



GHL SYSTEMS BERHAD
(Company No: 293040-D)

Part A: Explanatory notes on consolidated results for the fourth quarter ended 31 December 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 for the financial period beginning on 1 January 2013:

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

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 financial year that have a material effect on the results of the Group for the twelve months ended 31 December 2013.

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 twelve months ended 31 December 2013 other than the followings:

On 22 May 2013, the High Court of Malaya at Kuala Lumpur has granted the Order confirming the Proposed Capital Reduction of GHL Systems Berhad ("GHL") and it has been lodged with the Companies Commission of Malaysia on 18 June 2013 pursuant to Section 64(6) of the Companies Act, 1965.

The issued and paid-up share capital of GHL is reduced from RM73,401,050 comprising 146,802,100 ordinary shares of RM0.50 each to RM29,360,420 comprising 146,802,100 ordinary shares of RM0.20 each effective 18 June 2013.

Following the completion of the Capital Reduction, GHL's authorised share capital has decreased from RM100,000,000 divided into 200,000,000 ordinary shares of RM0.50 each to RM40,000,000 divided into 200,000,000 ordinary shares of RM0.20 each. As the Capital Reduction and the Increase In Authorised Share Capital are inter-conditional upon each other, the authorised share capital of GHL is therefore consequently increased from RM40,000,000 divided into 200,000,000 ordinary shares of RM0.20 each to RM500,000,000 divided into 2,500,000,000 ordinary shares of RM0.20 each with effect on 18 June 2013.

GHL has completed the renounceable rights issue of 36,346,550 new ordinary shares of RM0.20 each in GHL on the basis of one (1) rights share for every four (4) ordinary shares of RM0.20 each held in GHL at an issue price of RM0.24 per rights share. The rights shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 31 July 2013. GHL latest paid up share capital after the listing of the rights shares are 183,148,650 ordinary shares of RM0.20 each.

On 30 October 2013, GHL Systems Berhad ("GHL") issued 283,500 new ordinary shares of RM0.20 each under the Executives Share Option ("ESS") at an issue price of RM0.34.

On 13 November 2013, GHL Systems Berhad ("GHL") issued 61,000 new ordinary shares of RM0.20 each under the Executives Share Option ("ESS") at an issue price of RM0.34.

On 02 December 2013, GHL Systems Berhad ("GHL") issued 1,893,700 new ordinary shares of RM0.20 each under the Executives Share Option ("ESS") at an issue price of RM0.34. GHL latest paid up share capital after the listing are 185,386,850 ordinary shares of RM0.20 each.

A7. Dividend Paid

There were no dividends paid for the twelve months ended 31 December 2013.



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 December	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CONTINUING OPERATIONS												
REVENUE												
External Sales												
Shared Services	5,406	5,132	3,117	1,818	799	928	-	-	-	-	9,322	7,878
Solution Services	1,490	2,086	357	605	786	884	122	-	-	-	2,755	3,575
Transaction Payment Acquisition	2,367	2,064	835	475	196	69	-	-	-	-	3,398	2,608
Inter-segment sales	4,186	3,744	-	-	-	-	-	-	(4,186)	(3,744)	-	-
	13,449	13,026	4,309	2,898	1,781	1,881	122	-	(4,186)	(3,744)	15,475	14,061
RESULTS												
Segment results	(4,291)	(428)	452	303	(572)	(172)	(298)	(480)	2,401	262	(2,308)	(515)
Interest income											69	56
Interest expense											(9)	(70)
(Loss)/Profit before taxation											(2,248)	(529)
Taxation											1,848	1,243
Net (loss)/profit for the period											(400)	714

Cumulative - 31 December	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CONTINUING OPERATIONS												
REVENUE												
External Sales												
Shared Services	24,373	22,130	12,133	6,140	3,434	2,958	-	-	-	-	39,940	31,228
Solution Services	7,807	7,635	2,011	2,388	1,582	1,611	442	-	-	-	11,842	11,634
Transaction Payment Acquisition	8,931	8,163	2,669	1,712	649	320	-	-	-	-	12,249	10,195
Inter-segment sales	15,216	15,305	-	-	-	-	-	-	(15,216)	(15,305)	-	-
	56,327	53,233	16,813	10,240	5,665	4,889	442	-	(15,216)	(15,305)	64,031	53,057
RESULTS												
Segment results	138	2,587	2,829	989	(1,002)	(71)	(902)	(480)	2,158	(259)	3,221	2,766
Interest income											215	277
Interest expense											(156)	(211)
Profit before taxation											3,280	2,832
Taxation											1,885	1,168
Net profit for the period											5,165	4,000



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 December 2013 of the balance sheet date that have not been reflected in this report other than the followings:

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

On 16 January 2014, GHL Systems Berhad ("GHL") issued 10,000 new ordinary shares of RM0.20 each under the Executives Share Option ("ESS") at an issue price of RM0.34. GHL latest paid up share capital after the listing are 185,576,850 ordinary shares of RM0.20 each.

On 12 February 2014, GHL had declared the takeover offer to acquire all of the shares in e-pay Asia Limited ("EPY"), a public company listed on the Australian Securities Exchange ("ASX") free from all its remaining conditions and accordingly the Offer is now unconditional. On 18 February 2014, GHL had commenced compulsory acquisition on the remaining EPY Shares not owned by GHL in accordance with the Corporations Act. The compulsory acquisition will be carried out on the same terms as the Offer, wherein the acquisition of the remaining EPY Shares will be satisfied either by:-

- (i) AUD0.40 cash for each EPY share held; or
- (ii) 2.75 GHL consideration shares for each EPY share held,

at the election for the shareholders of EPY (with AUD0.40 cash to be paid where no election is made). The consideration for the compulsory acquisition is expected to be settled within four to six weeks from 18 February 2014.

GHL had on 4 October 2013 entered into a share subscription agreement ("SSA") with Cycas ("Cycas") for the proposed issuance and allotment of up to such number of new GHL Shares equivalent to twenty percent (20%) of the enlarged issued and paid up share capital of GHL (i.e. after the completion of the Proposed EPY Acquisition and the Proposed Share Issuance) to Cycas at an issue price of RM0.42 per GHL Share ("New Issue Share(s)") to be satisfied in cash. GHL has obtained its shareholders' approval for the Proposed Share Issuance on 10 February 2014.



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 Pinoytek 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.

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.

GHL ePayments Sdn Bhd (“GEPsB”) had incorporated a 99.99% owned subsidiary in Thailand on 19 September 2013 namely GHL ePayments Co Ltd (“GEPCL”). The paid up share capital of GEPCL is THB5,435,000.00 divided into 54,350 ordinary shares of THB100.00 each, of which 54,347 ordinary shares of THB100 are held by GEPsB and the remaining three (3) ordinary shares are held one (1) each by Kanagaraj Lorenz, Amphol Suwantherangkoon and Passpunnee Mahayos.

On 8 October 2013, GHL ePayments Sdn Bhd (“GEPsB”) had incorporated a 99.99% owned subsidiary in Philippines, namely GHL ePayments Philippines, Inc. (“GEPPI”). The authorised and paid up capital shares of GEPPI is PHP8,800,000.00 divided into 88,000 ordinary shares of PHP100.00 each, of which 87,993 ordinary shares of PHP100 each are held by GEPsB and the remaining seven (7) ordinary shares are held one (1) each by Loh Wee Hian, Kanagaraj Lorenz, Rey Maria Chumacera, Czareenah Amiscaray, Maurine Javier, Roderick R.C. Salazar III and Rebecca D. De Guzman.



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 - Secured	RM'000 <u>172</u>
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A13. Capital Commitment

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

Approved but not contracted for	RM'000 <u>681</u>
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A14. Significant Related Party Transactions

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

Related Party:	Current Year Quarter 31/12/2013 RM'000	Preceding Year Corresponding Quarter 31/12/2012 RM'000	Current Year To Date 31/12/2013 RM'000	Preceding Year Corresponding Period 31/12/2012 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") *	643	286	1,680	920
# 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") *	187	243	356	394

^ 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

Performance of current quarter (4Q 2013) vs corresponding quarter (4Q 2012) by segment

GHL's group 4Q13 net profit after tax for the quarter ended 31 December 2013 was -RM0.4 million, a -156% decrease compared to RM0.7 million achieved in the 4Q12 quarter. There was a decrease in profitability despite a corresponding +10.1% yoy increase in group turnover to RM15.5 million (4Q12 RM14.1 million) due to the incurrence of RM0.9 million non-cash executive share scheme (ESS) option cost expensed off under MFRS 2 and one off costs relating to financial and advisory costs for the proposed acquisition of e-pay Asia Limited ("ePAY") amounting to RM1.5 million. However, the "normalised" profit after tax would have been RM2.0 million had the financial and advisory costs and executive share scheme option cost added back.

The performances of the individual segments are as follows.

Shared Services

The Shared Services division was the largest contributor to group revenue accounting for 60.2% for the group's turnover. This division was up 18.3% yoy (RM9.32 million vs RM7.88 million) as the group saw higher one off sales of EDC terminals during 4Q13 as well as higher annuity based revenues. Card sales during this quarter were however lower compared to the same period last year.

Solution Services

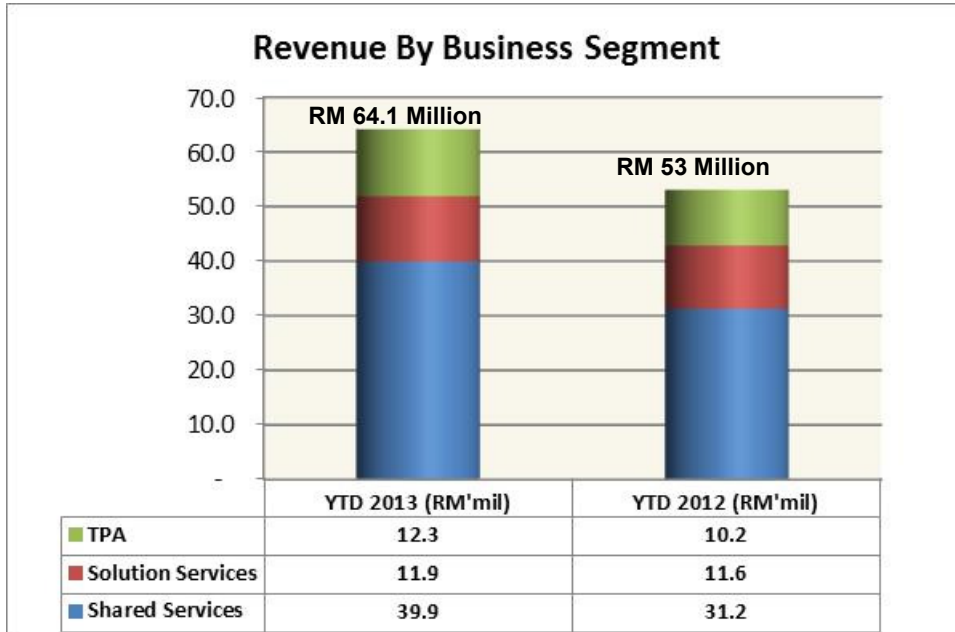
The Solution Services division contributed 17.8% during the 4Q quarter under review and declined -23.0% yoy due to higher software related sales recorded in the previous 4Q12. The 23.0% yoy decline was however offset by higher revenues recorded from annuity software maintenance revenue for the same period.

Transaction Payment Acquisition (TPA)

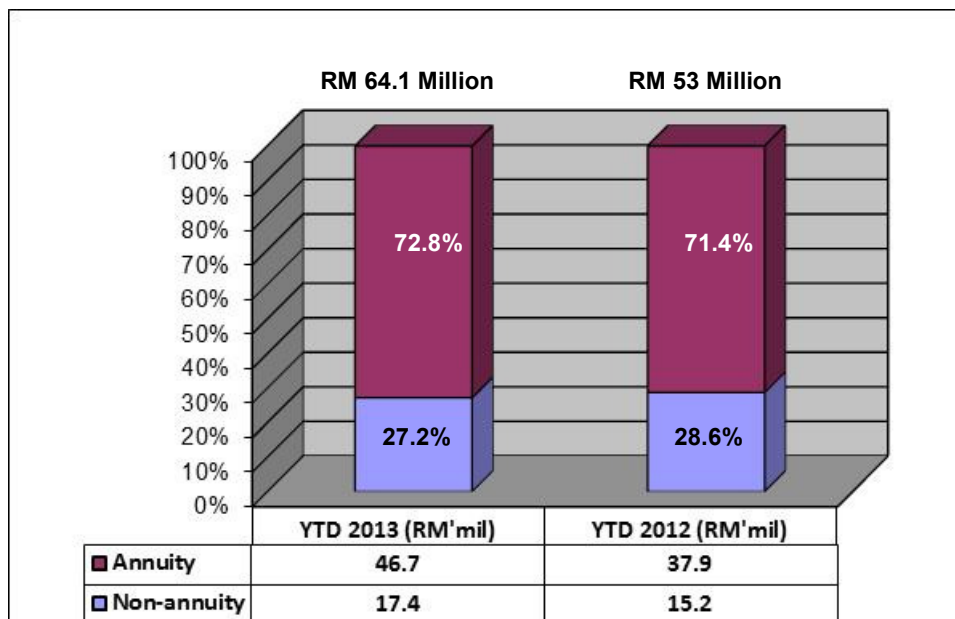
The TPA division revenue was RM3.4 million up +30.3% yoy from the corresponding quarter due to higher transaction fees collected from overseas operations.

B1. Review of Performance – Continuing Operations (continued)

GHL group’s financials for the year ended 31 December 2013 recorded revenues of RM64.1 million, +20.7% compared to RM53 million for the corresponding period in 2012. The Shared Services division continued to be the leading contributor at 62.4% (FY2012 – 58.9%) followed by TPA at 19.1% (FY2012 – 19.2%) and Solution Services 18.5% (FY2012 – 21.9%). In absolute terms, all three divisions recorded higher revenues compared to the same period in 2012.



The composition of annuity based revenue for 2013 increased by RM8.8 million which amounted to 72.8% of the total revenue as compared to 71.4% for 2012. In addition, higher rental and maintenance revenue from both Shared Services and Solution divisions plus higher revenues from TPA enabled the group to strengthen further its recurring annuity incomes.





B1. Review of Performance – Continuing Operations (continued)

The 4Q13 revenue improvement of +10.1% yoy to RM15.5 million was due to improvements in performance across all three geographical markets; Malaysia, Philippines and Thailand. In particular, the strongest performer in the 4Q13 was the Philippines which saw revenues grow by 48.7% to RM4.3 million.

Malaysia continues to be the main contributor (59.8%) but its share of group revenue is reducing as revenue from the other two markets start to grow strongly. 4Q13 revenues from the Malaysian operations were derived mainly from the Shared Services division. EDC terminal sales during 4Q were higher compared to 4Q12 but growth in the Shared Services division was mitigated slightly by slower card sales compared to a year ago. Solution Services 4Q13 revenues were also lower yoy due to higher hardware/software sales in 4Q12. TPA revenues from Malaysia were up +14.7%. Overall, Malaysia's revenue grew yoy due to higher shared services and TPA revenues despite lower solution services sales. Malaysia recorded an LBIT of -RM4.3 million mainly due to executive share scheme (ESS) option cost expensed off and one off advisory and professional fees for the proposed acquisition of ePay which was announced in early October 2013. The prospects for Malaysia remain positive as epayments steadily gains wider acceptance.

The group's Philippines business was the strongest performer in 4Q13, recording revenues of RM4.3 million (+48.7% yoy) and accounting for 27.8% of group revenues compared to 20.6% in 4Q12. Its TPA segment was the main growth driver (+75.7%) with Shared Services in second place (71.5%) whereas solution services were down -40.9%. In terms of profitability, Philippine's EBIT increased by 49.2% from RM0.3 million (4Q12) to RM0.5 million in 4Q13.

Thailand operations recorded a small decline in 4Q13 revenues to RM1.8 million (4Q12 RM1.9 million). Shared Services and Solution Services contribution were lower compared to the previous year due to higher hardware sales in the 4Q12 period. The decline in revenue of these two divisions was mostly offset by higher TPA revenues of RM0.2 million compared to RM0.1 million in 4Q12. In terms of profitability, the group's Thai operations recorded a loss at EBIT level of RM0.6 million due to investment in preparation for the launch of a new TPA business in the coming quarters.

Apart from the three main operating units in Malaysia, Thailand and Philippines, the group had marginal EBIT losses in Australia of RM0.3 million due to office overheads but it nevertheless recorded revenues of RM0.1 million vs nil in 2012.

B2. Current Year's Prospects

The group's cumulative net profit for the twelve months to 31 December 2013 increased by 18.7% to RM5.2 million (2012 RM4.4 million). This was despite RM0.9 million non-cash executive share scheme (ESS) option cost expensed off and one off cost relating to financial and advisory cost of RM1.5 million for e-pay Asia Limited acquisition. The group is now focused on strengthening its product offering and geographical footprint in Malaysia via the proposed acquisition of ePay. It is the group's intention to achieve operational synergies and cross selling opportunities between the two companies to generate higher returns and profitability.

Apart from the e-pay Asia Limited acquisition, the group is slated to launch several new initiatives in the coming quarters such as internet payment services as well as directly contracting with merchants for the provision of card payment services via a TPA model. While this launch will initially be in Thailand, the group intends to expand this to its other operations in Philippines and Malaysia. These initiatives should provide the group with organically driven growth over the next few years.

GHL group is optimistic about its 2014 prospects. With the ePay acquisition and the present investment in future growth opportunities, GHL group is well placed to take advantage of the overall shift from cash to e-payments in ASEAN.

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 <u>31/12/2013</u> RM'000	Preceding Year Corresponding Quarter <u>31/12/2012</u> RM'000	Current Year To Date <u>31/12/2013</u> RM'000	Preceding Year Corresponding Period <u>31/12/2012</u> RM'000
Amortisation of intangible asset	802	-	802	-
Bad debts written off	5	-	11	2
Depreciation of property, plant and equipment	1,538	1,590	7,666	5,922
Fixed assets (written back)/written off	173	14	144	224
(Gain)/Loss on foreign exchange				
- Realised	(3)	(516)	(606)	(175)
- Unrealised	(185)	150	(221)	11
(Gain)/Loss on disposal of fixed assets	(7)	(418)	(12)	(410)
(Gain)/Loss on disposal of investment	-	76	-	76
Gain on disposal of a subsidiary	-	-	-	(620)
Impairment loss on goodwill	-	713	-	713
Impairment loss on property, plant and equipment	-	194	-	194
Impairment loss on receivables	143	52	144	262
Interest income	(69)	(56)	(215)	(277)
Interest expenses	9	70	156	211
Inventory written off	159	863	159	863
Rental expenses	293	289	1,152	1,083
Reversal of allowance for doubtful debts	(63)	(10)	(166)	(222)
Reversal of loss on disposal of property, plant and equipment	-	(400)	-	(400)
Share based payment	869	-	869	-

B5. Taxation

	Current Quarter <u>31/12/2013</u> RM'000	Preceding Year Corresponding Quarter <u>31/12/2012</u> RM'000	Current Year To Date <u>31/12/2013</u> RM'000	Preceding Year Corresponding Period <u>31/12/2012</u> RM'000
(Tax expenses)/Tax refund	(92)	(43)	(129)	176
Deferred tax (assets)/expenses	(1,756)	(1,200)	(1,756)	(1,344)
	(1,848)	(1,243)	(1,885)	(1,168)

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 twelve months ended 31 December 2013.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the twelve months ended 31 December 2013.

B8. Status of Corporate Proposals

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

- (i) GHL Systems Berhad ("GHL") had on 4 October 2013 notified its intention to undertake a takeover offer to acquire all of the shares in e-pay Asia Limited ("EPY"), a public company listed on the Australian Securities Exchange ("ASX") for AUD0.40 per ordinary share in EPY ("EPY Share(s)") (equivalent to RM1.21) ("Offer Price") ("Offer") pursuant to Chapter 6 of the Australian Corporations Act, 2001 (Cth) ("Corporations Act"). On 12 February 2014, GHL had declared the Offer free from all its remaining conditions and accordingly the Offer is now unconditional. On 18 February 2014, GHL had commenced compulsory acquisition on the remaining EPY Shares not owned by GHL in accordance with the Corporations Act. The Offer will be closed at 7:00pm (Melbourne time) on 21 February 2014;
- (ii) Proposed exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Takeovers and Mergers 2010 ("Code") to Mr Loh Wee Hian and the parties acting in concert with him ("PAC") from the obligation to extend a mandatory takeover offer for the remaining ordinary shares of RM0.20 each in GHL ("GHL Share(s)") not already held by them pursuant to the issuance of new GHL Shares to them pursuant to the Proposed Acquisition. The SC had vide its letter dated 10 February 2014 approved the application for the Proposed Exemption; and
- (iii) GHL had on 4 October 2013 entered into a share subscription agreement ("SSA") with Cycas ("Cycas") for the proposed issuance and allotment of up to such number of new GHL Shares equivalent to twenty percent (20%) of the enlarged issued and paid up share capital of GHL (i.e. after the completion of the Proposed Acquisition and the Proposed Share Issuance) to Cycas at an issue price of RM0.42 per GHL Share ("New Issue Share(s)") to be satisfied in cash. GHL has obtained its shareholders' approval for the Proposed Share Issuance on 10 February 2014.



B9. Group Borrowings and Debt Securities

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

Hire Purchase

	Total Hire Purchase RM
Repayable within twelve months	608
Repayable more than twelve months	366
	974

The hire purchase payables of the Group as at 31 December 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.

B10. Realised and Unrealised Profit/(Losses)

	As at 31/12/2013	As at 31/12/2012 (Audited)
	RM'000	RM'000
Total retained profit/ (losses) of the Company and subsidiaries:-		
- Realised	77,405	(46,230)
- Unrealised	221	(11)
	<u>77,626</u>	<u>(46,241)</u>
Less: Share capital reduction	(44,041)	-
	<u>33,585</u>	<u>(46,241)</u>
Less: Consolidation adjustment	(15,216)	15,305
Total group retained	<u>18,369</u>	<u>(30,936)</u>

B11. Off Balance Sheet Financial Instruments

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

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 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.

B13. Dividend Proposed

There was no dividend declared for the nine months ended 31 December 2013.

B14. 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.

<u>Basic</u>		Current Quarter <u>31/12/2013</u>	Preceding Year Corresponding Quarter <u>31/12/2012</u>	Current Year To Date <u>31/12/2013</u>	Preceding Year Corresponding Period <u>31/31/2012</u>
Net (loss)/ profit attributable to owners of the Company	(RM'000)	(343)	732	5,264	4,370
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	186,193	145,386	169,936	145,386
Basic earnings per share	(Sen)	(0.18)	0.50	3.10	3.01

<u>Diluted</u>		Current Quarter <u>31/12/2013</u>	Preceding Year Corresponding Quarter <u>31/12/2012</u>	Current Year To Date <u>31/12/2013</u>	Preceding Year Corresponding Period <u>31/12/2012</u>
Net (loss)/ profit attributable to owners of the Company	(RM'000)	(343)	732	5,264	4,370
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	188,260	145,386	170,687	145,386
Diluted earnings per share	(Sen)	(0.18)	0.50	3.08	3.01