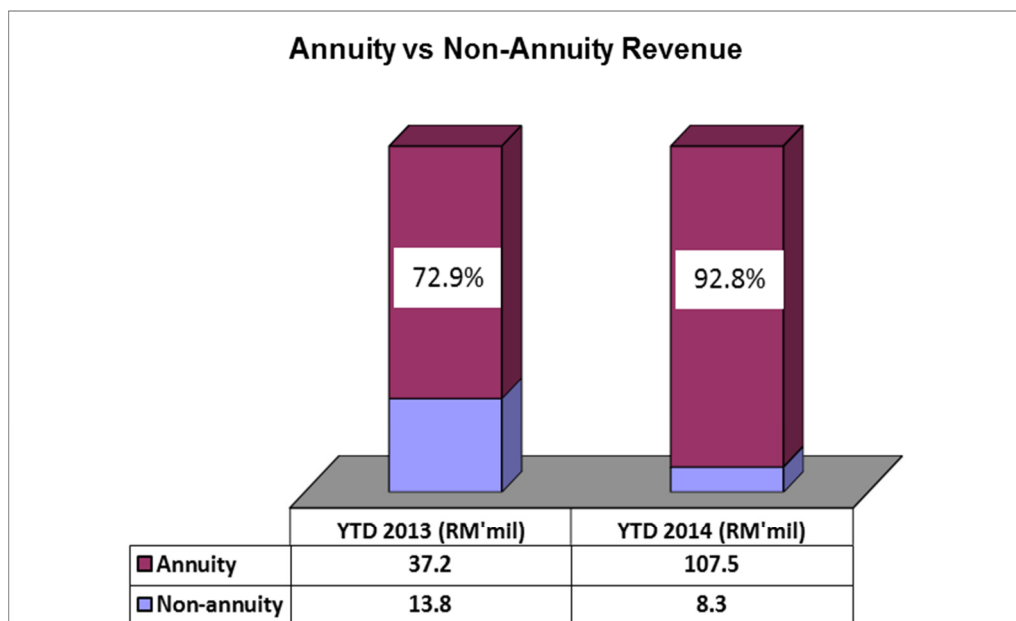
B1. Review of Performance (continued)

Performance of year to date period (3Q 2014) vs corresponding period (3Q 2013) by segment

The GHL group’s performance for the first 9 months of 2014 showed an improvement, principally driven by the consolidation of e-pay’s revenues from March 2014 onwards. Group turnover grew 127.2% yoy to RM115.80 million (3Q13 YTD – RM50.97 million). Net profit after tax grew 14.0% yoy to RM6.35 million (3Q13 YTD – RM5.57 million). Net post tax profitability growth was lesser than turnover growth due higher taxation charges in 2014 (minimal in 2013) as well as higher costs incurred as the Group gears up for the launch of TPA in Malaysia, Philippines and Thailand.



Shared services and Solution services declined yoy in 3Q14 YTD mostly due to lower EDC hardware and card sales in Malaysia. Both the Philippine and Thailand operations showed revenue yoy improvements albeit on a modest scale.





B1. Review of Performance (continued)

With the inclusion of e-pay's operations, the Group's annuity based revenues has increased 92.8% compared to 72.9% previously. The GHL group's strategy to move away from non-annuity hardware and software revenue has mostly been achieved as almost all revenues are now on an annuity basis. Once commencement of TPA gathers momentum in all 3 geographical markets, these annuity revenues will grow even stronger. The credit card TPA business in Philippines has yet to be launched pending final regulatory approval. Similarly, the credit card TPA business in Malaysia is also awaiting final approval from the acquiring banks. These delays have negatively impacted the Group's results.

B2. Current Year's Prospects

The Group is in a fundamentally stronger position in 2014 as compared to 2013. The e-pay acquisition has boosted the Group's TPA business revenue stream and was the main reason for the revenue growth of 127.2% yoy for the first nine months under review. As the consolidation of e-pay into the Group continues, there will be opportunities for cost savings through consolidation as well as new business opportunities by pairing the upcoming Bank TPA with e-pay products and services.

In the first nine months of 2014 to date, the Group has been investing in developing the sales and systems resources to implement GHL's TPA business in the three main markets Malaysia, Philippines and Thailand. This investment in people and systems has increased overheads prior to the sales benefits being felt and this is reflected in the Group's present results.

With the necessary approvals later this year or early next, the Group will be able to break into the smaller merchant segment following a TPA business model. This segment is underserved by banks today because individually, the merchants are too small to be profitable for a single credit card product offering. GHL with its existing scale, nationwide infrastructure and investment in the underlying systems and processes could serve this segment profitably with its partner banks. The Board is of the opinion that the TPA business, once implemented in all 3 countries, will give the Group sustainable growth in the years ahead.

The Group's proposed bonus issue of (1:2) went ex on 28 October 2014 and has caused the Group's paid up share capital to increase to 641.17 million shares.

GHL Group expects 2014 prospects to remain positive. The investments made in growing new businesses this year will clearly strengthen our position overall in the coming years.

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 30/09/2014 RM'000	Preceding Year Corresponding Quarter 30/09/2013 RM'000	Current Year To Date 30/09/2014 RM'000	Preceding Year Corresponding Period 30/09/2013 RM'000
Amortisation of intangible asset	227	-	823	-
Bad debts written off	-	4	3	4
Depreciation of property, plant and equipment	2,483	2,137	7,645	6,128
Fixed assets (written back)/written Off	-	(29)	-	(29)
(Gain)/Loss on foreign exchange				
- Realised	37	(645)	(28)	(603)
- Unrealised	547	(96)	(320)	(36)
(Gain)/Loss on disposal of fixed assets	1	(4)	41	(5)
Gain on disposal of investment	-	-	(76)	-
Gross dividends received from:				
- Shares quoted in Malaysia	(36)	-	(36)	-
Impairment loss on receivables	60	-	100	-
Interest income	(128)	(65)	(344)	(146)
Interest expenses	506	50	1,068	147
Inventory written off	-	-	(41)	-
Rental expenses	433	258	1,353	859
Reversal of allowance for doubtful debts	-	(33)	(94)	(103)

B5. Taxation

	Current Quarter 30/09/2014 RM'000	Preceding Year Corresponding Quarter 30/09/2013 RM'000	Current Year To Date 30/09/2014 RM'000	Preceding Year Corresponding Period 30/09/2013 RM'000
Current tax expenses based on profit for the financial year:				
Malaysian income tax	(642)	(102)	(1,062)	(102)
Foreign income tax	(443)	(1)	(544)	(14)
	(1,085)	(103)	(1,606)	(116)
Over/(under) provision in prior years	(126)	36	(126)	153
Total	(1,211)	(67)	(1,732)	37

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 2014.

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 2014.

B8. Status of Corporate Proposals

- (a) There were no corporate proposals announced and not completed as at the date of this report.
- (b) On 6 March 2014, GHL raised gross proceeds of RM35.3 million from the proposed subscription of 84,126,858 new ordinary shares pertaining to the Share Subscription Agreement (“SSA”) with Cycas, and has utilised approximately 98% of the proceeds as at 30 September 2014.

The gross proceeds raised from the Proposed Subscription are expected to be utilised in the following manner:

Purpose	Proposed utilisation	Actual utilisation	Balance unutilised		Intended time frame for utilisation from listing date
	RM'000	RM'000	RM'000	%	
Cash consideration paid for e-pay Asia Limited acquisition	2,621	2,621	-	-	Utilised
Related acquisition cost	2,000	2,000	-	-	Utilised
<u>Working Capital</u>					
Payroll expenses	21,499	21,108	391	1.8	Within 12 months
Administrative expenses	6,142	5,817	325	5.3	Within 12 months
Distribution expenses	3,071	3,071	-	-	Utilised
Total	35,333	34,617	716	2.0	

B9. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 30 September 2014 are as follows:-

(a) Bank Borrowings

	Long-term Borrowings RM'000	Short-term Borrowings RM'000	Total RM'000
Ringgit Malaysia	-	22,000	22,000
Philippine peso	106	6	112
Australian dollar	4,593	5,249	9,842
	4,699	27,255	31,954

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

	2014 RM'000	2013 RM'000
(i) term deposits of the Group	5,211	4,838
(ii) structured investment of the Group	8,000	6,000
(iii) a Corporate Guarantee by parent entity	74,000	64,000
	87,211	74,838

The term loans is secured by way of:

- (i) negative pledge from e-pay (M) Sdn Bhd
- (ii) 60% shares of e-pay (M) Sdn Bhd which currently held by e-pay Asia Limited
- (iii) first party charge over cash deposits by the Company over Escrow Account solely operated by the Bank
- (iv) 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

(a) Hire Purchase

	Long-term Hire Purchase RM'000	Short-term Hire Purchase RM'000	Total RM'000
Ringgit Malaysia	514	243	757
Philippine peso	2,150	606	2,756
	2,664	849	3,513

The hire purchase payables of the Group as at 30 September 2014 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 30/09/2014	As at 31/12/2013 (Audited)
	RM'000	RM'000
Total retained profit of the Group:-		
- Realised	(55,086)	(58,766)
- Unrealised	1,615	2,370
	(53,471)	(56,396)
Less: Consolidation adjustment	78,245	74,764
Total group retained	24,774	18,368

B11. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

B12. Material Litigation

As at the date of this report, the Group is not engaged in any material litigation, claims, arbitration or prosecution, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group, other than the followings:-

- (a) As disclosed in our 2013 annual report, claims had been made by Privilege Investment Holdings Pte Ltd ("Privilege") against several GHL group companies for alleged breach of contract and other legal obligations in relation to a Shareholders Agreement that was signed between GHL International Sdn Bhd, GHLSYS Singapore Pte Ltd and Privilege in 2005 ("Shareholders Agreement"). The abovementioned parties mutually agreed to terminate the Shareholders Agreement via a termination agreement in 2006. Since then, the matter has yet to proceed to Court. The Board of Directors is of the opinion that the allegations are unfounded and that the company will vigorously defend its position if required to do so.
- (b) On 27 February 2013, Augustine Francis (trading as AF Innovations Consultants) ("AF") commenced a legal proceeding against e-pay (M) Sdn Bhd ("EPYM") at the High Court of Malaya in Kuala Lumpur ("High Court") to claim for unascertained damages for breach of service agreement. Subsequently, EPYM filed a counterclaim against AF to claim for loss of income and profits, amounting to RM2,164,060.57 for non-performance of obligations under the said agreement. On 28 January 2014, the suit proceeded for trial and the High Court dismissed AF's claim and EPYM's counterclaim. Following thereon, AF filed an appeal and EPYM filed a cross-appeal against the High Court's decision at the Court of Appeal. The appeal and cross-appeal have subsequently been fixed for hearing at the Court of Appeal on 27 October 2014. The solicitors representing EPYM in this matter are of the view that EPYM has a reasonable chance to succeed in defending the main suit commenced by AF and in the counterclaim commenced against AF.

B13. Dividend Proposed

There was no dividend declared for the current quarter and year to date ended 30 September 2014.



B14. Memorandum of Understanding

On 12 February 2014, the GHL System 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.

There were no changes in the status of the above mentioned MOU since the date of the announcement.

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>		Current Quarter 30/09/2014	Preceding Year Corresponding Quarter 30/09/2013	Current Year To Date 30/09/2014	Preceding Year Corresponding Period 30/09/2013
Profit attributable to owners of the Company	(RM'000)	1,820	2,023	6,406	5,606
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	424,474	171,962	380,648	159,054
Basic earnings per share	(Sen)	0.43	1.18	1.68	3.52

<u>Diluted</u>		Current Quarter 30/09/2014	Preceding Year Corresponding Quarter 30/09/2013	Current Year To Date 30/09/2014	Preceding Year Corresponding Period 30/09/2013
Profit attributable to owners of the Company	(RM'000)	1,820	2,023	6,406	5,606
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	431,698	171,962	387,872	159,054
Diluted earnings per share	(Sen)	0.42	1.18	1.65	3.52