



GHL SYSTEMS BERHAD
CONSOLIDATED INCOME STATEMENTS
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009
THE FIGURES HAVE NOT BEEN AUDITED

		YEAR QUARTER 30/09/2009	CORRESPONDING QUARTER 30/09/2008	YEAR TO DATE 30/09/2009	CORRESPONDING PERIOD 30/09/2008
	Note	RM	RM	RM	RM
Revenue	A8	18,105,097	14,201,899	41,713,247	37,313,787
Cost of sales		(4,605,004)	(4,579,983)	(10,197,816)	(11,051,533)
Gross profit		13,500,093	9,621,916	31,515,431	26,262,254
Other income		120,038	831,354	642,996	1,257,752
Administration expenses		(12,661,262)	(9,724,221)	(34,621,973)	(26,496,292)
Distribution costs		(789,324)	(854,316)	(2,572,358)	(2,761,005)
Other expenses		(102,955)	(117,697)	(367,116)	(416,402)
Finance cost		(45,876)	(45,030)	(108,664)	(132,908)
Profit/(Loss) before taxation		20,714	(287,994)	(5,511,684)	(2,286,601)
Income tax expense		39,781	-	(1,414)	(35)
Profit/(Loss) for the period		60,495	(287,994)	(5,513,098)	(2,286,636)
Attributable to:					
Equity holders of the parent		80,495	(287,994)	(5,493,098)	(2,286,636)
Minority interest		(20,000)	-	(20,000)	-
		60,495	(287,994)	(5,513,098)	(2,286,636)
Weighted average number of ordinary shares in issue		138,223,968	138,651,244	138,264,577	138,405,556
Nominal value per share		RM 0.50	RM 0.50	RM 0.50	RM 0.50
Earnings/(Loss) Per Ordinary Share					
- Basic (sen)	B13	0.06	(0.21)	(3.97)	(1.65)
- Diluted (sen)	B13	0.06	(0.21)	(3.97)	(1.65)

(The Condensed Consolidated Income Statement should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2008)



GHL SYSTEMS BERHAD
CONSOLIDATED BALANCE SHEET
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009
THE FIGURES HAVE NOT BEEN AUDITED

	AS AT CURRENT YEAR QUARTER 30/09/2009	AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2008 (Audited)
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	49,130,993	55,737,225
Prepaid lease payments	1,563,447	1,575,757
Other investment	88,250	88,250
Goodwill on consolidation	1,913,105	1,913,105
	<u>52,695,795</u>	<u>59,314,337</u>
Current assets		
Inventories	9,208,463	9,486,878
Trade receivables	16,627,106	12,050,156
Other receivables	5,380,365	1,931,037
Tax recoverable	208,316	137,994
Fixed deposits placed with licensed banks	2,045,375	3,351,989
Cash and bank balances	9,813,157	9,345,502
	<u>43,282,782</u>	<u>36,303,556</u>
TOTAL ASSETS	<u>95,978,577</u>	<u>95,617,893</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	69,431,108	69,431,108
Reserves	8,682,553	13,826,436
Treasury Shares	(824)	(4,467)
Total equity	<u>78,112,837</u>	<u>83,253,077</u>
Non-current liabilities		
Hire purchase payables	21,666	34,786
Bank borrowing	2,877,646	3,082,585
	<u>2,899,312</u>	<u>3,117,371</u>
Current liabilities		
Trade payables	2,605,533	1,045,304
Other payables	11,877,125	7,450,608
Hire purchase payables	19,060	51,244
Bank borrowings	222,840	664,262
Tax Payable	241,870	36,027
	<u>14,966,428</u>	<u>9,247,445</u>
Total liabilities	<u>17,865,740</u>	<u>12,364,816</u>
TOTAL EQUITY AND LIABILITIES	<u>95,978,577</u>	<u>95,617,893</u>
Number of ordinary shares	138,862,215	138,862,215
NA per share (sen)	56.25	59.95



GH SYSTEMS BERHAD
CONSOLIDATED CASH FLOW STATEMENT
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009
THE FIGURES HAVE NOT BEEN AUDITED

	CURRENT YEAR QUARTER 30/09/2009 RM	CUMULATIVE QUARTER PRECEDING YEAR CORRESPONDING QUARTER 30/09/2008 RM
Cash Flows From Operating Activities		
Loss before taxation	(5,511,684)	(2,286,601)
Adjustment for:		
Reversal of doubtful debts	-	(55,028)
Depreciation of property, plant & equipment	8,502,199	6,234,440
Loss on disposal of property, plant & equipment	23,323	16,751
Interest income	(93,582)	(266,019)
Interest expenses	108,664	132,908
Property, plant & equipments written off	22,208	19,342
Operating profit before working capital changes	<u>3,051,128</u>	<u>3,795,793</u>
Decrease/ (Increase) in working capital		
Inventories	<u>278,415</u>	<u>(10,979,689)</u>
Trade and other receivables	<u>(8,096,600)</u>	<u>5,166,672</u>
Trade and other payables	<u>5,986,747</u>	<u>(760,054)</u>
	<u>(1,831,438)</u>	<u>(6,573,071)</u>
Cash generated from/ (used in) operations	1,219,690	(2,777,278)
Interest paid	(108,664)	(132,908)
Interest received	93,582	266,019
Tax refund/ (paid)	2,561	(82,527)
Exchange fluctuation adjustment	<u>579,848</u>	<u>(442,281)</u>
	<u>567,327</u>	<u>(391,697)</u>
Net cash generated from/ (used in) operating activities	1,787,017	(3,168,975)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,404,835)	(4,933,958)
Proceeds from disposal of property, plant & equipment	475,648	1,458,219
Purchase of Company's own shares	3,643	(5,090)
Proceeds from disposal of marketable securities	-	591,685
Net cash used in investing activities	<u>(1,925,544)</u>	<u>(2,889,144)</u>
Cash Flows From Financing activities		
Repayment of hire purchase payables	(45,303)	(100,126)
Repayment of borrowings	(646,361)	(6,339,806)
Decrease of fixed deposit pledge	474,655	1,726,338
Dividend paid to shareholders	-	(439,202)
Net cash used in financing activities	<u>(217,009)</u>	<u>(5,152,796)</u>
Net decrease in cash and cash equivalents	(355,536)	(11,210,915)
Cash and cash equivalents at beginning of financial period	11,149,286	22,067,442
Cash and cash equivalents at end of financial period	<u>10,793,750</u>	<u>10,856,527</u>
Cash and cash equivalents at end of period comprises:		
Cash and bank balances	9,813,157	7,685,303
Short term marketable securities	-	-
	<u>9,813,157</u>	<u>7,685,303</u>
Fixed deposits placed with licensed banks	<u>2,045,375</u>	<u>4,271,224</u>
	<u>11,858,532</u>	<u>11,956,527</u>
Less: Fixed deposits pledged to licensed banks	<u>(1,064,782)</u>	<u>(1,100,000)</u>
	<u>10,793,750</u>	<u>10,856,527</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with Audited Financial Statements for the year ended 31 December 2008)



GHL SYSTEMS BERHAD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009
THE FIGURES HAVE NOT BEEN AUDITED

	Share Capital RM	Foreign Exchange Reserves RM	Share Premium RM	ESOS Reserve RM	Treasury Shares RM	Retained Profits RM	Total Shareholders' Equity RM	Minority Interests RM	Total Equity RM
At 1 January 2008	69,431,108	241,943	-	576,521	-	21,677,072	91,926,644	9,653	91,936,297
Transfer of reserve arising from expired ESOS	-	-	576,521	(576,521)	-	-	-	-	-
Reclassification of ESOS reserves expired on 5/9/08	-	-	(349,846)	-	-	-	(349,846)	-	(349,846)
Foreign exchange differences, representing net income not recognised in income statement	-	(442,281)	-	-	-	-	(442,281)	-	(442,281)
Share purchased during the financial year held as treasury shares	-	-	-	-	(444,292)	-	(444,292)	-	(444,292)
Dividend	-	-	-	-	439,202	(439,202)	-	-	-
Net loss for the financial period	-	-	-	-	-	(2,286,636)	(2,286,636)	-	(2,286,636)
At 30 September 2008	<u>69,431,108</u>	<u>(200,338)</u>	<u>226,675</u>	<u>-</u>	<u>(5,090)</u>	<u>13,951,234</u>	<u>88,403,589</u>	<u>9,653</u>	<u>88,413,242</u>
At 1 January 2009	69,431,108	(1,256,993)	-	-	(4,467)	15,083,429	83,253,077	-	83,253,077
Arising from acquisition of shares in subsidiary company	-	-	-	-	-	-	-	20,000	20,000
Foreign exchange differences, representing net income not recognised in income statement	-	579,848	-	-	-	-	579,848	-	579,848
Share purchased during the financial year held as treasury shares	-	-	-	-	(226,990)	-	(226,990)	-	(226,990)
Dividend	-	-	-	-	230,633	(230,633)	-	-	-
Net loss for the financial period	-	-	-	-	-	(5,493,098)	(5,493,098)	(20,000)	(5,513,098)
At 30 September 2009	<u>69,431,108</u>	<u>(677,145)</u>	<u>-</u>	<u>-</u>	<u>(824)</u>	<u>9,359,698</u>	<u>78,112,837</u>	<u>-</u>	<u>78,112,837</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2008)



GHL SYSTEMS BERHAD

(Company No: 293040-D)

Quarterly report on consolidated results for the third quarter ended 30 September 2009

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 subsidiary companies (“Group”) for the financial year ended 31 December 2008.

The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company during the financial quarter under review.

The significant accounting policies adopted in the interim financial report are consistent with those adopted by the Group in the audited financial statements for the financial year ended 31 December 2008.

During the financial period, 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 current financial period:

FRS 8 Operating Segments

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

The Group and the Company have not adopted the following new FRSs and amendments to FRSs which have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective date for financial periods beginning on or after
FRS 4	Insurance Contracts	<hr/> 1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010

		Effective date for financial periods beginning on or after
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendment to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendment to FRS 8	Operating Segments	1 January 2010
Amendment to FRS 101	Presentation of Financial Statements	1 January 2010
Amendment to FRS 107	Statement of Cash Flows	1 January 2010
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110	Events after the Reporting Period	1 January 2010
Amendment to FRS 116	Property, Plant and Equipment	1 January 2010
Amendment to FRS 117	Leases	1 January 2010
Amendment to FRS 118	Revenue	1 January 2010
Amendment to FRS 119	Employee Benefits	1 January 2010
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendment to FRS 123	Borrowing Costs	1 January 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements	1 January 2010
Amendment to FRS 128	Investments in Associates	1 January 2010
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 131	Interests in Joint Venture	1 January 2010
Amendment to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendment to FRS 134	Interim Financial Statements	1 January 2010
Amendment to FRS 136	Impairment of assets	1 January 2010
Amendment to FRS 138	Intangible Assets	1 January 2010

		<u>Effective date for financial periods beginning on or after</u>
Amendment to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendment to FRS 140	Investment Property	1 January 2010

(i) FRS 7 Financial Instruments: Disclosures

This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel.

(ii) FRS 123 Borrowing Costs

This new standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

(iii) FRS 139 Financial Instruments: Recognition and Measurement

This new standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting. The impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed by virtue of exemptions provided under paragraph 103AB of FRS 139.

FRS 4, Amendment to FRS 1, Amendment to FRS 5, Amendment to FRS 120, Amendment to FRS 128, Amendment to FRS 129, Amendment to FRS 131, Amendment to FRS 138 and Amendment to FRS 140 are not relevant to the Group's and to the Company's operations.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

The initial applications of the above applicable new FRSs and Amendments to FRSs are not expected to have any material impact on the financial statements of the Group and the Company.

A2. Audit Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2008 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

Save as disclosed below, there were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations and resale of treasury shares during the current quarter under review:-

	Number of treasury shares	Total considerations RM
Balance as at 1 July 2009	1,276,465	212,318
Repurchased during the quarter	100,000	19,139
Share Dividend	(1,371,564)	(230,633)
Balance as at 30 September 2009	4,901	824

The repurchase transaction was financed by internally generated funds. The repurchased GHL Shares are being held as treasury shares and carried at cost in accordance with the requirements of Section 67A of the Companies Act, 1965. On 21 July 2009, a total of 1,371,564 treasury shares at total cost of approximately RM230,633 were distributed as share dividend on the basis of one (1) treasury share for every one hundred (100) existing ordinary shares of RM0.50 each held in GHL. As at 30 September 2009, the treasury shares held were 4,901 ordinary shares with total purchase consideration of approximately RM824. None of the treasury shares held were resold or cancelled during the financial period ended 30 September 2009.

A7. Dividend Paid

On 21 July 2009, a total of 1,371,564 treasury shares were distributed to the entitled shareholders on the basis of one (1) treasury share for every one hundred (100) existing ordinary shares of RM0.50 each held in GHL as share dividend which was approved by the shareholders of the Company at the Fifteenth Annual General Meeting held on 8 May 2009.

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:-

Geographical location	Current quarter 30 September 2009 (RM)	Preceding year corresponding quarter 30 September 2008 (RM)
Malaysia	10,529,716	6,868,375
Thailand	1,018,669	1,227,090
Philippines	1,208,668	1,991,598
China	1,689,905	2,438,873
Hong Kong	927,326	472,959
Taiwan	2,217,782	715
Singapore	-	456,936
Indonesia	397,931	7,910
Qatar	70,596	380,646
United Kingdom	-	6,412
Romania	-	227,500
Australia	-	122,885
Hungary	6,860	-
Dubai	1,073	-
Colombo	1,532	-
Brazil	35,039	-
Total (RM)	18,105,097	14,201,899

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 2009

Save as disclosed below, there were no other material events between 30 September 2009 and the date of this report that have not been reflected in the interim financial statement for the quarter under review:-

- (a) On 1 October 2009, Mobilityone Sdn Bhd (“M1”) has commenced legal proceedings against GHLL, Tay Beng Lock (“TBL”), Chin Fook Kheong (“CFK”) and Wong Ah Kau @ Wong Mun Sang (“WAK”) via Kuala Lumpur High Court Suit No. D22(NCC)-142-2009. The writ was issued on 25 September 2009 and served on the solicitors for the defendants (Messrs Goh Wong Pereira) on 30 September 2009.

Appearance has been entered by Messrs Goh Wong Pereira on 1 October 2009. The detailed information can be referred to Note A12 (c)(ii) – Contingent Liabilities of 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 quarter under review:-

- (a) On 14 July 2009, GHL Asia Pacific Limited ("GHL AP"), which is a wholly owned subsidiary of GHL had acquired four (4) ordinary shares of Thai Baht One Hundred (100 Baht) each in GHL (Thailand) Co., Ltd ("GHL Thailand"), a subsidiary of GHL AP for a total cash consideration of Thai Baht Four Hundred (400 Baht).

As a result of this acquisition, the total cost of investment of GHL AP in GHL Thailand had increased to Thai Baht Twenty One Million Seven Hundred Ninety Nine Thousand and Eight Hundred (21,799,800 Baht) comprising Ten Thousand One Hundred and Ninety Eight (10,198) ordinary shares of Thai Baht One Hundred (100 Baht) each and Two Hundred Seven Thousand and Eight Hundred (207,800) preferred shares of Thai Baht One Hundred (100 Bath) each, representing 99.99% of the issued and paid-up share capital of GHL Thailand.

- (b) On 29 July 2009, the Company had completed the subscription for Eighty Thousand (80,000) new ordinary shares of Ringgit One (RM1.00) each in Ideal Sales Concept Sdn Bhd ("ISCSB"), at par for a total cash consideration of Ringgit Malaysia Eighty Thousand (RM80,000) ("Subscription"). Pursuant to the Subscription, ISCSB became a 80% owned subsidiary of GHL.

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>258,500</u>

- (b) (i) On 7 August 2007, two letters of demand were issued against M1. The first claim made by the Company demanding M1 to pay RM591,426 which comprises fees for servers hosting, rental of EDC terminals and other miscellaneous matters. The second claim was made by GHL Transact Sdn Bhd demanding M1 to pay RM375,241 which comprises fees for maintenance and rental of EDC terminals and other miscellaneous matters. M1 has made partial payments to these claims.

(ii) Thereafter, M1 via their solicitors Messrs Gan Rao & Chuah's letter dated 27 December 2007 made three claims against the Company, which are summarised as follows:-

- a claim for refund of excess payment amounting to RM1,737,895 made to GHL for the purchase of prepaid soft pin from GHL. Based on the records of GHL, GHL has delivered all prepaid soft pin that M1 paid for. GHL is of the view that M1 misconstrued the quantity of the staggered delivery of prepaid

soft pin by telecommunication companies against their inventory count. GHL has a good defence against the claim.

- a claim for refund of RM520,000 being payment made to GHL for the installation of lightning arrestors and voltage regulators on M1's EDC terminals. M1 claimed that they have not requested for the services and that the services were never rendered. The Directors of GHL are of the view that the Company has a good defence because M1 recognised this contract in their Admission Document for listing in Alternative Investment Market of the London Stock Exchange and GHL's records showed the services were rendered.
 - a claim for refund of interest paid to GHL from 2005 to 2007 amounting to RM269,330 for loan advanced. M1 claimed that interest payments were unlawful and illegal. The Directors of GHL are of the view that the Company has a good defence because M1 had earlier recognized the payment of interest and had never disputed the payment.
- (iii) On 3 September 2009, GHL and GHL Transact Sdn Bhd ("GHL transact"), a subsidiary of GHL had via its Solicitors served the writ of summons and statements of claims against M1. GHL Transact is claiming for RM1,209,349.50 together with interest at the rate of 2% per month and cost for outstanding rental and maintenance of EDC terminals and supply of thermal paper. GHL is claiming for RM363,686.13 together with interest rate of between 1% to 2% per month and cost for outstanding rental of EDC terminals, service charges for hosting facilities, and supporting services in respect of 'Mr Kiosk' software.
- (iv) M1 has commenced legal proceedings against GHL, Tay Beng Lock ("TBL"), a director of GHL, Chin Fook Kheong ("CFK"), a director of GHL and Wong Ah Kau @ Wong Mun Sang ("WAK") via Kuala Lumpur High Court Suit No. D22(NCC)-142-2009. The writ was issued on 25 September 2009 and served on the solicitors for the defendants (Messrs Goh Wong Pereira) on 30 September 2009. Appearance has been entered by Messrs Goh Wong Pereira on 1 October 2009.

M1's claim against GHL can be summarised as follows:

- The sum of RM1,737,897.84 being purported overpayment by M1 to GHL for inventory not delivered pursuant to Sale and Purchase of Assets Agreement dated 30 June 2004 together with interest at the rate of 8% per annum from 1 August 2005 until full settlement;
- The sum of RM104,600.00 paid by M1 to GHL for hardware purportedly not delivered in breach of the Sale and Purchase of Assets Agreement dated 30 June 2004 together with interest at the rate of 8% per annum from 1 May 2005 until full settlement;
- The sum of RM96,000.00 paid by M1 to GHL for EDC terminals purportedly not delivered in breach of the Sale and Purchase of Assets Agreement dated 30 June 2004 together with interest at the rate of 8% per annum from 1 August 2005 until full settlement;

- The sum of RM520,000.00 paid by M1 to GHL for services purportedly not provided by GHL together with interest at the rate of 8% per annum from 19 November 2005 until full settlement;
- The sum of RM269,330.00 paid by M1 to GHL as interest charges for cash advances by GHL to M1 together with interest at the rate of 8% per annum from 29 August 2005 until full settlement;

M1's claim against TBL and CFK is for breach of their duty of care and for breach of their fiduciary duties to M1. M1 seeks damages against TBL and CFK, to be assessed by the Court.

M1's claim against WAK is for the sum of RM120,000.00 paid by M1 to WAK as interest charges together with interest at the rate of 8% per annum from 28 April 2007 until full settlement.

Additionally, M1 claims costs against all the defendants.

GHL, TBL and CFK have appointed Messrs Goh Wong Pereira as solicitors to advise them and to resist the claim. The said solicitors had entered appearance on 1 October 2009. The defence was filed on 5 November 2009 and an amended defence was filed on 13 November 2009. Upon advice from Messrs Goh Wong Pereira, WAK has obtained his own legal representation. Messrs Goh Wong Pereira was of the opinion that it would be more appropriate for WAK to obtain his own legal representation as he was not involved in the internal management of either GHL or M1 but rather a recipient of the RM120,000.00. In the premise, the defence raised by GHL, TBL and CFK may not be relevant to WAK.

The Directors of GHL are of the view that the Company has a good defence because M1 had earlier recognised the payment of interest and had never disputed the payment. There is also evidence that M1 had agreed to payment of interest through one of its directors.

A13. Capital commitment

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

A14. Significant related party transactions

There were no significant related party transactions during the quarter under review.



GH SYSTEMS BERHAD
(Company No. 293040-D)

Quarterly report on consolidated results for the third quarter ended 30 September 2009

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

B1. Review of Performance

For the quarter ended 30 September 2009, the Group recorded revenue of RM18.11 million, representing an increase of approximately 27.54% as compared to RM14.20 million achieved in the preceding year's corresponding quarter ended 30 September 2008. The increase was mainly attributable to higher sales of value-added solutions and demand for maintenance services in the domestic and certain of the overseas market during the current quarter under review. The profit before taxation of RM0.02 million of the Group for the current quarter under review is an improvement from the loss before taxation of RM0.29 million in the preceding year's corresponding quarter ended 30 September 2008. The profit before taxation was in line with the increase in revenue for the current quarter under review.

For the nine (9) months period ended 30 September 2009, the Group recorded a revenue of RM41.71 million, representing an increase of 11.79% as compared to RM37.31 million achieved in the preceding year's corresponding period. The Group however incurred a loss before taxation of RM5.51 million for the current nine (9) months period ended 30 September 2009 as compared to loss before taxation of RM2.29 million recorded in the preceding year's corresponding period. The higher loss before taxation was mainly due to significant increase in operational costs and the write-down of residual value of Non-EuroPay Mastercard Visa ("EMV") EDC terminals of RM1.38 million. In addition, RM0.19 million in stocks were written down for units used for testing and demonstration and for warranty claims from customers.

B2. Comparison of Current Quarter Results with the Preceding Quarter

	<u>Current Quarter ended</u> <u>30 September 2009</u> RM'000	<u>Preceding Quarter ended</u> <u>30 June 2009</u> RM'000
Revenue	18,105	13,089
Profit/(Loss) Before Tax	21	(2,453)

For the current quarter under review, the Group's revenue increased by approximately 38.32% to RM18.11 million, as compared to RM13.09 million registered in the preceding quarter ended 30 June 2009 mainly due to the increased sales of services in the local market, sales of hardware in the overseas market, and sales of maintenance income in the local and overseas markets. The Group recorded a profit before taxation of RM0.02 million in the

current quarter as compared to a loss before taxation of RM2.45 million in the preceding quarter due to an increase in revenue for the current quarter under review.

B3. Current Year's Prospects

In view of the economic slow down affecting business sentiment across the region, the Board of Directors of GHIL ("Board") believes that the level of competition will continue to be intense in the domestic and overseas markets. Therefore, the Group will constantly enhance its competitive edge by providing value-added solutions, and focus on capturing opportunities in the overseas markets via resellers/distributors.

At the same time, the Group's recent re-appointment as a distributor for Ingenico S.A., a global payment solutions provider's products with expanded geographical coverage in 11 countries in the Asia Pacific Region reinforces the Group's efforts to become an integrated payment solutions provider.

Notwithstanding this, the Board expects the Group's prospects to be challenging in the financial year ending 31 December 2009.

B4. Profit forecast and Profit Guarantee

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

B5. Taxation

The taxation charge for the period is in respect of interest income. There is no taxation charge on the business source of income as the Company was granted pioneer status which exempts its income from taxation for a period of five (5) years commencing from 1 June 1999 and the Company is in the tax loss position. This exemption only applies in respect of income derived from the Company's MSC-qualifying activities as set out in its application documents submitted to Multimedia Development Corporation Sdn Bhd at the time when the Company applied for Multimedia Super Corridor ("MSC") status. The pioneer status is renewed upon application by the Company prior to 1 June 2004 for a further period of five (5) years. The Company has obtained approval for another five (5) years extension for pioneer status from 1 June 2004 to 31 May 2009, vide letters from Multimedia Development Corporation Sdn Bhd dated 21 June 2004 and Ministry of International Trade and Industry, Malaysia dated 15 September 2004.

The Company had applied FRS 112, Income Taxes, whereby under FRS 112, deferred tax liabilities are provided for, using the liability method, on temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amounts in the financial statement.

B6. Profit on Sale of Unquoted Investment and/or Properties

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

B7. Purchase and Disposal of Quoted Securities

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

B8. Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced and not completed as at the date of this report:-

The proposed subscription of shares in GHJ AP by the Directors of the Company was approved by the shareholders of the Company in the extraordinary general meeting held on 7 May 2007 ("Proposed Subscription"). The completion of the Proposed Subscription is deferred to a later date after taking into consideration the prevailing market condition.

B9. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at the financial period ended 30 September 2009 are as follows:-

(a) Bank Borrowings

	Total Secured Term Loan
	RM
Repayable within twelve months	222,840
Repayable more than twelve months	2,877,646
	<u>3,100,486</u>

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 on monthly rest for the first three (3) years and thereafter Base Lending Rate + 0.00% per annum and is repayable over eleven (11) years. The loan is expected to be fully repaid by year 2019. The Base Lending Rate as at 30 September 2009 is 5.55% per annum.

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

(b) Hire Purchase

	RM
Repayable within twelve months	19,060
Repayable more than twelve months	21,666
	<u>40,726</u>

The hire purchase payables of the Group as at 30 September 2009 are for the Group's motor vehicles. The portion of the hire purchase due within one (1) year is classified as current liabilities.

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

Save as disclosed below, 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:-

- (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 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. The Directors of GHL are of the opinion that should this matter go to court, the GHL Entities will vigorously defend its position.

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 of Directors of GHL remains 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 GHJ Entities will vigorously defend its position.

- (b) On 7 August 2007, two letters of demand were issued against M1. The first claim made by the Company demanding M1 to pay to the Company RM591,426 which comprises fees for servers hosting, rental of EDC terminals and other miscellaneous matters. The second claim was made by GHJ Transact, a subsidiary of GHJ, demanding M1 to pay RM375,241 which comprises fees for maintenance and rental of EDC terminals and other miscellaneous matters. M1 has made partial payments to these claims. Further details and developments are set out in Note A12 (b) - Contingent Liabilities.

B12. Dividend Proposed

There was no dividend declared during the quarter under review.

B13. Earnings/(Loss) Per Share

(b) Basic earnings/(loss) per share

The basic earnings/(loss) per share is calculated by dividing the net profit/(loss) 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/(loss) per share

For the purpose of calculating diluted loss per share, the net profit/(loss) 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.

<u>Basic</u>		Preceding Year		Preceding Year	
		Current Quarter 30.09.09	Corresponding Quarter 30.09.08	Current Year To Date 30.09.09	Corresponding Period 30.09.08
	Net profit/(loss) attributable to equity holders of the parent (RM)	80,495	(287,994)	(5,493,098)	(2,286,636)
	Weighted average number of ordinary shares in issue and issuable (Unit)	138,223,968	138,651,244	138,264,577	138,405,556
	Basic earnings/(loss) per share (Sen)	0.06	(0.21)	(3.97)	(1.65)

<u>Diluted</u>	Current Quarter 30.09.09	Preceding Year Corresponding Quarter 30.09.08	Current Year To Date 30.09.09	Preceding Year Corresponding Period 30.09.08
Net Profit/(loss) attributable to equity holders of the parent (RM)	80,495	(287,994)	(5,493,098)	(2,286,636)
Weighted average number of ordinary shares in issue and issuable (Unit)	139,486,468	138,651,244	138,264,577	138,405,556
Diluted earnings/(loss) per share (Sen)	0.06	(0.21)	(3.97)	(1.65)

For the current quarter and period ended 30 September 2009, the calculation of basic or diluted earnings/(loss) per share had excluded the treasury shares held by the Company.

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

- (a) 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.

- (b) On 10 September 2009, GHL had entered into a MOU with PT Citra Multi Services (“CMS”) wherein CMS is interested to purchase 100,000 units of EDC terminal from GHL within a period of 36 months. GHL and CMS (collectively referred to as the “Parties”) also agree to explore other related services to the business such as maintenance of the EDC terminals, supply of paper roll, terminal software programming and other related solutions in Indonesia.

The Parties or its related companies have intention to enter into a definite and binding agreement. The arrangement between the Parties via the MOU is expected to provide synergistic benefit to GHL’s business development plan in relation to the expansion of its regional payment solution services.

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