

This Prospectus has been seen and approved by the directors and promoters of the Company and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

The Adviser and Managing Underwriter acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Issue.

The Securities Commission ("SC") has approved the issue or invitation in respect of the public offering but the approval shall not be taken to indicate that the SC recommends the public offering.

The SC shall not be liable for any non-disclosure on the part of the Company and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. INVESTORS SHOULD THEREFORE RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

The Kuala Lumpur Stock Exchange ("KLSE") assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of GHL Systems or of its securities.

A copy of this Prospectus has been registered by the SC and lodged with the Chief Executive Officer of the Companies Commission of Malaysia who takes no responsibility for its contents.

This Prospectus can also be viewed or downloaded from the KLSE's website at www.klse.com.my.

Indicative Timetable

Date of Prospectus	6 March 2003
Opening and closing of Application List for the Issue Shares	19 March 2003
Tentative Balloting Date.....	22 March 2003
Tentative Date of Allotment.....	26 March 2003
Tentative Date of Despatch of Notices of Allotment to successful applicants	2 April 2003
Tentative listing date.....	8 April 2003

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE ISSUE WILL CLOSE AT THE DATE STATED ABOVE OR SUCH LATER DATE AS THE DIRECTORS OF GHL SYSTEMS TOGETHER WITH THE UNDERWRITERS MAY DECIDE, SUBJECT TO THE APPROVAL OF THE KUALA LUMPUR STOCK EXCHANGE AND THE SECURITIES COMMISSION.

DEFINITIONS

Unless otherwise indicated, the following definitions apply throughout this Prospectus:-

ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
AmMerchant Bank	:	AmMerchant Bank Berhad (formerly known as Arab-Malaysian Merchant Bank Berhad) (23742-V)
BNM	:	Bank Negara Malaysia
BSNC	:	BSNC Corporation Berhad (23877-T)
Card Pay	:	Card Pay Sdn. Bhd. (586681-A), a joint venture company between PaymentOne and BSNC, in which PaymentOne and BSNC have equity interests of 44.44% and 55.56% respectively
CDS	:	Central Depository System
EMV	:	EuroPay-MasterCard-Visa
EPS	:	Earnings per Share
ESOS	:	The employee share option scheme of up to 10% of the issued and paid-up share capital of the Company
ESS	:	Employee Share Scheme, involving an offer for sale by Tay Beng Lock, the Group Managing Director of GHL Systems, of up to 2,500,000 Shares in GHL Systems held by him, to the eligible employees of the Group for a nominal consideration of RM1.00 per employee
GHL EFTPOS	:	GHL EFTPOS Sdn. Bhd. (545819-V), a wholly owned subsidiary of GHL Systems
GHL Payments	:	GHL Payments Sdn. Bhd. (507515-H), a wholly owned subsidiary of GHL Systems
GHL Systems or Company	:	GHL Systems Berhad (formerly known as GHL Systems Sdn. Bhd.) (293040-D)
GHL Systems Group or Group	:	GHL Systems and its subsidiary companies
GHL Transact	:	GHL Transact Sdn. Bhd. (515104-K), a wholly owned subsidiary of GHL Systems
Issue	:	The issue of 63,000,000 Shares by the Company at the Issue Price subject to the terms and conditions of this Prospectus
Issue Price	:	RM0.20 for each Issue Share

DEFINITIONS (Cont'd)

Issue Shares	:	The 63,000,000 Shares in the capital of the Company to be issued pursuant to the Issue and subject to the terms and conditions of this Prospectus.
Issuing House	:	Malaysian Issuing House Sdn. Bhd. (258345-X)
IT	:	Information technology
KLSE or Exchange	:	Kuala Lumpur Stock Exchange (30632-P)
Listing Requirements	:	The Listing Requirements of the KLSE for the MESDAQ Market
MasterCard	:	MasterCard International, Inc
MCD	:	Malaysian Central Depository Sdn. Bhd. (165570-W)
MDC	:	Multimedia Development Corporation Sdn. Bhd. (389346-D)
MEPS	:	Malaysian Electronic Payment System (1997) Sdn. Bhd.
MESDAQ Market	:	The MESDAQ Market of the KLSE
MSC	:	Multimedia Super Corridor
NAV	:	Net assets value
NTA	:	Net tangible assets
Option	:	The right to subscribe for new Shares of the Company upon acceptance of an offer under the ESOS
PaymentOne	:	PaymentOne Sdn. Bhd. (592730-H), a wholly owned subsidiary of GHL Systems
Placement Agent	:	AmMerchant Bank
Promoters	:	BSNC, Goh Kuan Ho, Tay Beng Lock, Yeng Fook Hoo and Joshua Tan Siew Meng collectively
R & D	:	Research and development
RM and Sen	:	Ringgit Malaysia and Sen respectively
SC	:	Securities Commission
Shares	:	Ordinary shares of RM0.10 each in the capital of GHL Systems
USA	:	United States of America
USD	:	United States Dollars
Visa	:	Visa International

GLOSSARY OF TECHNICAL TERMS

ASP	:	Applications Service Provider
ATM	:	Automated Teller Machine
Debit ePOS	:	Interbank Electronic Funds Transfer at Point of Sale
ECR	:	Electronic Cash Register
EDC	:	Electronic Draft Capture
IDD / STD	:	International Direct Dial / Standard Trunk Dial
LAN	:	Local Area Network
MEPS CASH	:	Electronic Purse Smart Card, a prepaid e-cash scheme operated by MEPS
NAC	:	Network Access Controller, a network of communications devices for routing ISO8583 traffic, a messaging protocol often used in the financial industry for financial transactions
OLTP	:	Online Transaction Processing
PMPC	:	Payment Multi-Purpose Card that incorporates ATM smart card and MEPS CASH
POS	:	Point of Sale
SecureCode	:	SecureCode is MasterCard's new e-commerce security system for authenticating and authorising online e-commerce credit card transactions. SecureCode operates during an e-commerce payment transaction by displaying a pop-up window in which an online cardholder enters a personal code issued to him / her by his / her card-issuing bank to authenticate credit card transactions. With SecureCode, the liability for chargebacks is shifted from retailers and acquirers to card issuers.
SET	:	Secure Electronic Transaction, a specification developed by Visa and MasterCard to eliminate the authenticity issues of Secure Socket Layer, a protocol for transmitting confidential information via the internet, and is a secure payment method over the internet with better information integrity at added 1024 bit encryption process
SMS	:	Short Messaging Services
WAN	:	Wide Area Network
3D-Secure	:	A specification developed by Visa that covers three (3) authenticated domain transaction flows: the merchant and its bank (acquirer domain), the cardholder and his / her bank (issuer domain), and the cardholder's bank and the merchant's bank (interoperability domain)
24x7	:	24 hours a day, seven (7) days a week

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Designation	Nationality
Tunku Dato' Abdul Malek Bin Tunku Kassim	No. 9, Lorong Ampang Ulu 55000 Kuala Lumpur	Non-Executive Chairman	Malaysian
Tay Beng Lock	32-9-5 Bukit Desa Condo Jalan 3/109B Taman Bukit Desa 58100 Kuala Lumpur	Group Managing Director	Malaysian
Yeng Fook Hoo	A13A-2 Crown Tower Mon't Kiara Astana No. 1, Jalan Kiara 2 Off Jalan Bukit Kiara 50480 Kuala Lumpur	Deputy Group Managing Director	Malaysian
Goh Kuan Ho	No. 62, Desa Kekwa 43000 Kajang Selangor Darul Ehsan	Non-Executive Director	Malaysian
Mohamad Isa Bin Abdullah	VR-2-11 Villa Ruby Tiara Ampang Condominium Jalan Ampang 68000 Ampang Selangor Darul Ehsan	Non-Executive Director	Malaysian
Chong Teck Foh	3 Jalan Kasawari 6 Taman Eng Ann 41150 Klang Selangor Darul Ehsan	Independent Non-Executive Director	Malaysian
Yen Siw Kuin	64 Jalan SS2/91 47300 Petaling Jaya Selangor Darul Ehsan	Independent Non-Executive Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Yen Siw Kuin	Chairman	Independent Non-Executive Director
Chong Teck Foh	Member	Independent Non-Executive Director
Mohamad Isa Bin Abdullah	Member	Non-Executive Director

- COMPANY SECRETARIES** : Bernard Lim Boon Siang (LS/00770)
No. 43, Jalan Sungai Keramat 13
Taman Klang Utama
41200 Klang
Selangor Darul Ehsan
- Chin Fook Kheong (MIA 12595)
No. 56, Jalan 12/62
Bandar Sri Menjalara
52200 Kuala Lumpur
- REGISTERED OFFICE** : 36A Lorong Gelugor
Off Persiaran Sultan Ibrahim
41300 Klang
Selangor Darul Ehsan
Tel.: 03 – 3343 8148 / 3343 8149
- HEAD OFFICE** : No. 37, Cangkat Bukit Bintang
50200 Kuala Lumpur
E-mail: KL@ghl.com
Website: www.ghl.com
- REGISTRARS AND
TRANSFER OFFICE** : Signet Share Registration Services Sdn. Bhd.
11th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel.: 03 – 2145 4337
- AUDITORS AND
REPORTING ACCOUNTANTS** : Anuarul, Azizan, Chew & Co.
18 Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur
- SOLICITORS FOR THE LISTING
EXERCISE** : Wong Beh & Toh
Peti #30, Level 12, West Block
Wisma Selangor Dredging
142-C Jalan Ampang
50450 Kuala Lumpur
- SOLICITORS FOR THE COMPANY** : Rajah, Lau & Associates
B-13-13, Block B
13th Floor, Unit 13
Megan Phileo Avenue
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
- Tan Eng Choong & Co
No. 23, Jalan Pudu Lama
Bukit Mahkamah
50200 Kuala Lumpur

PRINCIPAL BANKERS	: Affin Bank Berhad Ground Floor, Menara Affin 80 Jalan Raja Chulan P.O. Box 12744 50788 Kuala Lumpur AmBank Berhad (formerly known as Arab-Malaysian Bank Berhad) Ground Floor, Plaza See Hoy Chan Jalan Raja Chulan 50200 Kuala Lumpur Malayan Banking Berhad <ul style="list-style-type: none">• G-Floor, Bangunan Yayasan Jalan Bukit Bintang 55100 Kuala Lumpur• 9 & 11, Jalan Bunga Tanjung 9C Taman Putra 56100 Ampang Selangor Darul Ehsan
ADVISER, SPONSOR, MANAGING UNDERWRITER AND PLACEMENT AGENT	: AmMerchant Bank Berhad (formerly known as Arab-Malaysian Merchant Bank Berhad) 22nd Floor, Bangunan AmBank Group 55 Jalan Raja Chulan 50200 Kuala Lumpur
UNDERWRITERS	: AmMerchant Bank Berhad (formerly known as Arab-Malaysian Merchant Bank Berhad) 22nd Floor, Bangunan AmBank Group 55 Jalan Raja Chulan 50200 Kuala Lumpur AmSecurities Sdn. Bhd. (formerly known as Arab-Malaysian Securities Sdn. Bhd.) 15th Floor, Bangunan AmBank Group 55 Jalan Raja Chulan 50200 Kuala Lumpur
ISSUING HOUSE	: Malaysian Issuing House Sdn. Bhd. 27 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel.: 03 – 2693 1117
LISTING SOUGHT	: KLSE MESDAQ Market

2. PROSPECTUS SUMMARY

THE FOLLOWING PROSPECTUS SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE GHL SYSTEMS GROUP. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.

The following summary is qualified in its entirety by the more detailed information, including the Accountants' Report and Notes thereto, included elsewhere in this Prospectus. This Prospectus contains certain statements of a forward-looking nature relating to future events or the future financial performance of the Company and its subsidiary companies. Prospective investors are cautioned that such statements are only predictions and that actual results or events when materialised may differ materially from those disclosed in this Prospectus. Therefore, in evaluating such statements, prospective investors should carefully consider the various factors identified in this Prospectus, including the matters set forth under the heading "Risk Factors."

2.1. History, Principal Activities and Group Structure

GHL Systems was incorporated in Malaysia on 29 March 1994 under the Companies Act, 1965 as a private limited company with the name of Info Era (Kuantan) Sdn. Bhd. Subsequently, the Company changed its name to GHL Automation (Kuantan) Sdn. Bhd. and later assumed its present name on 30 January 1999. GHL Systems was converted to a public limited company on 16 July 2002. On 28 December 1998, GHL Systems was granted MSC status by MDC.

The Group's core business is primarily focused on online transactions, with emphasis on payment solutions, transaction processing and customer loyalty programs. In the physical world, the Group's merchant acquiring shared services allow merchants to operate multiple business schemes using a single counter-top EDC terminal. The Group's EDC terminals are currently designed to facilitate credit card payments, debit card, prepaid airtime reload, stored-value payments and loyalty schemes with future plans to incorporate bill payment and stored-value reload facilities. The Group's software solutions facilitate high volume credit card processing, online transaction processing ("OLTP"), transaction routing and protocol switching as well as end-to-end loyalty programs.

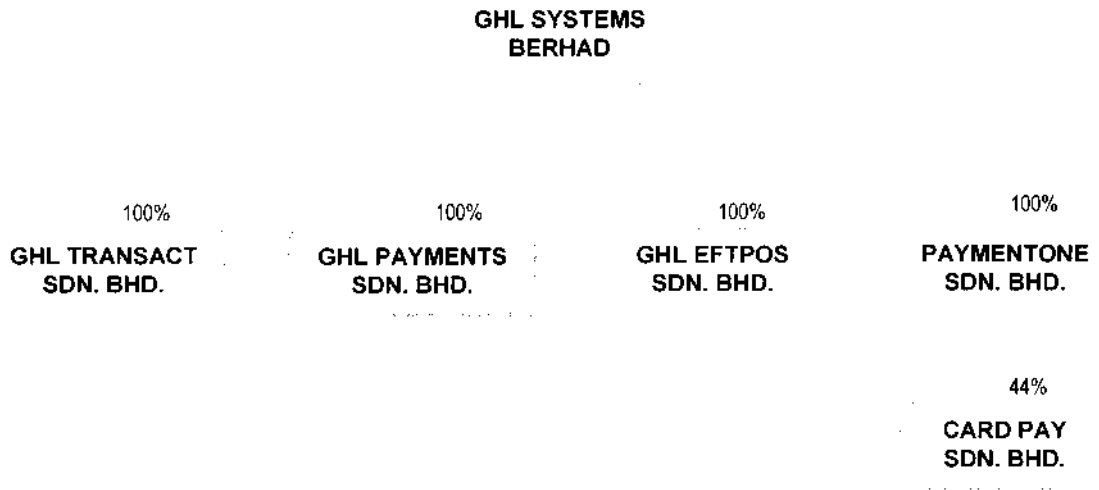
In the virtual world, the Group's hosting service, provided through *PayDirect.com.my*, enables merchants to leverage on its secure infrastructure, without the cost and complexity associated with operating e-commerce payment solutions themselves. The Group's customers include local financial institutions and other corporations that provide online transaction services to their customers or operate customer loyalty programs. The Group also believes that it is one of the pioneers in the country in providing mobile airtime reload services using EDC terminals, via its innovative *WHOOPS* service, without the need for physical prepaid reload cards or personal identification numbers.

The Group's mission is to be a business and technology leader in online transactions, with special emphasis on payment, transaction processing and loyalty solutions, and to ensure that the Group's products and services achieve the highest possible quality at the most competitive price.

On 29 December 2001, GHL Systems acquired 100% equity interests in GHL Transact, GHL Payments and GHL EFTPOS vide share sale and purchase agreements with N-Blue Star Sdn. Bhd. for a total cash consideration of RM4 million. In arriving at the purchase consideration, the management of GHL Systems has taken into consideration the forecast results of GHL Transact, GHL Payments and GHL EFTPOS for the financial year ending 31 December 2002. On 30 May 2002, GHL Systems obtained a new investor, BSNC, which has also become one of its substantial shareholders.

On 28 September 2002, GHL Systems acquired a 100% equity interest in PaymentOne for a cash consideration of RM2. The issued and paid-up share capital of PaymentOne is currently RM400,000 comprising 400,000 ordinary shares of RM1.00 each. PaymentOne has entered into a joint venture with BSNC, via Card Pay, a company incorporated on 17 July 2002. The issued and paid-up share capital of Card Pay is currently RM900,000 comprising 900,000 ordinary shares of RM1.00 each, of which PaymentOne and BSNC hold 400,000 and 500,000 ordinary shares of RM1.00 each respectively.

GHL Systems has four (4) wholly owned subsidiary companies, being GHL Transact, GHL Payments, GHL EFTPOS and PaymentOne, and an associated company, Card Pay. Below is a graphical presentation of the Group structure:-



Further information on the above companies is disclosed in Section 6 "Business Overview" and Section 9 "Statutory Information" of this Prospectus.

2.2. Ownership and Management

Based on the Register of Substantial Shareholders of GHL Systems as at the date of this Prospectus, the direct and indirect interests of the substantial shareholders, directors and Promoters in the issued share capital of the Company are as follows:-

Name	Nationality / Place of Incorporation	Before Issue			After Issue			After Full Exercise of ESOS ^g		
		Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares	Direct No. of Shares	%	Indirect No. of Shares
BSNC ^a	Malaysia	56,150,850	30.00	-	56,150,850	22.45	-	56,150,850	20.41	-
Bank Simpanan Nasional ^{b,c}	Malaysia	-	-	56,150,850	30.00	-	56,150,850	22.45	-	56,150,850
Tabung Amanah Warisan Negeri Johor ^{b,c}	Malaysia	-	-	56,150,850	30.00	-	56,150,850	22.45	-	56,150,850
Tunku Dato' Abdul Malek Bin Tunku Kassim ^d	Malaysian	-	-	-	-	100,000	0.04	-	100,000	0.04
Tay Beng Lock ^{a,d}	Malaysian	22,800,270	12.18	-	22,800,270	9.11	-	23,800,270	8.65	-
Yeng Fook Hoo ^{a,d}	Malaysian	14,600,100	7.80	-	14,600,100	5.84	-	15,600,100	5.67	-
Goh Kuan Ho ^{a,d}	Malaysian	79,000,460	42.21	-	79,590,460	31.82	-	79,590,460	28.92	-
Mohamad Isa Bin Abdullah ^d	Malaysian	-	-	-	25,000	0.01	-	25,000	0.01	-
Chong Teck Foh ^d	Malaysian	-	-	-	-	-	-	-	-	-
Yen Siw Kuan ^d	Malaysian	-	-	-	-	-	-	-	-	-
Joshua Tan Siew Meng ^a	Malaysian	12,100,100	6.47	-	12,100,100	4.84	-	12,100,100	4.40	-

Notes:-

- ^a Promoters of GHL Systems.
- ^b Disclosure of indirect interests by virtue of shares held in a downstream company is restricted only to the immediate downstream company.
- ^c Deemed substantial interest through BSNC.
- ^d Directors of GHL Systems.
- ^e The shareholding shown is after the completion of the ESS, pursuant to which Tay Beng Lock will offer up to 2,500,000 Shares ("Offer Shares") out of a total of 25,300,270 Shares held by him, for sale to the eligible employees of the Group for a nominal consideration of RM1.00 per employee. The Offer Shares will be transferred to the employees during the prescription period. Further details of the ESS are disclosed in Section 9.5 of this Prospectus.
- ^f Based on their respective allocations in respect of the 8,000,000 Issue Shares made available for application by the eligible directors and employees of the Group, and other persons who have contributed to the success of the Group.
- ^g The ESOS will only be implemented i.e. the Options under the ESOS will only be offered to the eligible directors and employees of the Group, on the date of the Company's listing on the MESDAQ Market. The shareholdings shown here are based on the assumption that the number of Options to be granted under the ESOS is 10% of the Company's enlarged issued and paid-up capital on the date of listing. Under the terms of the Bye-Laws of the ESOS, the quantum of the ESOS is up to 10% of the Company's issued and paid-up capital at any time during the existence of the ESOS.
- ^h Based on their respective indicative ESOS allocations as follows:-
- | | |
|---------------|--------------------------------|
| | Indicative No. of ESOS Options |
| Tay Beng Lock | 1,000,000 |
| Yeng Fook Hoo | 1,000,000 |

A description of the Promoters, substantial shareholders, directors, and key management and technical personnel, and their direct and indirect shareholdings in the Company, is disclosed in Section 7 "Shareholders, Directors, Key Management and Technical Personnel" of this Prospectus.

2.3. Products and Services

GHL Systems provides various products and services for the payment and OLTP markets:-

2.3.1. Services

As a comprehensive solutions provider for payment and OLTP solutions, the Group provides its customers with OLTP solutions, maintenance and after-sales support via its EDC Pool Program and EDC Corporate Sales business units, as well as prepaid airtime reload facilities via *WHOOPS*.

(a) EDC Pool Program

The EDC Pool Program is a merchant acquiring shared services business that is structured in such a way that when banks outsource the provision of EDC services to the Group, the cost of providing EDC services is transferred from the banks to the merchants, and the banks can avoid the high capital outlay for the purchase of EDC terminals. The Group also assists banks in their merchant recruitment activities, and helps potential merchants in their applications to the acquiring banks. A higher service level is provided through this outsourcing model as compared to the service level traditionally provided by banks, and the merchants are charged a monthly rental for the EDC services.

(b) EDC Corporate Sales

Under this model, the Group either sells EDC terminals to banks to be deployed at merchants' outlets, or rents them to banks and assists the banks in installing the rented EDC terminals at merchants' outlets. After-sales service will be provided by GHL Systems and GHL Transact to the merchants under either option via maintenance contracts with the banks.

(c) WHOOPS

WHOOPS is an innovative prepaid reload service that, amongst others, enables participating mobile operators to offer their customers the convenience of replenishing prepaid mobile airtime, using the Group's extensive EDC terminal network. Through *WHOOPS*, the GHL Systems Group was the first local service provider to offer the capability of re-loading mobile airtime without the need for any physical prepaid reload cards or personal identification numbers. *WHOOPS* also caters for IDD / STD prepaid and internet prepaid reloads.

2.3.2. Software Solutions and Hosting

The Group markets and sells software solutions and operates an online credit card payment hosting service by the market brand name of *PayDirect*. Currently, the Group offers and sells the software solutions developed by the Group, namely *PivotPoints*, *NetMerchant*, *NetAccess* and *NetSync*.

PivotPoints, a ready-to-deploy Web-based program, is designed for and targeted at large organisations that require sophisticated end-to-end loyalty programs.

NetMerchant is targeted at large organisations that process large daily volumes of online credit card transactions for their large customer bases.

NetAccess was developed for and is targeted at acquiring banks that need to deploy "multi-lane EDC solutions" at their merchants' outlets, such as supermarkets and departmental stores.

NetSync is targeted at service providers such as financial institutions and telecommunications companies, that need to set up multi-channel delivery systems for the provision of their services.

2.3.3. Hardware

Being the distributor for VeriFone EDC terminals in Malaysia currently, the Group either sells or rents the VeriFone EDC terminals.

2.4. Intellectual Property

The Group is in the process of registering the *WHOOPS* and *PAYDIRECT* logos as servicemarks. The Group has also registered the domain names *www.whoops.com.my* and *www.paydirect.com.my*, which it uses in connection with its business, with the Malaysian Network Information Centre.

2.5. Research and Development Capabilities

As at 21 February 2003, the Group employed 26 full-time professionals to conduct in-house R & D. The Group's R & D activities are housed under GHL Systems and the R & D centre is located in Technology Park Malaysia. Current and future R & D activities of the Group may include the following:-

- (a) The development of add-on hardware for the EDC terminals to provide total solutions to the customers; and
- (b) The enhancement of the current software solutions to provide value-added functionality.

Please see Section 6.10 "Research and Development" of this Prospectus for further information.

2.6. Pro-forma Historical Financial Record

The financial highlights of the Group pertaining to the past five (5) financial years ended 31 May 2001, the seven (7) months ended 31 December 2001 and the ten (10) months ended 31 October 2002, reproduced from the Accountants' Report which was based on the audited financial statements of GHL Systems and its subsidiary companies and based on the assumption that the Group had been in existence upon the incorporation of its subsidiary companies during the year ended 31 May 1997, are provided for illustrative purposes in the table below:-

	←----- Year Ended 31 May -----→					7 Months	10 Months
	1997	1998	1999	2000	2001	Ended 31.12.2001	Ended 31.10.2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	-	-	-	1,532	11,067	9,501	21,305
(Loss) / Profit before interest, R & D, depreciation and taxation	-	(14)	(270)	(40)	2,810	2,773	4,808
R & D expense	-	-	-	-	-	-	-
Interest expense	-	-	-	-	(89)	(170)	(281)
Depreciation	-	-	(63)	(129)	(634)	(1,100)	(2,355)
(Loss) / Profit before taxation	-	(14)	(333)	(169)	2,087	1,503	2,172
Taxation ^d	-	-	-	-	-	-	-
(Loss) / Profit after taxation	-	(14)	(333)	(169)	2,087	1,503	2,172
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	^e -	^e -	32	100	100	4,776	^f 120,279
Net EPS (RM) ^g	-	(7,000.00)	(10.41)	(1.69)	20.87	0.31	0.02

Notes:-

- a *Deferred expenditure charged to the income statement is stated retrospectively as a result of the change in accounting policies to comply with the Malaysian Accounting Standards Board (MASB) Standard No. 1.*
- b *The Pro-forma Consolidated Income Statements for the past financial years / period ended 31 May 1997 to 31 December 2001, and the Consolidated Income Statement for the financial period ended 31 October 2002 have been prepared on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of GHL Systems unless they are inconsistent with applicable approved accounting standards in force at the present moment, in which case, the latter standards have been used retrospectively as the basis of preparation of the pro-forma consolidated or consolidated financial results, as the case may be.*
- c *There were no minority interests, exceptional or extraordinary items in the financial years / periods under review.*
- d *No provision for taxation had been made due to utilisation of unabsorbed tax losses and unutilised capital allowances brought forward from previous years / periods.*
- e *Two (2) ordinary shares of RM1.00 each.*
- f *Ordinary shares of RM0.10 each.*
- g *The net EPS has been calculated based on the profit or loss after taxation and the weighted average number of ordinary shares in issue.*

An extract of the Pro-forma Statement of Assets and Liabilities from the Accountants' Report is shown below. Details concerning the Pro-forma Statement of Assets and Liabilities are shown in the notes thereto in the Accountants' Report.

	The Company as at 31.10.2002	The Group as at 31.10.2002	The Group as at 31.10.2002 After Issue ^a	The Group as at 31.10.2002 After Issue and Full Exercise of ESOS ^b
	RM'000	RM'000	RM'000	RM'000
Property, Plant and Equipment	5,441	14,355	14,355	14,355
Investment in Subsidiaries	4,000	-	-	-
Goodwill on Consolidation	-	1,624	1,624	1,624
Current Assets	11,356	12,290	23,584	28,587
Current Liabilities	(1,387)	(6,694)	(6,694)	(6,694)
Net Current Assets	9,969	5,596	16,890	21,893
	19,410	21,575	32,869	37,872
Share Capital	18,715	18,715	25,015	27,517
Share Premium	-	-	4,994	7,495
Retained Profit	575	2,420	2,420	2,420
	19,290	21,135	32,429	37,432
Term Loan	-	-	-	-
Lease Creditors	120	440	440	440
	19,410	21,575	32,869	37,872
No. of Shares ('000)	187,152	187,152	250,152	275,167
NTA per Share (RM)	0.10	0.10	0.12	0.13
NTA per Share net of computer software classified as fixed assets (RM)	0.08	0.08	0.11	0.11

Notes:-

- a *Issue of 63,000,000 new Shares at an Issue Price of RM0.20 per Share. The listing expenses of RM1.306 million have been set-off against the share premium account.*
- b *Assumes that the ESOS is fully exercised at an exercise price equivalent to the Issue Price of RM0.20 per Share.*

The ESOS is not expected to have any effect on the NTA per Share of the Group until such time as the Options granted under the ESOS are exercised. Any potential effect of the ESOS on the NTA of the Group in the future would depend on the number of Options granted and exercised at any point in time as well as the price payable upon the exercise of the Options.

Barring unforeseen circumstances, on the date of listing of GHL Systems on the MESDAQ Market, the Board of Directors of GHL Systems proposes to grant up to 21,090,000 Options to executive directors and employees of the Group. The exercise price for such Options shall be the Issue Price.

There were no audit qualifications in the period under review.

2.7. Risk Factors

Prospective investors, prior to making an investment in the Company, should carefully consider the risk factors inherent in and affecting the business of the Company and its subsidiary companies and this offering. In addition, the discussion in this Prospectus contains forward-looking statements that involve risks and uncertainties. The Company's and the Group's actual results when materialised could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Section 4 "Risk Factors" of this Prospectus, and also include those discussed throughout this Prospectus.

The key risk factors that may affect the Group's future profitability are not limited to financial risks, market risks and industry risks. Risk factors include credit card fraud, mutual reliance between supplier of EDC terminals and GHM Systems Group, operating risks, competition, future growth, changes in technology and products / services, continuing demand for the Group's products and services, dependence on directors and key personnel, and the need to hire additional personnel for future growth, reliance on major relationships, protection of intellectual property rights, acquisitions and joint ventures, future capital injections, continued control by existing shareholders, foreign exchange risk, litigation risk, maintenance and reliability of the telecommunications network infrastructure and security risks, dependence on third party telecommunications infrastructure or vendors, change in or loss of MSC status, foreclosure on premises and disruption to operations, past non-tradability of Shares and possible volatility of Share price, forward-looking statements, regulatory risks, changes in political, economic and social conditions, and failure or delay in the listing.

Details of the aforementioned risks are provided in Section 4 "Risk Factors" of this Prospectus.

If you are unsure about any of the information contained in Section 4 "Risk Factors" of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

2.8. Prospects and Outlook

Despite the risks associated with the Group as summarised above, the prospects and business of the Group are encouraging in view of various factors.

The Group has shown good potential in its product and service innovations. The Group has been generating profits and cash flow during the financial year ended 31 May 2001, the seven (7) months ended 31 December 2001 and the ten (10) months ended 31 October 2002. The Group's EDC service clientele base includes Affin Bank Berhad ("**Affin Bank**"), Alliance Bank Berhad, AmBank Berhad (formerly known as Arab-Malaysian Bank Berhad) ("**AmBank**"), Citibank Berhad ("**Citibank**"), RHB Bank Berhad ("**RHB**") and Standard Chartered Bank Malaysia Berhad. The Group has also successfully implemented an end-to-end loyalty program for BP Malaysia Sdn. Bhd. (the BP EZ-Card), amongst others. The Group is currently the distributor for VeriFone EDC terminals in Malaysia. The foregoing facts lend credibility not only to the Group's products and services but also its ability to successfully develop and maintain customer relationships.

In the near future, all magnetic-based bank-issued cards as well as EDC terminals will have to be replaced by chip-based cards and EDC terminals, with the first implementation to commence in 2003, as directed by BNM. In view of the impending migration, the Group has already commenced negotiations with acquiring banks to market its EuroPay-MasterCard-Visa ("**EMV**")-compliant products and services. To cater for the needs of each existing and prospective acquiring bank, the Group has several sales strategies to satisfy their requirements, from the cost as well as quality perspective.

In the next few years, the Group will also be focusing on expanding its market share for EDC terminal rental by diversifying the applications of the EDC terminals through the development of terminal software as well as add-on hardware. However, the Group has no official sources of information on its current market share. The Group's software development is moving towards evolution and enhancements that provide more value-added functionalities. Its hardware development is moving towards the development of add-on hardware to deliver total solutions to customers, such as a universal EDC terminal with electronic cash register function.

The Group has begun to realise the need to package *NetMerchant* specifically for different market segments, such as companies with multiple outlets such as supermarket chains and petrol kiosks and for customers requiring a high degree of redundancy and scalability in their card processing applications. The Group will also develop a standard variant of *NetMerchant* in the first quarter of 2003 which is customisable and can be integrated into other systems. The Group will aim to partner banks to create awareness and eventually obtain the banks' endorsement for *NetMerchant* and will also develop a track record by having *NetMerchant* deployed in large and reputable organisations. The Group has developed a more sophisticated technical support structure in the last quarter of 2002 to better service customers.

The software development platform market in which *NetSync* competes is entrenched with established players from the United States of America ("USA") such as Microsoft Corporation and Oracle Corporation. Therefore, the Group aims to market *NetSync* by bundling it with other products developed by the Group such as *NetMerchant*, and to present it to customers as a total custom solution involving consultancy and professional development services. The opportunities for *NetAccess* exist in three (3) areas which are synergistic to the Group's existing business: as a communications routing device for *NetMerchant* and *NetSync* to form a solution suite; as a Local Area Network ("LAN") concentrator for EDC terminals deployed at supermarkets and hotels with leased-line connections to acquiring banks; and as a Wide Area Network ("WAN") concentrator deployed in a bank's payment network for the merchants' EDC terminals to dial to for payment transactions.

The market segments for loyalty programs are diverse, ranging from small to large-sized customers to the internet market, and opportunity exists if the solution can fulfil the requirements and budget of each segment. The Group therefore strategises to provide products or services that meet the technical and business requirements for a loyalty solution within the customer's budget. To entrench *PayDirect*'s market position, the Group is working closely with MEPS and the local banks to improve end-to-end online payment processing and to minimise fraud, whilst enhancing the existing internal processes to improve efficiency and customer satisfaction, and continuously improving the technology behind *PayDirect* in line with developments in global online payment capabilities. The Group will be establishing a strategic partnership and forging a synergistic business alliance with OneEmpower Pte Ltd with the endorsement of MasterCard, to launch a new internet payment service in the first quarter of 2003 which supports both MasterCard's Secure Code initiative and the Verified by Visa initiative.

The Group aims to increase the customer base for *WHOOPS*, by setting up a dedicated sales team and an agent scheme to increase the *WHOOPS* retailer base, and providing payment facilities via credit cards, personal savings or current accounts to customers who choose to purchase *WHOOPS* products via SMS. The Group continuously strives to establish partnerships with different service providers to increase *WHOOPS* products and services.

With its track record, experience and technological know-how, the Group should be able to maintain its position and capitalise on growth opportunities in the OLTP market.

2.9. Principal Statistics Relating to the Issue

The following statistics relating to the Issue are derived from the full text of this Prospectus and should be read in conjunction with that text.

Share Capital

Authorised share capital:	RM
500,000,000 ordinary shares of RM0.10 each	<u>50,000,000</u>
Issued and fully paid-up share capital:	
187,151,780 ordinary shares of RM0.10 each	18,715,178
To be issued pursuant to the Issue:	
63,000,000 ordinary shares of RM0.10 each	6,300,000
Enlarged capital upon listing	<u>25,015,178</u>
To be issued pursuant to full exercise of ESOS Options	
25,015,000 ordinary shares of RM0.10 each	2,501,500
Enlarged capital upon full exercise of ESOS Options	<u>27,516,678</u>
Issue Price per ordinary share of RM0.10 each	RM0.20
Market capitalisation based on Issue Price of RM0.20 per ordinary share of RM0.10 each	RM50,030,356

The Issue shall be by way of private placement for domestic and foreign investors, and public offering for members of the Malaysian public.

There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each. The Issue Shares shall rank pari passu in all respects with the existing issued Shares of the Company, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Pro-forma NAV based on the Pro-forma Consolidated Balance Sheet as at 31 October 2002:-

Pro-forma NAV upon listing	RM32,429,075
Pro-forma NAV per Share upon listing (sen)	12.96

Pro-forma NTA based on the Pro-forma Consolidated Balance Sheet as at 31 October 2002:-

Pro-forma NTA upon listing	RM30,805,519
Pro-forma NTA per Share upon listing (sen)	12.31

2.10. Proceeds of Issue and Proposed Utilisation

Based on an Issue Price of RM0.20 per Share, the Company expects the gross proceeds of the Issue of RM12.6 million to accrue to the Company. This amount is expected to be utilised in the manner as follows:-

Purpose	RM'000
Working capital	11,294
Estimated listing expenses	1,306
	12,600

Note: Details of the utilisation of proceeds are further disclosed in Section 3.6 "Utilisation of Proceeds" of this Prospectus.

2.11. Material Litigation, Commitments and Contingent Liabilities

Save as disclosed below, as at 21 February 2003, being the latest practicable date prior to the printing of this Prospectus, there does not exist any material litigation, capital commitment or contingent liability which may materially affect the Group.

Contingent Liabilities	RM'000
Bank Guarantees	900

Kindly refer to Section 5.8 "Working Capital, Borrowings and Contingent Liabilities" of this Prospectus for further information on the above-mentioned contingent liabilities.