



GH SYSTEMS BERHAD
(Company No: 293040-D)

Quarterly report on consolidated results for the fourth quarter ended 31 December 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 quarterly financial statements should be read in conjunction with the latest audited financial statements of GH Systems Berhad (“Company”) and its subsidiary companies (“Group”) for the financial year ended 31 December 2006.

The accounting policies and methods of computation adopted by 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 of the Group, 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 of the group for the current quarter under review.

A6. Changes in Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter under review.

A7. Dividend Paid

There were no dividends paid during the quarter under review.

A8. Segmental Reporting

The 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 31 December 2007

There were no material events between 31 December 2007 and the date of this report that have not been reflected in the interim financial statement for the quarter under review.

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 8 October 2007, GHL International Sdn Bhd (“GHL International”), a wholly owned subsidiary of the Company has entered into a Share Sale Agreement with BSNC Corporation Berhad to purchase 600,000 ordinary shares of RM1.00 each in Card Pay Sdn Bhd (“Card Pay”), representing 48% of the issued and paid-up share capital of Card Pay, at a purchase consideration of RM80,000. Pursuant to this acquisition, GHL International’s shareholding in Card Pay has increased to 1,250,000 ordinary shares of RM1.00 each, equivalent to 100% of the issued and paid-up share capital of Card Pay.
- b) On 23 November 2007, GHL (China) Co. Ltd, a wholly owned subsidiary of GHL Asia Pacific Limited, which is a wholly owned subsidiary of GHL Systems Berhad has subscribed for 3,786,419 new ordinary shares of CY1.00 each in GHL Beijing Co. Ltd for a cash consideration of CY3,786,419.00.
- c) On 21 December 2007, GHL International Sdn Bhd (“GHL International”), a wholly owned subsidiary of the Company has subscribed for 180,000 new preferred shares of 100.00 Baht each in GHL Thailand, a subsidiary of GHL AP, for a cash consideration of 18,000,000.00 Baht. As a result of this subscription, the total cost of investment of GHL AP in GHL Thailand will increase to 19,999,400.00 Baht comprising 10,194 ordinary

shares of 100.00 Baht each and 189,800 preferred shares of 100.00 Baht each, representing 99.99% of the issued and paid-up capital of GHL Thailand.

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

RM

- Secured

100,000

A13. Capital commitment

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