



GHL SYSTEMS BERHAD
(Company No: 293040-D)

Quarterly report on consolidated results for the fourth quarter ended 31 December 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:

		Effective date for financial periods beginning on or after
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
FRS 124	Related Party Disclosures	1 January 2012

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012. However, entities which fall within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including their parents, significant investors and ventures (herein referred as Transitioning Entities) will be allowed to defer adoption of the new MFRS Framework for an additional year. Therefore, the MFRS Framework will be applicable for Transitioning Entities for the annual period beginning on 1 January 2013.

The Company will be required to prepare financial statements using the MFRS Framework in its firsts MFRS financial statements for the year ending 31 December 2012. The Directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 would not be significantly different if prepared under the MFRS Framework.

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

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 other than followings:

	Current Quarter 31.12.11 RM'000	Preceding Year Corresponding Quarter 31.12.10 RM'000	Current Year To Date 31.12.11 RM'000	Preceding Year Corresponding Period 31.12.10 RM'000
Included in administration and other operating expenses:				
Allowance for doubtful debts	1,120	2,331	1,941	1,036
Impairment loss of property, plant and equipment	20,862	5,760	20,862	5,760
Property, plant and equipment written off	1,649	450	1,651	450
(Gain)/Loss on disposal of property, plant and equipment	430	31	961	(170)

A5. Change in estimates

There were no changes in estimates of amounts reported in the previous quarter that have a material effect on the results of the Group for the financial year ended 31 December 2011, other than the following:-

The Board was in the opinion that there should not be any residual value of EDC terminals after reassessed the marketability, changes in technology and replacement cost of EDC terminals. The effect on the accounts of this change of estimates is an impairment of property, plant and equipment of RM20.9 millions.

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
	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
31 December																
REVENUE																
External sales	7,775	12,830	-	-	-	-	1,971	1,307	284	1,348	1,238	6,674	-	-	11,268	22,159
Inter-segment sales	3,962	3,307	-	-	-	-	123	1,583	791	68	-	398	(4,876)	(5,356)	-	-
Total revenue	11,737	16,137	-	-	-	-	2,094	2,890	1,075	1,416	1,238	7,072	(4,876)	(5,356)	11,268	22,159
RESULTS																
Segment results	(21,117)	(17,163)	108	(31)	-	(16)	835	254	(179)	(1,079)	(5,490)	(1,274)	1,279	7,511	(24,564)	(11,798)
Interest income															64	53
Interest expense															(113)	(56)
Loss before taxation															(24,613)	(11,801)
Taxation															(104)	493
Net loss for the financial year															(24,717)	(11,308)
Asset:																
Additions to non-current assets	2,103	3,231	-	-	-	-	4,141	1,785	199	(154)	39	757	-	-	6,482	5,619
Segment assets	44,431	57,174	-	26	-	20	11,974	8,938	4,847	6,080	2,546	11,223	5	1,096	63,803	84,557
Segment liabilities	18,323	14,007	-	17	-	4	2,959	1,612	3,983	999	4,140	6,401	(2,946)	22	26,459	23,062
OTHER INFORMATION																
Allowance for doubtful debts	10,742	1,713	-	-	-	-	210	-	416	618	1,103	-	(11,351)	-	1,120	2,331
Impairment loss on goodwill on consolidation	-	691	-	-	-	-	-	-	-	-	-	126	-	-	-	817
Bad debts written off	14	871	-	-	-	-	-	-	-	-	7	-	(56)	-	(35)	871
Depreciation of property, plant and equipment	(2,984)	183	-	-	-	-	300	173	185	247	340	242	-	-	(2,159)	845

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
	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
31 December																
(Gain)/Loss on disposal of property, plant and equipment	37	30	-	-	-	-	-	-	(57)	1	450	-	-	-	430	31
Share based payment	-	223	-	-	-	-	-	-	-	-	-	-	-	-	-	223
Inventory written off	30	146	-	-	-	-	-	-	-	-	(1)	-	-	-	29	146
Impairment loss on property, plant and equipment	20,862	5,760	-	-	-	-	-	-	-	-	-	-	-	-	20,862	5,760
Gain on disposal of other investments	19	-	-	-	-	-	-	-	-	-	-	-	(19)	-	-	-
Unrealised Loss/(Gain) on foreign exchange	287	900	-	8	-	111	29	5	(70)	(23)	-	(205)	127	231	373	1,027
Intangible assets written off	-	-	-	-	-	-	-	-	-	-	-	1,292	-	-	-	1,292
Property, plant and equipment written off	0	450	-	-	-	-	-	-	-	-	1,649	-	-	-	1,649	450
Property, plant and equipment written back	(2)	(31)	-	-	-	-	-	-	-	-	-	-	-	-	(2)	(31)
Reversal of allowance for doubtful debts no longer required	(407)	(670)	-	-	-	-	-	-	-	-	(28)	-	1,691	-	1,256	(670)
Inventories recovery	3	50	-	-	-	-	-	-	-	-	(2)	-	-	-	1	50
Waiver of debts	14	-	(173)	-	(57)	-	-	-	-	-	-	-	216	-	-	-

Cumulative 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
	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
31 December																
REVENUE																
External sales	43,861	39,870	-	-	-	-	9,696	5,913	3,381	4,480	5,742	13,725			62,680	63,988
Inter-segment sales	17,217	15,405	-	-	-	-	1,33	1,583	1,642	68	-	403	(18,992)	(17,459)	-	-
Total revenue	61,078	55,275	-	-	-	-	9,829	7,496	5,023	4,548	5,742	14,128	(18,992)	(17,459)	62,680	63,988
RESULTS																
Segment results	(32,215)	(31,045)	141	(40)	47	(19)	443	216	(1,100)	(2,176)	(6,446)	(961)	15,343	19,385	(23,787)	(14,640)
Interest income															202	174
Interest expense															(264)	(199)
Loss before taxation															(23,849)	(14,665)
Taxation															(104)	489
Net loss for the financial year															(23,953)	(14,176)
Asset:																
Additions to non-current assets	3,634	3,825	-	-	-	-	4,254	1,854	320	56	39	757	-	-	8,247	6,492
Segment assets	44,431	57,174	-	26	-	20	11,974	8,938	4,847	6,080	2,546	11,223	5	1,096	63,803	84,557
Segment liabilities	18,323	14,007	-	17	-	4	2,959	1,612	3,983	999	4,140	6,401	(2,946)	22	26,459	23,062

OTHER INFORMATION	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
Allowance for doubtful debts	11,563	418	-	-	-	-	210		416	618	1,103		(11,351)		1,941	1,036
Impairment loss on goodwill on consolidation	-	691	-	-	-	-	-	-	-	-	-	126	-	-	-	817
Bad debts written off	33	2,381	21	-	-	-	-	-	-	-	9	-	(56)	-	7	2,381
Depreciation of property, plant and equipment	3,265	5,508	-	-	-	-	942	644	882	961	1,267	934	-	-	6,356	8,047

Cumulative 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	
	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	
31 December	619	(157)	-	-	-	-	-	-	-	-	-	(103)	(13)	445	-	-	-	-	-	-	-	961	(170)	
Share based payment	-	223	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	223	
Inventory written off	30	96	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	31	96	
Impairment loss on property, plant and equipment	20,862	5,760	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,862	5,760	
Gain on disposal of other investments	19	(17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(17)	
Unrealised Loss/(Gain) on foreign exchange	91	682	-	8	1	111	7	(96)	(74)	52	(205)	74	-	-	-	-	-	-	-	-	123	529		
Intangible assets written off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,292	
Property, plant and equipment written off	2	450	-	-	-	-	-	-	-	-	-	-	-	1,649	-	-	-	-	-	-	-	1,651	450	
Property, plant and equipment written back	(6)	(31)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6)	(31)	
Reversal of allowance for doubtful debts no longer required	(1,881)	(1,964)	-	-	-	-	-	-	-	-	-	-	-	(28)	-	-	-	-	-	-	-	(218)	(1,964)	
Inventories recovery	(57)	(15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(57)	(15)	
Waiver of debts	14	-	(173)	-	-	(57)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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 December 2011

There are no material events subsequent to the end of the quarter under review that have not been reflected in this report, other than the following:-

On 8 February 2012, the company has granted 8,056,400 ordinary shares to the Directors and employees at exercise price of RM0.50 per share. The vesting period of the options is up to 2 November 2012.

Details of share options granted to Directors of listed issuer and Directors of subsidiaries are as follows:-

Name	Designation	Shares Offered
Kanagaraj Lorenz	Chief Executive Officer of GHL Systems Berhad	1,500,000
Ng King Kau	Executive Director of GHL Systems Berhad	1,000,000
Herve Jean Alfieri	Executive Director of GHL Systems Philippines, Inc	395,000
Chumacera, Rey Maria Receno	Executive Director of GHL Systems Philippines, Inc	210,700
Fong Seow Kee, David	Independent Non-Executive Director of GHL Systems Berhad	1,000,000
Goh Kuan Ho	Non-Independent Non- Executive Director of GHL Systems Berhad	1,000,000

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, other than the following:-

(a) Banker's guarantee in favour of third parties	RM'000
- Secured	<u>238</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 31.12.2011 RM'000	Current Year To Date 31.12.2011 RM'000
^ 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”) *	1,216	3,135
# Purchase of EuroPay-MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; purchase of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHL Group from Microtree Sdn Bhd (“Microtree”) *	631	631

^ *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 of e-pay (M) Sdn Bhd as well as the Executive Chairman and CEO of e-pay Asia Limited.*

GHL Systems Berhad Non Executive Director and major shareholder Goh Kuan Ho is currently General Manager of Microtree.

* *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.*