



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

**Quarterly report on consolidated results for the second quarter ended 30 June 2007**

**A. EXPLANATORY NOTES AS PER FRS 134**

**A1. Basis of Preparation**

The quarterly financial report has been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by GH System Berhad (“Company”) and its subsidiaries, (collectively referred to as the “Group”) in this quarterly report is consistent with those adopted in the financial statements for the financial year ended 31 December 2006.

**A2. Audit Report**

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2006 was not subject to any 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 under review, there were no items or events that arose and affected the assets, liabilities, equity, net income or cash flows, to the effect that is of unusual nature, size or incidence.

**A5. Change in estimates**

There were no changes in the estimates of amounts reported in the previous quarter that have a material effect on the results for the current quarter under review.

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

Save as disclosed below, there were no issuance, cancellation, repurchases, resale and repayments of debts and equity securities of the Company for the current quarter under review:-

- (a) On 9 April 2007, the issued and paid-up share capital of the Company was increased from 125,743,629 to 125,914,341 by way of allotment and issue of 170,712 ordinary shares of RM0.50 each arising from the exercise of Employees' Share Option Scheme ("ESOS").
- (b) On 20 June 2007, the issued and paid-up share capital of the Company was increased by 12,591,434 to 138,505,775 ordinary shares of RM0.50 each pursuant to the Bonus Issue on the basis of one (1) new ordinary shares of RM0.50 each for every ten (10) existing ordinary shares of RM0.50 each in the Company.

## **A7. Dividend Paid**

During the quarter under review, the Company paid a final tax-exempt dividend of 0.5 sen or 1% per ordinary share of RM0.50 each, totalling RM629,576 in respect of the financial year ended 31 December 2006.

## **A8. Segmental Reporting**

The principal businesses of the Group are dealing in Electronic Draft Capture ("EDC") equipment and related services, and developing and selling of software programmes in Malaysia and Asian region which are essentially within a single business segment and as such, segmental reporting is not necessary.

## **A9. Valuation of Property, Plant and Equipment**

The Company did not revalue any of its property, plant and equipment during the quarter under review.

## **A10. Material Events Subsequent to 30 June 2007**

There were no material events between 30 June 2007 and the date of this report that have not been reflected in the interim financial statement for the quarter under review except for the following:-

- a) On 6 July 2007, the Company issued and allotted 164,720 ordinary shares of RM0.50 each pursuant to the exercise of ESOS options.
- b) On 6 August 2007, the Company issued and allotted 191,720 ordinary shares of RM0.50 each pursuant to the exercise of ESOS options.

Pursuant to the exercise of ESOS options, the issued and paid-up share capital of the Company has increased to RM69,431,107.50 comprising 138,862,215 ordinary shares of RM0.50 each as at 28 August 2007.

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

Save as disclosed below, there were no other material changes in the composition of the Group for the current quarter under review:-

- a) On 24 May 2007, the Company had entered into a Share Sale Agreement with Thornbeam Limited to sell 35,150,000 ordinary shares of RM0.10 each in MobilityOne Sdn Bhd (“MSB”), for a cash consideration of RM7,030,000 (“Disposal”). Pursuant to the Disposal, MSB will cease to be an associated company of the Company as the Company will hold only 3.93% of the issued and paid-up share capital of MSB. The Disposal was completed in the quarter under review.
- b) On 22 June 2007, the Company had entered into a Share Swap Agreement with MobilityOne Limited (“MBO”) and MSB to sell and transfer 7,030,000 ordinary shares of RM0.10 each (“Sale Shares”) in MSB, and MBO agreed to purchase from the Company the Sale Shares in consideration of MBO allotting and issuing 3,209,784 new ordinary shares of £0.025 each in the share capital of MBO at purchase consideration of £80,245. MBO is admitted to Alternative Investment Market (“AIM”) of the London Stock Exchange on 5 July 2007.

#### **A12. Contingent Liabilities**

Save as disclosed below, the Group does not have any contingent liabilities as at the date of this report:-

##### **Amount utilised**

Banker’s guarantee in favour of third parties  
- Secured

RM  
100,000

---

#### **A13. Capital commitment**

There was no capital commitment as at the date of this report.