



GHL SYSTEMS BERHAD

(Company No: 293040-D)

Quarterly report on consolidated results for the first quarter ended 31 March 2011

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 2010.

The Group and the Company have adopted the following applicable new Financial Reporting Standards (“FRSs”), revised FRSs, Issues Committee (“IC”) Interpretations, amendments to FRSs and IC Interpretations, issued by the Malaysian Accounting Standards Board that are mandatory for current financial period:

Amendments to FRS 132	Financial Instruments: Presentation
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendment to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendment to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers

Amendments to FRSs contained in the documents entitled “Improvements to FRSs (2010)”

The revised FRS 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 Company and did not have significant impact on the Company.

The Group and the Company have not early adopted the following new FRSs, revised FRSs, Issues Committee (“IC”) Interpretations, amendments to FRSs and IC Interpretations, 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:

		<u>Effective date for financial periods beginning on or after</u>
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 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
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15	Agreements for Construction of Real Estate	1 January 2012
FRS 124	Related Party Disclosures	1 January 2012

A2. Audit Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2010 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 Group has six reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different geographical locations and are managed separately. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The business segmentation is not disclosed as the Group is principally engaged in sale and rental of Electrical Data Capture ("EDC") equipment and its related software and services.

The following summary describes the geographical locations units in each of the Group's reportable segments:

- (a) Malaysia
- (b) Singapore
- (c) Hong Kong
- (d) Philippines
- (e) Thailand
- (f) China

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Current quarter	Malaysia RM	Singapore RM	Hong Kong RM	Philippines RM	Thailand RM	China RM	Adjustment and elimination RM	Consolidated RM
31 March 2011								
REVENUE								
External sales	9,651,755	-	-	2,781,123	1,427,859	1,699,230	-	15,559,967
Inter-segment sales	4,403,432	-	-	-	-	-	(4,403,432)	-
Total revenue	14,055,187	-	-	2,781,123	1,427,859	1,699,230	(4,403,432)	15,559,967
RESULTS								
Segment results	(4,388,514)	(72)	(620)	737,339	(194,702)	(12,843)	4,389,230	529,818
Interest income	28,605	-	-	6,916	2	5,574	-	41,097
Interest expense	(43,285)	-	-	(1,251)	(582)	-	-	(45,118)
Profit before taxation								525,797
Taxation								-
Net profit for the financial year								525,797
Asset:								
Additions to non-current assets	77,248	-	-	29,909	292	-	-	107,449
Segment assets	52,497,864	25,972	19,948	9,000,403	6,489,931	8,103,097	1,096,239	77,233,454
Segment liabilities	11,382,007	16,687	4,267	882,468	331,221	2,614,040	-	15,230,690
OTHER INFORMATION								
Depreciation of property, plant and equipment	2,392,580	-	-	218,968	233,911	320,239	-	3,165,698
(Gain)/Loss on disposal of property, plant and equipment	76,322	-	-	-	-	(45,240)	-	31,082
Unrealised (Gain)/Loss on foreign exchange	(75,800)	-	502	(29,687)	(35,154)	(703)	(14,201)	(155,043)
Inventories recovery	(9,432)	-	-	-	-	-	-	(9,432)
Property, plant and equipment written back	(875)	-	-	-	-	-	-	(875)
Reversal of allowance for doubtful debts no longer required	(4,746)	-	-	-	-	-	-	(4,746)

Preceding year corresponding quarter 31 March 2010	Adjustment and elimination						Consolidated RM
	Malaysia RM	Singapore RM	Hong Kong RM	Philippines RM	Thailand RM	China RM	
REVENUE							
External sales	8,819,169	-	-	1,277,603	1,622,659	1,517,774	13,237,205
Inter-segment sales	3,657,318	-	-	-	-	(3,657,318)	-
Total revenue	12,476,487	-	-	1,277,603	1,622,659	1,517,774	13,237,205
RESULTS							
Segment results	(3,562,429)	(73)	-	66,156	152,598	(116,408)	189,556
Interest income	20,118	-	-	10,895	8	1,340	32,361
Interest expense	(50,475)	-	-	(1,313)	(198)	-	(51,986)
Profit before taxation							169,931
Taxation							-
Net profit for the financial year							169,931
Asset:							
Additions to non-current assets	507,457	-	-	21,380	31,710	-	560,547
Segment assets	69,393,846	31,583	21,756	5,956,085	6,429,168	10,273,274	94,018,817
Segment liabilities	13,137,654	16,231	4,626	840,513	363,938	3,016,253	17,379,215
OTHER INFORMATION							
Bad debts written off	1,816,491	-	-	-	-	-	1,816,491
Depreciation of property, plant and equipment	1,520,378	-	-	170,149	244,081	233,700	2,168,308
(Gain)/Loss on disposal of property, plant and equipment	(189,204)	-	-	-	(12,713)	-	(201,917)
Gain on disposal of other investments	(17,461)	-	-	-	-	-	(17,461)
Unrealised Loss/(Gain) on foreign exchange	(79,568)	-	-	4,798	51,712	-	(23,058)
Inventories recovery	(64,393)	-	-	-	-	-	(64,393)
Reversal of allowance for doubtful debts no longer required	(1,415,229)	-	-	-	-	-	(1,415,229)

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 2011

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

There were no changes in the composition of the Group during the financial quarter under review.

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>278,500</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; supply of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHL Group to e-pay (M) Sdn Bhd ("e-pay") [^]	RM424,150
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[^] *Loh Wee Hian, the Executive Chairman and a Major Shareholder of the Company, is also the Executive Director and CEO of e-pay and the Executive Chairman, CEO and a Major Shareholder of e-pay Asia Limited, the holding company of e-pay. He has an indirect interest in e-pay through his 61.60% shareholding in e-pay Asia Limited, the holding company of e-pay.*

* *The Board of Directors is 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.*