



GHL SYSTEMS BERHAD
(Company No: 293040-D)

Quarterly report on consolidated results for the first quarter ended 31 March 2009

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 GHL Systems Berhad (“GHL” or “Company”) and its subsidiary companies (“Group”) for the financial year ended 31 December 2008.

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 2008.

A2. Audit Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2008 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 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

Save as disclosed below, there were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations and resale of treasury shares during the current quarter under review and the date of this report:-

On 22 April 2009, the Company had repurchased 100,000 ordinary shares of RM0.50 each in GHL (“GHL Shares”) from the open market at a total cost of RM14,606.35. The price paid for the share purchased was RM0.145 per GHL Share. The total share repurchased to date is 113,965.

The repurchase transaction was financed by internally generated funds. The repurchased GHL Shares are being held as treasury shares and carried at cost in accordance with the requirements of Section 67A of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the financial period ended 31 March 2009.

A7. Dividend Paid

There were no dividends paid during the current quarter under review.

A8. Segmental Reporting

The principal business of the Group are dealing with Electronic Draft Capture (“EDC”) equipments and its related services, developing and selling software programmes which are substantially within a single business segment. As such, business segmental reporting is deemed not necessary.

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers, which is presented as follows:-

| Geographical location | Current quarter 31 March 2009 (RM) | Preceding year corresponding quarter 31 March 2008 (RM) |
|------------------------------|-----------------------------------------------|------------------------------------------------------------------------|
| Malaysia | 6,610,476 | 7,763,494 |
| Thailand | 1,247,264 | 1,363,443 |
| Philippines | 976,126 | 302,945 |
| China | 764,333 | 1,327,008 |
| Hong Kong | 500,588 | 304,274 |
| New Zealand | 227,550 | - |
| Indonesia | 97,975 | - |
| Sri Lanka | 35,382 | 50,920 |
| United States | 14,489 | 3,350 |
| Vietnam | 12,666 | - |
| Australia | 10,399 | - |
| Hungary | 8,680 | - |
| United Kingdom | 7,067 | - |
| Netherlands | 5,617 | - |

| | | |
|-------------------|-------------------|-------------------|
| Turkey | 2,437 | - |
| Romania | (1,989) | - |
| Singapore | - | 300,208 |
| Total (RM) | 10,519,060 | 11,415,642 |

A9. Valuation of Property, Plant and Equipment

The Company did not have any major adjustments on revaluation of its property, plant and equipment during the current quarter under review.

A10. Material Events Subsequent to 31 March 2009

Save as disclosed below, there were no other material events between 31 March 2009 and the date of this report that have not been reflected in the interim financial statement for the quarter under review:-

- (a) On 22 April 2009, GHL Asia Pacific Limited ("GHL AP"), which is a wholly owned subsidiary of GHL had fully subscribed for Eighteen Thousand (18,000) new ordinary shares of Thai Baht One Hundred (100 Baht) each in GHL (Thailand) Company Limited ("GHL Thailand"), for a cash consideration of Thai Baht One Million and Eight Hundred Thousand (1,800,000 Baht).

As a result of this subscription, the total cost of investment of GHL AP in GHL Thailand had increased to Thai Baht Twenty One Million Seven Hundred Ninety Nine Thousand and Four Hundred (21,799,400 Baht) comprising Ten Thousand One Hundred and Ninety Four (10,194) ordinary shares of Thai Baht One Hundred (100 Baht) each and Two Hundred Seven Thousand and Eight Hundred (207,800) preferred shares of Thai Baht One Hundred (100 Bath) each, representing 99.99% of the issued and paid-up share capital of GHL Thailand.

- (b) On 13 May 2009, GHL International Sdn Bhd ("GHLI") which a wholly owned subsidiary of GHL had received a letter of demand from Messr. Zaid Ibrahim & Co. representing Privilege Investment Holdings Pte Ltd ("Privilege") to claim for damages of USD3.05 million. The detail information can be referred to Section B11(a) of the Listing Requirements.

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:-

On 31 March 2009, GHL Asia Pacific Limited ("GHL AP") had fully subscribed for Three Hundred and Sixty Thousand (360,000) new ordinary shares of Hong Kong Dollar One (HKD1.00) each in GHL (China) Company Limited ("GHL China"), a wholly owned subsidiary of GHL AP, for a cash consideration of Hong Kong Dollar Three Hundred and Sixty Thousand (HKD360,000). As a result of this subscription, the total cost of investment in GHL China had increased to Hong Kong Dollar One Million Five Hundred and Sixty Thousand (HKD1,560,000) comprising One Million Five Hundred and Sixty Thousand ordinary shares of Hong Kong Dollar One (HKD1.00) each, representing 100% of the

issued and paid up share capital of GHL China. The authorised share capital of GHL China is One Million Five Hundred and Sixty Thousand (1,560,000) of Hong Kong Dollar One (HKD1.00) each.

A12. Contingent Liabilities

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

- | | | |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| (a) | Banker's guarantee in favour of third parties | RM |
| | - Secured | <u>258,500</u> |
| (b) | On 7 August 2007, two letters of demand were issued against MobilityOne Sdn Bhd ("M1"). The first claim made by the Company demanding M1 to pay RM591,426 which comprises of fees for servers hosting, rental of EDC terminals and other miscellaneous matters. The second claim was made by GHL Transact Sdn Bhd demanding M1 to pay RM375,241 which comprises fees for maintenance and rental of EDC terminals and other miscellaneous matters. M1 has made partial payments to these claims. | |

Thereafter, M1 via their solicitors Messrs Gan Rao & Chuah's letter dated 27 December 2007 made three claims against the Company, which are summarised as follows:-

- (i) a claim for refund of excess payment amounting to RM1,737,895 made to GHL for the purchase of prepaid soft pin from GHL. Based on the records of GHL, GHL has delivered all prepaid soft pin that M1 paid for. GHL is of the view that M1 misconstrued the quantity of the staggered delivery of prepaid soft pin by telecommunication companies against their inventory count. GHL has a good defence against the claim.
- (ii) a claim for refund of RM520,000 being payment made to GHL for the installation of lightning arrestors and voltage regulators on M1's EDC terminals. M1 claimed that they have not requested for the services and that the services were never rendered. The Directors of GHL are of the view that the Company has a good defence because M1 recognised this contract in their Admission Document for listing in Alternative Investment Market of the London Stock Exchange and GHL's records showed the services were rendered.
- (iii) a claim for refund of interest paid to GHL from 2005 to 2007 amounting to RM269,330 for loan advanced. M1 claimed that interest payments were unlawful and illegal. The Directors of GHL are of the view that the Company has a good defence because M1 had earlier recognized the payment of interest and had never disputed the payment.

As of to date, GHL has not been served with any writ of summons or originating process that indicate M1 has commenced legal proceedings on the claims. The Directors of GHL are of the opinion that should this matter go to court, GHL will vigorously defend its position.

A13. Capital commitment

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

A14. Significant related party transactions

There were no significant related party transactions during the quarter under review.