



GHL SYSTEMS BERHAD

(Company No: 293040-D)

Quarterly report on consolidated results for the third quarter ended 30 September 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
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments 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)”

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated & Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

The revised FRS and amendment 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.

There is no early adoption by the Group and the Company on the following new FRSs, revised FRSs, 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>
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 management of GHL reviews internal management reports on at least 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 segmental profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the management of GHL. Segmental 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.

Individual Quarter	Malaysia		Singapore		Hong Kong		Philippines		Thailand		China		Adjustment and elimination		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
30 September	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE																
External sales	14,793	8,789	-	-	-	-	2,839	2,410	471	679	717	3,705	-	-	18,820	15,583
Inter-segment sales	4,440	4,522	-	-	-	10	-	-	342	-	-	3	(4,792)	(4,525)	-	-
Total revenue	19,233	13,311	-	-	-	2,849	2,410	813	679	813	3,708	(4,792)	(4,792)	(4,525)	18,820	15,583
RESULTS																
Segment results	(3,009)	(5,216)	37	6	53	(612)	441	(416)	(650)	(690)	655	4,760	4,370	123	(394)	
Interest income	41	42	-	-	-	4	6	-	-	3	-	-	-	48	48	
Interest expense	(43)	(48)	-	-	-	(4)	(1)	(16)	-	-	-	(16)	-	(63)	(49)	
Profit/(Loss) before taxation																
Taxation															108	(395)
Net Profit/(loss) for the financial period	1,120	9	-	-	-	15	40	121	171	-	-	-	-	-	-	-
Assets:																
Additions to non-current assets	58,739	65,956	27	31	-	21	14,363	6,878	5,985	6,799	6,906	11,089	647	251	86,667	91,025
Segment liabilities	15,646	12,548	-	-	-	3,724	1,010	2,477	1,433	3,031	4,185	(323)	(1,647)	24,555	17,529	
OTHER INFORMATION																
Bad debts written off	19	(28)	21	-	-	-	-	-	-	-	2	-	-	42	(28)	
Depreciation of property, plant and equipment	1,494	1,716	-	-	-	217	135	234	234	234	342	230	-	2,287	2,315	
(Gain)/Loss on disposal of property, plant and equipment	356	6	-	-	-	-	-	(47)	(1)	(1)	(3)	-	-	306	5	
Unrealised Loss/(Gain) on foreign exchange	(89)	(61)	-	-	(1)	3	(47)	6	-	-	53	-	(35)	(63)	(257)	
Inventories recovery	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-	
Property, plant and equipment written back	(1)	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	
Property, plant and equipment written off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reversal of allowance for doubtful debts no longer required	(1,122)	(117)	-	-	-	-	-	-	-	-	-	-	-	(1,122)	(117)	

Cumulative Quarter 30 September	Malaysia		Singapore		Hong Kong		Philippines		Thailand		China		Adjustment and elimination		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE																
External sales	36,087	27,039	-	-	-	-	7,725	4,607	3,096	3,132	4,504	7,051	-	-	51,412	41,829
Inter-segment sales	13,255	12,098	-	-	-	10	-	-	851	-	-	5	(14,116)	(12,103)	-	-
Total revenue	49,342	39,137	-	-	-	7,735	4,607	3,947	3,947	3,132	4,504	7,056	(14,116)	(12,103)	51,412	41,829
RESULTS																
Segment results	(11,097)	(13,881)	33	(9)	47	(3)	(392)	(38)	(921)	(1,097)	(957)	313	14,065	11,872	778	(2,843)
Interest income	110	95	-	-	-	-	16	23	1	-	10	3	-	-	137	121
Interest expense	(128)	(138)	-	-	-	-	(7)	(4)	(16)	-	-	-	(16)	-	(151)	(142)
Profit/(Loss) before taxation																
Taxation															764	(2,864)
Net Profit/(loss) for the financial period															-	(3)
Assets:															764	(2,867)
Additions to non-current assets	1,531	594	-	-	-	-	113	69	121	210	-	-	-	-	1,765	873
Segment assets	58,739	65,956	27	31	-	21	14,363	6,878	5,985	6,799	6,906	11,089	647	251	86,667	91,025
Segment liabilities	15,646	12,548	-	-	-	-	3,724	1,010	2,477	1,433	3,031	4,185	(323)	(1,647)	24,555	17,529
OTHER INFORMATION																
Bad debts written off	19	1,510	21	-	-	-	-	-	-	-	2	-	-	-	42	1,510
Depreciation of property, plant and equipment	6,249	5,325	-	-	-	-	643	471	697	714	927	692	-	-	8,516	7,202
Loss/(Gain) on disposal of property, plant and equipment	582	(187)	-	-	-	-	-	-	(47)	(14)	(5)	-	-	-	530	(201)
Gain on disposal of other investments	-	(17)	-	-	-	-	-	-	-	-	-	-	-	-	-	(17)
Unrealised Loss/(Gain) on foreign exchange	(197)	(218)	-	-	-	-	(28)	2	(26)	(51)	52	-	(51)	(231)	(250)	(498)
Inventories recovery	(60)	(65)	-	-	-	-	-	-	-	-	2	-	-	-	(58)	(65)
Property, plant and equipment written back	(4)	-	-	-	-	-	-	-	-	-	-	-	-	-	(4)	-
Property, plant and equipment written off	2	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-
Reversal of allowance for doubtful debts no longer required	(1,475)	(1,294)	-	-	-	-	-	-	-	-	-	-	-	-	(1,475)	(1,294)

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 September 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>238,000</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:	Current Year Quarter 30.09.2011	Current Year To Date 30.09.2011
* 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")^	RM1,083,486	RM1,919,136

^ *GHL Systems Berhad Executive Chairman and major shareholder Loh Wee Hian has an indirect interest in e-pay (M) Sdn Bhd through his 61.60% shareholding in e-pay Asia Limited, the holding company of e-pay (M) Sdn Bhd. He is currently also the Executive Director and CEO of e-pay (M) Sdn Bhd as well as the Executive Chairman and CEO of e-pay Asia Limited.*

* *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.*