GHL

GHL SYSTEMS BERHAD
(Company No. 293040-D)

Quarterly report on consolidated results for the third quarter ended 31 December 2011

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

Operating Segment Review

(a) Q4 2011 vs. Q4 2010

For the quarter ended 31 December 2011 (Q4 2011), the Group recorded revenues of RM11.3 million representing a decline of 49% from RM22.2 million the corresponding quarter ended 31 December 2010 (Q4 2010). In the same quarter, the Group incurred a Loss Before Tax (LBT) of RM24.7 million, a 119% increase from the LBT of RM11.3 million in Q4 2010. The increased loss was principally as a result of exceptional charges arising from our China operations (RM5.5 million) as well as the diminution in value of certain EDC terminal assets (RM20.9 million) in Malaysia. Both these matters are described more fully below.

The Company had announced on 9 December, 2011 that it had engaged Crowe Horwath, Certified Public Accountants, to undertake an independent investigative audit into the possible business transaction irregularities involving its wholly owned subsidiary GHL (Beijing) Co. Ltd ("GHL Beijing"). Following the completion of the investigative audit, a provision of RM5.5 million has been made in the books of GHL Beijing to cover potential losses arising from these irregular transactions.

As part of the management review of the Group's business, management is of the view that tougher global market conditions coupled with greater supplier competition has eroded the selling price of new and used EDC terminals. Furthermore, advances in security standards and technology have rendered older EDC terminal models obsolete. Given these developments, management has caused a review of the residual value of EDC terminals, which form a significant portion of "Property Plant and Equipment" in the Balance Sheet. Based on the review, a charge of RM20.9 million was provided for in the Q4 2011 results to write down these assets to reflect their effective residual value.

Principal Operating Subsidiaries and Core Business Activities

The Company's principal operating subsidiaries are located in Malaysia, Philippines, Thailand and China. The core businesses of the Group comprises; Shared Services, Solutions Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:-

Shared Services comprises mainly revenue derived from the provision of support and other outsourced sales services to banks and merchants. The principal activities comprise; EDC terminal rental and maintenance, sale of EDC Terminals, sale of credit card payment services to merchants on behalf of banks under "Affiliation Programmes" and the production of Credit/Debit, ATM and loyalty cards for banks and merchants.

Solutions Services comprises mainly revenue derived from the provision of value-added services to merchants and banks. The principal activities comprise; network device and software sales and rentals in respect of payment network solutions, consumer loyalty products, prepaid solutions, internet payment processing and, the development of various special purpose, back-end merchant applications.

Transaction Payment Acquisition ("TPA") comprises mainly revenue derived from the provision of non-credit card payment processing services to merchants. In Malaysia, the company provides e-Debit services (an ATM PIN based payment) to merchants under a contractual arrangement with Malaysian Electronic Clearing Corporation Sdn Bhd ("MyClear"), the owner and operator of the service.

(i) Analysis of Revenues (by country)

Total Group revenues for Q4 2011 were RM11.3 million, a decreased of 49% from RM22.2 million in Q4 2010.

Malaysia - Revenues declined RM5 million as compared between Q4 2011 and Q4 2010 due a decline in Shared Services revenue caused by timing differences in the recognition of certain EDC sales and a decline in card production sales.

Philippines - Revenues grew RM0.7 million from Q4 2010 to Q4 2011 due to increases in Shared Services annuity business, principally, EDC terminal rental and maintenance as well as some hardware sales.

Thailand - Revenues declined RM1 million between Q4 2010 and Q4 2011 due to the severe flooding in Thailand.

China - Revenues declined RM5.4 million between Q4 2010 and Q4 2011 due to significant disruption to business caused by irregularities as explained above.

(ii) Analysis of Results (by country)

Total LBT for Q4 2011 were RM24.7 million, a significant increase of 119% from RM11.3 million in Q4 2010.

Malaysia – Following a review by management of the residual values of EDC terminals, a charge of RM20.9 million was provided for in the Q4 2011 results to write down these assets to reflect their effective residual value.

China – Following the completion of an investigation audit into GHL Beijing, a provision of RM5.5 million was made to cover, inter alia, the write down of fixed assets and certain receivables. In addition, provisions were made to cover legal and other professional fees incurred in the investigation audit.

Philippines and Thailand showed improvement in their segment results by RM0.6 million and RM0.9 million respectively, when comparing Q4 2011 versus Q4 2010. In both cases, the improvement was mainly attributable to the growth of their Shared Services annuity income.

b) FY2011 vs. FY2010

For the financial year ended 31 December 2011 (FY 2011), the Group recorded revenues of RM62.7 million representing an increased of 2% from the previous financial year ended 31 December 2010 of RM64.0 million (FY 2010), an analysis of which is shown below. The Group however, incurred a Loss Before Tax (LBT) of RM23.9 million, a 69% increase from the LBT of RM14.1 million in FY 2010. As explained earlier, the increased loss was principally due to large, non-recurring charges incurred arising from our China operations (RM5.5 million) as well as the diminution in value of certain EDC terminal assets (RM20.9 million) in Malaysia.

(i) Analysis of Revenues (by country)

Malaysia - Revenues grew RM4.0million (10%) year on year principally due to increases in Shared Services (1%), Solutions Services (42%) and TPA (20%). Shared Services growth was moderate because the increase in EDC Terminal Rental and Maintenance (4%) was balanced with a decline in Card Production (24%).

Philippines - Revenues grew RM3.8 million (64%) year on year, principally due to increases in Shared Services Revenue of which, EDC terminals rentals and EDC terminals sales were the largest contributors.

Thailand - Revenues declined RM1.1 million (25%) year on year principally due to a decline in Shared Services revenue of which, EDC terminals rentals and EDC terminals sales were the main contributors. This was caused by the re-pricing arrangements on some long term contracts with banks as well as the effects of floods in the Q4 2011.

China - Revenues declined RM8.0 million (58%) year on year due to the effects of the disruption caused to the business in the 3rd and 4th quarters as explained earlier.

(ii) Analysis of Results (by country)

While at an operating level, Malaysia's results showed significant improvement, these were nevertheless offset by the non-recurring charge in respect of asset impairment that was made in Q4 2011. China results were also adversely affected by the provisions that were taken as explained above. Philippines and Thailand segment results showed improvement in year on year results (105% and 49%, respectively) reflecting the build-up of their recurring annuity revenue streams.

B2. Current Year's Prospects

While the Groups results for FY 2011 were adversely impacted by the provisions for our China business and write down of asset values in Malaysia, these provisions and write downs do not affect the Group in terms of its cash flows or forward revenue generation capability.

The annuity revenue streams from our underlying core businesses of Shared Services, Solutions Services and TPA, continue to remain fundamentally strong as reflected in the Groups revenues for FY 2011 which were only marginally down from FY 2010.

We expect the Shared Services business to grow moderately in FY2012.This is a well-established business predicated on scale and service level delivery. In this regard, the Company is by far the largest operator in Malaysia. In addition, it already has substantial scale of operations in emerging Asian economies such as Philippines and Thailand where the payment industry remains at a nascent stage, thereby offering substantial opportunities to the Group. We continue to invest in the appropriate infrastructure to enable us to deliver the highest service levels at competitive prices. The rapidly deteriorating Global market condition is likely to further encourage our bank and merchant customers to outsource their non-core activities. In this regard, we are well placed to deliver value to this segment given our large scale operations and tested capabilities.

The Solutions Services segment, a higher value-added business, is expected to grow rapidly. Some of our largest initiatives in Philippines, Thailand and Australia are expected to see full deployment by Q2 of 2012 and will start generating new revenue streams from these initiatives. In addition, we have put greater focus on cross-selling our value-added solutions into our existing regional customer base through the use of product specialist working in tandem with the sales organisation.

The TPA business is also expected to grow rapidly. Across the region, PIN based debit payments are still relatively small in absolute terms when compared to signature based credit card payments. In Malaysia we are already working in close partnership with the Regulators and banks to rapidly increase growth in this segment. As the size of cash-based payments in Malaysia is many times higher than the existing total electronic payments, the opportunity to convert this cash-based segment into PIN based debit payments is potentially very large.

B3. Profit Forecast and Profit Guarantee

The Company has not issued any profit forecast or profit guarantee for the current year.

B4. Taxation

	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
Tax expenses	104	(493)	104	(489)

The Group's tax rate is disproportionate to the statutory tax rate due to unabsorbed tax loss and unutilised tax allowances and deferred tax benefits of certain companies within the Group.

B5. Profit on Sale of Unquoted Investment and/or Properties

There was no disposal of unquoted investment or properties during the financial quarter under review.

B6. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the financial quarter under review.

B7. Status of Corporate Proposals

There were no corporate proposals announced and not completed as at the date of this report.

B8. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 December 2011 are as follows:-

(a) **Bank Borrowings**

	Total Secured Term Loan RM'000
Repayable within twelve months	391
Repayable more than twelve months	2,155
	2,546

The secured term loan from a local financial institution is to finance the purchase of three (3) units of 4 ½ storey shop offices. The term loan bears an interest of 5.0% per annum ("pa") on monthly rest for the first three (3) years and thereafter Base Lending Rate ("BLR") + 0.60% pa and is repayable over fifteen (15) years. The loan is expected to be fully repaid by year 2019. The term loan interest rate was revised at BLR + 0.00% pa based on letter dated 21 December 2007. Subsequently, the term loan interest rate was revised at BLR – 1.00% pa based on letter dated 23 February 2010 and 26 April 2010. The BLR as at 13 May 2011 is 6.60% pa.

The Group's banking facilities are secured by the pledging of fixed deposits to the financial institution and pledging of the aforementioned three (3) units of the 4½ storey shop offices.

The portion of the bank borrowings due within one (1) year is classified as current liabilities.

The Group does not have any foreign currency denominated bank borrowings as at 31 December 2011.

(b) **Hire Purchase**

	Total Hire Purchase RM
Repayable within twelve months	739
Repayable more than twelve months	1,184
	1,923

The hire purchase payables of the Group as at 31 December 2011 are for the Group's motor vehicles and EDC equipments. The portion of the hire purchase due within one (1) year is classified as current liabilities.

B9. Realised and Unrealised Profits/(Losses)

	Current Quarter As at 31.12.2011	**Immediate Preceding Quarter As at 30.09.11**
	RM'000	RM'000
Total accumulated losses of the Company and subsidiaries:-		
- Realised	(67,439)	(27,469)
- Unrealised	(488)	(398)
	(67,927)	(27,867)
Less: Consolidation adjustment	34,203	18,860
Total group retained	**(33,724)**	**(9,007)**

B10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

B11. Material Litigation

As at the date of this report, the Group is not engaged in any material litigation, claims, arbitration or prosecution, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group, other than the following:-

(a) GHL International Sdn Bhd ("GHLI"), GHLSYS Singapore Pte Ltd ("GHLSYS") and Privilege Investment Holdings Pte Ltd ("Privilege") had entered into a shareholders' agreement dated 31 October 2005 ("Shareholders Agreement") for the purpose of a joint venture. Subsequently, the above-mentioned parties mutually agreed to terminate the Shareholders Agreement via a termination agreement dated 3 March 2006 with a view of entering into a new joint venture subject to further discussions on the terms for such new joint venture. However, the said new joint venture has not eventuated as the parties were unable to reach an agreement on the final terms for the proposed new joint venture. Consequently, a dispute has since arisen in respect of the termination of the Shareholders Agreement.

On 1 April 2006 and 28 April 2006, the Indonesian lawyers acting on behalf of Privilege ("Privilege Lawyers") have via their letter ("Allegation Letter") to GHL, GHLI and GHLSYS (collectively "GHL Entities") alleged various matters against the GHL Entities and certain representatives of the GHL Entities ("GHL Representatives"), amongst others, fraud and misrepresentation in respect of the termination of the Shareholders Agreement, unlawful repudiation of obligations under the Shareholders Agreement, violation of various Indonesian laws and regulations as specified therein, and defamation ("Privilege Threat").

In this connection, the GHL Entities and GHL Representatives have engaged a firm of Indonesian lawyers ("GHL Lawyers"), to represent and advise them on this matter. In their letter dated 3 April 2006 and subsequently on 6 July 2006, the GHL Lawyers have replied to the allegations made in the Allegation Letter by informing the Privilege Lawyers that the GHL Entities and GHL Representatives have categorically denied all the allegations in the Allegation Letter.

Subsequently, PT Multi Adiprakarsa Manunggal ("PT MAM") had in its letter dated 13 February 2007 addressed to the GHL Entities and the GHL Representatives referred to the Allegation Letter dated 1 April 2006 and alleged that it was an intended beneficiary of the Shareholders Agreement and a direct contracting party to all contracts arising out of the Shareholders Agreement and it was injured by the unlawful conduct of the GHL Entities. PT MAM also claimed an amount of USD3 million in damages to be payable by or before 20 February 2007, failing which PT MAM deemed itself free to file litigation in Malaysia, Singapore and/or Indonesia and that the GHL Entities's reporting of accounts receivable in its financial statements may constitute fraudulent misrepresentation as the amount claimed were provided by the GHL Entities as equity contributions to a proposed joint venture company in Indonesia ("PT MAM Threat"). GHLI had in its letter dated 21 February 2007 replied to PT MAM requesting them to refer to the letter dated 6 July

2006 issued by GHL Lawyers to Privilege Lawyers and that GHLI remained open to meeting with PT MAM to resolve matters amicably.

As the matter has yet to proceed to Court, the GHL Entities and GHL Representatives hope to negotiate with Privilege and/or PT MAM to settle the matter amicably. The GHL Lawyers had expressed that they were not aware of any doctrine of intended beneficiary under Indonesian law in respect of the PT MAM Threat. The GHL Lawyers are of the view that there are legal grounds for the GHL Entities to defend both the Privilege Threat and the PT MAM Threat in the event that litigation is commenced in the Courts of the Republic of Indonesia. However, the GHL Lawyers have qualified all such views by expressing that the Indonesian judiciary is sometimes unpredictable in its decision-making process and that a decision may not necessarily be based on the merits of a case. However, as no calculation of a claim for damages has been submitted by Privilege or its Indonesian lawyers and the PT MAM's claim for USD3 million was not quantified, the GHL Lawyers are not able to opine fully on the financial consequences to the GHL Entities.

Meanwhile on 13 May 2009, GHLI received a letter from Messrs Zaid Ibrahim & Co., representing Privilege with the following claims:-

(i) Payment of the sum of USD3,009,700.00 as general damages suffered by Privilege arising out of GHLI's failure to perform the obligations;

(ii) Payment of the sum of USD43,047.00 as special damages for expenses incurred by Privilege in setting up PT MAM and GHLSYS;

(iii) Return of all confidential information, trade secrets and/ or any other proprietary information belonging to Privilege that remain in GHLI's and/ or any other related party's custody;

(iv) Provision of a written undertaking that GHLI does not have any confidential information, trade secrets and/ or proprietary information belonging to Privilege other than that which was returned, and that GHLI has not and will not utilize the confidential information, trade secrets and/ or proprietary information save other than in the course of the joint venture; and

(v) Payment of the sum of RM2,500.00 being the cost of the letter of demand.

On 19 May 2009, the management through its solicitor, Messrs. Sreenevasanyoung, denied each and every allegation as set out in the letter and denied being liable as alleged or at all.

The Board is of the view that the GHL Entities have a good defence against such claims made by Privilege. The directors of GHL are of the opinion that should this matter go to court, the GHL Entities will vigorously defend its position.

(b) Payment Processing Corporation ("PPC" or "Plaintiff") had entered into a Memorandum of Agreement ("MOA") with GHLSYS Philippines, Inc. ("GHLP" or "Defendant") wherein the former sold and transferred to the latter its merchant acquiring business and the management of its merchant portfolio, the purchase price of which is to be paid in 48 equal monthly installments every 15th of the month through a revenue-sharing scheme. PPC claims that payments are delayed, there were unauthorized deductions such as withholding tax and value added tax and there was unreported revenue which caused it to loose substantial income.

A Writ of Summons ("Summons") dated 25 April 2011 filed by PPC was served to the GHLP's office address at the 16th Floor, BA Lepanto Condominium, 8747 Paseo de Roxas Avenue, Makati City on 10 May 2011.

PPC prays for the compliance with the MOA as indicated in (i) to (vii) below and the payment of the amount as indicated in (viii) to (x) below:

(i) pay PPC the correct amount of share in the revenues (within 15 days of the following month of the transaction) based on the formula under the MOA;

(ii) refund to PPC the witholding tax of Peso 602,860.81;

(iii) include manual transactions of merchants belonging to the Merchant Portfolio in computing for PPC's share in the Revenues;

(iv) provide PPC with the correct accounting of revenues derived from the Merchant Portfolio;

(v) stop making unauthorised deductions from PPC share in revenues such as withholding taxes, value added taxes and other tax penalties;

(vi) pay PPC the stipulated late payment of PPC share in revenue as of 3 March 2011 of Peso 86,577.85;

(vii) pay PPC the stipulated overdue interest from unreported share in revenues at the rate of 12% from due date of payment;

(viii) to pay PPC additional exemplary damages of Peso 500,000.00;

(ix) to pay PPC's attorney's fees of Peso 250,000.00; and

(x) to pay PPC's litigation expenses of Peso 100,000.00.

GHLP is given fifteen (15) days within which to file its Answer to the Complaint wherein defenses will be raised. In the Answer, counter claims may also be filed if it is proven that PPC filed this case merely to harass.

GHLP's lawyers had subsequently on 2 June 2011 filed an Omnibus Motion ("Omnibus") asking the Court to issue an Order:

a) Requiring PPC to file with the Court and to furnish GHLP copies of page 7 of Annex C-1 and page 3 of Annex E-1 of the Complaint; and

b) Ordering PPC to file or submit a bill of particulars or a more definite statement of its claim.

The Omnibus was heard on 8 June 2011 and PPC was given fifteen (15) days within which to answer said pleading. While PPC addressed the first item requested in its comment, it opposed the motion for bill of particulars in its opposition (to Motion for Bill of Particulars) with Compliance (re Mission Page) dated 23 June 2011.

GHLP's lawyers had filed its Answer to the Complaint filed by PPC against GHLP on 3 November 2011 with the Regional Trial Court of Makati, Branch 58. A copy of the Answer was likewise furnished the counsel for Plaintiff.

GHLP raised as defenses to the claims of Plaintiff the following:

a) Acts of third persons, particularly that of the merchant acquiring banks, have rendered the compliance with the period within which to pay Plaintiff and to submit revenue sharing reports impossible to perform;

b) In accepting payments from Defendant, Plaintiff condoned the delay;

c) No unauthorized deductions made by Defendant of Plaintiff's share in the revenue;

d) Plaintiff has not shown that it is entitled to revenue from manual transactions;

e) Plaintiff has not shown that it is entitled to exemplary damages; and

f) Plaintiff has not shown that it is entitled to attorney's fees, litigation expenses and costs of suit.

As a counterclaim, GHLP prayed for the reformation of the Memorandum of Agreement subject of the Complaint. Exemplary damages and attorney's fees were also claimed.

On 29 November 2011, GHLP, through its counsel, received the Reply dated 24 November 2011 (to the Answer dated 3 November 2011) filed by PPC. In its Reply, PPC claims the following:

a) GHLP's defense of delay due to the act of third person is without merit.
b) GHLP failed to exercise the required diligence in managing its affairs.
c) There was a belated request to amend the terms of the Memorandum of Agreement.
d) GHLP is not required to withhold taxes from Plaintiff's share.
e) GHLP, regardless of profit, is required to pay Plaintiff the value of the Merchant Portfolio.

These matters will be addressed during the trial proper.

In view of the filing of the Reply, the Plaintiff filed an Ex Parte Motion to Set Case for Pre-Trial dated 29 November 2011, a copy of which GHLP's counsel received on 6 December 2011.

On 11 January 2012, a copy of the Notice of Pre-Trial Conference dated 7 December 2012 was sent to GHLP. The pre-trial conference was scheduled on 6 February 2012 at 8:30 a.m. The partieswere required to file with the Court and serve upon the other party their respective pre-trial briefs which shall contain, among others:

a) A statement of their willingness to enter into an amicable settlement indicating their desired terms thereof or to submit the case to any of the alternative modes of dispute resolution;

b) A summary of admitted facts and proposed stipulation of facts;
c) The issues to be tried or resolved;
d) The documents or exhibits to be presented, stating the purpose thereof;
e) A manifestation of their having availed of their intention to avail themselves of interrogatories and request for admission by adverse party or at their discretion to make use of depositions and other measures provided for under the Rules of Court within five (5) days from the filing of the Answer or referral to commissioners; and
f) The number and names of the witnesses, the substance of their testimonies, and the approximate number of hours that they will be required by the parties for the presentation of their respective witnesses.

On 3 February 2012, GHLP, through counsel, filed its pre-trial brief. On 6 February 2012, GHLP's key officers as well as its legal counsel attended the scheduled pre-trial conference. While the hearing was scheduled for the pre-trial conference, in view of the court-mandated referral to the Philippine Mediation Center (PMC), the hearing was postponed until mediation is terminated. This referral to mediation gives the parties an opportunity to amicably settle so as to avoid prolonged litigation.

Both the parties attended the mediation proceedings before the PMC with Mr. Donato Jaucian as mediator. PPC was represented by its counsel, Atty. Lovely E. Lim and its President, Mr. Max Oppacher. GHLP, on the other hand, was represented by its General Manager Mr. Herve Alfieri, together with Mr. Rey Chumacera, Ms. Czareenah Amiscaray, and Ms. Maureen Javier. Also present were the counsel for GHLP.

PPC presented the following demands:

a) For GHLP to pay interest on alleged delayed payments;
b) Restoration of all Value-Added Tax (VAT) deductions made by GHLP and remitted to the Bureau of Internal Revenue (BIR);
c) Restoration of all Expanded Withholding Tax (EWT) deductions made by GHLP as withholding agent and remitted to the BIR ;
d) Inclusion of manual transactions in the computation of revenue shares;
e) Transparency in all transactions, that is, submission of bank reports by GHLP to PPC; and
f) Strict compliance with the terms of the Memorandum of Agreement dated 1 March 2009.

The parties agreed to re-set the mediation proceedings to 23 February 2012 at 10:00 a.m. so that GHLP may confer with its officers in Kuala Lumpur. GHLP's counsel and representatives will attend the scheduled mediation to see if settlement is possible.

On 23 February 2012, the parties met before the PMC. GHLP gave its settlement proposal, as follows:

a) Peso86,577 plus 12% interest – Approximately Peso100,000
b) Attorney's fees – Peso100,000
c) Litigation expenses – Reimburse actual receipts.
d) Mutual pre-termination subject to payment of termination fee of Peso500,000

PPC acknowledged and asked that the proposal be sent in writing. PPC will send their written proposal upon receipt of GHLP's. While PPC seemed open to an amicable settlement, they are adamant about claiming the VAT and EWT withheld and remitted to the BIR. PPC also intimated that they will be asking more than Peso500,000 for the termination of the contract.

The Board will announce further development on the above matters as and when necessary.

(c) GHL (Thailand) Co. Ltd. ("GHLT or "Plaintiff"") had served on Global Icare Corporation Co. Ltd. ("Global or "Defendant"), a Statement of Claim and Writ of Summons on 22 May 2011 to claim the following:-

(i) The Defendant shall pay the amount of 16,824,394.41 Baht and the interest calculated from the date of filling onward at 15% from principal amount of 16,367,469.24 Baht per year, until the Defendant complete the payment requested by the Plaintiff; and

(ii) The Defendant shall be responsible for all the court fees and attorney fees.

On 4 August 2011, GHLT had signed a binding agreement ("Agreement") and reached a settlement of the Summons between GHLT and Global ("Parties") before hearing from the Court on 19 August 2011. The Parties agreed to withdraw all legal action against each other when the Agreement is signed between the Parties and the following conditions are met:-

(i) Global agreed to pay 1,000,000 Baht within three (3) business days upon signing the Agreement and to pay the remaining balance of 3,930,750 Baht within ninety (90) days from the date of signing the Agreement. The total amount of 4,930,750 Baht is for the 275 units of terminals and X-10 installed at the post offices and 206 units of terminals installed at the non-post office merchants.

(ii) GHLT agreed to retrieve the remaining terminals at post offices and issue a credit note to Global.

Following the due performance by the Parties of the terms of Agreement, the Summons will be discontinued and further announcement will be made upon its fulfilment. However, if the performance by the Parties are not duly fulfilled, GHLT will proceed with Summons (or court hearing date on 19 August 2011).

On 19 August 2011, GHLT had through its solicitor filed a Petition to withdraw the GHLT's legal action against Global.

B12. Dividend Proposed

There was no dividend declared during the quarter under review.

B13. Earnings Per Share

a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period and excluding the treasury shares held by the Company.

b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity holders of the parent and weighted average number of ordinary shares in issue during the period and excluding treasury shares held by the Company.

Basic		**Current Quarter 31.12.11**	**Preceding Year Corresponding Quarter 31.12.10**	**Current Year To Date 31.12.11**	**Preceding Year Corresponding Period 31.12.10**
Net loss attributable to equity holders of the parent	(RM‘000)	(24,717)	(11,308)	(23,953)	(14,176)
Weighted average number of ordinary shares in issue and issuable	(Unit‘000)	151,994	151,994	151,994	142,280
Basic loss per share	(Sen)	(16.26)	(7.44)	(15.76)	(9.96)

Diluted		**Current Quarter 31.12.11**	**Preceding Year Corresponding Quarter 31.12.10**	**Current Year To Date 31.12.11**	**Preceding Year Corresponding Period 31.12.10**
Net loss attributable to equity holders of the parent	(RM‘000)	(24,717)	(11,308)	(23,953)	(14,176)
*Weighted average number of ordinary shares in issue and issuable	(Unit’000)	151,994	151,994	151,994	142,280
Diluted loss per share	(Sen)	(16.26)	(7.44)	(15.76)	(9.96)

*The number of shares exercised under ESOS was not taken into account in the computation of diluted earnings per share because the effect on the basic earnings per share is antidilutive.

B14. The Memorandum of Understanding pursuant to Paragraph 9.29 of Main Market Listing Requirements of Bursa Securities

On 31 July 2008, GHL had entered into a memorandum of understanding ("MOU") with a Filipino group on the event date represented by Mr. Ferdinand A Domingo to establish teaming arrangement between GHL & the Filipino Group to undertake the business of providing information technology solutions in the Philippines through a joint venture agreement.

There was no material development or changes in the status of the above mentioned MOU since the date of announcement.