

5. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

5.1. Profit Record

The table below sets out a summary of the audited pro-forma consolidated results of the Group for the past five (5) financial years ended 31 May 2001 and the seven (7) months ended 31 December 2001, and the audited consolidated results of the Group for the ten (10) months ended 31 October 2002, and is provided for illustrative purposes based on the audited financial statements of GHL Systems and its subsidiary companies, prepared on the assumption that the Group had been in existence upon the incorporation of its subsidiary companies during the year ended 31 May 1997:-

	←----- 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 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.*

5.2. Consolidated Balance Sheet

The table below sets out the audited consolidated balance sheet of the Group as at 31 October 2002 based on the audited financial statements of GHL Systems and its subsidiary companies:-

	RM'000
Property, plant and equipment	14,355
Goodwill on consolidation	1,624
Current assets	
Inventories	1,953
Trade receivables	5,917
Other receivables	808
Fixed deposits placed with licensed banks	1,757
Cash and bank balances	1,855
	<hr/> 12,290
Current liabilities	
Trade payables	3,679
Other payables	1,955
Term loan ^a	112
Lease creditors	948
	<hr/> 6,694
Net current assets	5,596
	<hr/> <hr/> 21,575
Represented by:	
Share capital	18,715
Retained profit	2,420
	<hr/> 21,135
Long term liabilities	
Lease creditors	440
	<hr/> <hr/> 21,575

Note:-

- a *The term loan is secured by way of a specific debenture over the EDC terminals of GHL Payments, both present and future, and a joint and several guarantee by three (3) of the directors of the Company. The term loan bears an interest rate of 2.50% per annum above the bank's base lending rate.*

5.3. Consolidated Cash Flow Statement

The table below sets out the audited consolidated cash flow statement of the Group for the ten (10) months ended 31 October 2002 and is provided for illustrative purposes based on the audited financial statements of GHL Systems and its subsidiary companies:-

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit for the period	2,172
Adjustments for:	
Depreciation of property, plant and equipment	2,356
Loss on disposal of property, plant and equipment	621
Loss on foreign exchange	3
Interest income	(28)
Interest expense	281
Operating profit before working capital changes	<u>5,405</u>
Decrease / (Increase) in working capital:	
Inventories	(1,468)
Receivables	363
Payables	<u>(2,552)</u>
Cash generated from operations	1,748
Interest received	28
Interest paid	(281)
Net cash from operating activities	<u><u>1,495</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(5,784)
Proceeds from disposal of property, plant and equipment	339
Purchase of associated company	(2)
Disposal of associated company	2
Net cash used in investing activities	<u><u>(5,445)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Drawdown of hire purchase	240
Repayment of hire purchase and lease payables	(583)
Repayment of term loans	(1,473)
Proceeds from issue of shares	7,715
Net cash from financing activities	<u><u>5,899</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,949
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1,663
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	<u><u>3,612</u></u>

5.4. Key Financial / Operating Ratios

The table below sets out key financial ratios which are provided for illustrative purposes based on the audited financial statements of GHL Systems and its subsidiary companies, prepared on the assumption that the structure of the Group had been in existence throughout the period under review:-

Year Ended 31 May	1997	1998	1999	2000	2001	7 Months Ended 31.12.2001	10 Months Ended 31.10.2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Pre-tax profit margin (%)	-	-	-	-	18.85	15.82	10.19
Effective tax rate (%)	-	-	-	-	-	-	-
Total bank borrowings	-	-	-	-	3,842	3,085	1,499
Interest expense	-	-	-	-	(89)	(170)	(281)
Interest cover (times)	-	-	-	-	24.4	9.8	8.7

5.5. Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

(b) Basis of Consolidation

The consolidated statements of assets and liabilities consolidate the financial statements of GHL Systems and all its subsidiary companies. Inter-company transactions are eliminated upon consolidation and the consolidated accounts reflect external transactions only.

(c) Goodwill on Consolidation

The difference between the costs of acquisition and the underlying net asset value of the subsidiary companies at the date of acquisition are included in the Group financial statements as goodwill on consolidation.

No amortisation has been provided on the value of goodwill of the Company as the directors are of the opinion that there is no permanent impairment to the value of the goodwill.

(d) Investment in Subsidiary Companies

A subsidiary is a company in which the Company controls the composition of its board of directors or more than half of its voting power, or holds more than half of its issued ordinary share capital.

Investment in subsidiary companies is stated at cost and written down when the directors consider that there is a permanent diminution in the value of such investment.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

All property, plant and equipment are depreciated on a straight-line method at rates calculated to write off the cost of the assets over their estimated useful lives.

The principal annual rates used are as follows:-

EDC equipment	20%
Computer equipment	33%
Computer software	10%
Furniture, fittings and equipment	10%
Motor vehicles	20%

Computer software represents all intellectual property rights including source programs, flow charts and documentation. Computer software has been classified as property, plant and equipment as the directors are of the opinion that the computer software is held by the Company for use in the production or supply of goods or services, for rental to others, or for administrative or maintenance purposes and is expected to be used during more than one (1) reporting period.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value, where cost is determined on a first-in-first-out basis. The cost includes all those expenses, which relate to bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

(g) Revenue Recognition

- (i) EDC rental is recognised on an accrual basis.
- (ii) General sales are recognised upon delivery of products and customer acceptance, if any, or performance of services.
- (iii) Maintenance and project revenue is recognised when the services are rendered.

(h) Assets under Lease

Assets under lease which in substance transfer the risks and benefits of ownership of the assets to the Company are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets at the beginning of the lease terms. Such lease assets are subject to depreciation consistent with that for depreciable assets which are owned.

(i) Foreign Currencies

Transactions arising in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates. Assets and liabilities in foreign currencies are translated into Ringgit Malaysia at the approximate rates prevailing at the balance sheet date. All exchange differences are dealt with in the income statement.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short-term highly liquid investments that are readily convertible to cash and are subject to insignificant risk of changes in value.

(k) Deferred Taxation

Deferred taxation is provided under the liability method in respect of material timing differences between accounting income and taxable income except to the extent that it can be demonstrated with reasonable probability that these timing differences will continue in the foreseeable future. Timing differences that give rise to debit balances are not taken into account.

5.6. Analysis and Commentary on Financial Information**Revenue and Profitability**

GHL Systems commenced operations in June 1999, and recorded a turnover of RM1.53 million from sales of software and related services in the financial year ended 31 May 2000.

For the financial year ended 31 May 2001, the Group recorded a significant increase in its pro-forma consolidated turnover of more than six (6) times over the turnover recorded by GHL Systems for the financial year ended 31 May 2000, with approximately 62% of the pro-forma consolidated turnover contributed by EDC rental and related services, and the balance by sales of software and related services. In the same financial year, the Group recorded a pro-forma consolidated profit before tax ("**PBT**") which was contributed equally by EDC rental and related services, and sales of software and related services. Contributions by the companies in the Group to the pro-forma consolidated turnover and PBT for the financial year ended 31 May 2001 are as follows:-

- (a) GHL Systems contributed approximately 38% and 50% to the pro-forma consolidated turnover and PBT respectively, mainly from software solutions sales and the BP Loyalty Program Project;
- (b) GHL Transact contributed approximately 51% and 44% to the pro-forma consolidated turnover and PBT respectively, mainly comprising revenue generated from EDC maintenance services rendered to GHL Technologies Sdn. Bhd. ("**GHL Technologies**"), a director-related company; and
- (c) GHL Payments contributed approximately 11% and 6% to the pro-forma consolidated turnover and PBT respectively, mainly from EDC rental and related services.

For the seven (7) months ended 31 December 2001, approximately 60% of the Group's pro-forma consolidated turnover was derived from EDC rental and related services, with the remainder contributed by sales of software and related services. Contribution by sales of software and related services to the pro-forma consolidated PBT of the Group for the seven (7) months ended 31 December 2001 was approximately 75%, with the balance by EDC rental and related services. Contributions by the companies in the Group to the pro-forma consolidated turnover and PBT for the seven (7) months ended 31 December 2001 are as follows:-

- (a) GHL Systems contributed approximately 40% and 75% to the pro-forma consolidated turnover and PBT respectively, mainly from software solutions sales;
- (b) GHL Transact contributed approximately 48% and 24% to the pro-forma consolidated turnover and PBT respectively, mainly comprising revenue generated from EDC maintenance services rendered to GHL Technologies, a director-related company; and
- (c) GHL Payments and GHL EFTPOS together contributed approximately 12% and 1% to the pro-forma consolidated turnover and PBT respectively, mainly from EDC rental and related services.

For the ten (10) months ended 31 October 2002, approximately 63% of the Group's consolidated turnover was contributed by EDC rental and related services, with the remainder mainly contributed by an increase in sales of *WHOOPS*. Contribution by EDC rental and related services to the consolidated PBT of the Group for the ten (10) months ended 31 October 2002 was approximately 85%, with the balance by software solutions and related services. Contributions by the companies in the Group to the consolidated turnover and PBT for the ten (10) months ended 31 October 2002 are as follows:-

- (a) GHL Systems contributed approximately 37% and 15% to the consolidated turnover and PBT respectively, mainly from an increase in sales of *WHOOPS*;
- (b) GHL Transact contributed approximately 55% and 78% to the consolidated turnover and PBT respectively, mainly comprising revenue generated from EDC maintenance services rendered to GHL Technologies, a director-related company; and
- (c) GHL Payments and GHL EFTPOS together contributed approximately 8% and 7% to the consolidated turnover and PBT respectively, mainly from EDC rental and related services.

Segmental Analysis

The Group's revenue and PBT can be broken down into the following activities:-

(a) Turnover

	←----- Year Ended 31 May -----→						
	1997	1998	1999	2000		2001	
	RM'000	RM'000	RM'000	RM'000	%	RM'000	%
Software solutions and related services	-	-	-	1,532	100	4,218	38
EDC rental and related services	-	-	-	-	-	6,849	62
Total	-	-	-	1,532	100	11,067	100

	7 Months Ended 31 December 2001		10 Months Ended 31 October 2002	
	RM'000	%	RM'000	%
Software solutions and related services	3,770	40	7,987	37
EDC rental and related services	5,731	60	13,318	63
Total	9,501	100	21,305	100

Revenue from software solutions and related services consists of fees received from the software services provided and the sale of software and hardware products. For the financial year ended 31 May 2000, such revenue was mainly contributed by the EDC software licence fee charged to GHL Technologies, a director-related company. In the following year, sales contribution from software solutions and related services was more than 2.5 times that in the prior year, mainly due to the increase in the EDC software licence fee charged to GHL Technologies and the expansion in the Company's clientele base. Projects secured from new clients in the financial year ended 31 May 2000 included the BP Loyalty Program Project, which contributed to the significant increase in revenue from software solutions and related services.

Revenue from EDC rental and related services comprises monthly rental charges for EDC equipment, EDC maintenance fees, EDC host connection charges and sign up fees. A significant turnover of RM6.85 million was recorded by the EDC rental and related services business for the financial year ended 31 May 2001.

On an annualised basis, revenue generated from sales of software solutions and related services, and EDC rental and related services for the seven (7) months ended 31 December 2001 is approximately RM6.46 million and RM9.82 million respectively. This represents an increase of approximately 53% and 43% respectively, as compared to the preceding financial year's results, due to expansion in the Group's clientele base.

For the ten (10) months ended 31 October 2002, revenue generated from sales of software solutions and related services, and EDC rental and related services, on an annualised basis, is approximately RM9.58 million and RM15.98 million respectively, representing an increase of approximately 48% and 63% respectively, as compared to the seven (7) months ended 31 December 2001. The increase in revenue was mainly represented by the increase in the sales of *WHOOPS* due to expansion in the customer base, and increased rental and related services from the EDC equipment transferred to the Group during the period.

(b) PBT

	←----- Year Ended 31 May ----->					
	1997	1998	1999	2000	2001	
	RM'000	RM'000	RM'000	RM'000	RM'000	%
Software solutions and related services	-	(14)	(333)	(169)	1,037	50
EDC rental and related services	-	-	-	-	1,050	50
(Loss) / Profit before taxation	-	(14)	(333)	(169)	2,087	100

	7 Months Ended 31 December 2001		10 Months Ended 31 October 2002	
	RM'000	%	RM'000	%
Software solutions and related services	1,130	75	327	15
EDC rental and related services	373	25	1,845	85
(Loss) / Profit before taxation	1,503	100	2,172	100

For the financial year ended 31 May 1998, a loss before taxation was recorded due to preliminary expenses written off to the income statement. In the following financial year, the Group's results continued on a downside as the Group incurred substantial operating costs prior to the commencement of its operations in June 1999. In the financial year ended 31 May 2000, the Group registered a loss before taxation mainly due to the substantial selling and administration costs incurred in commencing business operations.

In line with the increase in sales for the financial year ended 31 May 2001, a positive growth in profits was recorded, which was mainly contributed by the encouraging profit margin from the sales of software solutions and related services. The cost control measures undertaken by the Group, drawing on its experience in the industry, had also helped in the achievement of a PBT of approximately RM2.09 million.

The continuous cost control measures undertaken by the Group had resulted in PBT of RM1.13 million and RM0.37 million from software solutions and related services, and EDC rental and related services respectively for the seven (7) months ended 31 December 2001. On an annualised basis, this represents an increase of approximately 24%, mainly contributed by sales of software solutions and related services.

For the ten (10) months ended 31 October 2002, the Group recorded a slight increase in its PBT of approximately 1%, on an annualised basis, from the preceding financial period. This was mainly due to a significant decrease of approximately 80%, on an annualised basis, in PBT from software solutions and related services, in particular, *WHOOPS* which has a lower profit margin.

Credit terms

The Group's normal policy is to grant credit terms of one (1) to four (4) months to its customers. The analysis of the debtors' turnover periods is as follows:-

	As Per Audited Accounts				Adjusted for Inter-Company and Related Party Sales			
	Year Ended 31.05.2000 (Months)	Year/Period Ended 31.05.2001 (Months)	7 Months Ended 31.12.2001 (Months)	10 Months Ended 31.10.2002 (Months)	Year Ended 31.05.2000 (Months)	Year/Period Ended 31.05.2001 (Months)	7 Months Ended 31.12.2001 (Months)	10 Months Ended 31.10.2002 (Months)
GHL Systems	1.8	1.5	3.5	0.8	1.8	1.5	3.2	0.8
GHL Transact	-	4.3	2.3	4.0	-	4.3	0.7	4.0
GHL Payments	-	3.7	1.5	0.7	-	3.7	0.6	0.7
GHL EFTPOS	-	-	4.0	1.8	-	-	1.8	1.8

The high turnover period for GHL Systems for the seven (7) months ended 31 December 2001 was mainly due to amounts owed by GHL Technologies for the upgrading of terminals and systems related services. For the ten (10) months ended 31 October 2002, the turnover period for GHL Systems had improved significantly mainly due to full collection of the amount owing by GHL Technologies.

For the financial year / period ended 31 May 2001 and 31 December 2001, the trade debtors balance for GHL Transact mainly represented interest-free related party trade transactions with GHL Technologies. The higher turnover period for GHL Transact for the ten (10) months ended 31 October 2002 was mainly due to a higher amount of EDC sales towards the end of the financial period ended 31 October 2002.

The high debtors' turnover period for GHL Payments for the financial period ended 31 May 2001 was mainly caused by slow payments of EDC rental charges by merchants. The high debtors' turnover period for GHL EFTPOS for the seven (7) months ended 31 December 2001 was mainly due to slow payments of EDC rental charges by merchants and of commission for the sale of credit cards by banks. For the ten (10) months ended 31 October 2002, all amounts owed by GHL Technologies to the Group have been collected and the majority of the overdue EDC rental charges and credit card commission have been collected.

The normal credit terms granted by suppliers are generally one (1) to three (3) months. The analysis of the creditors' turnover periods is as follows:-

	As Per Audited Accounts				Adjusted for Inter-Company and Related Party Purchases			
	Year Ended 31.05.2000 (Months)	Year/Period Ended 31.05.2001 (Months)	7 Months Ended 31.12.2001 (Months)	10 Months Ended 31.10.2002 (Months)	Year Ended 31.05.2000 (Months)	Year/Period Ended 31.05.2001 (Months)	7 Months Ended 31.12.2001 (Months)	10 Months Ended 31.10.2002 (Months)
GHL Systems	21.2	23.7	5.4	1.0	11.3	16.6	5.0	1.0
GHL Transact	-	156.7	7.1	4.4	-	36.0	4.7	4.4
GHL Payments	-	130.5	8.7	-	-	18.4	4.4	-

Note: GHL EFTPOS only commenced operations during the financial period ended 31 December 2001 and did not incur any cost of sales. As at 31 October 2002, the Trade Payables account of GHL EFTPOS was nil.

The trade creditors balance of GHL Systems was mainly represented by amounts due to DiGi Telecommunications Sdn. Bhd. The high creditors' turnover period for the financial year ended 31 May 2000 was mainly due to longer credit periods allowed by its trade creditors as the Company commenced operations during the financial year ended 31 May 2000. During the financial year ended 31 May 2001, the Company launched its prepaid reload system, namely *WHOOPS*. The Company had a high inventory level of RM87,000 and RM0.30 million as at 31 May 2001 and 31 December 2001 respectively. Hence, low costs of sales were recorded which resulted in high creditors' turnover periods. All amounts outstanding as at 31 December 2001 have since been paid during the ten (10) months ended 31 October 2002.

GHL Transact and GHL Payments commenced operations during the financial period ended 31 May 2001. As such, longer credit periods were allowed by their trade creditors. The creditors' turnover periods for these two (2) companies in the subsequent periods since commencement of operations have improved significantly. For the seven (7) months ended 31 December 2001, the high creditors' turnover period of GHL Transact was due to amounts owing to VeriFone North Asia Limited ("**VeriFone NAL**") for the purchase of EDC equipment parts, which have been fully repaid during the ten (10) months ended 31 October 2002. For the seven (7) months ended 31 December 2001, the majority of GHL Payments' debts represented inter-company purchases, of which a majority has been paid during the ten (10) months ended 31 October 2002. The creditors' turnover period for GHL Transact for the ten (10) months ended 31 October 2002 was still high mainly due to the purchase of EMV-compliant EDC terminals from VeriFone NAL towards the end of the financial period ended 31 October 2002.

Others

The Group does not carry much inventory. Inventory consists of prepaid airtime reload for the *WHOOPS* operations and EDC equipment and parts which have yet to be deployed. As at 31 October 2002, the stock level was at RM1.953 million or approximately 7% of total assets.

The gearing of the Group is also low at 0.07 times as at 31 October 2002. Borrowings consist of term loans and leases.

5.7. Directors' Declaration on Financial Performance

Save as disclosed in Section 4 "Risk Factors" and Section 5 "Management's Discussions and Analysis of Financial Condition and Results of Operations" of this Prospectus, the directors of GHL Systems are of the view that the financial performance, position and operations of the Group are not affected by any of the following:-

- (a) Known trends, demands, commitments, events or uncertainties that have had or that GHL Systems reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (b) Material capital expenditure commitments;
- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and
- (d) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

As at 21 February 2003 (being the latest practicable date prior to the printing of this Prospectus), the Group does not have any material capital expenditure commitments.

5.8. Working Capital, Borrowings and Contingent Liabilities

The directors of the Company are of the opinion that after taking into consideration the cash flow forecast including the proceeds of the Issue and banking facilities available, the Group would have adequate working capital for its present and foreseeable future requirements.

Save as disclosed below, as at 21 February 2003 (being the latest practicable date prior to the printing of this Prospectus), the Group does not have any other outstanding borrowings.

Interest-Bearing Borrowings	Repayable within 12 Months RM'000	Repayable after 12 Months RM'000
Lease Creditors	235	52

Covenants under borrowing facility agreements which limit the Group's operating and financial flexibilities are as follows:-

No.	Date	Parties	Nature of Contract	Covenants
1.	10 January 2002	Malayan Banking Berhad ("MBB") and GHL Systems	A Bank Guarantee Facility of RM300,000	<p><u>General Terms and Conditions – Clause 8 (Covenants)</u></p> <p>(a) GHL Systems shall operate an active and satisfactory account and observe the approved limit(s) at all times; and</p> <p>(e) GHL Systems will not allow any change in the Company's majority shareholders or the majority shareholder's shareholdings without MBB's prior written consent. MBB reserves the right to recall the facility(s) if there is any such change.</p> <p>GHG Systems had on 15 August 2002 obtained MBB's written consent to the changes in the Company's shareholding structure arising from the Company's proposed listing on the MESDAQ Market.</p>

No.	Date	Parties	Nature of Contract	Covenants
2.	27 June 2001 and 26 February 2003	AmBank Berhad (formerly known as Arab-Malaysian Bank Berhad) (" AmBank ") and GHL Systems (" Borrower ")	A Bank Guarantee Facility of RM300,000	<p><u>Clause 9 (Standard Conditions)</u></p> <p>(h) Consent must be obtained from AmBank if there is any change in the controlling shareholding structure of the Borrower; and</p> <p>(i) Subject to AmBank's consent being first obtained, the Borrower is to submit extracts of the minutes of the Directors' Circular Resolution and Board of Directors Meeting to AmBank within 30 days of such meetings with regards to any of the following:-</p> <p>(i) A significant change in business direction;</p> <p>(ii) A change in the key management personnel of the company;</p> <p>(iii) Acquisition of future land and building; and</p> <p>(iv) Loans extended to or obtained from directors or third parties.</p> <p>GHL Systems had on 22 July 2002 obtained AmBank's written consent to the changes in the Company's shareholding structure arising from the Company's proposed listing on the MESDAQ Market.</p>
3.	13 September 2002	Affin Bank Berhad and GHL Transact	A Foreign Exchange Forward Line Facility not exceeding RM800,000	<p><u>Compulsory Terms and Conditions - Clause 8</u></p> <p>All banking facilities are granted conditional upon GHL Transact conducting the accounts actively and satisfactorily within the limits at all times.</p>

Note: For further details on the nature of the above-mentioned borrowing facility agreements, please refer to Section 13.6 "Material Contracts and Agreements" of this Prospectus.

As at 21 February 2003 (being the latest practicable date prior to the printing of this Prospectus), the Group has three (3) charges on fixed deposits amounting to RM450,000, which have been charged to financial institutions as security for bank guarantees.

Save as disclosed above, the Group does not have any other capital outstanding or loan capital created but unissued or mortgages outstanding on 21 February 2003.

As at 21 February 2003 (being the latest practicable date prior to the printing of this Prospectus), the Group's contingent liabilities amounted to approximately RM900,000 comprising bank guarantees issued as performance bonds and/or security deposits in favour of several telecommunications companies.