



**GHL SYSTEMS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015**  
**THE FIGURES HAVE NOT BEEN AUDITED**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31/3/2015	31/3/2014	31/3/2015	31/3/2014
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	52,552	24,759	52,552	24,759
Cost of sales		(32,391)	(11,980)	(32,391)	(11,980)
<b>Gross profit</b>		<b>20,161</b>	<b>12,779</b>	<b>20,161</b>	<b>12,779</b>
Other operating income		948	919	948	919
Payroll expenses		(9,799)	(7,537)	(9,799)	(7,537)
Administration expenses		(2,971)	(2,798)	(2,971)	(2,798)
Distribution costs		(936)	(747)	(936)	(747)
Other expenses		(979)	(156)	(979)	(156)
<b>Profit before interest, taxation, amortisation &amp; depreciation</b>		<b>6,424</b>	<b>2,460</b>	<b>6,424</b>	<b>2,460</b>
Depreciation expenses		(1,255)	(885)	(1,255)	(885)
Finance cost		(720)	(94)	(720)	(94)
Share of results of associated companies		(34)	66	(34)	66
<b>Profit before taxation</b>		<b>4,415</b>	<b>1,547</b>	<b>4,415</b>	<b>1,547</b>
Income tax expense		(1,090)	(7)	(1,090)	(7)
<b>Profit for the period</b>		<b>3,325</b>	<b>1,540</b>	<b>3,325</b>	<b>1,540</b>
<b>Attributable to:</b>					
Owners of the Company		3,337	1,543	3,337	1,543
Non-controlling interest		(12)	(3)	(12)	(3)
		<b>3,325</b>	<b>1,540</b>	<b>3,325</b>	<b>1,540</b>
Earnings Per Ordinary Share					
- Basic (sen) *	B15	0.52	0.43	0.52	0.43
- Diluted (sen) *	B15	0.51	0.42	0.51	0.42
<b>Profit for the period</b>		<b>3,325</b>	<b>1,539</b>	<b>3,325</b>	<b>1,539</b>
Other comprehensive income, net of tax					
Foreign currency translation differences		1,563	83	1,563	83
<b>Total comprehensive income for the period</b>		<b>4,888</b>	<b>1,622</b>	<b>4,888</b>	<b>1,622</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		4,900	1,625	4,900	1,625
Non-controlling interest		(12)	(3)	(12)	(3)
		<b>4,888</b>	<b>1,622</b>	<b>4,888</b>	<b>1,622</b>

Note: \* Restated of 2014 EPS due to bonus adjustment

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



**GHL SYSTEMS BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015**  
**THE FIGURES HAVE NOT BEEN AUDITED**

<u>Note</u>	<b>AS AT CURRENT YEAR QUARTER 31/3/2015 (Unaudited) RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2014 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	51,752	49,449
Goodwill on consolidation	105,630	105,630
Intangible assets	3,858	3,888
Other investment	8,053	8,087
Deferred tax assets	1,061	1,263
	170,354	168,317
<b>Current assets</b>		
Inventories	62,626	51,767
Trade receivables	21,034	34,719
Other receivables	25,074	17,250
Tax recoverable	1,117	1,289
Fixed deposits placed with licensed banks	8,300	7,102
Cash and bank balances	45,295	38,225
	163,446	150,352
<b>TOTAL ASSETS</b>	<b>333,800</b>	<b>318,669</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	128,566	128,318
Reserves	100,036	94,978
Treasury Shares	(638)	(638)
<b>Equity attributable to equity holders of the parent</b>	227,964	222,658
Non controlling interest	121	133
<b>Total equity</b>	228,085	222,791
<b>Non-current liabilities</b>		
Hire purchase payables	B9 4,553	4,631
Bank borrowing	B9 21,876	6,685
Deferred tax liability	370	370
Deferred income	-	3
	26,799	11,689
<b>Current liabilities</b>		
Trade payables	8,456	16,176
Other payables	23,969	37,429
Deferred income	256	370
Hire purchase payables	B9 1,970	1,752
Bank borrowings	B9 42,908	27,398
Tax payable	1,357	1,064
	78,916	84,189
<b>Total liabilities</b>	105,715	95,878
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>333,800</b>	<b>318,669</b>
Net assets per share (sen)	35.54	34.78

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



GHL SYSTEMS BERHAD

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

THE FIGURES HAVE NOT BEEN AUDITED

	Share Capital RM'000	Share Premium RM'000	Exchange Reserve RM'000	Share Options Reserve RM'000	Treasury Shares RM'000	Retained Profits / (Accumulated RM'000)	Total Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2014	37,077	1,990	(1,215)	646	(638)	18,368	56,228	(117)	56,111
Share swap to acquire a subsidiary	29,887	35,864	-	-	-	-	65,751	-	65,751
Issuance of ordinary shares	16,589	18,248	-	-	-	-	34,837	-	34,837
Issuance of ordinary shares pursuant to ESS	104	71	-	-	-	-	175	-	175
Total comprehensive income for the year	-	-	83	-	-	1,543	1,626	(3)	1,623
Forex exchange differences	-	-	-	-	-	-	-	6	6
At 31 March 2014	<u>83,657</u>	<u>56,173</u>	<u>(1,132)</u>	<u>646</u>	<u>(638)</u>	<u>19,911</u>	<u>158,617</u>	<u>(114)</u>	<u>158,503</u>
At 1 January 2015	128,318	70,156	(374)	544	(638)	24,652	222,658	133	222,791
Issuance of ordinary shares pursuant to ESS	248	34	-	-	-	-	282	-	282
Share option granted under ESS	-	-	-	123	-	-	123	-	123
Total comprehensive income for the year	-	-	1,563	-	-	3,338	4,901	(12)	4,889
At 31 March 2015	<u>128,566</u>	<u>70,190</u>	<u>1,189</u>	<u>667</u>	<u>(638)</u>	<u>27,990</u>	<u>227,964</u>	<u>121</u>	<u>228,085</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 2014)



**GHL SYSTEMS BERHAD**

**STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**  
**THE FIGURES HAVE NOT BEEN AUDITED**

	<b>CURRENT YEAR TO DATE 31/3/2015 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31/3/2014 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,415	1,546
<b>Adjustment for:-</b>		
Amortisation of development cost	221	274
Amortisation of deferred income	(111)	-
Bad debts written-off	-	1
Depreciation of property, plant and equipment	3,569	2,278
Impairment loss on receivables	60	-
Interest expense	720	94
Interest income	(319)	(103)
Inventories written back	-	(41)
Loss/(Gain) on disposal of property, plant and equipment	(4)	35
Reversal of impairment on trade receivables	(62)	(7)
Share options granted under ESS	124	-
Share of gain from an associate	34	(65)
Unrealised gain on foreign exchange	551	(743)
<b>Operating profit before working capital changes</b>	<b>9,198</b>	<b>3,269</b>
<b>(Increase)/Decrease in working capital</b>		
Inventories	(10,600)	(7,763)
Trade and other receivables	6,294	13,953
Trade and other payables	(21,531)	(1,165)
Advance receipt from deferred income	-	(4,885)
	<b>(25,837)</b>	<b>140</b>
<b>Cash generated from operations</b>	<b>(16,639)</b>	<b>3,409</b>
Interest received	319	103
Interest paid	(720)	(94)
Tax paid	-	(699)
	<b>(401)</b>	<b>(690)</b>
<b>Net cash from operating activities</b>	<b>(17,040)</b>	<b>2,719</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(4,935)	(383)
Purchase of other investment	-	(579)
Proceeds from disposal of property, plant and equipment	-	7
Addition in intangible assets	(191)	(226)
Acquisition of subsidiary for cash, net cash acquired	-	19,069
<b>Net cash used in investing activities</b>	<b>(5,126)</b>	<b>17,888</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	282	35,013
(Increase)/Decrease in fixed deposits pledged	(722)	(5,576)
Repayment of hire purchase payables	(211)	(275)
Drawdown of bank borrowings	30,829	2,229
Repayment of bank borrowings	(214)	(1,540)
<b>Net cash used in financing activities</b>	<b>29,964</b>	<b>29,851</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,798</b>	<b>50,458</b>
<b>Effect of exchange rate fluctuation</b>	<b>(253)</b>	<b>262</b>
<b>Cash and cash equivalents at beginning of the finance period</b>	<b>39,442</b>	<b>13,997</b>
<b>Cash and cash equivalents at end of the finance period</b>	<b>46,987</b>	<b>64,717</b>
<b>Cash and cash equivalents at end of the finance year:-</b>		
Cash and bank balances	45,295	26,971
Fixed deposits with licensed banks	8,300	43,422
	<b>53,595</b>	<b>70,393</b>
Less: Fixed deposits pledged to licensed banks	(6,608)	(5,676)
Less: Cash at bank pledged to licensed banks	-	-
	<b>46,987</b>	<b>64,717</b>

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



**GHL SYSTEMS BERHAD**  
**(Company No: 293040-D)**

**Part A: Explanatory notes on consolidated results for the first quarter ended 31 March 2015**

**A1. Basis of Preparation**

The interim financial report has been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2014.

The significant accounting policies and methods of computation applied in the interim financial report are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2014.

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

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

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



**A2. Audit Report**

The audited report for the annual financial statements of the Group for the financial year ended 31 December 2014 was not subject to any audit qualification.

**A3. Seasonal or Cyclical Factors**

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

**A4. Unusual Items**

During the current quarter and financial year to date ended 31 December 2014, there were no items or events affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual of their nature, size or incidence.

**A5. Changes in Estimates**

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

**A6. Changes in Debts and Equity Securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and year to date ended 31 March 2015 other than the followings:

- a) Issuance of 1,242,800 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.227.

**A7. Dividend Paid**

There were no dividends paid for the current quarter and year to date ended 31 March 2015.

**A8. Segmental Reporting**

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

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



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

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

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

**Transaction Payment Acquisition ("TPA")** comprises revenue derived from directly contracting with merchants to accept payment and loyalty cards, prepaid top-up, bill collection services and conduct other payment services.

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



Quarter - 31 March	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>REVENUE</b>												
<b>External Sales</b>												
Shared Services	6,888	4,289	3,770	2,975	750	747	-	-	-	-	11,408	8,011
Solution Services	1,473	1,972	275	275	30	274	234	39	-	-	2,012	2,560
Transaction Payment Acquisition	37,746	13,226	936	752	450	210	-	-	-	-	39,132	14,188
Inter-segment sales	4,145	3,616	-	-	-	-	-	-	(4,145)	(3,616)	-	-
	<b>50,252</b>	<b>23,103</b>	<b>4,981</b>	<b>4,002</b>	<b>1,230</b>	<b>1,231</b>	<b>234</b>	<b>39</b>	<b>(4,145)</b>	<b>(3,616)</b>	<b>52,552</b>	<b>24,759</b>
<b>RESULTS</b>												
Segment results	<b>4,464</b>	<b>1,878</b>	<b>704</b>	<b>373</b>	<b>(141)</b>	<b>(302)</b>	<b>59</b>	<b>(309)</b>	<b>(270)</b>	<b>(102)</b>	<b>4,816</b>	<b>1,538</b>
Interest income											319	103
Interest expense											(720)	(94)
Profit before taxation											<b>4,415</b>	<b>1,547</b>
Taxation											(1,090)	(7)
Net profit for the period											<b>3,325</b>	<b>1,540</b>





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

On 14 April 2015, GHL Systems Berhad issued 1,338,000 new ordinary shares of RM0.20 each under the Executives Share Option at an issue price of RM0.227.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the financial year to date under review.

**A12. Contingent Liabilities**

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

(a) Banker's guarantee in favour of third parties	<b>RM'000</b>
- Secured	<u>108,318</u>

**A13. Capital Commitment**

The amount of capital commitment for purchase property, plant and equipment not provided for as at 31 March 2015 are as follows:

Approved but not contracted for	<b>RM'000</b>
	<u>7,629</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 31/3/2015 RM'000	Preceding Year Corresponding Quarter 31/3/2014 RM'000 (Restated)	Current Year To Date 31/3/2015 RM'000	Preceding Year Corresponding Period 31/3/2014 RM'000 (Restated)
^ Supply of EuroPay-MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; supply of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHL Group to e-pay (M) Sdn Bhd ("e-pay") *	-	309	-	309
# Purchase of EuroPay-MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; purchase of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHL Group from Microtree Sdn Bhd ("Microtree") *	25	64	25	64
@ Office rental paid to Telemas Corporation Sdn Bhd ("Telemas") *	105	32	105	32

^ 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 current quarter (1Q 2015) vs corresponding quarter (1Q 2014) by segment**

Group revenue increased 112.3% yoy to RM52.6 million in 1Q 2015 from RM24.8 million in 1Q 2014. Similarly, GHL group's 1Q 2015 net profit after tax amounted to RM3.3 million, a marked improvement of +115.9% yoy as compared to RM1.5 million achieved in 1Q 2014. This was despite the incurrance of a RM0.6 million unrealised foreign exchange loss in 1Q 2015. The higher profitability this quarter was due to top-line growth in the Shared Services and TPA divisions which offset lower sales in the Solution division. The inclusion of a full quarter's contribution of e-pay's revenue also helped boost profitability in 1Q 2015 and jump started the GHL Group's TPA business. This is as compared to 1Q 2014 when only one month's revenue was consolidated because e-pay was only acquired in March 2014 (*See later section on TPA*).

The performance of the individual segments are as follows.

#### **Shared Services**

The Shared Services division's gross revenue in 1Q 2015 grew strongly by +42.4% yoy to RM11.4 million as compared to RM8.0 million in 1Q 2014. The better performance was due to higher EDC sales in Malaysia as well as higher rental and maintenance fees earned in Philippines. This more than compensated for card sales in Malaysia which were very low as compared to 1Q 2014.

#### **Solution Services**

The Solution Services division contributed only 3.8% of total Group revenue and was down -21.4% yoy to RM2.0 million in 1Q 2015 (1Q 2014 RM2.6 million). The decline during this first quarter was due to lower hardware and software sales in Malaysia and Thailand with Philippines remaining flat. Annuity revenues from rental and maintenance was also lower by -10.6%.

#### **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 25,000 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.

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 has grown strongly with margins remaining relatively unchanged.



## B1. Review of Performance (continued)

**Table 1**

<b>e-pay</b> (All stated in RM' Millions unless stated otherwise)	<b>1Q 2014</b>	<b>1Q 2015</b>	<b>% change</b>
Transaction Value Processed	651.22	795.39	22.1%
Gross Revenue	28.09	33.77	20.2%
Revenue/Transaction Value (Note 1)	4.3%	4.2%	-1.6%
Gross Margin	8.16	10.55	29.4%
Margin/Transaction Value (Note 1)	1.3%	1.3%	5.9%
Number of Merchant Acceptance Points (Thousands) (Note 2)	20.27	24.88	22.8%

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

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

### **GHL (card payment services)**

This TPA card payment services business is relatively new and other than a minor TPA deployment in Thailand, it has not yet been deployed in our major markets. The existing GHL TPA data as shown in Table 2 comprises of the following activities (listed in order of size) ; (i) Various revenue sharing arrangements under direct contracts with merchants and banks in Malaysia and Philippines (Since 2008) (ii) Malaysian domestic debit card (“MyDebit”) merchant acquisition (since 2003) (iii) Internet TPA (“eGHL”) in Malaysia (Since 2Q 2014) and Thailand (Since 2013), and (iv) “Card Present” TPA (i.e. non-internet TPA) in Thailand (Since 2Q 2014).

A summary of key data relating to the e-pay business is found in the table in Table 2 below. While the transaction value processed grew strongly at 25.9%, margins declined quarter on quarter due to higher transaction values processed for a lower margin customer in eGHL in 1Q2015. As eGHL’s TPA business is relatively new, it is prone to such variations in margins in the early periods. Over the longer term, however, margins should stabilise as more merchants are on-boarded and a larger portfolio is built.

**Table 2**

<b>GHL TPA only</b> (All stated in RM' Millions unless stated otherwise)	<b>1Q 2014</b>	<b>1Q 2015</b>	<b>% change</b>
Transaction Value Processed	382.2	481.2	25.9%
Gross Revenue	4.3	5.4	25.7%
Revenue/Transaction Value (Note 1)	1.1%	1.1%	-0.2%
Gross Margin	2.7	2.5	-4.9%
Margin/Transaction Value (Note 1)	0.7%	0.5%	-24.4%
Number of Merchant Acceptance Points (Thousands) (Note 2)	28.1	41.1	46.5%

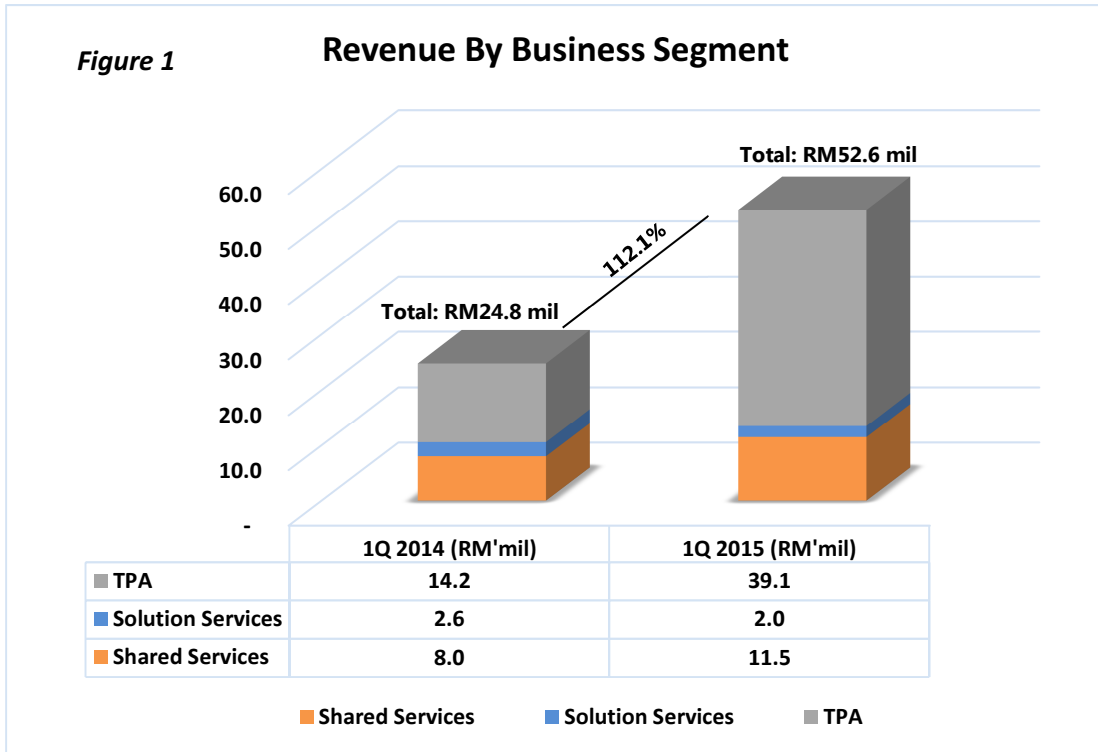
Note 1 - Gross Revenue or Gross Margin respectively divided by the Transaction Value Processed expressed as a %.

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

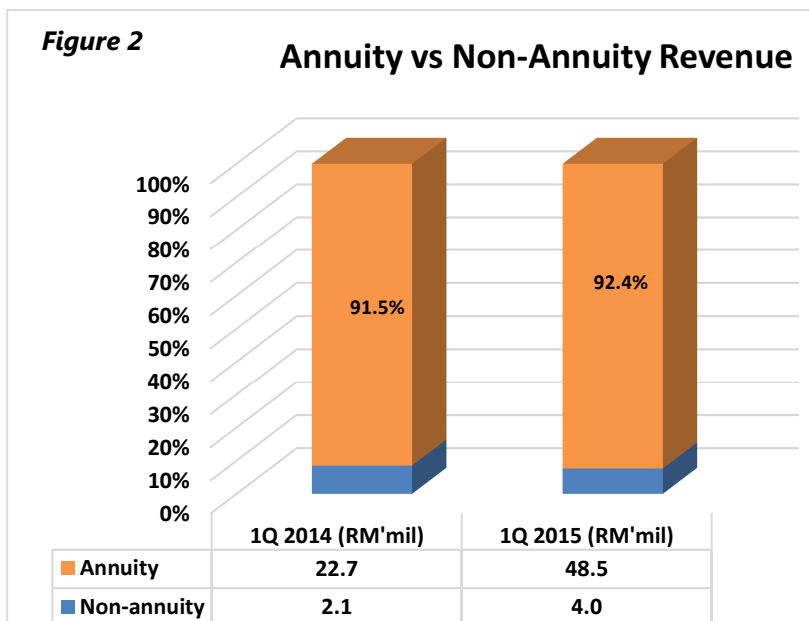
TPA revenues grew strongly to RM39.1 million (1Q 2014 – RM14.2 million) with the inclusion of a full quarter’s contribution from e-pay which showed strong growth in its mobile prepaid reload business. All three geographic markets saw improvements in their TPA division results. GHL group announced the completion of several TPA agreements with banks both in Malaysia and Philippines. These TPA agreements are presently in the process of being implemented. Deployment is expected to occur towards the end of 2Q 2015 when the systems integration and (in the case of Philippines), Central Bank approval is obtained.

**B1. Review of Performance (continued)**

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



Growth in the TPA business has caused GHL group's annuity based revenues to rise sharply. As can be seen in Figure 2, annuity based revenues now constitute 92.4% of total revenue in 1Q 2015 as compared to 91.5% in the same quarter, a year ago. The Group's earlier stated objective of increasing annuity based revenues has clearly been successful.





## **B1. Review of Performance (continued)**

### **Performance of current quarter (1Q 2015) vs corresponding quarter (1Q 2014) by geographical segment**

1Q 2015 revenue improved +112.3% yoy to RM52.6 million with the inclusion of a full quarter's revenue contribution from e-pay which was acquired at the end of Feb 2014. Malaysia was up +136.6% yoy, Philippines grew +24.5% yoy, whereas the contribution from Thailand was flat at -0.1% yoy. All geographical segments were profitable with the exception of Thailand which registered a small loss of RM0.1 million.

Malaysia continues to be the largest contributor to Group revenue of 87.7% (1Q 2014 – 78.7%) principally due to e-pay whose operations are based in Malaysia. The shared services division in Malaysia performed better in 1Q 2015 due to higher EDC terminal sales compared to the same period in the previous year. However, card sales were almost nil in 1Q as compared to RM0.4 million in the corresponding period in 2014. Solution services for Malaysia was down marginally at -25.3% due to lower collection of maintenance fees as well as lower hardware and software sales. TPA revenue increased significantly to RM37.7 million (1Q 2014 – RM13.2 million) due to higher rental and maintenance income and inclusion of full quarter of e-pay revenue. Overall, Malaysia recorded a healthy and much improved EBIT of RM4.5 million (1Q 2014 – RM1.9 million).

Philippines was the second largest revenue contributor at 9.5% of Group 1Q 2015 revenue. It recorded revenues of RM5.0 million (+24.5%) with sales being driven mainly by its shared services division. Its solution services segment was flat compared to the previous year with rental fees being higher but, this was offset by lower software sales (higher non-annuity sales in solutions services in 1Q 2014). Its TPA segment grew +24.5% yoy. Although rental income was relatively unchanged, it earned much higher transaction fees. Philippines EBIT was higher at RM0.7 million from RM0.4 million previously due to improvement in turnover and cost scalability.

Thailand recorded flat sales of RM1.2 million both in 1Q 2015 and 1Q 2014. Its shared services revenue remained unchanged at RM0.8 million but its solutions services revenue declined due to lower rental/maintenance as well as hardware sales. These were however offset by improvements in its TPA segment which saw improvements in transaction fees earned. The business conditions in Thailand remain challenging at the present time given the political situation and the competitive environment. The group's position remain cautionary and predicated to focus on selected segments and to contain costs. The group's TPA business with Thanachart Bank and Bangkok Bank which was announced in April 2014 has begun to contribute but in modest amounts. Hardware and software sales remain sluggish due to the political situation as larger corporate accounts have chosen to defer major investment decisions.

Our Australia operations recorded sales of RM0.2 million for network rental and maintenance fees which was previously captured under Malaysia. Australia recorded a small EBIT of RM0.1 million compared to EBIT losses of RM0.3 million in the previous period last year.

## **B2. Current Year's Prospects**

The primary focus of the company in 2015 will be to implement the TPA business across the group. The TPA initiative marks the latest phase of our evolution and it is strategic to the group.

Our existing business of sourcing merchants on behalf of banks under a rental and revenue sharing model has served us well in transitioning away from the previous business of ad hoc hardware and software sales. The main limitation of the current business model however, is that we can only operate within the banks' own targeted segments i.e. the larger sized merchants with higher card payment transaction volumes. GHL has entered into TPA agreements with Banks regionally, whereby through the underlying TPA agreements with the banks, GHL is able to directly contract with the smallest merchants to provide card payment services. As the smallest merchants constitute over 90% of the entire market, the TPA initiative opens up opportunities for the Group to enter a hitherto untapped and much larger market segment.

Much of 2014 was spent in building up the necessary risk management processes, people as well as automation within our operations units to enable us to undertake scaled merchant acquisition. The investment was heavy and most of this was incurred in 2014 with returns expected in 2015 and beyond. As stated in the TPA section above, deployment of TPA will likely occur towards the end of 2Q 2015 in Malaysia after completion of systems



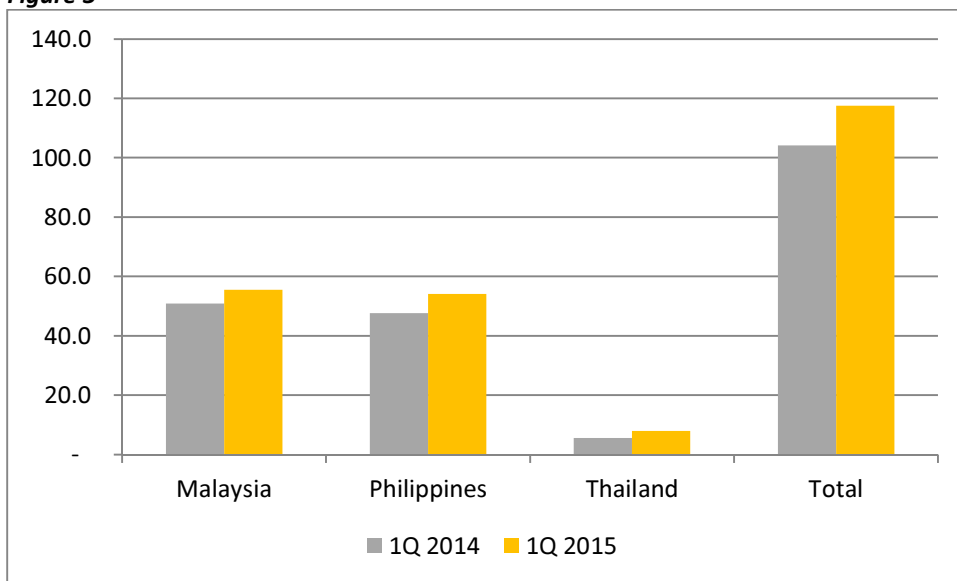
## B2. Current Year's Prospects (Continued)

integration to the banks (CIMB Bank and Global Payments) and in the Philippines, after the Central Bank has approved. In Malaysia, Bank Negara in its drive to displace cash payments, has required banks to increase the number of acceptance points from the 230,000 in 2014 to over 800,000 in 2020. This initiative will significantly propel the TPA business in Malaysia over the next few years.

For the reasons stated above, the prospects of the Group in 2015 are positive. There is considerable opportunity for further merchant acquisition and this is congruent with GHL group's objective of becoming ASEAN's largest merchant acquirer.

Although we are just starting on our merchant acquisition drive, the absolute number of unique terminals that we manage is increasing rapidly as can be seen in Figure 3 below.

**Figure 3**



*Note: The above chart shows the absolute number of unique EDC terminals in each of the countries in which we operate. Each unique EDC terminal may offer an acceptance points for multiple products e.g. e-pay, credit & debit card payments etc.*

## 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**

	<b>Current Quarter 31/3/2015 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/3/2014 RM'000</b>	<b>Current Year To Date 31/3/2015 RM'000</b>	<b>Preceding Year Corresponding Period 31/3/2014 RM'000</b>
Amortisation of intangible asset	221	274	221	274
Bad debts written off	-	1	-	1
Depreciation of property, plant and equipment	3,569	2,278	3,569	2,278
Fixed assets (written back)/written Off	-	-	-	-
(Gain)/Loss on foreign exchange				
- Realised	339	150	339	150
- Unrealised	551	(743)	551	(743)
(Gain)/Loss on disposal of fixed assets	(4)	35	(4)	35
Impairment loss on receivables	60	-	60	-
Interest income	(319)	(103)	(319)	(103)
Interest expenses	720	94	720	94
Inventory written off	-	(41)	-	(41)
Rental expenses	277	321	277	321
Reversal of allowance for doubtful debts	(62)	(7)	(62)	(7)
Share based payment	124	-	124	-

**B5. Taxation**

	<b>Current Quarter 31/3/2015 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/3/2014 RM'000</b>	<b>Current Year To Date 31/3/2015 RM'000</b>	<b>Preceding Year Corresponding Period 31/3/2014 RM'000</b>
Current tax expenses based on profit for the financial year:				
Malaysian income tax	(943)	(7)	(943)	(7)
Foreign income tax	(147)	-	(147)	-
<b>Total</b>	<b>(1,090)</b>	<b>(7)</b>	<b>(1,090)</b>	<b>(7)</b>

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 31 March 2015.





**B7. Purchase and Disposal of Quoted Securities**

There was no purchase or disposal of quoted securities for current quarter and year to date ended 31 March 2015.

**B8. Status of Corporate Proposals**

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

**B9. Group Borrowings and Debt Securities**

The Group's borrowings and debt securities as at 31 March 2015 are as follows:-

**(a) Bank Borrowings**

	Long-term Borrowings RM'000	Short-term Borrowings RM'000	Total RM'000
Ringgit Malaysia	16,500	36,111	52,611
Philippine peso	3,154	871	4,025
US dollar	2,222	5,926	8,148
	<b>21,876</b>	<b>42,908</b>	<b>64,784</b>

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

	2015 RM'000	2014 RM'000
(i) term deposits of the Group	6,608	5,576
(ii) structured investment of the Group	8,000	8,000
(iii) a Corporate Guarantee by parent entity	74,000	64,000
	<b>88,608</b>	<b>77,576</b>

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

**(a) Hire Purchase**

	Long-term Hire Purchase RM'000	Short-term Hire Purchase RM'000	Total RM'000
Ringgit Malaysia	429	215	644
Philippine peso	4,124	1,755	5,879
	<b>4,553</b>	<b>1,970</b>	<b>6,523</b>

The hire purchase payables of the Group as at 31 March 2015 are for the Group's motor vehicles and EDC equipment. The portion of the hire purchase due within one (1) year is classified as current liabilities.



**B10. Realised and Unrealised Profit**

	<b>As at 31/3/2015</b>	<b>As at 31/12/2014 (Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profit of the Group:-		
- Realised	(46,159)	(53,935)
- Unrealised	1,443	508
	<u>(44,716)</u>	<u>(53,427)</u>
Less: Consolidation adjustment	72,705	78,079
<b>Total group retained</b>	<b><u>27,989</u></b>	<b><u>24,652</u></b>

**B11. Off Balance Sheet Financial Instruments**

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

**B12. Material Litigation**

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

**B13. Dividend Proposed**

There was no dividend declared for the current quarter and year to date ended 31 March 2015.

**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.

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



**B15. Earnings Per Share**

**a) Basic earnings per share**

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

**b) Diluted earnings per share**

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

<u>Basic</u>		<b>Current Quarter 31/3/2015</b>	<b>Preceding Year Corresponding Quarter 31/3/2014 (Restated)</b>	<b>Current Year To Date 31/3/2015</b>	<b>Preceding Year Corresponding Period 31/3/2014 (Restated)</b>
Profit attributable to owners of the Company	(RM'000)	3,337	1,543	3,337	1,543
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	640,717	362,496	640,717	362,496
Basic earnings per share	(Sen)	0.52	0.43	0.52	0.43

<u>Diluted</u>		<b>Current Quarter 31/3/2015</b>	<b>Preceding Year Corresponding Quarter 31/3/2014 (Restated)</b>	<b>Current Year To Date 31/3/2015</b>	<b>Preceding Year Corresponding Period 31/3/2014 (Restated)</b>
Profit attributable to owners of the Company	(RM'000)	3,337	1,543	3,337	1,543
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	649,178	368,949	649,178	368,949
Diluted earnings per share	(Sen)	0.51	0.42	0.51	0.42