GHL SYSTEMS BERHAD
(Company No: 293040-D)

Part A: Explanatory notes on consolidated results for the first quarter ended 31 March 2013

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 2012.

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 2012 except for the effects of newly issued Malaysian Financial Reporting Standard ("MFRS") and IC Interpretations to be applied by all entities for the financial period beginning on 1 January 2013:

MFRS 10	*Consolidated Financial Statements*
MFRS 11	*Joint Arrangements*
MFRS 12	*Disclosures of Interests in Other Entities*
MFRS 13	*Fair Value Measurement*
MFRS119	*Employee Benefits (2011)*
MFRS 127	*Separate Financial Statements (2011)*
MFRS 128	*Investments in Associates and Joint Ventures (2011)*
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*
Amendments to MFRS 7	*Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 1	*First-time Adoption of MFRS – Government Loans*
Amendments to MFRS 101	*Presentation of Financial Statements*
Amendments to MFRS 116	*Property, Plant and Equipment*
Amendments to MFRS 132	*Financial Instruments: Presentation*
Amendments to MFRS 134	*Interim Financial Reporting*
Amendments to MFRS 10	*Consolidated Financial Statements: Transition Guidance*
Amendments to MFRS 11	*Joint Arrangements: Transition Guidance*
Amendments to MFRS 12	*Disclosures of Interests in Other Entities: Transition Guidance*

A2. Audit Report

The audited report for the annual financial statements of the Group for the financial year ended 31 December 2012 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 under review, 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. Change in estimates

There were no changes in the estimates of amount reported in the prior quarter or in the prior financial year that have a material effect on the results of the Group for the current quarter under review.

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 during the current quarter under review.

A7. Dividend Paid

There were no dividends paid during the quarter under review.

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 - 31 March	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Continuing Operations	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External Sales												
Shared Services	7,945	5,647	2,819	1,491	935	283	-	-	-	-	11,699	7,421
Solution Services	1,677	1,861	534	31	137	36	73	-	-	-	2,421	1,928
Transaction Payment Acquisition	1,982	1,924	462	355	140	100	-	-	-	-	2,584	2,379
Inter-segment sales	3,753	3,901	-	-	-	-	-	-	(3,753)	(3,901)	-	-
	15,357	**13,333**	**3,815**	**1,877**	**1,212**	**419**	**73**	**-**	**(3,753)**	**(3,901)**	**16,704**	**11,728**
RESULTS												
Segment results	**1,605**	**1,153**	**753**	**157**	**(59)**	**(126)**	**(191)**	**-**	**(80)**	**-**	2,028	1,184
Interest income											34	52
Interest expense											(52)	(29)
Profit before taxation											**2,010**	**1,207**
Taxation											-	-
Profit from continuing operations											**2,010**	**1,207**
Loss from discontinued operations											-	(96)
											2,010	**1,111**
Non controlling interest											**(7)**	**-**
Profit for the period											**2,003**	**1,111**

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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 Events Subsequent to 31 March 2013

There were no material events subsequent to 31 March 2013 of the balance sheet date that have not been reflected in this report other than the followings:

On 08 April 2013, GHL Asia Pacific Ltd ("GHLAP") had incorporated a subsidiary in the Republic of Indonesia namely PT SpotPay Indonesia. PT SpotPay Indonesia is 99% owned by GHLAP and 1% owned by GHL Systems Berhad. The authorised share capital of PT SpotPay Indonesia is USD$300,000.00 divided into 300,000 shares of USD$1.00 each.

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:

GHL Systems Philippines Inc. ("GHLP") had on 7 January 2013 incorporated a legal entity in the Philippines namely Pinoytek Solusyon, Inc. ("Pinotek"). GHLP holds a 40% of the equity interest in Pinoytek. The authorised share capital of Pinoyek is PHP10,000,000 divided into 100,000 shares of common stock of PHP100 each. The paid up capital is PHP2,500,000 divided into 25,000 shares of common stock of PHP100 each.

GHL Payment Services Sdn Bhd was incorporated on 11 January 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

GHL BPO1 Sdn Bhd was incorporated on 11 January 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

GHL ePayments Sdn Bhd was incorporated on 29 March 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

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	378

A13. Capital commitment

The amount of capital commitment for purchase property, plant and equipment not provided for as at 31 March 2013 are as follows:

	RM'000
Approved but not contracted for	1,206

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A14. Significant related party transactions

Significant related party transactions for the current quarter under review are as follows:

Related Party:	Current Year Quarter 31/03/2013 RM'000	Preceding Year Corresponding Quarter 31/03/2012 RM'000	Current Year To Date 31/03/2013 RM'000	Preceding Year Corresponding Period 31/03/2012 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") *	327	212	327	212
# 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") *	55	144	55	144

^ *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, 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.*

GHL Systems Berhad Independent Non-Executive Director and is a substantial shareholder Goh Kuan Ho is currently General Manager of Microtree.

* *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 – Continuing operations

<u>1Q 2013 VS 1Q 2012</u>
<u>Profit After Tax</u>

The GHL group 1Q 2013 profit after tax (PAT) for the quarter ended 31 March 2013 was RM2.0 million, a +80.3% improvement over the RM1.1 million PAT recorded in the corresponding 1Q 2012 quarter. Net profit margins improved to 12.0% (1Q 2012 – 9.5%) and operationally, the group's EBITDA margins similarly improved to 16.2% (1Q 2012 – 14.2%).

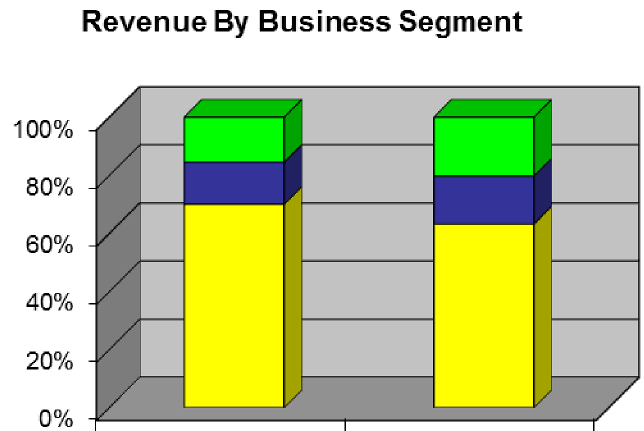
<u>1Q 2013 VS 1Q 2012</u>
<u>Segment Revenue</u>

On a revenue basis, the group recorded a 42.4% yoy improvement to RM16.7 million (1Q 2012 - RM11.7 million) driven by the Shared Services segment which recorded a 57.7% yoy improvement. Solution Services also improved by 25.5% yoy and the Transaction Payment Acquisition (TPA) segment revenue improved by 8.6% to RM2.6 million.

The 57.7% improvement yoy performance of the Shared Services segment was driven by higher revenues from both rental/maintenance revenues as well as outright EDC terminal sales. Card sales in 1Q 2013 were similarly up compared to 1Q 2012.

The Solution Services recorded 1Q 2013 revenues of RM2.4 million (+25.5% yoy) driven by higher sales of hardware and software compared to a year ago.

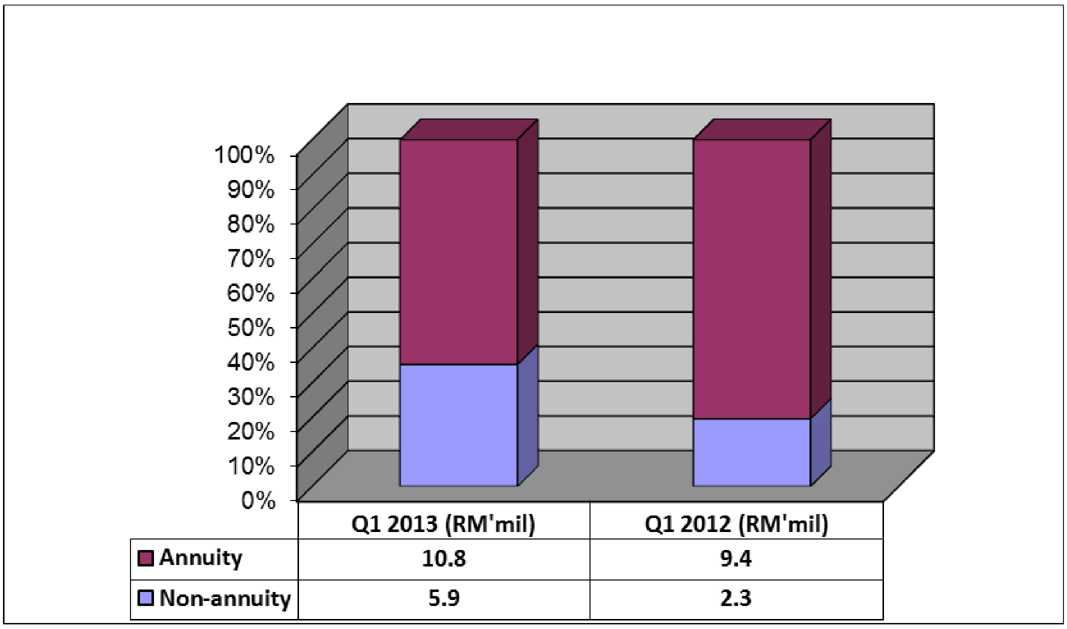
The TPA segment revenue of RM2.6 million was higher compared to RM2.4 million in 1Q 2012.The Group re-defined TPA revenue to include rental income received (previously recorded in Shared Services) from merchants that the Group has a direct contractual relationship with.



	Q1 2013 (RM'mil)	Q1 2012 (RM'mil)
TPA	2.6	2.4
Solution Services	2.4	1.9
Shared Services	11.7	7.4

B1. Review of Performance (Continued)

Within the Shared Services segment, the Group materialised opportunistic sales of hardware and cards of RM4.4 million which in turn caused the proportion of annuity based revenue during 1Q 2013 to reduce to 64.7% from 80.3% in the corresponding quarter of 2012. Annuity based revenue nevertheless grew strongly by 14.9% quarter on quarter reflecting the Group's strategy of building a strong recurring annuity base.



<u>1Q 2013 VS 1Q 2012</u>
<u>Revenue & Result by Country</u>

Overall, the 1Q 2013 revenue improvement of 42.4% yoy to RM16.7 million was contributed by improvements in all three geographical operations, namely Malaysia, Thailand and the Philippines.

Malaysia remains the main contributor, accounting for 69.5% of group revenue in 1Q 2013. 1Q 2013 revenues from the Malaysian operations were driven by higher Shared Services but was offset by a lower performance in the Solution Services segment and flat performance in the TPA segment. Profit wise, Malaysia accounted for 79.1% of group's 1Q 2013 segment profitability. Business opportunities remains strong and Malaysia remains a segment with exciting growth prospects due to the on-going push by the authorities to encourage a higher adoption of e-payments.

Thailand operations in 1Q 2013 was commendable and showed a 190.0% yoy improvement to record revenues of RM1.2 million as the group continue to make inroads into the Thai payments market. All three business segments in Thailand showed yoy revenue improvements although profit wise, the Thai operation remains marginally loss making at RM0.06 million (1Q 2012 – RM 0.13 million loss).

1Q 2013 revenue from the Philippines operations was up 103.1% to RM3.8 million, driven mainly by the Shared Services segment although both Solution Services and TPA were recorded strong growth yoy. Segment profitability wise, Philippines operation accounted for 37.1% or RM0.8 million (1Q 2012 - RM0.2 million). Philippines is the group's largest overseas operation accounting for 22.8% of group 1Q 2013 revenues.

Apart from the three main operating units in Malaysia, Thailand and Philippines, the group had marginal losses in its newly setup subsidiary in Australia of RM0.2 million.

B2. Current Year's Prospects

GHL group's growth plans are being executed within expectations with the first quarter of 2013 registering a doubling of profitability compared to last year's first quarter performance. The group's broader objective remains that of becoming ASEAN's leading payment solution and service provider that offers a full spectrum of payment solutions.

2012 saw the first full 12 months performance under the Group's new management team that took the helm from 2H 2011. 2012 revenues declined 6.9% yoy because of the exit of the China business as well as the de-prioritisation of non-recurring and lower margin businesses. Following through with this strategy, 1Q13 performance showed strong revenue growth (42.4% yoy) and improved net profitability (80.3% yoy). All the group's operations in Malaysia, Philippines and Thailand have shown yoy revenue improvements and are profitable with the exception of the group's Thai operation which registered a minor loss of RM0.06 million but which is expected to be profitable overall in 2013.

GHL group expects prospects to be good in 2013 and will continue to invest resources in all its geographical segments as it moves to tap the potential of the ASEAN payments industry.

B3. Profit forecast and Profit guarantee

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

B4. Profit before Taxation- Continuing Operations

	Current Quarter 31/03/2013 RM'000	Preceding Year Corresponding Quarter 31/03/2012 RM'000	Current Year To Date 31/03/2013 RM'000	Preceding Year Corresponding Period 31/03/2012 RM'000
Bad debts written off	-	(2)	-	(2)
Depreciation of property, plant and equipment	1,922	1,328	1,922	1,328
Fixed assets written off	-	1	-	1
(Gain)/Loss on foreign exchange				
- Realised	63	(12)	63	(12)
- Unrealised	(4)	(45)	(4)	(45)
(Gain)/Loss on disposal of fixed assets	(1)	(1)	(1)	(1)
Impairment loss on receivables	-	5	-	5
Interest income	(34)	(52)	(34)	(52)
Income expenses	52	29	52	29
Rental expenses	294	239	294	239
Reversal of allowance for doubtful debts	(60)	(126)	(60)	(126)

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B4. Taxation

	Current Quarter 31/03/2013 RM'000	Preceding Year Corresponding Quarter 31/03/2012 RM'000	Current Year To Date 31/03/2013 RM'000	Preceding Year Corresponding Period 31/03/2012 RM'000
Tax expenses	-	-	-	-

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.

B5. Profit on Sale of Unquoted Investment and/or Properties

There was no disposal of unquoted investment or properties during the financial quarter under review.

B6. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the financial quarter under review.

B7. Status of Corporate Proposals

The corporate proposals announced and not completed as at the date of this report are as follows:

(i) Proposed capital reduction of the issued and paid-up share capital of GHL pursuant to Section 64(1) of the Companies Act, 1965 ("Act"), involving the reduction of the par value of every existing ordinary share of RM0.50 each in GHL Systems Berhad to RM0.20 each by the cancellation of RM0.30 of each GHL Share ("Proposed Capital Reduction");

(ii) Proposed renounceable rights issue of 36,346,550 new ordinary shares of RM0.20 each ("Rights Shares") on the basis of one (1) Rights Share for every four (4) GHL Systems Berhad shares held after the Proposed Capital Reduction on an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue");

(iii) Proposed exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Over and Mergers 2010 ("Code") to Mr. Loh Wee Hian and person(s) acting in concert with him from the obligation to extend a mandatory take-over offer for the remaining GHL Systems Berhad shares not already held by them which may arise pursuant to the Rights Issue ("Proposed Exemption");

(iv) Proposed establishment of an executives' share scheme up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme ("Proposed Executives' Share Scheme"); and

(v) Proposed increase in GHL Systems Berhad's authorised share capital from RM100,000,000 comprising 200,000,000 GHL Shares to RM500,000,000 comprising 2,500,000,000 GHL Shares ("Proposed Increase in Authorised Share Capital").

B8. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 March 2013 are as follows:-

(a) Bank Borrowings

	Total Secured Term Loan RM'000
Repayable within twelve months	613
Repayable more than twelve months	1,820
	2,433

The secured term loan from a local financial institution is to finance the purchase of three (3) units of 4 ½ storey shop offices. The term loan bears an interest of 5.0% per annum ("p.a.") on monthly rest for the first three (3) years and thereafter Base Lending Rate ("BLR") + 0.60% p.a. and is repayable over fifteen (15) years. The loan is expected to be fully repaid by year 2019. The term loan interest rate was revised at BLR + 0.00% p.a. based on letter dated 21 December 2007. Subsequently, the term loan interest rate was revised at BLR – 1.00% p.a. based on letter dated 23 February 2010 and 26 April 2010. The BLR as at 31 March 2013 is 6.60% p.a. The Group's banking facilities are secured by pledging of fixed deposits to the financial institution and pledging of the aforementioned three (3) units of the 4½ storey shop offices. The portion of the bank borrowings due within one (1) year is classified as current liabilities. The Group does not have any foreign currency denominated bank borrowings as at 31 March 2013.

(b) Hire Purchase

	Total Hire Purchase RM
Repayable within twelve months	845
Repayable more than twelve months	788
	1,633

The hire purchase payables of the Group as at 31 March 2013 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.

B9. Realised and Unrealised Losses

	As at 31/03/2013	**As at 31/12/2012 (Audited)**
	RM'000	**RM'000**
Total accumulated losses of the Company and subsidiaries:-		
- Realised	(32,683)	(46,230)
- Unrealised	4	(11)
	(32,679)	(46,241)
Less: Consolidation adjustment	3,753	15,305
Total group retained	**(28,926)**	**(30,936)**

B10. 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.

B11. 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 following:-

(a) As disclosed in our 2012 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.

B12. Dividend Proposed

There was no dividend declared during the quarter under review.

B13. Earnings Per Share

a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period and excluding the treasury shares held by the Company.

b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity holders of the parent and weighted average number of ordinary shares in issue during the period and excluding treasury shares held by the Company.

B13. Earnings Per Share (Continued)

Basic		**Current Quarter 31/03/2013**	**Preceding Year Corresponding Quarter 31/03/2012**	**Current Year To Date 31/03/2013**	**Preceding Year Corresponding Period 31/03/2012**
Net profit attributable to owners of the parent	(RM'000)	2,010	1,111	2,010	1,111
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	145,386	144,386	145,386	144,386
Basic earnings per share	(Sen)	1.38	0.77	1.38	0.77

Diluted		**Current Quarter 31/03/2013**	**Preceding Year Corresponding Quarter 31/03/2012**	**Current Year To Date 31/03/2013**	**Preceding Year Corresponding Period 31/03/2012**
Net profit attributable to owners of the parent	(RM'000)	2,010	1,111	2,010	1,111
*Weighted average number of ordinary shares in issue and issuable	(Unit'000)	145,386	144,386	145,386	144,386
Diluted earnings per share	(Sen)	1.38	0.77	1.38	0.77

* The number of shares exercised under ESOS was not taken into account in the computation of diluted earnings per share because the effect on the basic earnings per share is antidilutive.