



## **GHL SYSTEMS BERHAD**

(Company No: 293040-D)

### **Quarterly report on consolidated results for the first quarter ended 31 March 2010**

#### **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 subsidiaries (“Group”) for the financial year ended 31 December 2009.

The Group and the Company has adopted the following applicable Financial Reporting Standards (“FRSs”) issued by the Malaysian Accounting Standards Board that are mandatory for the current financial period:

FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 2	Share-based Payment-Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 14	FRS 119 - The Limit on a defined Benefit Asset, Minimum Funding Requirements and their Interaction

Amendments to FRS1, First-time Adoption Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements - Cost of an investment in a subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives

Amendments to FRSs contained in the document entitled “Improvements to FRSs (2009)”

The revised FRSs and admendment to FRSs are either not applicable to the Group and to the Company or the adoptions did not result in significant changes in accounting policies of the Group and the Company and did not have significant impact on the Group and the Company.

The Group and the Company have not early adopted the following amendments to FRSs which have been issued as at the date of authorisation of these financial statements and will be effective for the financial periods as stated below:

		Effective date for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 127	Consolidated & Separate Financial Statements	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
	Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010

## **A2. Audit Report**

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2009 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**

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 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:-

<b>Geographical location</b>	<b>Current quarter 31 March 2010 (RM'000)</b>	<b>Preceding year corresponding quarter 31 March 2009 (RM'000)</b>
Malaysia	8,480	6,611
Thailand	1,621	1,247
China	1,429	764
Philippines	1,277	976
New Zealand	197	228
Brazil	112	-
Hong Kong	56	501
Bangladesh	21	-
Singapore	18	-
Indonesia	12	98
Lebanon	6	-
United Arab Emirat	4	-
Kenya	3	-
Brunei	1	-
Sri Lanka	-	35
United States	-	14
Vietnam	-	13
Australia	-	10
Hungary	-	9
United Kingdom	-	7
Netherlands	-	6
Turkey	-	2
Romania	-	(2)
<b>Total (RM)</b>	<b>13,237</b>	<b>10,519</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 31 March 2010**

There are no material events subsequent to the end of the quarter under review that have not been reflected in this report.

**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 3 March 2010, GHL had executed the call option under Subscription And Shareholders Agreement dated 29 July 2009 to purchase Twenty Thousand (20,000) ordinary shares of Ringgit Malaysia One (RM1.00) each in Ideal Sales Concept Sdn Bhd (“ISCSB”) from Chen Wooi Kok and Foo Lih Ching@Foo Wen Ching, being the two founders of ISCSB at total cash consideration of Ringgit Malaysia Two (RM2.00) (“Call Option”).

ISCSB became a wholly-owned subsidiary of GHL upon completion of the Call Option.

**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>100,000</u>

**A13. Capital commitment**

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

**A14. Significant related party transactions**

Significant related party transactions for the current quarter under review are as follows:

**Related Party:**

\*Supply of EuroPay-Mastercard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards and installation of EDC equipment to Bank Simpanan Nasional^ (“BSN”) RM1,254,037

^ *BSN is a substantial shareholder of BSNC Corporation Berhad (“BSNC”) and BSNC is a substantial shareholder of the Company.*

\* *The Board of Directors are of the opinion that all the transaction above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transaction with unrelated parties.*