



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

**Quarterly report on consolidated results for the second quarter ended 30 June 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

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:-

	Number of treasury shares	Total considerations RM
Balance as at 1 April 2009	13,965	4,467
Repurchased during the quarter	1,262,500	207,851
<b>Balance as at 30 June 2009</b>	<b>1,276,465</b>	<b>212,318</b>

The repurchase transaction was financed by internally generated funds. The repurchased GHJ 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 30 June 2009.

As at date of this report, the treasury shares held were 1,376,465 ordinary shares with total purchase consideration of RM231,457.

#### 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 30 June 2009 (RM)	Preceding year corresponding quarter 30 June 2008 (RM)
Malaysia	9,031,394	7,096,284
Thailand	1,144,880	1,366,495
Philippines	1,245,979	373,891
China	560,458	1,683,594
Hong Kong	825,990	561,354
Singapore	26,455	622,538
Indonesia	-	(7,910)
Romania	164,861	-
Australia	4,440	-

New Zealand	41,921	-
Turkey	3,030	-
Macau	24,975	-
Sri Lanka	14,707	-
<b>Total (RM)</b>	<b>13,089,090</b>	<b>11,696,246</b>

#### **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 30 June 2009**

Save as disclosed below, there were no other material events between 30 June 2009 and the date of this report that have not been reflected in the interim financial statement for the quarter under review:-

- (a) On 14 July 2009, GHL Asia Pacific Limited ("GHL AP"), which is a wholly owned subsidiary of GHL had acquired four (4) ordinary shares of Thai Baht One Hundred (100 Baht) each in GHL (Thailand) Co., Ltd ("GHL Thailand"), a subsidiary of GHL AP for a total cash consideration of Thai Baht Four Hundred (400 Baht).

As a result of this acquisition, 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 Eight Hundred (21,799,800 Baht) comprising Ten Thousand One Hundred and Ninety Eight (10,198) 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 21 July 2009, a total of 1,371,564 treasury shares were distributed to the entitled shareholders on the basis of one (1) treasury share for every one hundred (100) existing ordinary shares of RM0.50 each held in GHL.
- (c) On 29 July 2009, the Company had completed the subscription for Eighty Thousand (80,000) new ordinary shares of Ringgit One (RM1.00) each in Ideal Sales Concept Sdn Bhd ("ISCSB"), at par for a total cash consideration of Ringgit Malaysia Eighty Thousand (RM80,000) ("Subscription"). Pursuant to the Subscription, ISCSB became a 80% owned subsidiary of GHL.
- (d) On 29 July 2009, GHL AP, which is a wholly owned subsidiary of GHL has entered into a conditional Subscription Option Agreement with Amphol Suwantherangkoon (Amphol), to grant the option to Amphol to subscribe for three thousand nine hundred ninety nine (3,999) new Class C Shares of Thai Baht one hundred (THB100) each in the share capital of GHL Thailand.

#### **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 quarter under review:-

On 22 April 2009, GHIL AP, which is a wholly owned subsidiary of GHIL had fully subscribed for Eighteen Thousand (18,000) new ordinary shares of Thai Baht One Hundred (100 Baht) each in GHIL 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 GHIL AP in GHIL 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 Baht) each, representing 99.99% of the issued and paid-up share capital of GHIL Thailand.

## **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>200,000</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 GHIL 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 GHIL for the purchase of prepaid soft pin from GHIL. Based on the records of GHIL, GHIL has delivered all prepaid soft pin that M1 paid for. GHIL is of the view that M1 misconstrued the quantity of the staggered delivery of prepaid soft pin by telecommunication companies against their inventory count. GHIL has a good defence against the claim.
- (ii) a claim for refund of RM520,000 being payment made to GHIL 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 GHIL 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 GHIL's records showed the services were rendered.

- (iii) a claim for refund of interest paid to GHIL from 2005 to 2007 amounting to RM269,330 for loan advanced. M1 claimed that interest payments were unlawful and illegal. The Directors of GHIL 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, GHIL 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 GHIL are of the opinion that should this matter go to court, GHIL 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.