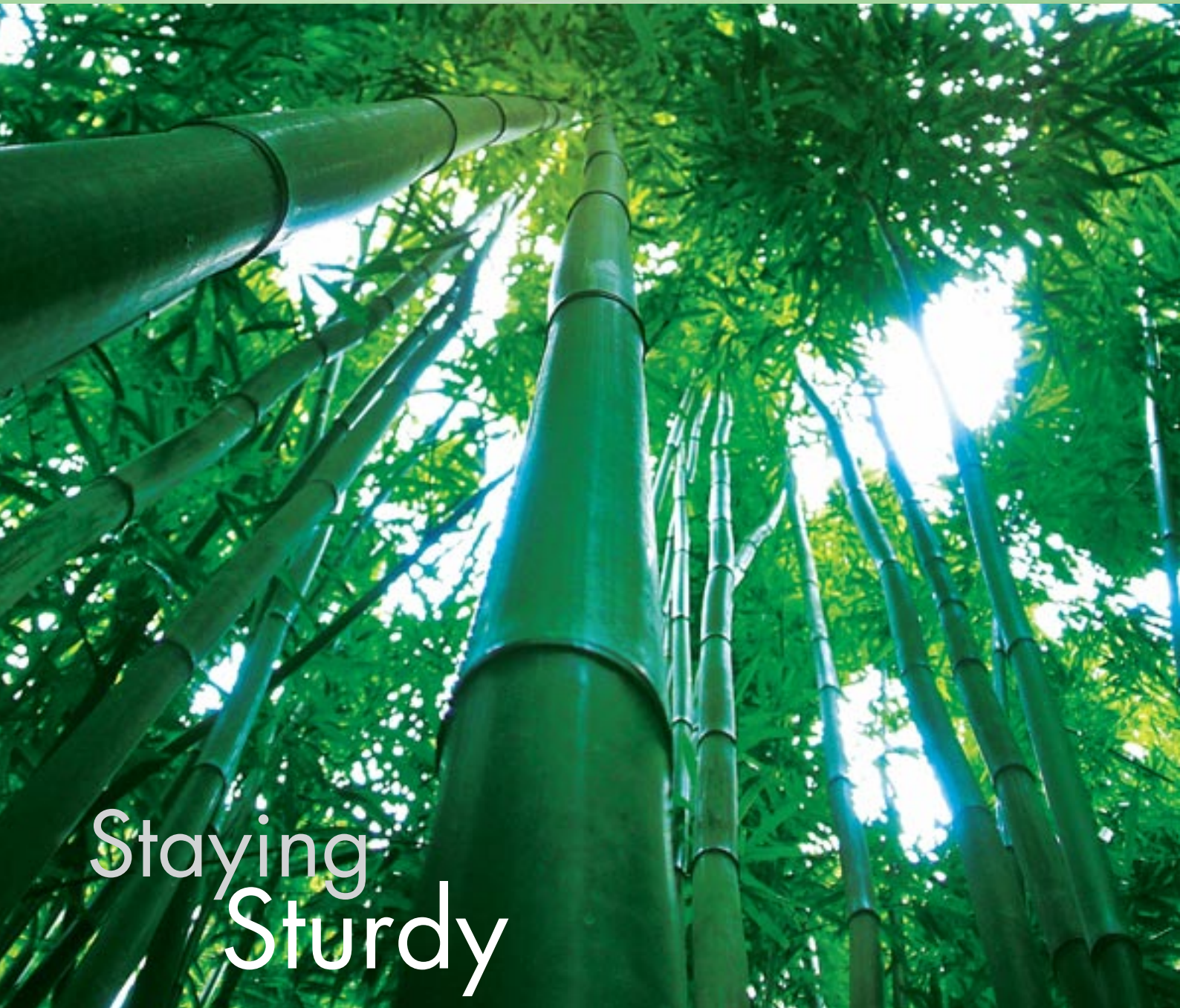




**GHL SYSTEMS BERHAD**

293040-D

Incorporated in Malaysia



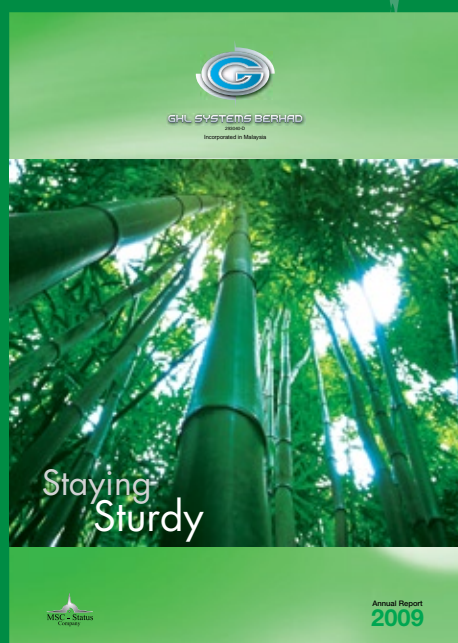
Staying  
Sturdy



Annual Report  
**2009**

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## Cover Rationale

# Staying Sturdy

Bamboo has been credited with various attributes; among them being evergreen, flexible, and always dependable. Bamboo is also the fastest-growing woody plant in the world.

Like the bamboo, we at GHL Systems aspire to stay sturdy to weather the challenges ahead. With our strong foundation and keen competitive edge, we aim to successfully steer the Group forward."

# CORPORATE PROFILE



Main Market-listed GHL Systems Berhad (“GHL Systems”) is the leading end-to-end payment services enabler in Asia Pacific that deploys world-class payment infrastructure, services, and technology.

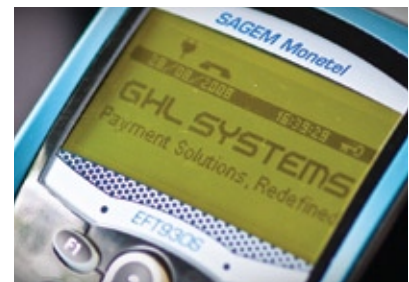
GHL Systems’ complete portfolio of payment solutions include transaction routers and concentrators, terminal line encryption technologies, loyalty and online payment solutions, smartcard technologies, secure EDC networks and terminals, as well as consulting and professional services.

With direct presence in Bangkok, Beijing, Wuhan, Hong Kong SAR, Kuala Lumpur, Manila, Ho Chi Minh City and Singapore, GHL Systems’ payment solutions are further recognized, accredited and certified by international organizations and governing bodies such as Visa, MasterCard, JCB, MEPS, SIRIM, and Line Encryption Working Group.

By providing a broad range of services across the payment solutions spectrum, GHL Systems today deploys its products and services to multiple clients spread across various vertical segments – not limited to banking and financial services, telecommunications, oil and gas, transportation, and retail sectors.

Having successfully forayed beyond Malaysia into Bangladesh, Brunei, China PRC, Hong Kong SAR, Indonesia, Thailand, Vietnam, Pakistan, Philippines, Sri Lanka, and Taiwan, GHL Systems is well positioned to meet the demands of the global economy.

**GHL SYSTEMS. PAYMENT SOLUTIONS, REDEFINED.**



# VISION & MISSION

To be the  
**LEADING**  
end-to-end  
payment  
services

enabler by deploying  
**world-class**  
payment  
infrastructure,  
technology  
and  
services





## BOARD OF DIRECTORS

### TAY BENG LOCK

Interim Chairman and  
Group Managing Director

### YENG FOOK HOO

Deputy Group Managing Director

### CHIN FOOK KHEONG

Group Finance Director

### GOH KUAN HO

Non-Independent  
Non-Executive Director

### YEN SIW KUIN

Independent Non-Executive Director

### ANGUS EUGENIO CAMPOS

Independent Non-Executive Director

## COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)  
Chin Fook Kheong (MIA 12596)

## AUDIT COMMITTEE

Yen Siw Kuin (Chairperson)  
Goh Kuan Ho  
Angus Eugenio Campos

## REMUNERATION COMMITTEE

Yen Siw Kuin (Chairperson)  
Goh Kuan Ho  
Angus Eugenio Campos  
Dr. Lum Heap Sum  
Chong Tiam Tai

## NOMINATION COMMITTEE

Goh Kuan Ho (Chairperson)  
Yen Siw Kuin  
Angus Eugenio Campos

## ESOS COMMITTEE

Tay Beng Lock (Chairperson)  
Yeng Fook Hoo  
Yen Siw Kuin  
Angus Eugenio Campos  
Chong Tiam Tai

## AUDITORS

UHY DIONG (AF1411)  
Suite 11.05, Level 11,  
The Gardens South Tower,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur

## PRINCIPAL BANKERS

Affin Bank Berhad  
Alliance Bank Berhad  
AmBank Berhad  
CIMB Bank Berhad  
Malayan Banking Berhad  
RHB Bank Berhad  
United Overseas Bank (Malaysia) Berhad

## LEGAL ADVISORS

### WONG BEH & TOH

Level 12, West Block,  
Wisma Selangor Dredging,  
142-C, Jalan Ampang,  
50450 Kuala Lumpur

### MAZLAN & ASSOCIATES

Level 3A, Wisma E&C,  
2, Lorong Dungun Kiri,  
Damansara Heights,  
50490 Kuala Lumpur

### GOH WONG PEREIRA

Advocates & Solicitors  
36, Jalan Pipit, Off Jalan Ipoh, Batu 3,  
51100 Kuala Lumpur

### RAJAH, LAU & ASSOCIATES

B-13-13, Megan Avenue II,  
12, Jalan Yap Kwan Seng,  
50450 Kuala Lumpur

### BRIGITTA I. RAHAYOE & SYAMSUDDIN

Suite 701, 7th Floor Indofood Tower,  
Sudirman Plaza,  
Jl.Jend.Sudirman Kay.76-78,  
Jakarta 12910, Indonesia

### ROBERTSONS SOLICITORS & NOTARIES

57th Floor, The Center,  
99, Queen's Road Central, Hong Kong

### RAMDAS & WONG

36, Robinson Road, #10-01, City House,  
Singapore 068877

### ZHONGTIAN PRC LAWYERS

1711-1717 Yingu Mansion,  
9 West Beisihuan Road,  
Beijing 100080, China

### FORTUN NARVASA & SALAZAR

23F, Multinational  
Bancorporation Centre,  
6805 Ayala Ave.,  
Makati City 1226, Philippines

### CHALERMCHAT LAW OFFICE CO. LTD.

10th Floor, Amarin Plaza Building,  
496-502, Ploenchit Road,  
Lumpini, Pathumwan,  
Bangkok 10330, Thailand

## REGISTRAR

Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House,  
Block D13, Pusat Dagangan Dana 1,  
Jalan PJU 1A/46, 47301 Petaling Jaya,  
Selangor Darul Ehsan  
Tel : 603-7841 8000  
Fax : 603-7841 8008

## REGISTERED OFFICE

Suite 11.05B, Level 11,  
The Gardens South Tower,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur  
Tel : 603-2279 3080  
Fax : 603-2279 3090

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Bhd (BMSB)  
BMSB Code : 0021  
Reuters Code : GHLS.KL  
Bloomberg Code : GHLS MK

## WEBSITE

[www.ghl.com](http://www.ghl.com)

## INVESTOR RELATIONS

<http://ghl.investor.net.my>

# CORPORATE STRUCTURE

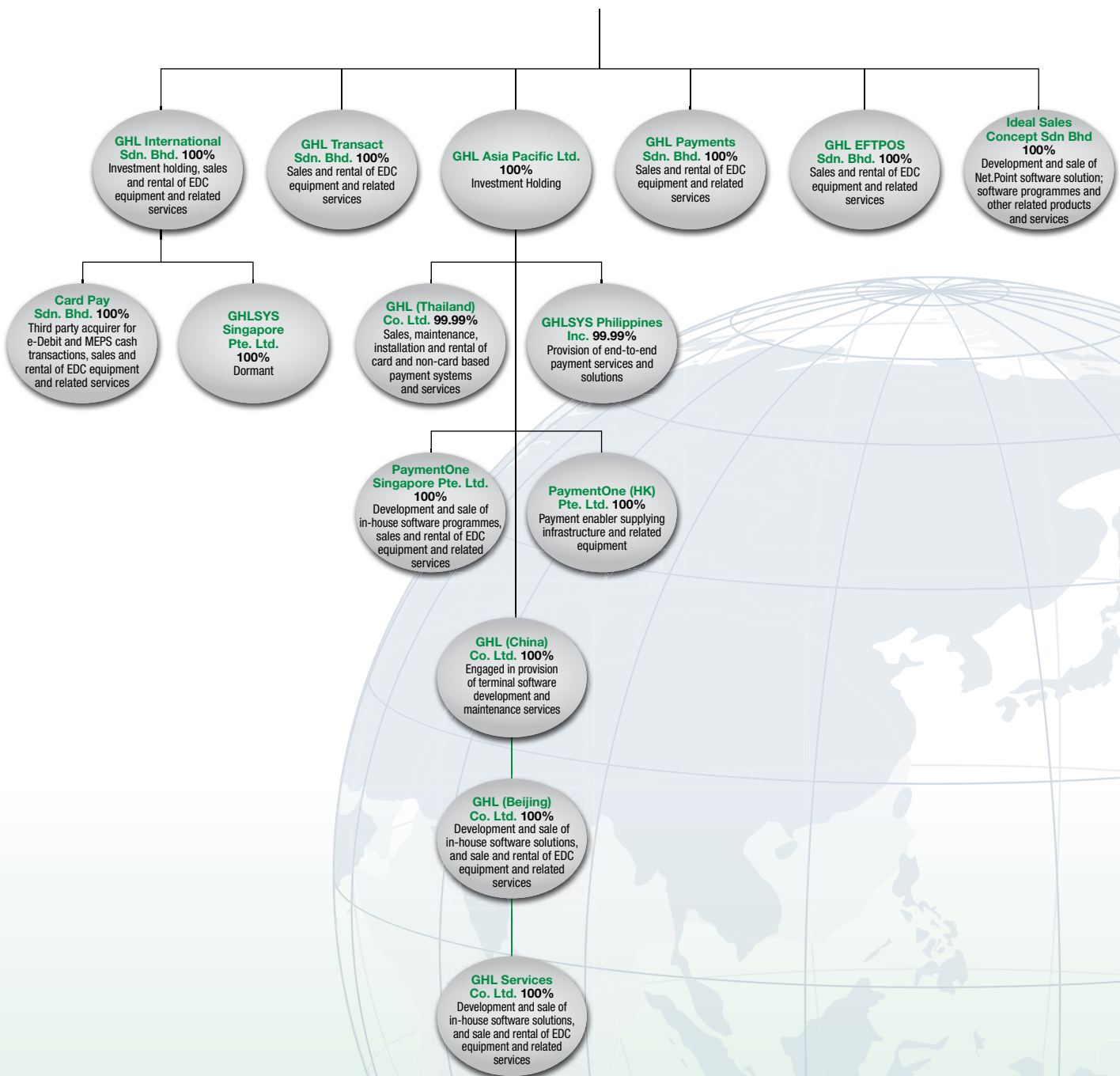
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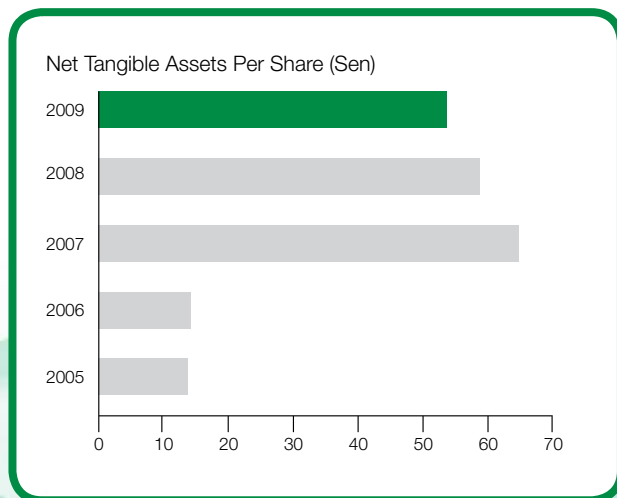
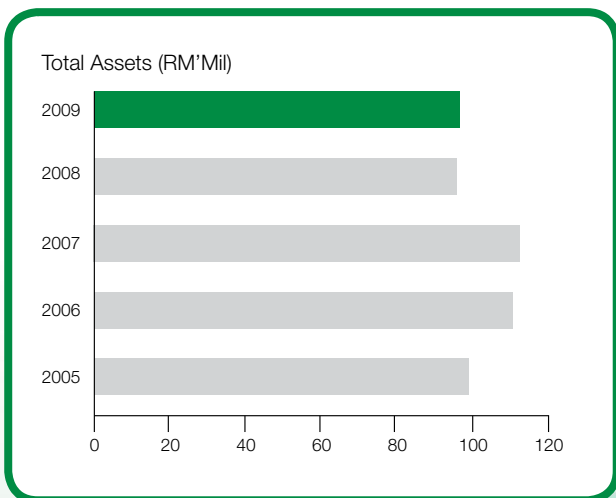
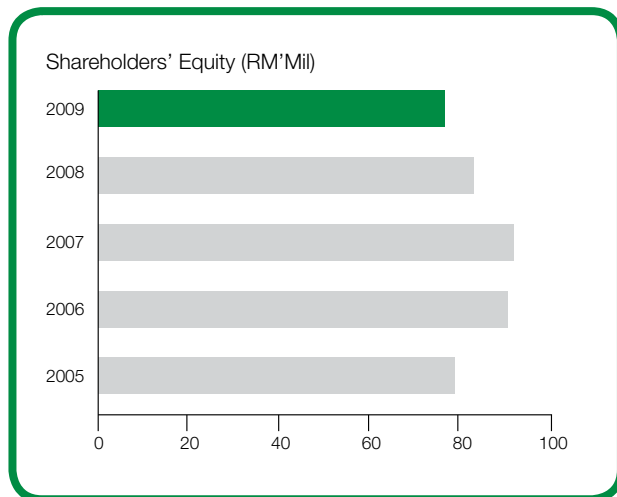
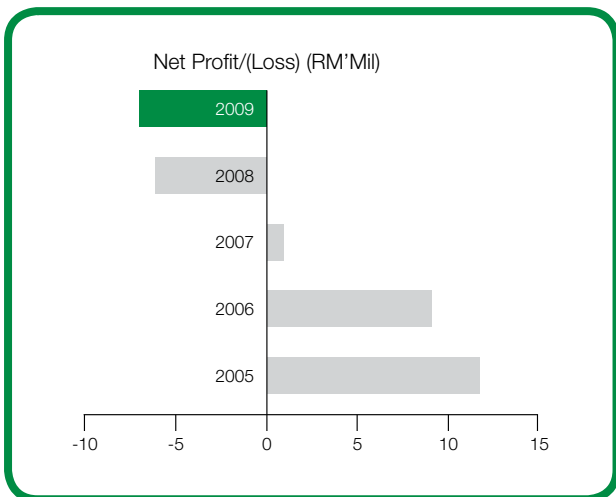
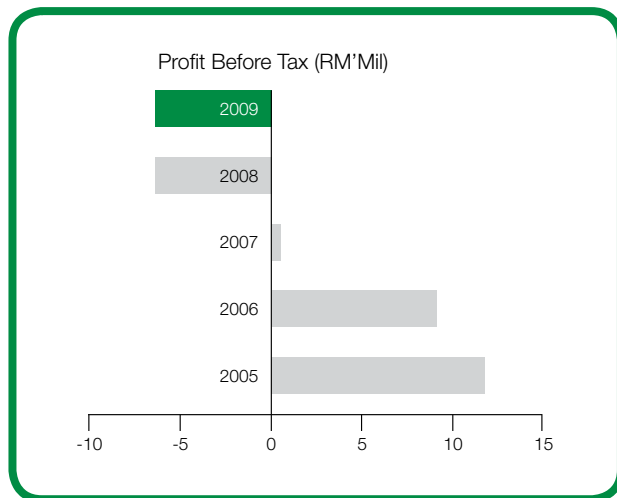
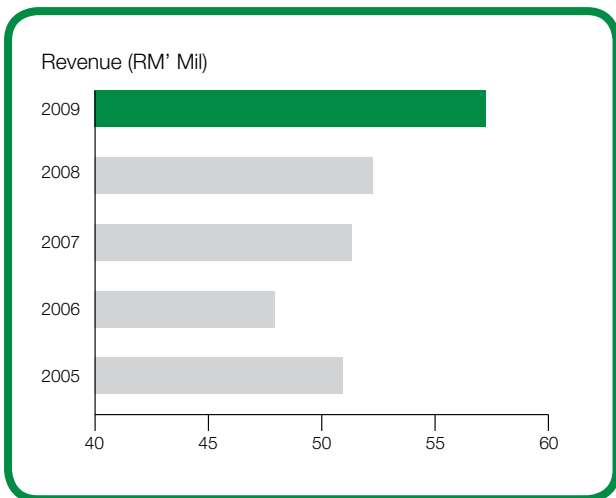
## GHL SYSTEMS BERHAD

293040-D

Incorporated in Malaysia



# FINANCIAL HIGHLIGHTS



# FINANCIAL HIGHLIGHTS (CONT'D)



<b>Summarised Group Income Statements For the Financial Year Ended 31 December (RM'000)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Revenue	50,992	47,907	51,340	52,245	<b>57,150</b>
Earnings Before Interest, Tax, Depreciation and Amortisation	17,989	12,501	8,179	2,206	<b>4,490</b>
Operating Profit/(Loss)	11,621	8,607	771	(6,262)	<b>(6,287)</b>
Profit/(Loss) Before Taxation	11,799	9,177	471	(6,475)	<b>(6,475)</b>
Net Profit/(Loss) Attributed to Equity Holders	11,716	9,074	849	(6,154)	<b>(6,978)</b>

<b>Summarised Group Balance Sheets As at 31 December (RM'000)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Fixed Assets & Prepaid Lease Payments	40,697	54,204	51,565	57,313	<b>53,876</b>
Investment in an Associated Company	4,368	5,061	-	-	-
Other Investment	-	-	554	88	-
Goodwill on Consolidation	1,744	1,869	1,913	1,913	<b>1,913</b>
	<b>46,809</b>	<b>61,134</b>	<b>54,032</b>	<b>59,314</b>	<b>55,789</b>
Current Assets	51,785	49,134	58,150	36,304	<b>40,657</b>
Current Liabilities	(13,359)	(14,539)	(16,408)	(9,248)	<b>(16,453)</b>
Net Current Assets	<b>38,426</b>	<b>34,595</b>	<b>41,742</b>	<b>27,056</b>	<b>24,204</b>
	<b>85,235</b>	<b>95,729</b>	<b>95,774</b>	<b>86,370</b>	<b>79,993</b>

Finance By:

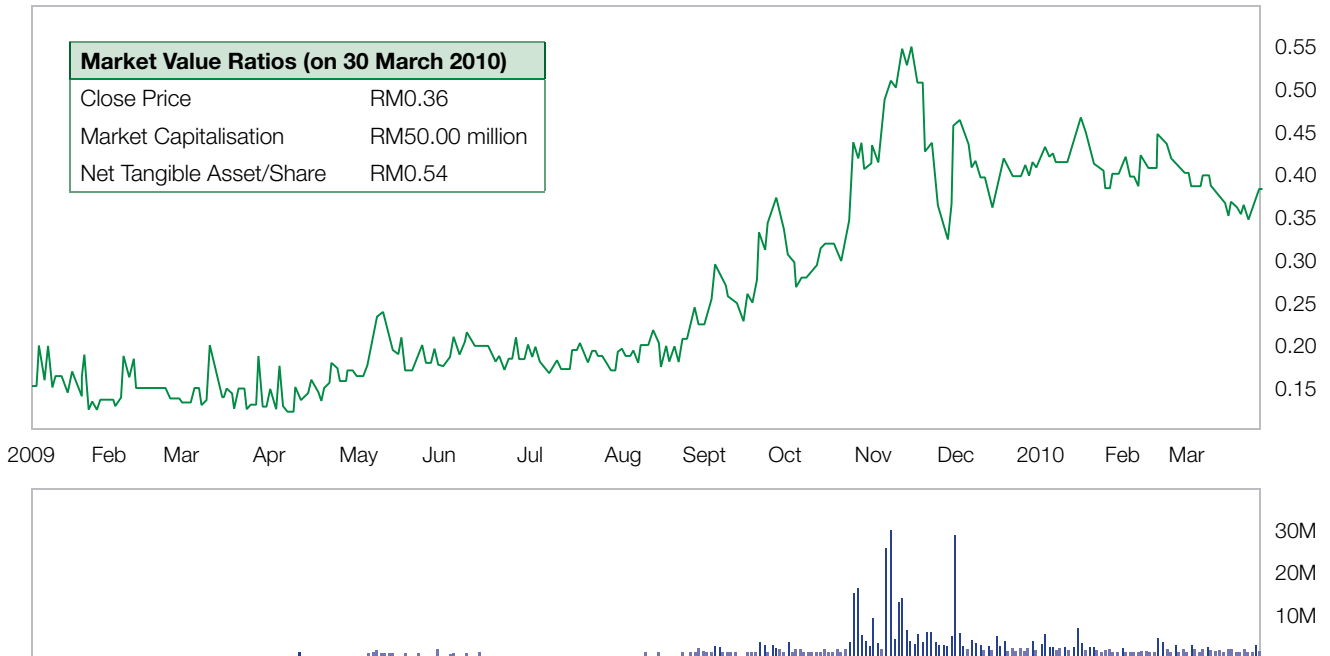
Share Capital	54,459	62,479	69,431	69,431	<b>69,431</b>
Share Premium	-	-	-	-	-
Reserves	24,338	28,117	22,496	13,826	<b>7,161</b>
Treasury Shares	-	-	-	(4)	<b>(1)</b>
Shareholders' Equity	<b>78,797</b>	<b>90,596</b>	<b>91,927</b>	<b>83,253</b>	<b>76,591</b>
Minority Interests	-	2	10	-	-
Total Equity	<b>78,797</b>	<b>90,598</b>	<b>91,937</b>	<b>83,253</b>	<b>76,591</b>
Bank Borrowings & Hire Purchase Payables	5,473	4,143	3,340	3,117	<b>2,899</b>
Deferred Tax Liabilities	965	988	497	-	<b>503</b>
	<b>85,235</b>	<b>95,729</b>	<b>95,774</b>	<b>86,370</b>	<b>79,993</b>

<b>Summarized Group Cash Flows For the Financial Year Ended 31 December (RM'000)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Operating Profit Before Working Capital Changes	17,831	16,019	5,603	4,971	<b>4,702</b>
Net Cash Flows From/(Used in) Operating Activities	18,451	16,929	(1,972)	8,524	<b>9,873</b>
Net Cash Flows (Used in)/From Investing Activities	(27,303)	(16,469)	2,159	(14,158)	<b>(6,871)</b>
Net Cash Flows From/(Used in) Financing Activities	22,483	(796)	5,359	(5,876)	<b>(535)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	13,631	(336)	5,546	(11,510)	<b>2,467</b>
Cash and Cash Equivalents at Beginning of Year	3,818	17,449	17,113	22,659	<b>11,149</b>
Cash and Cash Equivalents at End of Year	17,449	17,113	22,659	11,149	<b>13,616</b>

# SHARE PRICE PERFORMANCE



## Share Price Performance For The Period 1 January 2009 to 30 March 2010



## Share Capital Changes and Dilution

DATE	CAPITAL EXERCISE	CHANGE IN NUMBER OF SHARES	TOTAL NUMBER OF SHARES
19 January 2007	ESOS Exercise	3,930,710	628,718,146*
9 February 2007	5-for-1 Consolidation	(502,974,517)	125,743,629^
13 April 2007	ESOS Exercise	170,712	125,914,341^
21 June 2007	1-for-10 Bonus Issue	12,591,434	138,505,775^
17 July 2007	ESOS Exercise	164,720	138,670,495^
15 August 2007	ESOS Exercise	191,720	138,862,215^

\* Par Value of RM0.10

^ Par Value of RM0.50



**Tay Beng Lock**  
Interim Chairman and Group Managing Director

**Dear Shareholders,**

**The Board of Directors of GHL Systems Berhad (“GHL Systems”) hereby present the 2009 Annual Report and the audited accounts of the Group and Company for the financial year ended 31 December 2009 (“FY2009”).**

The South East Asian region was not spared from the widespread effects of the global economic slowdown throughout FY2009. Most export-oriented economies such as Singapore slipped into technical recession, while Malaysia showed negative Gross Domestic Product (“GDP”) growth for the first 3 quarters before showing positive 4.5% in the fourth.

China was a rare exception, recording GDP growth of 8.7% in FY2009, on the back of strong domestic demand and positive outcomes from Government-led incentives.

Unsurprisingly, the slowdown created a more competitive environment overall, as corporations doubled up their efforts to capture consumer demand. Furthermore, companies generally deferred or scaled back capital expenditure with the intention to reinvest upon recovery of consumer sentiment.

Having gone through economic crisis in the past, the turbulence in the year under review was not a new phenomenon for the Group. The payment solutions sector remained competitive as industry players sought to capture significant share in the tough market.



## FY2009 FINANCIAL HIGHLIGHTS

Group revenue grew 9.4% to RM57.15 million in FY2009, from RM52.24 million in the previous year. The sustained top line certainly demonstrates the Group's ability to continue delivering solutions that are still relevant and necessary to customers, even in times of economic uncertainty.

Nevertheless, the Group sustained high operating costs across the region in the year under review, mostly from administration and distribution costs. Alongside write-offs for used or obsolete stock, the Group incurred net losses of RM6.97 million in FY2009, compared to net losses of RM6.15 million previously.

The Board is of the view that the results were still commendable given the challenging market conditions, and that the Group's prospects are on the mend, in line with the improving economic situation.

Shareholders' equity for the period ended 31 December 2009 amounted to RM76.59 million compared to RM83.25 million previously, due to net losses for the year.

In accordance to the Group's prudent financing policy, group borrowings were reduced further to RM3.09 million in the year under review from RM3.83 million in the previous year. Cash and cash equivalents rose to RM14.73 million as at end-2009, versus RM12.70 million previously.

## CORPORATE UPDATES

### *Subscription of Shares in Ideal Sales Concept Sdn Bhd ("ISCSB")*

On 21 July 2009, the Group announced its intention to subscribe for 80,000 new ordinary shares representing 80% stake in ISCSB for a cash consideration of RM80,000. On 29 July 2009, GHL Systems had completed the subscription.

ISCSB, incorporated in 2008, is a Multimedia Super Corridor ("MSC")-status company involved in developing and selling Net. Point software solution; software programmes and other related products and services.

Subsequently on 3 March 2010, the Group executed its call option to purchase additional 20,000 ordinary shares in ISCSB representing the remaining 20% of ISCSB, for total cash consideration of RM2.00. Upon completion of the Call Option, ISCSB would be a wholly-owned subsidiary of GHL Systems.

The Board opines that the investment in ISCSB is complementary to the Group's core business of delivering payment solutions and related services.

### *Proposed establishment of a new Employees Share Option Scheme ("ESOS")*

On 3 November 2009, the Group announced that Bursa Malaysia Securities Berhad had approved in-principle the listing of new ordinary shares of RM0.50 each in GHL of up to 15% of the issued and paid-up share capital of GHL to be issued pursuant to the exercise of options under the new ESOS. The new ESOS was effectively implemented on 3 November 2009.

The ESOS is aimed at motivating and rewarding the Group's employees towards continuous high performance.

### *Proposed 10% Private Placement Exercise*

On 12 February 2010, GHL Systems proposed the undertaking of a 10% private placement exercise, involving the issuance of 13,800,000 Placement Shares, representing not more than 10% of the issued and paid-up share capital (excluding treasury shares) of GHL as at 31 January 2010.

Based on the indicative issue price of RM0.50 per share, the proposed private placement will raise gross proceeds of RM6.90 million, of which RM6.80 million will be allocated for the Group's working capital requirements, and the balance RM100,000 to defray expenses pursuant to the exercise.

The proposed private placement would enable the Group to raise additional funds for the Group's working capital requirements without imposing financial obligations on the Group's existing shareholders. Barring any unforeseen circumstances, the proposed private placement should be completed in the first half of the financial year ended 31 December 2010 ("FY2010").



**“Rome was not built in a day... the Group should continue to strengthen our core business...”**

## **BUSINESS STRATEGIES**

At the time of writing, the prospects of the global economy remain uncertain, what with key economies of Europe and America struggling to find their footing, and simultaneously casting doubt on the world's effective recovery in 2010.

Rome, as they say, was not built in a day. Despite the bleak outlook, the Board is of the opinion that the Group should continue to strengthen our core business in order to stay sturdy in the long term.

To this end, the Group will retain our innovative streak to continuously develop new products. Our research and development (“R&D”) track record has certainly given birth to various breakthroughs in payment solutions, including our contactless reader VersaRead VR300, and NetAccess L-Series.

At the same time, the Group would continue to tap into business opportunities abroad so as to expand our earnings base and reinforce our brand name in the global arena for the long term. We believe that these business strategies would surely be stepping stones towards improving the Group's financial performance correspondingly.

## **CORPORATE GOVERNANCE**

The Board intends to adhere to corporate governance best practices within the Group as a crucial step to achieve business sustainability. The Board is resolute in implementing strategies that are in line with the Group's vision and thus create and protect shareholders' value.

The measures undertaken by the Board to maintain our corporate governance are highlighted in the Corporate Governance Statement in this Annual Report.

## **CORPORATE SOCIAL RESPONSIBILITY (“CSR”)**

Through the years, GHL Systems has not wavered in its commitment to uphold Corporate Social Responsibility as one of our basic tenets of operations.



The year under review saw the Group doing its bit for the native “orang asli” community in Kampung Pak Senam, Pahang, where GHL donated 40 pairs of school shoes and socks to the children at the beginning of the new school term.



The GHL team also periodically carries out fogging activities in the SD1 building and the neighbouring vicinity as preventive measure against mosquito-related diseases, and H1N1 epidemic.



We see these initiatives as starting points towards a sustainable CSR programme in the future.

## **APPRECIATION**

At this juncture, I'd like to express my deepest appreciation to my fellow Directors, management and team of employees for working hand-in-glove to persevere in the challenging year just past.

Even in the prospect of the much hoped-for recovery, it is crucial that the all of us work together as one single-minded entity to steer the Group towards better performance in the year ahead.

## **TAY BENG LOCK,**

Interim Chairman and Group Managing Director  
30 March 2010

# THE MANAGEMENT REVIEW



**FY2009 saw the Group gaining ground in the domestic market, while broadening the geographical expanse of our regional business.**

## LOCAL OPERATIONS

Sales from the local market stood at RM33.97 million in the year under review, contributing 59% of the Group's total revenues in FY2009, compared to RM28.84 million in the previous year. No doubt, the Group's ability to record continued growth in local sales year-on-year aptly demonstrates our continued grasp on the market despite a highly-competitive arena.

The Group still made headway in promoting the cause of cashless transactions and introducing technological revolutions in the payment scene.

For one thing, our contactless reader VersaRead VR-300 played a vital role in enabling the world's first commercial rollout of Visa contactless payments using Near Field Communications (NFC) technology on mobile phones. The breakthrough service - dubbed the Maxis FastTap, was launched in Malaysia in April 2009.

Furthermore, K Gen Loyalty - regional loyalty network encompassing Singapore, Thailand and Indonesia - employed our loyalty engine PivotPoints to enable online and offline point transactions, cards, as well as back-end management and accounting system.

Another significant development is GHL Systems' reappointment as distributor for Ingenico with expanded coverage across 11 countries: Malaysia, Thailand, Vietnam, Laos, Cambodia, Myanmar, Brunei, Philippines, Guam, Sri Lanka and Bangladesh. The Group is also permitted to distribute Ingenico's products to selected customers approved by Ingenico in Singapore, Indonesia and Hong Kong.

Our Bankcard e-Debit retained its critical mass of over 10,000 e-Debit terminals in the year under review. However, the Group's e-Debit segment was impacted by the credit crunch and negative consumer sentiment in FY2009.

That said, we believe that there is much potential for the Bankcard e-Debit in the current year, in light of the Government's recent caution to the public to spend only what is within possession, rather than on future credit. With this, we seek to increase our merchant-recruiting and awareness activities to capture these opportunities.

## OVERSEAS MARKETS

Group revenues from the foreign markets contributed RM23.18 million, or 41% to total sales in FY2009, compared to RM23.40 million or 45% of the previous year.

It was business as usual for GHL Thailand Co. Ltd. ("GHL Thailand") despite the political uncertainties in the year under review. One of the notable projects was the introduction of mobile contactless payments via GPRS/GSM for more than 100 taxis in Bangkok. With the pilot deployment, taxis in Thailand are among the first in Asia Pacific region to enable cashless payments via mobile or wireless terminals.

GHL Thailand also partnered with the Road Accident Victims Protection Ltd to use customized terminals to enable car owners register their vehicles, make car insurance premium payments, and print registration slips for future reference - all on the spot.

GHLSYS Philippines Inc. ("GHLSYS Philippines") maintained its progress in FY2009, by not only securing various terminal deployment projects with leading banks and supermarket chains, but also embarking on merchant-recruitment to replicate the Malaysian success story. GHLSYS Philippines is now the preferred payment service enabler for the largest local credit and debit acquirers in the country.

In the current year, we will venture into the supply of turnkey loyalty and e-Purse solutions for large corporations in Philippines, including petrol stations and food and beverage outlets. GHLSYS Philippines would also leverage on our favourable market positioning to expand the deployment of suite of solutions in the country.

At the same time, the Group maintained our reseller strategy in the year under review. To this end, the Group appointed Brazil-based Wireless Networks do Brasil Ltda (WNB), a managed network services provider, as our first South American reseller to grant us access to the financial institutions in Brazil. To this end, we have made initial headway in deploying our netAccess solutions in the country.

All said, the Group remains intent on actively developing our overseas markets so as to broaden our income base for long-term sustainability.



**NetMatrix**  
**Terminal Line Encryption**  
**Best of Security**  
**MSC Malaysia**  
**APICTA 2009**



“The Group’s....continued growth in local sales year-on-year aptly demonstrates our continued grasp on the market..the Group (is) intent on actively developing our overseas markets so as to broaden our income base for long term sustainability...”

## PAYMENT SOLUTIONS

### Awards

GHL Systems’ pioneering streak remained vibrant in FY2009, with the Group receiving various accolades for technological advancements in the payment solutions sector.

The Group bagged two awards at the MSC APICTA Awards 2009, with the NetMATRIX TLE (Terminal Line Encryption) solution taking top honours in the Best of Security category, and the netAccess L200 Optimus wireless payment router garnering a Merit Award in the Best of Communications Applications category.

GHL Systems also won two awards from Ingenico in respect of 2009 namely for Best Sales and Best Technical Development; the latter demonstrating our prowess in solutions development on a regional scale. We are certainly heartened by the achievement, and are encouraged to hone our expertise further.

### New Products and Innovations

In May 2009, the Group launched the entry-level L-50 netAccess router that provides dial-up terminals with an instant upgrade by enabling wireless connectivity; a solution that offers single to triple-lane retailers the opportunity for a fuss-free upgrade while reducing communication costs.



Later in October 2009, GHL Systems introduced Malaysia’s first portable GPRS hybrid payment terminal with biometric capabilities – having been appointed as Ingenico International’s Centre of Excellence for biometric technology, and distributor of Ingenico’s Bio POS terminal in Malaysia. The Group also obtained the green light from the National Registration Department of Malaysia to access documentation and utilize memory mapping for MyKad identification cards – thus allowing the Group to further promote the usage of MyKad for authentication purposes.

The Group also has a patent pending for the innovative netAccess L200 Optimus for the Malaysian market.

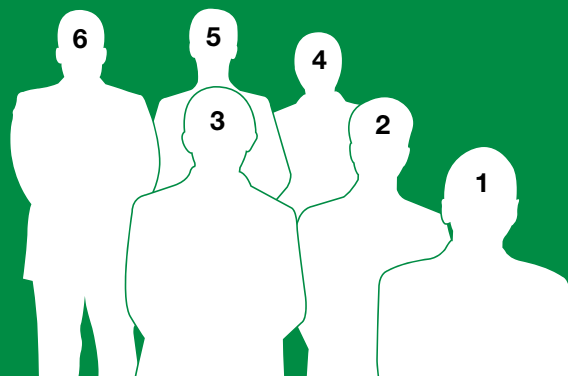
As further testament of the Group’s market position, GHL Systems became the first and only Asian-based company to be admitted into the Secure POST Vendor Alliance (SPVA) – a global organization whose mission is to enhance security elements of payment solutions. With this, GHL Systems would be in the forefront of engaging industry stakeholders, and contribute to enhance security initiatives for the payment space.

The developments in the year just past paint a bright outlook for the Group. GHL Systems intends to stay sturdy for the long haul, and will invest every effort into realizing our goal.

# DIRECTORS' PROFILE



- 1 **Tay Beng Lock**, Interim Chairman and Group Managing Director
- 2 **Chin Fook Kheong**, Group Finance Director
- 3 **Yeng Fook Hoo**, Deputy Group Managing Director
- 4 **Goh Kuan Ho**, Non-Independent Non-Executive Director
- 5 **Yen Siw Kuin**, Independent Non-Executive Director
- 6 **Angus Eugenio Campos**, Independent Non-Executive Director



# DIRECTORS' PROFILE (CONT'D)



## TAY BENG LOCK

Interim Chairman and  
Group Managing Director,  
Executive Director

Tay Beng Lock, a Malaysian aged 49, was appointed to the Board on 26 January 1999. He is the Chairperson of the ESOS Committee. He obtained his Bachelor Degree in Electrical Engineering with distinction from Carleton University, Canada, in 1984 and a Master Degree in Business Administration with distinction from Middlesex University, United Kingdom, in 1996. He was appointed the Group Managing Director of the Company on 26 January 1999. He began his career in 1984 with Mecomb Malaysia Sdn Bhd as a Sales Engineer specialised in electronic test and measurement instruments. He later joined Hewlett-Packard Sales (Malaysia) Sdn Bhd ("HP") in 1986 as a Staff Field Engineer and rose through the ranks over the six years there to a Business Manager position, overseeing HP's Test and Measurement division (which is now part of Agilent Technologies, Inc).

In 1992, he joined Delteq (M) Sdn Bhd, a regional systems integrator, as the General Manager responsible for the management of the company's operations. He left Delteq in 1996 to join GHL Automation Sdn Bhd as the General Manager, and subsequently assumed his current position in 1999.

One of his notable achievements at the GHL Group was the restructuring of the group's businesses by divesting the computer retail business and by realigning the group's business focus in the payment space. With about 25 years of corporate and marketing experience, he is well placed to lead the Group to greater heights.



## YENG FOOK HOO

Deputy Group  
Managing Director,  
Executive Director

Yeng Fook Hoo, a Malaysian aged 53, was appointed to the Board on 26 January 1999. He is a member of the ESOS Committee of the Company. He is also directly responsible for the planning and implementation of Group's Asia Pacific expansion, namely in Thailand, Vietnam, Philippines, Hong Kong SAR and China PRC. In addition, he manages the sales of GHL line of NetAccess products and other payment solutions in Indonesia, Sri Lanka, Pakistan and Romania.

He obtained his Bachelor Degree in Economics and Mathematics from the University of London in 1979 and completed a Senior Management Program at Harvard Business School in 1988. He has 17 years of experience in the banking industry, with 10 years of experience in handling the implementation of major banking systems.

He started his career with Pacific Bank Berhad as a Trainee Officer in 1981. In 1984, he was promoted to the Branch Manager, managing 3 branches in Rengit, Batu Pahat and Johor Bahru. In 1988, he advanced to the position of Senior Manager of Operations/ Information Technology ("IT"). His achievement included creating and implementing the first integrated bank-in slip to streamline and simplify the bank-in process for Pacific Bank Berhad's customers. He was also responsible for conceiving, designing, creating and

implementing the first "instant" ATM card that allowed customers to use their new and replacement ATM cards instantly at the point of registration. In addition, he was instrumental in co-developing and overseeing the migration effort of Pacific Bank Berhad's retail backend banking system from the legacy Honeywell System to the new Tandem System. This extensive exercise was completed within nine (9) months. He left Pacific Bank Berhad in 1994 to join Hong Leong Bank Berhad.

From 1994 to 1997, he was the General Manager of the Operations / IT division of Hong Leong Bank Berhad, where he implemented a new branch delivery system and the first branch system operating on a Windows platform. When he joined the Company in 1997, he was managing the research and development efforts for various transaction-processing and payment-related technologies and solutions such as NetAccess, NetMerchant, NetSync and PivotPoints.

In addition, he was also responsible for conceiving the EDC Pool Program, which was successfully implemented with three (3) partner banks. He also oversees the operations of PayDirect. He was designated as the Deputy Group Managing Director in 2002, responsible for the business development and R&D activities of the Group.



## **CHIN FOOK KHEONG**

Group Finance Director,  
Executive Director

Chin Fook Kheong, a Malaysian aged 46, was appointed to the Board on 31 May 2003. In 1992, he is admitted as a Fellow member of the Chartered Institute of Management Accountant (CIMA) and later as a Chartered Accountant of the Malaysian Institute of Accountants (MIA). In 2004, he obtained his Master's degree in Business Administration (MBA) from the University of Nottingham, United Kingdom. In 2008, he has been admitted as an Associate member of The Institute of Chartered Accountants in England and Wales (ICAEW), United Kingdom. In the same year, he also passed Pre-Contract Examination for Insurance Agents Certificate for General Insurance, Life Insurance and Investment-Linked Life Insurance conducted by The Malaysian Insurance Institute (MII).

He started his career in auditing with S F Yap & Co in 1987 and later joined Nanyang Union Sdn Bhd ("Nanyang") as its Group Accountant, managing all financial matters of a group of companies involved in fabrication and manufacture of rubber gloves and machines, manufacture of ceramic products and pesticides, and trading of industrial chemicals. In Nanyang, he also in charge of the corporate affairs, secretarial and taxation matters.

In 1990, he joined Mulpha International

Berhad, a company listed on the Main Market of Bursa Malaysia. As a Divisional Manager, he managed Mulpha's sports and cosmetics trading divisions for Hong Kong, Macau, Malaysia, Singapore, Brunei and Indonesia, and was also responsible for the management of Mulpha's corporate affairs. In 1994, he left Mulpha and joined Forsixten Sdn Bhd, a company specialising in manufacture of bags and belts, as its General Manager. He re-joined Nanyang in 1995 as its Group Financial Controller and was responsible for managing its group financial matters, corporate affairs and large-scale development and construction projects.

In 1998, he moved to Jac Malaysia Sdn Bhd ("Jac") as a General Manager of Finance, responsible for its finance division and corporate affairs. Jac, a major self-adhesive label manufacturer in Malaysia, was one of the twelve worldwide manufacturing facilities for the Germany-based Jackstaedt GmbH, one of the major self-adhesive label manufacturers in the world. He left Jac in 2000 and later joined GHL as a General Manager of Finance and Administration, he was responsible for the finance division, credit control, corporate affairs and also acted as the Company Secretary of the GHL Group. In June 2002, he was promoted to the Group Finance Director of GHL.



## **GOH KUAN HO**

Non-Independent  
Non-Executive Director

Goh Kuan Ho, a Malaysian aged 46, was appointed to the Board on 29 March 1994. She is also the Chairperson of the Nomination Committee and member of the Audit and Remuneration Committee of the Company. She started her career as an Administrator with Nortek Computer Sdn Bhd in 1984. In 1988, she joined GHL Automation (a sole proprietorship) as an administrator, and left in 1991 to join GHL Automation Sdn Bhd as a Customer Service Manager. She was later appointed to the Board of Directors of GHL Automation Sdn Bhd. In late 1991, she was appointed to the Board of Directors of Info Era Sdn Bhd ("Info Era") and also assumed the position of Retail Manager of Info Era. She

resigned as a director of GHL Automation Sdn Bhd and Info Era in April 1999 and April 2001 respectively.

In 1997, she was appointed to the Board of Directors of GHL Technologies Sdn Bhd ("GHL Technologies") and also assumed the position of Corporate Business Manager of GHL Technologies. She resigned from all her positions in GHL Technologies and joined Jardine OneSolution (2001) Sdn Bhd ("Jardine OneSolution") as a Corporate Account Manager in July 2000. In February 2004, she left Jardine OneSolution and took up her current position of General Manager with Microtree Sdn Bhd.

# DIRECTORS' PROFILE (CONT'D)



**YEN SIW KUIN**  
Independent  
Non-Executive Director

Yen Siw Kuin, a Malaysian aged 53, was appointed to the Board on 15 January 2003. She is also Chairperson of the Audit Committee and Remuneration Committee and a member of the Nomination and ESOS Committees of the Company.

She graduated with a Bachelor of Science (Economics) degree in Accounting and Finance from the London School of Economics and Political Science, University of London, United Kingdom in 1980. Prior to joining the Khee San Berhad Group of Companies in 1989 as its Group Financial Controller, she was attached to the international accounting firms of Touche Ross in the United Kingdom as an Audit Executive from 1981 to 1983 and as a Tax Executive from 1983 to 1985, and Price Waterhouse in Malaysia as a Tax Manager from 1985 to 1989.

As the Group Financial Controller of the Khee San Berhad Group of Companies, she was responsible for the operations of the finance and accounts departments. Her responsibilities at Khee San Berhad have expanded to include overseeing the company's legal, quality assurance and quality control departments. She was appointed to the Board of Directors of Khee San Berhad as an Executive Director in 2000. She was also the Company Secretary and a member of the Audit Committee of Khee San Berhad. In late October 2007, she resigned as the director as well as the Company Secretary of Khee San Berhad and she continues to hold directorships in several private limited companies.

She is an Associate member of the Institute of Chartered Accountants in England and Wales (ICAEW), United Kingdom as well as a Chartered Accountant of the Malaysian Institute of Accountants (MIA).



**ANGUS EUGENIO  
CAMPOS,**  
Independent  
Non-Executive Director

Angus Eugenio Campos, a Malaysian aged 38, was appointed to the Board on 17 March 2008. He sits in the Audit, Remuneration, Nomination and ESOS Committee of the Company. He graduated with a double Major in Economics and Marketing from the Curtin University of Technology, Australia in 1995, and in the same year started his career with Alliance Bank in the Treasury Department, dealing with Swaps and Derivatives. He was subsequently promoted to Senior Officer a year later.

In 2001, he was appointed the Director of Operations of Smarten Asia Sdn Bhd, an Italy-based company, to head their Asian office in Malaysia, where he was responsible for providing customer care and billing solutions to the country's major telecommunications players.

*Note: Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of GHL Systems, have no conflict of interest with GHL Systems and have not been convicted of any offences within the past ten years.*

# REGIONAL MANAGEMENT TEAMS



## GHL SYSTEMS MALAYSIA



### **1st Row start from left:**

Nordin Bin Samud (Service Manager), Roland Huu Eng Hock (GM- Project Innovation), Chan Chun Fee (Chief Operating Officer), Seah Chong Kai (GM - Services, Support & Operations), Phua Kia Teck (GM - Product Marketing & Strategic Alliances), Chong Kah Leek (Senior Operations Manager)

### **2nd Row start from left:**

Pui Siew Foon (Assistant General Manager - Terminal Solutions), Chung Heuy Fen (GM - Merchant Acquiring & Administration), Tan Lian Nie (Finance Manager), Lee Wee Kuan (Finance Manager), Gan Fei Chen (Assistant GM – Finance), Ngieng Hock Lin (Manager - NetAccess Product Management)

### **3rd Row start from left:**

Chong Tiam Tai (PA to Group MD & Senior HR Manager), Ooi Gin Hui (Internal Audit Manager), Song Wei Hoon (Manager - Merchant Admin), Yoong May Hoh (Manager - AR), Robertson Ku Khin Fui (Manager - NetAccess Services), Tan Lan Chiew (Manager - EDC Customer Service)

# REGIONAL MANAGEMENT TEAMS (CONT'D)



## GHL THAILAND



### Front row (seated) from left:

- Thanannut Chotteeramongkol (Accounting Manager)
- Albert Mah (Managing Director /General Manager)
- Amphol Suwantherangkoon (Business Development Director)
- Nichaphat Sangmart (HR Development)

### 2nd row from left:

- Jidlada Benjapongwantana (Asst Manager - Operation Admin)
- Suttitluk Wongcharoenlap (Asst Manager-Merchant Sales)
- Montree Chandruang (Head of Merchant Sales)
- Paphat Matthayanpol (Head of Presale & Consult)
- Apichat Wichaya (Senior Account Manager-Corp Sales)
- Tanavut Asavallop (Business Development Manager)
- Patchara Siriwat (Head of Operation Admin)

## GHL SYS PHILIPPINES



### From left to right:

- Herve Alfieri (General Manager)
- Jayson Roque (Service and Technical Head)
- Maurine Javier (Administrative Head)
- Rachelle Perez (Human Resource Manager)
- Czareenah Amiscaray (Finance Head)
- Rey Chumacera (Assistant General Manager)
- Jan Stephen Castillo (Merchant Sales Manager)

## GHL BEIJING



### Front row from left:

- Su Ning (Merchant Admin & Customer service Manager)
- Yu Xiao Hui (HR & Operation Manager)
- Huang Shi Tian (GM Corporate Sales & Finance & HR & Operations)
- Wang Chun Jiao (Executive Project Sales)
- Sun Ya Nan (Executive Hotline)

### 2nd row from left:

- Liu Wen Guang (Card Manager, Operations)
- Zhou Yan (Risk Control Manager)
- Meng Xiang Tai (GM Customer Service & Merchant Sales)
- Hong Yi (Executive Field Personnel Engineer)
- Liu Yu (Executive Finance)

## GHL CHINA



### From left to right:

- Chang Yue Ming Eric (Service Operation Supervisor)
- Chien Yik Hoong Edward (General Manager)
- Chan Wai Fan Celia (Administration Manager)
- Lai Kwok Fai (Service Operation Manager)



## MALAYSIA

*Headquarters / Corporate Office*

### **GHL SYSTEMS BERHAD**

Unit L8 C-G-15, Block C,  
Jalan Dataran SD1, Dataran SD PJU 9,  
Bandar Sri Damansara,  
52200 Kuala Lumpur, Malaysia  
Tel : (603) 6286 3388  
Fax : (603) 6280 2999  
Email : my.sales@ghl.com

*Research & Development Centre*

### **GHL SYSTEMS BERHAD**

L5-E-7B Enterprise 4,  
Technology Park Malaysia  
Bukit Jalil, 57000 Kuala Lumpur,  
Malaysia  
Tel : (603) 8998 3600  
Fax : (603) 8998 3301

## INTERNATIONAL OFFICES

### **GHL (CHINA) CO. LTD.**

Room 1003, 10/F., Trendy Centre  
682-684 Castle Peak Road, Kowloon,  
Hong Kong  
Tel : (852) 2370 1070  
Fax : (852) 2370 1055  
Email : edward.chien@ghl.com

### **GHL (BEIJING) CO. LTD. & GHL SERVICES CO. LTD.**

3rd Floor,  
Office Building of Liao Ning Hotel  
No.3 Deshengmenwai  
Dajie, Xi Cheng District  
Beijing 100088, China  
Tel : 86 (10) 8252 5080  
Fax : 86 (10) 8252 5055  
Email : shitian@ghlchina.com

### **GHL SYS PHILIPPINES, INC.**

16/F Lepanto Condominium,  
8747 Paseo de Roxas,  
1226 Makati City, Philippines  
Tel : (632) 856 0850  
Fax : (632) 856 0825  
Email : herve@ghl.com

### **GHL (THAILAND) CO. LTD.**

77/117-118, 28th Floor,  
Sinn Sathorn Tower,  
Krungthoburi Road, Klongtong Sai,  
Klongsan, Bangkok, 10600 Thailand  
Tel : (660) 2440 0111  
Fax : (660) 2440 0577  
Email : albertmah@ghl.com

*Sales Representative Office*

### **GHL (THAILAND) CO. LTD.**

4th Floor, GMA Building,  
307/6 Nguyen Van Troi Street, Ward 1,  
Tan Binh District,  
Ho Chi Minh City, Vietnam  
Tel : (848) 290 4945  
Fax : (848) 290 4970  
Email : albertmah@ghl.com

*Research & Development Centre*

### **GHL SYSTEMS BERHAD**

Room 1201  
Information Industrial Tech. Building  
Road Wujia Wan, Wuhan 430074, China  
Tel : +86-(027)87690909  
Fax : +86-(027)87690909-628  
Email : dufang@ghlsystems.com

# CORPORATE GOVERNANCE STATEMENT



The Board of Directors of the Company is pleased to report that it fully subscribes to and supports the principles of the Malaysian Code on Corporate Governance in directing and managing the businesses and affairs of the Group to protect and enhance shareholder value and the performance of the Group.

## A. THE BOARD OF DIRECTORS

### i) DUTIES

The Board takes full responsibility for the performance of the Group. The Board guides the Company on its short and long-term goals, provides advice and directions on management and business development issues while providing balance to the management of the Company.

The Board is responsible for the following;

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, determining the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations program or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

### ii) COMPOSITION

The Company is led by an experienced Board, which is composed of six (6) members; comprising, three (3) Executive Directors, one (1) Non-Independent Non-Executive Director, and two (2) Independent Non-Executive Directors. The Board's composition represents a mix of knowledge, skills and expertise to effectively discharge its stewardship responsibilities in spearheading the Group's growth and future direction.

### iii) APPOINTMENTS OF THE BOARD AND RE-ELECTION

The Board has appointed a Nomination Committee comprising two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Nomination Committee's function, amongst others, is to recommend to the Board, candidates to the Board for directorship. In addition, the Committee will review the profile of the required skills of each individual Director and assess the effectiveness, of individual Directors, Board Committees and the Board as a whole.

In accordance with the Company's Articles of Association, an election of Directors shall take place each year during the Annual General Meeting. All Directors shall retire from office at least once every three (3) years, but shall be eligible for re-election. The Articles also provides that any director who is appointed by the Board to fill a vacancy shall hold office only until the next Annual General Meeting and shall then be eligible for re-election. The Malaysian Code on Corporate Governance stipulates that all directors should be required to submit themselves for re-election at regular intervals and at least every three years.

### iv) BOARD MEETING AND SUPPLY OF INFORMATION

The Board meets on a scheduled basis, at least four (4) times a year to control and monitor the development of the Group. Additional meetings will be convened as and when required. The agenda for each Board meeting is circulated to all the Directors for their perusal well in advance of the Board meeting date. They are given sufficient time to enable the Directors to obtain further explanation, where necessary, in order to be briefed properly before the meeting.

The proceedings and resolutions reached at each Board Meeting are recorded in the minutes of the meetings, which are kept in the Minutes Book at the registered office. Besides Board meetings, the Board exercises control on matters that require the Board's approval through circulation of Directors' Resolutions.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)



## A. THE BOARD OF DIRECTORS (CONT'D)

### iv) BOARD MEETING AND SUPPLY OF INFORMATION (CONT'D)

The summary of attendance at the Board Meetings held for the financial year ended 31 December 2009 is as follows:-

DIRECTORS	NUMBER OF BOARD MEETINGS	
	HELD	ATTENDED
Tay Beng Lock	5	5
Yeng Fook Hoo	5	5
Chin Fook Kheong	5	5
Goh Kuan Ho	5	5
Yen Siw Kuin	5	5
Angus Eugenio Campos	5	5

### v) DIRECTORS' ACCESS TO INFORMATION AND ADVICE

The Board members have access to the advice and services of the Company Secretaries and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in carrying out their duties. Where necessary, the Directors may engage independent professionals at the Group's expense on specialised issues to enable the Board to discharge their duties with adequate knowledge on the matters being deliberated.

### vi) REMUNERATION OF DIRECTORS

The Board has appointed the Remuneration Committee ("RC") comprising two (2) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director, one (1) senior management personnel and one (1) Independent External Consultant. The RC reviews and recommends to the Board the remuneration of the Executive Directors.

The remuneration of an Executive Director will be linked to corporate and individual performance. The remuneration of Non-Executive Directors is related to their experience and level of responsibilities and would be subject to the approval of the Board.

For the financial year ended 31 December 2009, a total sum of RM1,966,783 was paid to the Directors of the Company. The breakdown of the directors' remuneration and the number of directors in the remuneration bands are as follows:-

	SALARY	FEE	*OTHER EMOLUMENTS	GRAND TOTAL
	RM	RM	RM	RM
<b>EXECUTIVE DIRECTORS</b>				
Tay Beng Lock	573,600	36,000	97,659	707,259
Yeng Fook Hoo	536,400	36,000	91,325	663,725
Chin Fook Kheong	385,440	36,000	66,359	487,799
<b>SUBTOTAL</b>	<b>1,495,440</b>	<b>108,000</b>	<b>255,343</b>	<b>1,858,783</b>
<b>NON-EXECUTIVE DIRECTORS</b>				
Goh Kuan Ho	-	36,000	-	36,000
Yen Siw Kuin	-	36,000	-	36,000
Angus Eugenio Campos	-	36,000	-	36,000
<b>SUBTOTAL</b>		<b>108,000</b>		<b>108,000</b>
<b>TOTAL</b>	<b>1,495,440</b>	<b>216,000</b>	<b>255,343</b>	<b>1,966,783</b>

\* The other emoluments include unutilised annual leave, EPF, Socso and other Benefits-in-kind

# CORPORATE GOVERNANCE STATEMENT (CONT'D)



## A. THE BOARD OF DIRECTORS (CONT'D)

### vi) REMUNERATION OF DIRECTORS (CONT'D)

DIRECTORS	NUMBER OF DIRECTORS	
	EXECUTIVE	NON-EXECUTIVE
0 - 50,000	-	3
450,001 - 500,000	1	-
650,001 - 700,000	1	-
700,001 - 750,000	1	-

### vii) DIRECTORS' TRAINING AND CONTINUING EDUCATION PROGRAM

All the directors of the Company are encouraged to attend training programs that can further enhance their knowledge in the latest developments relevant to the Group, especially in the areas of corporate governance and regulatory development, to enable them to discharge their responsibilities effectively.

The summaries of training attended by the Directors for the financial year ended 31 December 2009 are as follows:

#### 1. TAY BENG LOCK

Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
Managing Common Employment Issues At The Workplace	29 June 2009
High Impact Selling & High Speed Marketing For Competitive Advantage Training	21-23 August 2009

#### 2. YENG FOOK HOO

Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
Managing Common Employment Issues At The Workplace	29 June 2009

#### 3. CHIN FOOK KHEONG

Preparing For Convergence With International Financial Reporting Standards (IFRS)	24 March 2009
Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
Technical Briefing on main market	18 June 2009
Managing Common Employment Issues At The Workplace	29 June 2009
China VAT and Business Tax Reform 2009	23 July 2009
High Impact Selling & High Speed Marketing For Competitive Advantage Training	21-23 August 2009

#### 4. GOH KUAN HO

Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
Managing Common Employment Issues At The Workplace	29 June 2009

#### 5. YEN SIW KUIN

Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
National Accountants Conference 2009	13-14 October 2009

#### 6. ANGUS EUGENIO CAMPOS

Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies	21-22 July 2009



## B. BOARD COMMITTEES

The Board has established the following committees:

### i) THE AUDIT COMMITTEE

Terms and reference as well as further information on the Audit Committee are set out in the Annual Report.

### ii) THE REMUNERATION COMMITTEE

The Remuneration Committee meets on a need-to basis, and is entrusted, among others, with examining the remuneration packages of the Executive Directors. However, the ultimate responsibility to approve the remuneration of these Directors rests on the Board as a whole. The Executive Directors do not play any part in decisions regarding their own remuneration.

Subject to shareholders' approval in the general meeting, the Board as a whole determines the level of remuneration of the Non-Executive Directors of the Company. The remuneration of the Non-Executive Directors will be reviewed in order to take into cognizance their principal duties and responsibilities under the Malaysian Code on Corporate Governance.

### iii) THE NOMINATION COMMITTEE

The role of the Nomination Committee is to recommend the candidates with an optimal mix of qualifications, skills and experience to the Board. The Nomination Committee has to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision making process of the Board.

The Nomination Committee may, as it deems fit, call for any appropriate person or persons to be in attendance to make presentations or furnish or provide independent advice to the Nomination Committee on any matters within the scope of responsibilities.

The Company would like to disclose that it has fulfill the requirement of the Malaysian Code on Corporate Governance that requires the nominating committee to be composed exclusively of non-executive directors, a majority of whom are independent, with the responsibility for proposing new nominees for the Board and for assessing directors on an on-going basis.

### iv) THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS") COMMITTEE

The ESOS Committee comprises the Group Managing Director, the Deputy Group Managing Director, two (2) Independent Non-Executive Directors and one (1) senior management personnel of the Company. Meetings shall be held at least once a year.

The ESOS Committee's responsibilities are as follows:-

- To administer the ESOS in accordance with the Bye-Laws of the ESOS and, in such manner, as it shall at its discretion deem fit and, within such powers and duties as are conferred upon it by the Board; and
- To review and amend, at any time and from time to time, any provisions of the ESOS and the Bye-Laws, provided that the amendments are not prejudicial to the eligible employees and with the prior approval of the shareholders of the Company. Such modification/variation shall be subject to the approvals of the Board and the relevant authorities.

The functions of the ESOS Committee shall be governed by the Bye-Laws which, inter alia, include:-

- To select employees of the Company and its eligible subsidiary companies who are eligible to participate in the initial offer and subsequent offers of the ESOS and, determine the number of new shares to be allocated to the eligible employees according to the grading of employees and each band of years of service;
- To determine the number of options exercisable by the eligible employees for each year during the duration of the ESOS, the date of the initial offer and subsequent offers and the exercise price for each offer at which the eligible employees are entitled to subscribe under an option and, the period during which the option may be exercised; and
- To formulate guidelines/procedures for the administration of the ESOS.



## C. ACCOUNTABILITY AND AUDIT

### i) INTERNAL AUDIT

Details of the Internal Control System are stated in the Statement of Internal Control in the Annual Report.

### ii) FINANCIAL REPORTING

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcements of results as well as the Chairman's statement and financial review in the annual report to shareholders. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting.

### iii) DIRECTORS' RESPONSIBILITY STATEMENT WITH RESPECT TO THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements of the Company and the Group are in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 to present a true and fair view of the state of affairs of the Company and the Group.

During the financial year under review, the Board has undertaken several measures to ensure quality financial reporting to its shareholders, investors and regulatory authorities in order to present a balanced, clear and comprehensive assessment of the Company's and the Group's performance and prospects. As part of the Company's continuing disclosure obligation under Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board aims to ensure timely, accurate and up-to-date financial information relating to the Company's and the Group's quarterly financial results are announced to Bursa Malaysia. The timely distribution of the Company's Annual Report to the shareholders and investors is to ensure that all those who invest in the Company's securities are kept abreast of the Company's and the Group's performance throughout the financial year.

The Chairman's Statement also provides an insight into the performance of the Group throughout the financial year as well as on the Group's future prospects.

The Board is assisted by the Audit Committee in the discharge of its fiduciary responsibilities relating to corporate accounting and reporting practices of the Group.

## D. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The importance of keeping shareholders informed of developments concerning the Group is high on the agenda. In this respect, the Board has always maintained an active and constructive shareholder communication policy. The minority shareholders are kept abreast of all corporate developments concerning the Group through the distribution of the information via the Bursa Malaysia website ([www.bursamalaysia.com](http://www.bursamalaysia.com)), as well as via the Investor Relations Channel of the Company's corporate website ([www.ghl.com](http://www.ghl.com)). Investors are encouraged to sign up for the free email-alert service to receive the latest updates of the Company, including the quarterly financial results.

As part of the Company's continuing disclosure obligation under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company aims to ensure timely announcements are made through the Bursa Malaysia website and the Company's Investor Relations Channel to enable investors to make informed investment decisions.

### THE ANNUAL GENERAL MEETING

The Chairman and the Board encourage the shareholders to attend and participate in the Annual General Meeting held annually as this is deemed to be the platform for the Board to report on the Group's business activities. To promote an open and transparent policy, the shareholders are given the opportunity to seek clarifications on the affairs, activities and prospects of the Group.

The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders.



## E. EMPLOYEES' SHARE OPTION SCHEME (ESOS) COMMITTEE

On 15 May 2008 at the EGM, the shareholders of the Company had approved the ordinary resolution of a new ESOS up to fifteen percent (15%) of the issued and paid up capital of GHL Systems Berhad.

On 3 November 2009, the Company has offered 19,769,000 ESOS options at an exercise price of RM0.50 per share to eligible executive directors and eligible employees of the Group. These ESOS options will expire on 2 November 2012.

### TERM OF REFERENCE

#### 1. CONSTITUTION

The Board of Directors ("the Board") resolved to establish a committee of the Board to be known as the ESOS Committee on 11 February 2003.

#### 2. COMPOSITION

The ESOS Committee shall be appointed by the Board with at least three (3) members comprising the Group Managing Director, the Deputy Group Managing Director and one (1) senior management personnel of GHL Systems Berhad ("the Company").

- a) Members of the Committee will only be entitled to hold office during the period of their service with the Company.
- b) Where the Members of the Committee are reduced to less than three (3) for any reasons whatsoever, the Board shall, as soon as practicable thereafter, appoint such additional number of Members as may be required to make up the minimum of three (3). Unless the minimum number of three (3) Members are appointed, the Committee shall not be entitled to exercise any discretion under the ESOS Bye-Laws.
- c) The Board may, from time to time and in its absolute discretion, revise the composition of the Committee and the roles and responsibilities of the Committee.

#### 3. CHAIRMAN OF THE ESOS COMMITTEE

The Group Managing Director shall be the Chairman during the meetings. In the event the Group Managing Director is not able to attend a meeting, the Committee shall nominate the Deputy Group Managing Director as Chairman for the meeting.

In the absence of the Group Managing Director and Deputy Group Managing Director, with the quorum of at least two (2) members, a Member of the Committee shall be nominated as Chairman for the meeting.

#### 4. MEETINGS OF THE ESOS COMMITTEE

##### • FREQUENCY

Meetings shall be held at least once a year. In addition, the Chairman shall call for a meeting of the Committee if requested to do so by any Member of the Committee, the Board, the senior management or the internal or external auditors. Prior notice shall be given for the Committee's meetings.

##### • QUORUM

The quorum for a meeting of the committee shall be two (2). Two (2) members present in person or through teleconferencing, video conferencing or other electronic media allowing for contemporaneous presence of the Members shall form the quorum.

##### • SECRETARY OF THE ESOS COMMITTEE

The Company Secretary shall attend the meetings on invitation to assist in the secretarial function of the Committee and not as a Member of the Committee. In the absence of the Company Secretary, a Member of the Committee shall be nominated for such secretarial function.



## E. EMPLOYEES' SHARE OPTION SCHEME (ESOS) COMMITTEE (CONT'D)

### TERM OF REFERENCE (CONT'D)

#### 5. AUTHORITY OF THE ESOS COMMITTEE

The Committee shall have unlimited access to all the information and documents relevant to its activities, including but not limited to the following:-

- (i) The full name and job title of an eligible employee as described in Bye-Law 5 ("Eligible Employee");
- (ii) The date of commencement of his/her employment with GHJ Systems Berhad and its subsidiaries ("the Group");
- (iii) His/Her Maximum Entitlement (as described in Bye-Law 6);
- (iv) The total number of shares which comprises:-
  - a. The Options granted to the Eligible Employee;
  - b. The Options which had been accepted by him/her; and
  - c. The balance over which Options may be granted.

#### 6. GRANT OF OPTIONS

- 6.1 No offer shall be made to any Executive Director of GHJ Systems Berhad unless such offer and the related allotment of shares have previously been approved by the shareholders of GHJ Systems Berhad in a general meeting.
- 6.2 The Committee may grant Options at anytime within the duration of the ESOS, provided always that no Member of the Committee shall participate in any deliberation or decision in respect of Options to be granted to himself.
- 6.3 The Committee may in its absolute discretion make more than one (1) offer to an eligible employee provided that the aggregate number of Options offered to an eligible employee throughout the entire duration of the ESOS does not exceed the eligible employee's Maximum Entitlement as set out in Bye-Law 6. The Committee shall not be obliged in any way to offer to an eligible employee all of the specified Maximum Entitlement. The decision of the Committee shall be final and binding.
- 6.4 In exercising its discretion, in determining the number of Options to be offered to an eligible employee, the Committee shall take into consideration the seniority and length of service of each eligible employee.
- 6.5 The grant of Options to any Eligible Employee by the Committee shall be made by the issuance of a Letter of Offer to an eligible employee on the date of offer.

#### 7. ACCEPTANCE OF THE OFFER

- 7.1 A written offer made by the Committee to an eligible employee in the manner provided in Bye-Law 7 ("Offer") shall be valid for a period of fourteen (14) days from the date of Offer ("Offer Period").
- 7.2 An Offer shall be accepted by an eligible employee within the Offer Period by written notice to GHJ Systems Berhad accompanied by a payment to GHJ Systems Berhad of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.
- 7.3 If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon expiry of the Offer Period. The number of Options offered in the lapsed Offer shall be deducted from the Maximum Entitlement or the balance of the Maximum Entitlement of the eligible employee, and the eligible employee shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future.

#### 8. RESPONSIBILITY

The Committee shall be responsible to the Board for matters pertaining to administering the ESOS and compliance with the Bye-Laws governing the ESOS.

#### 9. DUTIES AND SCOPE OF WORK

The duties and scope of responsibilities of the Committee are as follows:-

- 9.1 To monitor the progress of the ESOS;
- 9.2 To review and report to the Board on a regular basis to ensure compliance with the ESOS Bye-Laws; and
- 9.3 Without limiting the generality of Bye-Law 21.1, the Committee may, for the purpose of administering the ESOS, do all acts and things, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the ESOS as it may in its discretion consider to be necessary or desirable for giving effect to the ESOS.

#### 10. DECISION MAKING

Decision making shall be on majority votes of the Members present at the meeting, and in case of an equality of votes, provided more than two (2) members present in person are competent to vote on the question at issue but not otherwise, the Chairman shall have a second or casting vote.

# AUDIT COMMITTEE REPORT



## TERMS OF REFERENCE

### 1. CONSTITUTION

The Board of the Company resolved to establish a Committee of the Board to be known as the Audit Committee on 11 February 2003.

### 2. COMPOSITION

The Audit Committee shall be appointed by the Board with at least three (3) members of which the majority shall comprise Independent Directors.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:-

- A member of the Malaysian Institute of Accountants ("MIA"); and
- If he or she is not a member of MIA, he must have at least three (3) years working experience and:-
  - He or she must have passed the examination specified in Part I of the 1st schedule of the Accountants Act, 1967; or
  - He or she must be a member of the Associations of Accountants specified in Part II of the Accountants Act, 1967.

### 3. CHAIRMAN OF THE AUDIT COMMITTEE

The Committee shall elect a Chairman from among its members and the elected Chairman shall be an Independent Director. In the event the elected Chairman is not able to attend a meeting, a member of the Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

### 4. MEETINGS OF THE AUDIT COMMITTEE

#### FREQUENCY

Meetings shall be held not less than four (4) times a year. In addition, the Chairman shall call for a meeting of the Committee if requested to do so by any member of the Committee, the Board, the Senior Management or the internal or external auditors. Prior notice shall be given for the Committee's meetings.

#### QUORUM

A minimum of two (2) members shall form the quorum.

#### SECRETARY OF THE AUDIT COMMITTEE

The Company Secretary shall be the secretary of the Committee.

### 5. DUTIES, RESPONSIBILITIES AND RIGHTS

The Audit Committee shall assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Group and the sufficiency of auditing relating thereto.

The duties of the Audit Committee shall include a review of:

- (a) The nomination of external auditors;
- (b) The adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (c) The effectiveness of the internal audit function (if any);
- (d) The effectiveness of the internal control and management information systems;
- (e) The financial statements of the Company with both the external auditors and management;
- (f) The external auditors' audit report;
- (g) Any management letter sent by the external auditors to the Company and the management's response to such letter;
- (h) Any letter of resignation from the Group's external auditors;
- (i) The assistance given by the Company's officers to the external auditors;
- (u) All areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- (k) All related-party transactions and potential conflict of interest situations; and
- (l) All other matters delegated by the Board.

# AUDIT COMMITTEE REPORT (CONT'D)



## 5. DUTIES, RESPONSIBILITIES AND RIGHTS (CONT'D)

The Audit Committee shall:-

- (a) Have explicit authority to investigate any matters within its terms of reference;
- (b) Have the resources which it needs to perform its duties;
- (c) Have full access to any information which it requires in the course of performing its duties;
- (d) Have unrestricted access to the Managing Director and the Finance Director;
- (e) Have direct communication channels with the external auditors and internal auditors;
- (f) Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Group;
- (g) Be able to invite outsiders with relevant experience to attend its meetings if necessary; and
- (h) Monitor and ensure that any transactions entered into between the Group and parties or companies connected to the promoters, directors and substantial shareholders of the Group are at arm's length and not on terms that are detrimental to the Group. The Directors of the Company are required to report such transactions in the annual report of the Company every year.

The management shall provide the fullest co-operation in providing information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee.

The Group Finance Director, the internal auditor and a representative of the external auditors shall attend Audit Committee Meetings. The Audit Committee shall meet at least twice a year with external auditors without the presence of executive board members.

## 6. RIGHTS OF AUDITORS

The external auditors and internal auditors have the right to appear and be heard at any meeting of the Audit Committee and shall so appear when required by the Audit Committee.

Upon the request of the external auditors or internal auditors (if any), the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the directors or shareholders.

## 7. FUNCTIONAL INDEPENDENCE

The Audit Committee shall function independently of the other directors and officers of the Group. Such other directors and officers may attend any particular Audit Committee Meeting only at the Audit Committee's invitation, specific to the relevant meeting.

Other than as provided herein, the Audit Committee may regulate its own procedures including the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

## 8. RETIREMENT AND RESIGNATION

A member of the Audit Committee who wishes to retire or resign shall provide sufficient written notice to the Company so that a replacement may be appointed before he leaves. In the event of any vacancy in the Audit Committee, the Company shall fill the vacancy within two (2) months, but in any case not later than three (3) months.

The Audit Committee has verified that the allocation of ESOS Options to the eligible directors and employees of the Group is in accordance with the ESOS Bye-Laws.

# STATEMENT OF INTERNAL CONTROL



## RESPONSIBILITY OF THE BOARD

The Board acknowledges that it has a responsibility to maintain a sound internal control system that ensures adequacy and integrity through a process of review, monitoring and assurance. The Management plays an integral role in assisting the design and implementation of the Board's policies on risk and control. This statement describes the processes that form the internal control framework throughout the Group's business operations, which are regularly reviewed by the Board. The internal control system was designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives. In pursuing these objectives, internal control can provide only reasonable and not absolute assurances against material misstatements or losses.

## RISK MANAGEMENT FRAMEWORK

Risk-Based-Auditing approach which begins with risk identification, risk evaluation and mapping of controls has been introduced and implemented. In addition, the Risk Management framework of the Company develops and maintains sound risk management policies and procedures for the respective business units, and ensures that risk exposures are being measured and monitored. The Group has established compliances in certain key subsidiaries and operates under the regulated environment plays a vital role in ensuring compliance with the relevant rules and regulations.

## INTERNAL AUDIT FUNCTION

The Group has established an in-house internal audit function which work together with an independent outsourced internal audit service provider whose primary responsibility is to assure the Board, via the Audit Committee, that the stringent internal control systems are fully implemented. In providing this assurance, the internal audit function undertakes compliance testing and reports on exceptions under assessment.

These include independently reviews the risk management framework implemented by management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit provides assurance over the operation and validity of the system of internal control in relation to the level of risk involved using Risk-Based-Auditing methodology.

The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by Group internal audit, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems.

The key elements of the Group's internal control system, that are regularly reviewed by the Board and are in accordance with the Guidance, are described below:-

- Establishment of a conducive control environment in respect of the overall attitude, awareness and actions of Directors and management regarding the internal control system and its importance to the Group;
- Recruitment of experienced, skilled and professional staff with the necessary caliber to fulfill the respective responsibilities and ensuring that minimum controls are in place;
- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Clearly defined delegation of specific responsibilities to committees of the Board and to management, as and when the Board deems fit to do so. These committees or management have the authority to examine all matters within their scope and report back to the Board with their recommendations;
- Documented policies, procedures which provides a sound framework of authority and accountability within the Group and facilitates proper corporate decision-making at the appropriate level in the Group hierarchy;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Disaster recovery backup plan to provide business continuity has been established in the key business activities. These disaster recovery plans are tested from time to time and enhanced whenever required;
- Regular and comprehensive management meetings and reports to the Board from various lines of operations and business units, on key business performance, operating statistics and regular matters. This enables effective monitoring of significant variances and deviation from standard operating procedures and budget.

The costs incurred for the internal audit function in respect of the financial year is approximately RM40,000.

# STATEMENT OF INTERNAL CONTROL (CONT'D)



## **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Company and of the Group for the financial year ended 31 December 2009 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.


The Board believes that the systems of internal controls in the Group are adequate and have been effective in their functions, with no significant problems noted during the period under review. Moving forward, the Group will continue to improve and enhance the existing systems of internal controls, taking into consideration the changing business environment.

This statement is made in accordance with a resolution of the Board of Directors dated 18 March 2010.

# FINANCIAL CONTENTS



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# DIRECTORS' REPORT



The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are those of developing and selling in-house software programmes, sale and rental of Electronic Data Capture ("EDC") equipment and its related software and services, inclusive of installation, training and maintenance.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

	Group RM	Company RM
Loss before taxation	(6,474,842)	(4,709,410)
Taxation	(522,982)	(502,808)
Net loss for the financial year	<u>(6,997,824)</u>	<u>(5,212,218)</u>
Attributable to:		
Equity holders of the parent	(6,977,824)	(5,212,218)
Minority interests	(20,000)	-
	<u>(6,997,824)</u>	<u>(5,212,218)</u>

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of their operations of the Group and of the Company for the current financial year.

## DIVIDENDS

During the financial year, a total of 1,371,564 treasury shares were distributed on 21 July 2009 to the entitled shareholders in relation to the distribution of share dividend of one treasury share for every one hundred existing ordinary shares of RM0.50 each held in the Company for the previous financial year 2008.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review other than those disclosed in the financial statements.

## ISSUE OF SHARES AND DEBENTURES

There were no issues of shares or debentures during the financial year under review.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year under review, except for the Employees' Share Option Scheme.



## REPURCHASE OF SHARES

At the Extraordinary General Meeting held on 7 May 2007, the shareholders approved the share buy-back of up to 10% of the issued and paid-up share capital of the Company at any point in time. The authority from the shareholders has been renewed consecutively for two years at the shareholders' meeting. The renewal of share buy-back was last approved at the Annual General Meeting ("AGM") of the Company held on 8 May 2009 and will expire at the conclusion of the forthcoming AGM of the Company.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

To date, the Company had purchased the following ordinary shares of its issued and paid-up share capital from the open market:

Date	No. of ordinary shares	Average price per share RM	Total cost RM
22.04.2009	100,000	0.145	14,607
01.06.2009	1,162,500	0.165 - 0.175	193,245
01.07.2009	100,000	0.190	19,139
	<u>1,362,500</u>		<u>226,991</u>

The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of section 67A of the Companies Act, 1965. There has been no sale or cancellation of such shares to date.

During the financial year, a total of 1,371,564 treasury shares were distributed to the entitled shareholders in relation to the distribution of share dividend of one treasury share for every one hundred existing ordinary shares of RM0.50 each held in the Company. As at 31 December 2009, the total number of treasury shares held by the Company is 4,901 ordinary shares.

## EMPLOYEES' SHARE OPTION SCHEME

The GHL Systems Berhad Employees' Share Option Scheme ("ESOS") was approved by shareholders at the Extraordinary General Meeting on 15 May 2008 and became effective on 3 November 2009 for a period of 3 years, and lapsed on 2 November 2012.

The salient features and other terms of the ESOS are disclosed in Note 29 to the financial statements.

The Company has been granted exemption pursuant to Section 169(11) of the Companies Act, 1965 by the Companies Commission of Malaysia from having to disclose the names of option holders, other than Directors, who have been granted options to subscribe for less than 200,000 ordinary shares of RM0.50 each.

The list of employee granted options to subscribe for 200,000 and above ordinary shares of RM0.50 each during the financial year are as follows:

	Option price RM	No. of options over ordinary shares of RM0.50 each		
		At 1.1.2009	Granted	At 31.12.2009
Chung Heuy Fen	0.50	-	200,000	200,000
Seah Chong Kai	0.50	-	200,000	200,000
Carlo Chung	0.50	-	200,000	200,000
Chan Chun Fee	0.50	-	200,000	200,000
Lee Kean Fook	0.50	-	200,000	200,000

Details of the options granted to Directors are disclosed in the section on Directors' Interests of this report.



## DIRECTORS

The Directors who served since the date of the last report are as follows:

Tay Beng Lock  
 Yeng Fook Hoo  
 Chin Fook Kheong  
 Goh Kuan Ho  
 Yen Siw Kuin  
 Angus Eugenio Campos

## DIRECTORS' INTERESTS

Details of holdings in the share capital and options over the shares of the Company or its related corporations by the Directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:

	<-----No. of ordinary shares of RM0.50 each ----->			
	At 1.1.2009	Share dividend	Disposed	At 31.12.2009
<b>GHL Systems Berhad</b>				
Direct interest:				
Goh Kuan Ho	17,556,911	175,569	-	17,732,480
Tay Beng Lock	6,162,817	61,628	-	6,224,445
Yeng Fook Hoo	3,011,554	28,850	(126,500)	2,913,904

	<----No. of options over ordinary shares of RM0.50 each-----> (ESOS)		
	At 1.1.2009	Granted	At 31.12.2009
<b>GHL Systems Berhad</b>			
Tay Beng Lock	-	1,600,000	1,600,000
Yeng Fook Hoo	-	1,600,000	1,600,000
Chin Fook Kheong	-	1,600,000	1,600,000

By virtue of their interest in the shares of the Company, Goh Kuan Ho, Tay Beng Lock and Yeng Fook Hoo are also deemed to have interest in the shares of all its subsidiary companies to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares and options of the Company or its related corporations during the financial year under review.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company or its subsidiary companies a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the share options granted under the GHL Systems Berhad ESOS.



## OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
  - (iii) any amount stated in the financial statements of the Group and of the Company misleading; and
  - (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) No contingent or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company and its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person; and
  - (ii) any contingent liability in respect of the Company and its subsidiary companies which has arisen since the end of the financial year.

## SIGNIFICANT EVENTS

The significant events are disclosed in Note 32 to the financial statements.

## SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 33 to the financial statements.

## AUDITORS

The auditors, UHY Diong, have expressed their willingness to accept re appointment.

Signed in accordance with a resolution of the Directors.

TAY BENG LOCK

CHIN FOOK KHEONG

KUALA LUMPUR  
18 MARCH 2010

# STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965



We, TAY BENG LOCK and CHIN FOOK KHEONG being two of the Directors of GHL SYSTEMS BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 40 to 86 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the Directors.

TAY BENG LOCK

CHIN FOOK KHEONG

KUALA LUMPUR  
18 MARCH 2010

# STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

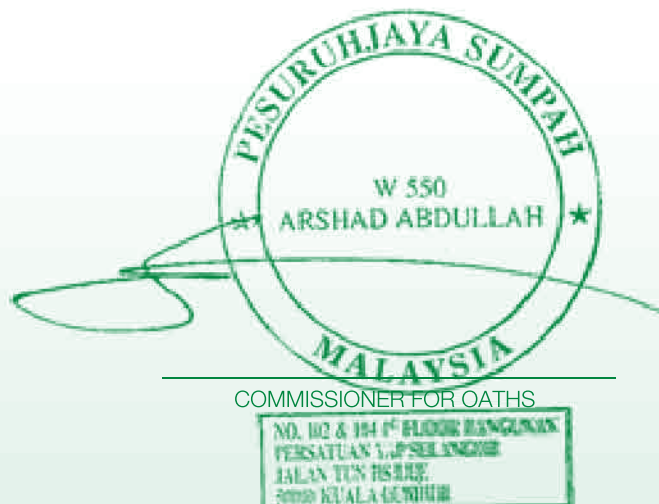


I, TAY BENG LOCK, being the Director primarily responsible for the financial management of GHL SYSTEMS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 40 to 86 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed TAY BENG LOCK )  
at KUALA LUMPUR in the Federal )  
Territory this 18 MARCH 2010 )

TAY BENG LOCK

Before me,



COMMISSIONER FOR OATHS

NO. 102 & 104 1<sup>st</sup> FLOOR BANGUNAN  
PERSATUAN U.P. SELANGOR  
JALAN TUN HSIAO JUAN  
50000 KUALA GEMBUK

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF GHIL SYSTEMS BERHAD



### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of GHIL Systems Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 86.

#### Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the financial year then ended.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the followings:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GHL SYSTEMS BERHAD (CONT'D)



## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY DIONG  
Firm Number: AF 1411  
Chartered Accountants

TEE GUAN PIAN  
Approved Number: 1886/05/10 (J/PH)  
Chartered Accountant

KUALA LUMPUR  
18 MARCH 2010

# BALANCE SHEETS

AS AT 31 DECEMBER 2009



	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>Non-Current Assets</b>					
Property, plant and equipment	3	52,316,781	55,737,225	12,401,176	14,477,674
Prepaid lease payments	4	1,559,343	1,575,757	1,559,343	1,575,757
Investment in subsidiary companies	5	-	-	14,939,995	14,859,995
Other investment	6	-	88,250	-	88,250
Goodwill on consolidation	7	1,913,105	1,913,105	-	-
		<u>55,789,229</u>	<u>59,314,337</u>	<u>28,900,514</u>	<u>31,001,676</u>
<b>Current Assets</b>					
Inventories	8	6,319,727	9,486,878	2,282,772	2,751,682
Trade receivables	9	13,990,646	12,050,156	3,255,873	2,716,544
Other receivables	10	5,467,023	1,931,037	1,881,869	780,214
Amount owing by subsidiary companies	11	-	-	57,189,282	58,208,466
Tax recoverable		147,062	137,994	39,029	22,051
Fixed deposits with licensed banks	12	1,959,470	3,351,989	1,140,606	864,617
Cash and bank balances		12,773,273	9,345,502	628,980	2,002,548
		<u>40,657,201</u>	<u>36,303,556</u>	<u>66,418,411</u>	<u>67,346,122</u>
<b>Total Assets</b>		<u>96,446,430</u>	<u>95,617,893</u>	<u>95,318,925</u>	<u>98,347,798</u>
<b>Equity</b>					
Share capital	13	69,431,108	69,431,108	69,431,108	69,431,108
Reserves	14	7,160,485	13,826,436	19,630,650	25,038,138
Treasury shares	15	(824)	(4,467)	(824)	(4,467)
<b>Total Equity</b>		<u>76,590,769</u>	<u>83,253,077</u>	<u>89,060,934</u>	<u>94,464,779</u>
<b>Non-Current Liabilities</b>					
Hire purchase payables	16	17,931	34,786	-	-
Bank borrowings	17	2,880,770	3,082,585	2,880,770	3,082,585
Deferred taxation	18	503,559	-	503,559	-
		<u>3,402,260</u>	<u>3,117,371</u>	<u>3,384,329</u>	<u>3,082,585</u>
<b>Current Liabilities</b>					
Trade payables	19	5,225,757	1,045,304	924,215	336,436
Other payables	20	11,033,537	7,450,608	1,772,884	300,102
Hire purchase payables	16	17,544	51,244	-	-
Bank borrowings	17	176,563	664,262	176,563	163,896
Tax payable		-	36,027	-	-
		<u>16,453,401</u>	<u>9,247,445</u>	<u>2,873,662</u>	<u>800,434</u>
<b>Total Liabilities</b>		<u>19,855,661</u>	<u>12,364,816</u>	<u>6,257,991</u>	<u>3,883,019</u>
<b>Total Equity and Liabilities</b>		<u>96,446,430</u>	<u>95,617,893</u>	<u>95,318,925</u>	<u>98,347,798</u>

The accompanying notes form an integral part of the financial statements.

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009



		Group		Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Revenue	21	57,150,217	52,244,852	17,199,145	23,329,597
Cost of sales		(18,556,859)	(16,887,166)	(6,449,475)	(7,656,785)
Gross profit		38,593,358	35,357,686	10,749,670	15,672,812
Other operating income	22	1,089,284	966,087	246,037	484,263
Administration expenses		(40,366,938)	(38,140,619)	(14,379,440)	(14,034,856)
Distribution costs		(5,491,607)	(3,916,469)	(1,024,071)	(1,403,522)
Other operating expenses		(111,408)	(528,187)	(121,319)	(132,984)
Finance costs	23	(187,531)	(213,945)	(180,287)	(182,440)
(Loss)/Profit before taxation	24	(6,474,842)	(6,475,447)	(4,709,410)	403,273
Taxation	25	(522,982)	311,976	(502,808)	(21,612)
Net (loss)/profit for the financial year		(6,997,824)	(6,163,471)	(5,212,218)	381,661
Net loss for the financial year attributable to:					
Equity holders of the parent		(6,977,824)	(6,153,818)		
Minority interests		(20,000)	(9,653)		
		(6,997,824)	(6,163,471)		
Earnings per share attributable to equity holders of the parent (sen):					
Basic	26(a)	(5.04)	(4.44)		
Fully diluted	26(b)	(5.04)	(4.44)		

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009



Group	Note	Attributable to Equity Holders of the Parent							Minority interests	Total equity
		<-Non-Distributable->			<----Distributable---->					
		Share capital	Foreign exchange reserve	ESOS reserve	Treasury shares	Retained profits	Total			
RM	RM	RM	RM	RM	RM	RM	RM	RM		
At 1 January 2008		69,431,108	241,943	576,521	-	21,677,072	91,926,644	9,653	91,936,297	
Shares purchased during the financial year held as treasury shares		-	-	-	(444,292)	-	(444,292)	-	(444,292)	
Foreign exchange differences, representing net loss not recognised in income statement		-	(1,498,936)	-	-	-	(1,498,936)	-	(1,498,936)	
Dividends	27	-	-	-	439,825	(439,825)	-	-	-	
Realisation of ESOS reserves on issue of shares		-	-	(576,521)	-	-	(576,521)	-	(576,521)	
Net loss for the financial year		-	-	-	-	(6,153,818)	(6,153,818)	(9,653)	(6,163,471)	
At 31 December 2008		69,431,108	(1,256,993)	-	(4,467)	15,083,429	83,253,077	-	83,253,077	

Group	Note	Attributable to Equity Holders of the Parent							Minority interests	Total equity
		<-Non-Distributable->			<-----Distributable---->					
		Share capital	Foreign exchange reserve	ESOS reserve	Treasury shares	Retained profits	Total			
RM	RM	RM	RM	RM	RM	RM	RM	RM		
At 1 January 2009		69,431,108	(1,256,993)	-	(4,467)	15,083,429	83,253,077	-	83,253,077	
Shares purchased during the financial year held as treasury shares		-	-	-	(226,991)	-	(226,991)	-	(226,991)	
Foreign exchange differences, representing net loss not recognised in income statement		-	507,143	-	-	-	507,143	-	507,143	
Arising from acquisition of subsidiary company		-	-	-	-	-	-	20,000	20,000	
Dividends	27	-	-	-	230,634	(230,634)	-	-	-	
Net loss for the financial year		-	-	-	-	(6,977,824)	(6,977,824)	(20,000)	(6,997,824)	
Share based payment		-	-	35,364	-	-	35,364	-	35,364	
At 31 December 2009		69,431,108	(749,850)	35,364	(824)	7,874,971	76,590,769	-	76,590,769	

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)



Company	Note	Non-Distributable		-----Distributable-----		Total equity
		Share capital	ESOS reserve	Treasury shares	Retained profits	
		RM	RM	RM	RM	RM
At 1 January 2008		69,431,108	576,521	-	25,096,302	95,103,931
Shares purchased during the financial year held as treasury shares		-	-	(444,292)	-	(444,292)
Dividends	27	-	-	439,825	(439,825)	-
Realisation of ESOS reserves on issue of shares		-	(576,521)	-	-	(576,521)
Net profit for the financial year		-	-	-	381,661	381,661
At 31 December 2008		69,431,108	-	(4,467)	25,038,138	94,464,779
At 1 January 2009		69,431,108	-	(4,467)	25,038,138	94,464,779
Shares purchased during the financial year held as treasury shares		-	-	(226,991)	-	(226,991)
Dividends	27	-	-	230,634	(230,634)	-
Net loss for the financial year		-	-	-	(5,212,218)	(5,212,218)
Share based payment		-	35,364	-	-	35,364
At 31 December 2009		69,431,108	35,364	(824)	19,595,286	89,060,934

The accompanying notes form an integral part of the financial statements.

# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009



	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Cash Flows From Operating Activities</b>				
(Loss)/Profit before taxation after MI	(6,474,842)	(6,475,447)	(4,709,410)	403,273
Adjustment for:				
Allowance for doubtful debts	402,693	2,868,511	77,000	1,261,180
Amortisation of prepaid lease payments	16,414	16,415	16,414	16,415
Bad debts written-off	70,362	-	9,000	-
Depreciation of property, plant and equipment	10,761,035	8,451,037	2,437,893	2,637,482
Impairment loss on other investment	88,250	465,438	88,250	465,438
Interest expense	187,531	213,945	180,287	182,440
Interest income	(208,178)	(319,509)	(102,571)	(89,914)
Inventories written-off	336,544	-	56,282	-
Loss/(Gain) on disposal of property, plant and equipment	176,363	15,803	-	(56,410)
Negative goodwill written off	-	(21,793)	-	-
Property, plant and equipment written off	71,980	337	-	-
Reversal of allowance for doubtful debts no longer required	(231,559)	(288,304)	-	(181,556)
Share based payment	35,364	-	35,364	-
Unrealised (gain)/loss on foreign exchange	(529,498)	44,644	(78,368)	(120,897)
Operating profit/(loss) before working capital changes	4,702,459	4,971,077	(1,989,859)	4,517,451
Decrease/(Increase) in working capital				
Inventories	2,242,815	70,902	412,628	(815,843)
Trade and other receivables	(5,188,474)	6,358,527	(1,648,616)	4,005,028
Trade and other payables	7,763,382	(1,274,165)	2,060,561	(787,190)
Amount owing by/(to) subsidiary companies	-	-	1,019,184	(4,474,040)
	4,817,723	5,155,264	1,843,757	(2,072,045)
Cash generated from/(used in) operations	9,520,182	10,126,341	(146,102)	2,445,406
Interest received	208,178	319,509	102,571	89,914
Interest paid	(187,531)	(213,945)	(180,287)	(182,440)
Tax paid	(118,204)	(94,847)	(27,041)	(31,812)
Tax refunded	53,686	100,223	10,814	24,344
Exchange fluctuation adjustment	397,046	(1,712,698)	-	120,897
	353,175	(1,601,758)	(93,943)	20,903
Net cash from/(used in) operating activities	9,873,357	8,524,583	(240,045)	2,466,309

# CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (CONT'D)



	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>Cash Flows From Investing Activities</b>					
Purchase of property, plant and equipment	3(d)	(8,026,254)	(15,897,189)	(361,395)	(616,033)
Proceeds from disposal of property, plant and equipment		1,135,209	1,717,435	-	80,000
Additional investment in a subsidiary company		-	21,793	-	-
Additional investment in a subsidiary companies by minority interest		20,000	-	-	-
Acquisition of subsidiary companies		-	-	(80,000)	-
Net cash used in investing activities		(6,871,045)	(14,157,961)	(441,395)	(536,033)
<b>Cash Flows From Financing Activities</b>					
Repurchase of shares		(226,991)	(444,292)	(226,991)	(444,292)
Realisation of ESOS reserves on issue of shares		-	(576,521)	-	(576,521)
(Increase)/Decreased in fixed deposits pledged		(68,537)	1,778,499	(47,512)	2,000,000
Net change in letter of credit		-	(5,695,503)	-	(3,005,825)
Repayment of hire purchase payables		(50,555)	(124,531)	-	-
Repayment of bank borrowings		(189,148)	(814,115)	(189,148)	(204,115)
Net cash used in financing activities		(535,231)	(5,876,463)	(463,651)	(2,230,753)
<b>Net increase/(decrease) in cash and cash equivalents</b>		2,467,081	(11,509,841)	(1,145,091)	(300,477)
<b>Cash and cash equivalents at beginning of the financial year</b>		11,149,286	22,659,127	2,617,165	2,917,642
<b>Cash and cash equivalents at end of the financial year</b>		13,616,367	11,149,286	1,472,074	2,617,165
<b>Cash and cash equivalents at end of financial year comprises:</b>					
Cash and bank balances		12,773,273	9,345,502	628,980	2,002,548
Fixed deposits with licensed banks		1,959,470	3,351,989	1,140,606	864,617
Bank overdraft		-	(500,366)	-	-
		14,732,743	12,197,125	1,769,586	2,867,165
Less : Fixed deposits pledged to licensed banks		(1,116,376)	(1,047,839)	(297,512)	(250,000)
		13,616,367	11,149,286	1,472,074	2,617,165

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS



## 1. CORPORATE INFORMATION

The principal activities of the Company are those of developing and selling in-house software programmes, sale and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.

The principal activities of the subsidiary companies are stated in Note 5 to the financial statements.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia, and is listed on Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 11.05B, Level 11, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Unit L8 C-G-15, Block C, Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of accounting

The financial statements of the Group and of the Company have been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in compliance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The Group and the Company have not early adopted the following new FRSs, revised FRSs, Issues Committee ("IC") Interpretations, amendments to FRSs and IC Interpretations, which have been issued as at the date of authorisation of this financial statements and will be effective for the financial periods as stated below:

		<b>Effective date for financial periods beginning on or after</b>
FRS 8	Operating Segments	1 July 2009
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 2	Share-based Payment-Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Amendments to FRS1, First-time Adoption Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements - Cost of an investment in a subsidiary, Jointly Controlled Entity or Associate		1 January 2010
Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives		1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"		1 January 2010
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 127	Consolidated & Separate Financial Statements	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of accounting (cont'd)

		Effective date for financial periods beginning on or after
Amendments to FRS 138	Intangible Assets	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives		1 July 2010

The initial applications of the above applicable new FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations is not expected to have any material impact on the financial statements of the Group and the Company, except as discussed below:

#### (i) FRS 8 Operating Segments

This new standard replaces FRS 114<sup>2004</sup> Segment Reporting and requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group.

#### (ii) 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.

#### (iii) 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.

#### (iv) 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.

The Group and the Company has applied the transitional provisions in FRS 7 and FRS 139 which exempt entities from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Group and the Company.

### (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Group’s and the Company’s functional currency.



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

#### (i) Depreciation of property, plant and equipment

The costs of property, plant and equipment of the Group and of the Company are depreciated on a straight-line basis over the useful lives of the assets. Management estimates the useful lives of the plant and equipment as disclosed in Note 2(e)(iii). These are common life expectancies applied in the industry. Changes in the expected level of usage could have impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of the Group's and of the Company's property, plant and equipment at 31 December 2009 are disclosed in Note 3 to the financial statements.

#### (ii) Amortisation of prepaid lease payments

The costs of prepaid lease payments of the Group and of the Company are amortised on a straight-line basis over the useful lives of the assets. The lease terms of the prepaid lease payments are disclosed in Note 4 to the financial statements. These are common life expectancies applied in the industry. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amounts of the Group's and of the Company's prepaid lease payments at 31 December 2009 are disclosed in Note 4 to the financial statements.

#### (iii) Estimation of fair value of properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; or
- (b) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

#### (iv) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy disclosed in Note 2(m). This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill on consolidation at 31 December 2009 is disclosed in Note 7 to the financial statements.

#### (v) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Group-wide provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Significant accounting estimates and judgements (cont'd)

#### (vi) Employees' Share Option Scheme

The fair value of share options granted during the financial year was estimated by the management using the Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The fair value of share options was measured at Grant Date. The principal assumption used in the fair value estimation is disclosed in Note 29 to the financial statements.

### (d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies and its associated companies through equity accounting, which are made up to the end of the financial year.

In the Company's separate financial statements, investments in subsidiary companies and investment in associated companies are stated at cost less impairment losses in accordance with Note 2(m). On disposal of these investments, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

#### (i) Subsidiary companies

Subsidiary companies are those companies in which the Group has long term equity interest and has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

The purchase method of accounting is used to account for the acquisition of subsidiary companies. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation as appropriate. The accounting policy on goodwill on acquisition of subsidiary companies is set out in Note 2(h). Reserve on consolidation is recognised immediately in income statement.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unimpaired balance of goodwill which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the fair value of identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company.

#### (ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority shareholders for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority shareholders for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Property, plant and equipment

#### (i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(m).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

#### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

#### (iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Computer equipments	3 years
EDC equipments	5 years
Computer software	10 years
Motor vehicles	5 years
Furniture, fittings and office equipments	10 years
Renovation	2 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at each financial year end.

Upon disposal of an asset, the difference between the net disposal proceeds and the carrying amount of the assets is charged or credited to the income statement. On disposal of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to distribution reserve.

### (f) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and its title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that is amortised over the lease term except for leasehold land classified as investment property. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification.



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Other investments

Other investments are long term investments stated at cost and allowance is made where, in the opinion of the Directors, there is a permanent diminution in value. Permanent diminution in the value of investment is recognised as an expense in the financial year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

### (h) Goodwill on consolidation

Goodwill acquired in a business combination is initially measured at cost, represents the excess of the purchase price over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently when there is objective evidence that the carrying value may be impaired, in accordance with Note 2(m).

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### (i) Inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the first in, first out method. The cost of raw materials comprises the original cost of purchase plus the cost of bringing the stocks to its present location and condition.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

### (j) Trade and other receivables

Trade and other receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts. Doubtful debts are provided based on specific review of the receivables. Bad debts are written off when identified.

### (k) Trade and other payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### (l) Leases and hire purchase

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company all the risks and rewards incident to ownership. All other leases are treated as operating leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheets as liabilities. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the Group's or the Company's incremental borrowing rate is used.

Lease and hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charges on the remaining balance of the obligations for each accounting period.



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Leases and hire purchase (cont'd)

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment which are owned.

Lease rental under operating lease is charged to the income statements on a straight line basis over the term of the relevant lease.

### (m) Impairment of assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives, recoverable amount is estimated at each reporting date or more frequently when indications of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement in the period in which it arises. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units (groups of units) and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

### (n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When the borrowings are made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawn down from that borrowings.

When the borrowings are made generally, and used for the purpose of obtaining a qualifying asset, the borrowing costs eligible for capitalisation are determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Company's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of acquiring another qualifying asset.

Borrowing costs which are not eligible for capitalisation are recognised as an expense in the income statement in the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Cash and cash equivalents

Cash and cash equivalent consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalent are presented net of bank overdrafts and pledged deposits.

### (p) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost directly attributable to the issuance of the shares is accounted for as a deduction from share premium, otherwise, it is charged to the income statement.

When shares are repurchased, the amount of consideration paid, including directly attributable costs, is measured at cost and set off against equity. Shares repurchased and not cancelled are classified as treasury shares. Where treasury shares are reissued by re-sale in the open market, the difference between the sale consideration and the carrying amount is recognised in equity.

Dividends on ordinary shares, when declared or proposed by the Directors of the Company are disclosed in the notes to the financial statements. Upon approval and when paid, such dividends will be accounted for in the shareholders' equity as an appropriation of unappropriated profit in the financial year in which the dividends are paid.

### (q) Foreign currencies

#### (i) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as financial assets held for trading held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the exchange fluctuation reserve in the equity.

#### (ii) Foreign operations

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiary companies are treated as assets and liabilities and translated at the rates of exchange ruling at the transaction dates.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Foreign currencies (cont'd)

#### (ii) Foreign operations (cont'd)

The closing exchange rates used for each unit of the main foreign currencies in the Group and in the Company are:

	2009 RM	2008 RM
Hong Kong Dollar (HK\$)	0.4418	0.4470
United States Dollar (US\$)	3.4265	3.4640
Singapore Dollar (S\$)	2.4452	2.4070
Thailand Baht (THB)	0.1028	0.0994
Chinese Yuan Renminbi (RMB)	0.5019	0.5076
Philippines Peso (PHP)	0.0742	0.0728
Sterling Pound (GBP)	5.5311	4.9989
Euro (EUR)	4.9191	4.8759

### (r) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

#### (i) Goods sold and services rendered

Revenue from sales of goods and services is recognised when significant risk and rewards have been transferred to the buyer, if any, or on performance of services, net of sales taxes and discounts.

#### (ii) Rental income

Rental income is recognised on an accruals basis unless ability to collect is in doubt.

#### (iii) Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

### (s) Employee benefits

#### (i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

#### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement in the period to which they relate.



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (s) Employee benefits (cont'd)

#### (iii) Accrued annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for employee entitlements to annual leave as a result of services rendered by employees up to the balance sheet date.

#### (iv) Employees' Share Option Scheme

The GHL Systems Berhad's Employees' Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Company and its subsidiary companies' employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

### (t) Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

### (u) Financial instruments

Financial instruments carried on the balance sheets include cash and bank balances, deposits, receivables, payables and borrowings. Financial instruments are recognised in the balance sheets when the Group and the Company has become a party to the contractual provisions of the instrument.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (u) Financial instruments (cont'd)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition method adopted for financial instruments recognised on the balance sheets is disclosed in the individual accounting policy statements associated with each item.

## 3. PROPERTY, PLANT AND EQUIPMENT

	Long term leasehold buildings RM	Computer equipments RM	EDC equipments RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipments RM	Renovation RM	Total RM
<b>2009</b>								
<b>Group</b>								
<b>Cost</b>								
At 1 January								
2009	3,250,000	5,467,791	52,187,968	17,374,879	2,213,452	7,421,474	2,203,746	90,119,310
Additions	-	420,798	6,476,116	174,643	-	1,050,967	491,522	8,614,046
Disposals	-	(33,787)	(1,807,783)	-	-	(443)	-	(1,842,013)
Written off	-	(660)	(3,580)	-	-	(119,396)	-	(123,636)
Reclassification	-	942,175	-	-	-	-	(942,175)	-
Exchange difference	-	17,671	147,236	-	6,630	(25,998)	5,043	150,582
At 31 December 2009	3,250,000	6,813,988	56,999,957	17,549,522	2,220,082	8,326,604	1,758,136	96,918,289
<b>Accumulated depreciation</b>								
At 1 January 2009	98,484	4,218,987	17,491,333	7,430,357	1,716,901	1,626,441	1,799,582	34,382,085
Charge for the financial year	32,829	952,777	6,226,389	1,906,285	278,796	1,212,037	151,922	10,761,035
Disposals	-	(11,550)	(518,789)	-	-	(102)	-	(530,441)
Written off	-	(660)	(3,080)	-	-	(47,916)	-	(51,656)
Reclassification	-	775,678	-	-	-	-	(775,678)	-
Exchange difference	-	9,575	41,381	-	2,361	(12,477)	(355)	40,485
At 31 December 2009	131,313	5,944,807	23,237,234	9,336,642	1,998,058	2,777,983	1,175,471	44,601,508
<b>Carrying amount</b>								
At 31 December 2009	3,118,687	869,181	33,762,723	8,212,880	222,024	5,548,621	582,665	52,316,781

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Long term leasehold buildings RM	Computer equipments RM	EDC equipments RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipments RM	Renovation RM	Total RM
<b>2008</b>								
<b>Group</b>								
<b>Cost</b>								
At 1 January 2008	3,250,000	5,293,490	42,508,983	17,033,678	2,362,392	3,673,340	2,023,898	76,145,781
Additions	-	492,978	11,220,510	341,201	-	3,619,421	223,079	15,897,189
Disposals	-	-	(1,814,294)	-	(141,542)	(4,121)	(50,526)	(2,010,483)
Written off	-	-	-	-	-	(491)	(470)	(961)
Reclassification	-	(255,030)	255,030	-	-	-	-	-
Exchange difference	-	(63,647)	17,739	-	(7,398)	133,325	7,765	87,784
At 31 December 2008	3,250,000	5,467,791	52,187,968	17,374,879	2,213,452	7,421,474	2,203,746	90,119,310
<b>Accumulated depreciation</b>								
At 1 January 2008	65,656	3,438,094	13,452,773	5,578,767	1,382,242	773,904	1,480,865	26,172,301
Charge for the financial year	32,828	808,265	4,176,072	1,851,590	454,315	819,088	308,879	8,451,037
Disposals	-	-	(146,437)	-	(117,952)	(904)	(11,358)	(276,651)
Written off	-	-	-	-	-	(232)	(381)	(613)
Reclassification	-	(9,844)	9,844	-	-	-	-	-
Exchange difference	-	(17,528)	(919)	-	(1,704)	34,585	21,577	36,011
At 31 December 2008	98,484	4,218,987	17,491,333	7,430,357	1,716,901	1,626,441	1,799,582	34,382,085
Carrying amount								
At 31 December 2008	3,151,516	1,248,804	34,696,635	9,944,522	496,551	5,795,033	404,164	55,737,225

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Long term leasehold buildings RM	Computer equipments RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipments RM	Renovation RM	Total RM
<b>2009</b>							
<b>Company Cost</b>							
At 1 January 2009	3,250,000	2,397,774	16,668,784	1,684,226	1,747,078	422,905	26,170,767
Additions	-	180,820	129,643	-	50,932	-	361,395
At 31 December 2009	3,250,000	2,578,594	16,798,427	1,684,226	1,798,010	422,905	26,532,162
<b>Accumulated depreciation</b>							
At 1 January 2009	98,484	2,097,579	7,037,281	1,487,436	570,584	401,729	11,693,093
Charge for the financial year	32,829	201,486	1,833,425	174,838	176,200	19,115	2,437,893
At 31 December 2009	131,313	2,299,065	8,870,706	1,662,274	746,784	420,844	14,130,986
<b>Carrying amount</b>							
At 31 December 2009	3,118,687	279,529	7,927,721	21,952	1,051,226	2,061	12,401,176

	Long term leasehold buildings RM	Computer equipments RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipments RM	Renovation RM	Total RM
<b>2008</b>							
<b>Company Cost</b>							
At 1 January 2008	3,250,000	2,214,658	16,332,983	1,825,768	1,688,191	384,676	25,696,276
Additions	-	183,116	335,801	-	58,887	38,229	616,033
Disposal	-	-	-	(141,542)	-	-	(141,542)
At 31 December 2008	3,250,000	2,397,774	16,668,784	1,684,226	1,747,078	422,905	26,170,767
<b>Accumulated depreciation</b>							
At 1 January 2008	65,656	1,821,333	5,256,121	1,254,389	397,470	378,594	9,173,563
Charge for the financial year	32,828	276,246	1,781,160	350,999	173,114	23,135	2,637,482
Disposal	-	-	-	(117,952)	-	-	(117,952)
At 31 December 2008	98,484	2,097,579	7,037,281	1,487,436	570,584	401,729	11,693,093
<b>Carrying amount</b>							
At 31 December 2008	3,151,516	300,195	9,631,503	196,790	1,176,494	21,176	14,477,674

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Included in the property, plant and equipment of the Group are motor vehicles acquired under hire purchase with carrying amounts of RM110,223 (2008: RM248,556).
- (b) The long term leasehold buildings of the Group and of the Company have been pledged to a licensed bank as security for banking facilities granted to the Company as disclosed in Note 17 to the financial statements.

The remaining period of the long term leasehold buildings is 93 years (2008: 94 years).

- (c) Included in the EDC equipment of the Group are staff costs capitalised during the financial year amounting to Nil (2008: RM966,105) disclosed in Note 30 to the financial statements.
- (d) The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year under cash payment and transferred from inventories are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Aggregate costs	8,614,046	15,897,189	361,395	616,033
Less: Transferred from inventories	(587,792)	-	-	-
Cash payment	8,026,254	15,897,189	361,395	616,033

### 4. PREPAID LEASE PAYMENTS

	Group/Company	
	2009 RM	2008 RM
<b>Cost</b>		
At 1 January/At 31 December	1,625,000	1,625,000
<b>Accumulated amortisation</b>		
At 1 January	49,243	32,828
Charge for the financial year	16,414	16,415
At 31 December	65,657	49,243
<b>Carrying amount</b>	1,559,343	1,575,757

- (a) The land titles of the long term leasehold land and buildings of the Company are still in the process of being registered in the name of the Company.
- (b) The remaining period of lease term is 93 years (2008: 94 years).
- (c) The prepaid lease payments have been pledged to a licensed bank as security for banking facilities granted to the Company as disclosed in Note 17 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 5. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company	
	2009 RM	2008 RM
Unquoted shares, at cost		
In Malaysia	4,480,000	4,400,000
Outside Malaysia	10,459,995	10,459,995
	<u>14,939,995</u>	<u>14,859,995</u>

(b) The subsidiary companies and shareholdings therein are as follows:

Name of company	Country of incorporation	Effective interest		Principal activities
		2009 %	2008 %	
<b>Direct holding:</b>				
GHL Transact Sdn. Bhd.	Malaysia	100	100	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance
GHL Payments Sdn. Bhd.	Malaysia	100	100	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance
GHL Eftpos Sdn. Bhd.	Malaysia	100	100	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance
GHL International Sdn. Bhd.	Malaysia	100	100	Investment holding, sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance
GHL Asia Pacific Limited	Labuan	100	100	Investment holding
Ideal Sales Concept Sdn. Bhd.	Malaysia	80	-	Developing and selling of Net.Point software solution; software programmes and other related products and services
<b>Indirect holding:</b>				
Subsidiary company of GHL International Sdn. Bhd.				
Card Pay Sdn. Bhd.	Malaysia	100	100	Third party acquirer for e-debit and MEPS cash transactions, sales and rental of EDC equipment and its related software & services, inclusive of installation, training and maintenance.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective interest		Principal activities
		2009	2008	
		%	%	
<b>Indirect holding:</b>				
* GHLSYS Singapore Pte. Ltd.	Singapore	100	100	Dormant
Subsidiary company of GHL Asia Pacific Limited				
* PaymentOne (HK) Pte. Ltd.	Hong Kong	100	100	Payment enabler supplying infrastructure and related equipment
* PaymentOne Singapore Pte. Ltd.	Singapore	100	100	Development and sale of in-house software programmes, sale and rental of EDC equipment and related services
Subsidiary company of GHL International Sdn. Bhd.				
* GHLSYS Philippines Inc.	Philippines	99.99	99.99	Provision of end-to-end payment services and solutions through the deployment of payment infrastructure, technology and services
* GHL (Thailand) Co. Ltd.	Thailand	99.99 <sup>^</sup>	99.99 <sup>^</sup>	Sale, maintenance, installation and rental of card and non-card based payment processing systems and services, and relevant infrastructure including hardware and software for all kinds of payment solution systems
* GHL (China) Co. Ltd.	Hong Kong	100	100	Engaged in provision of terminal software development and maintenance services.
<b>Indirect holding:</b>				
Subsidiary company of GHL (China) Co. Ltd.				
* GHL (Beijing) Co. Ltd.	People's Republic of China	100	100	Development and sale of in-house software solutions, and sale and rental of EDC equipment and related services
Subsidiary company of GHL (Beijing) Co. Ltd.				
* GHL Services Co. Ltd.	People's Republic of China	100	100	Development and sale of in-house software solutions, and sale and rental of EDC equipment and related services

\* Subsidiary company not audited by UHY Diong

<sup>^</sup> Preferred shares with 99.99% of voting rights.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 6. OTHER INVESTMENT

	Group/Company	
	2009 RM	2008 RM
<b>Quoted shares outside Malaysia</b>		
<b>Cost</b>		
At 1 January/31 December	553,688	553,688
<b>Accumulated impairment losses</b>		
At 1 January	465,438	-
Impairment loss recognised in income statement	88,250	465,438
At 31 December	553,688	465,438
<b>Carrying amount</b>		
At 31 December	-	88,250
<b>At market value</b>	-	88,250

## 7. GOODWILL ON CONSOLIDATION

	Group	
	2009 RM	2008 RM
<b>Cost</b>		
At 1 January/31 December	2,255,434	2,255,434
<b>Accumulated impairment loss</b>		
At 1 January/31 December	342,329	342,329
<b>Carrying amount</b>	1,913,105	1,913,105

### (a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated for impairment testing purposes to the individual entities which is also the cash-generating units ("CGUs") identified.

### (b) Key assumptions used to determine recoverable amount

The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by the Directors covering a five-year period. A pre-tax discount rate of 10.01% per annum was applied to the cash flow projections, after taking into consideration the Group's cost of borrowings, the expected rate of return and various risks relating to the CGU.

## 8. INVENTORIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
EDC equipments	3,287,386	5,832,895	-	-
Others	3,032,341	3,653,983	2,282,772	2,751,682
	6,319,727	9,486,878	2,282,772	2,751,682

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 9. TRADE RECEIVABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables				
- Related party	1,456,997	469,930	1,456,997	469,930
- Third parties	17,522,665	16,397,290	3,566,024	3,936,762
	18,979,662	16,867,220	5,023,021	4,406,692
Allowance for doubtful debts	(4,989,016)	(4,817,064)	(1,767,148)	(1,690,148)
	13,990,646	12,050,156	3,255,873	2,716,544

The Group's and the Company's normal trade credit terms range from 30 to 180 days and 30 to 60 days (2008: 30 to 180 days and 30 to 60 days) respectively. Other credit terms are assessed and approved on a case to case basis.

Movements in allowance for doubtful debts are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	4,817,064	2,391,850	1,690,148	765,439
Allowance made	402,693	2,713,596	77,000	1,106,265
Reversal of allowance of doubtful debts no longer required	(231,559)	(288,304)	-	(181,556)
Exchange difference	818	(78)	-	-
At 31 December	4,989,016	4,817,064	1,767,148	1,690,148

## 10. OTHER RECEIVABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other receivables	2,862,295	509,505	196,320	168,466
Deposits	543,036	418,514	88,402	102,759
Prepayments	2,216,607	1,157,933	1,752,062	663,904
	5,621,938	2,085,952	2,036,784	935,129
Allowance for doubtful debts	(154,915)	(154,915)	(154,915)	(154,915)
	5,467,023	1,931,037	1,881,869	780,214

Movements in allowance for doubtful debts are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	154,915	-	154,915	-
Allowance made	-	154,915	-	154,915
At 31 December	154,915	154,915	154,915	154,915

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 11. AMOUNT OWING BY SUBSIDIARY COMPANIES

The amount owing by subsidiary companies represents unsecured interest free advances with no fixed term of repayment except for an amount of RM47,085,429 (2008: RM42,924,797) which represents trade transactions.

## 12. FIXED DEPOSITS WITH LICENSED BANKS

Included in the above is an amount of RM1,116,376 and RM297,512 (2008: RM1,047,839 and RM250,000) pledged to licensed banks as securities for credit facilities granted to the subsidiary company and the Company respectively as disclosed in Note 17 to the financial statements.

The Group's and the Company's weighted average effective interest rates and maturities of deposits are as follows:

	Group		Company	
	2009	2008	2009	2008
Interest rates (%)	3.0 - 3.67	3.0 - 3.67	3.67	3.67
Maturities (days)	30 - 365	30 - 365	30 - 365	30 - 365

## 13. SHARE CAPITAL

	Group/Company	
	2009 RM	2008 RM
Ordinary shares of RM0.50 each:		
<b>Authorised</b>	100,000,000	100,000,000
<b>Issued and fully paid</b>		
At 1 January/31 December	69,431,108	69,431,108

Of the total 138,862,215 issued and fully paid ordinary shares, 4,901 (2008: 13,965) ordinary shares are held as treasury shares by the Company. At 31 December 2009, the number of ordinary shares in issue after deducting treasury shares held is 138,857,314 (2008: 138,848,250) ordinary shares of RM0.50 each.

## 14. RESERVES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Non-distributable:</b>				
ESOS reserves	35,364	-	35,364	-
Foreign exchange reserves	(749,850)	(1,256,993)	-	-
<b>Distributable:</b>				
Retained profits	7,874,971	15,083,429	19,595,286	25,038,138
	7,160,485	13,826,436	19,630,650	25,038,138

The movements in the reserves are reflected in the statement of changes in equity.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 15. TREASURY SHARES

	Note	Group/Company	
		2009 RM	2008 RM
At 1 January		4,467	-
Share purchased during the financial year		226,991	444,292
Distributed as share dividend	27	(230,634)	(439,825)
At 31 December		824	4,467

During the financial year, the Company purchased a total of 1,362,500 (2008: 1,388,700) ordinary shares of its issued share capital from the open market at a total cost of RM226,991 (2008: RM444,292). The average price paid for the shares purchased was RM0.167 (2008: RM0.320) per share.

During the financial year, a total of 1,371,564 (2008: 1,374,735) treasury shares were distributed to the entitled shareholders in relation to the distribution of share dividend of one treasury share for every one hundred existing ordinary shares of RM0.50 each held in the Company. As at 31 December 2009, the total number of treasury shares held by the Company is 4,901 (2008: 13,965) ordinary shares.

The repurchase transactions were financed by internally generated funds. The repurchased shares were being held as treasury shares and carried at cost in accordance with the requirements of section 67A of the Companies Act, 1965. Treasury shares had no rights to voting, dividends and participation in other distribution.

## 16. HIRE PURCHASE PAYABLES

	Group	
	2009 RM	2008 RM
(a) Minimum hire purchase payments		
Within one year	23,144	58,358
Between one and five years	26,590	48,774
	49,734	107,132
Less: Future finance charges	(14,259)	(21,102)
Present value of hire purchase liabilities	35,475	86,030
(b) Present value of hire purchase liabilities		
Within one year	17,544	51,244
Between one and five years	17,931	34,786
	35,475	86,030
Analyse as:		
Repayable within twelve months	17,544	51,244
Repayable after twelve months	17,931	34,786
	35,475	86,030

The weighted average effective interest rate of the Group at the balance sheet date is 4.5% (2008: 4.1%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 17. BANK BORROWINGS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Secured</b>				
Term loans	3,057,333	3,246,481	3,057,333	3,246,481
Bank overdraft	-	500,366	-	-
<b>Total bank borrowings</b>	<b>3,057,333</b>	<b>3,746,847</b>	<b>3,057,333</b>	<b>3,246,481</b>
<b>Analysed as:</b>				
<b>Repayable within twelve months</b>				
<b>Secured</b>				
Term loans	176,563	163,896	176,563	163,896
Bank overdraft	-	500,366	-	-
	176,563	664,262	176,563	163,896
<b>Repayable after twelve months</b>				
<b>Secured</b>				
Term loans	2,880,770	3,082,585	2,880,770	3,082,585
	3,057,333	3,746,847	3,057,333	3,246,481

The credit facilities obtained from licensed banks are secured by the following:

- fixed charge over the Company's long term leasehold land and buildings as disclosed in Notes 3 and 4 to the financial statements; and
- pledge of fixed deposits of the Company and its subsidiary companies as disclosed in Note 12 to the financial statements.

The term loans are repayable by monthly instalment over 15 years.

The weighted average effective interest rate of the Group and of the Company for the above facilities are 5.7% and 5.7% (2008: 5.4% and 5.4%) per annum respectively.

The maturity of borrowings is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Within one year	176,563	664,262	176,563	163,896
Between one and two years	188,388	174,872	188,388	174,872
Between two and five years	644,301	598,075	644,301	598,075
After five years	2,048,081	2,309,638	2,048,081	2,309,638
	3,057,333	3,746,847	3,057,333	3,246,481

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 18. DEFERRED TAXATION

	Group/Company	
	2009 RM	2008 RM
At 1 January	-	497,457
Recognised in income statements	(797,059)	(309,739)
Under/(Over) provision in prior year	1,300,618	(187,718)
At 31 December	503,559	-
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	1,224,102	-
Deferred tax assets	(720,543)	-
	503,559	-

The components and movements of deferred tax liabilities and assets of the Group and of the Company prior to offsetting are as follows:

Deferred tax liabilities of the Group and of the Company:

	Accelerated capital allowances RM	Total RM
At 1 January 2009	-	-
Recognised in income statements	(76,516)	(76,516)
Under provision in prior year	1,300,618	1,300,618
At 31 December 2009	1,224,102	1,224,102
At 1 January 2008	6,298,857	6,298,857
Recognised in income statements	(6,298,857)	(6,298,857)
At 31 December 2008	-	-

Deferred tax assets of the Group and of the Company:

	Unutilised capital allowances RM	Unused tax losses RM	Allowance for doubtful debts RM	Total RM
At 1 January 2009	-	-	-	-
Recognised in income statements	(445,459)	(129,113)	(145,971)	(720,543)
At 31 December 2009	(445,459)	(129,113)	(145,971)	(720,543)
At 1 January 2008	(5,801,400)	-	-	(5,801,400)
Recognised in income statements	5,801,400	-	-	5,801,400
At 31 December 2008	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 18. DEFERRED TAXATION (CONT'D)

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group	
	2009 RM	2008 RM
Unused tax losses	4,586,833	5,957,017
Unutilised capital allowances	29,272,781	26,571,885
Allowance for doubtful debts	1,617,990	3,103,701
Accelerated capital allowances	(27,575,587)	(26,789,713)
	7,902,017	8,842,890

The unused tax losses and unutilised capital allowance are available indefinitely for offset against future taxable profits of the companies in which those items arose.

## 19. TRADE PAYABLES

The Group's and the Company's normal trade credit terms range from 30 to 90 days and 30 to 60 days (2008: 30 to 90 days and 30 to 60 days) respectively. Other credit terms are assessed and approved on a case to case basis.

## 20. OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	6,217,034	813,424	1,134,149	266,828
Deposits	3,666,193	5,711,569	1,879	1,879
Accruals	1,150,310	925,615	636,856	31,395
	11,033,537	7,450,608	1,772,884	300,102

## 21. REVENUE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Rental of EDC equipment	20,867,280	16,367,990	-	-
Sales of value-added solutions	36,282,937	35,876,862	17,199,145	23,329,597
	57,150,217	52,244,852	17,199,145	23,329,597

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 22. OTHER OPERATING INCOME

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Gain on foreign exchange				
- Realised	77,753	84,199	63,908	35,286
- Unrealised	529,498	120,897	78,368	120,897
Gain on disposal of property, plant and equipment	6,527	58,039	-	56,410
Fixed deposit interest	155,216	259,164	82,701	74,885
Negative goodwill written off	-	21,793	-	-
Reversal of allowance for doubtful debts no longer required	231,559	288,304	-	181,556
Other interest income	52,962	60,345	19,870	15,029
Others	35,769	73,346	1,190	200
	<b>1,089,284</b>	<b>966,087</b>	<b>246,037</b>	<b>484,263</b>

## 23. FINANCE COSTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Term loan interest	180,287	201,285	180,287	182,440
Hire purchase interest	7,244	12,660	-	-
	<b>187,531</b>	<b>213,945</b>	<b>180,287</b>	<b>182,440</b>

## 24. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is derived after charging:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Auditors' remuneration	99,832	89,970	15,000	15,000
Allowance for doubtful debts	402,693	2,868,511	77,000	1,261,180
Amortisation of prepaid lease payments	16,414	16,415	16,414	16,415
Bad debts written-off	70,362	-	9,000	-
Directors' remuneration	2,354,915	2,186,141	1,966,783	1,958,124
Depreciation of property, plant and equipment	10,761,035	8,451,037	2,437,893	2,637,482
Impairment loss on other investment	88,250	465,438	88,250	465,438
Inventories written off	336,544	-	56,282	-
Loss on disposal of property, plant and equipment	182,900	73,842	-	-
Loss on foreign exchange				
- Realised	80,375	113,251	-	-
- Unrealised	-	165,541	-	-
Property, plant and equipment written off	71,980	337	-	-
Rental of premises	1,186,659	1,318,871	276,615	285,945
Share based payment	35,364	-	35,364	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 24. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

### Directors' remuneration

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Company's Directors</b>				
<b>Executive Directors</b>				
Fees	108,000	108,000	108,000	108,000
Salaries and other emoluments	1,563,163	1,561,591	1,563,163	1,561,591
EPF	187,620	187,404	187,620	187,404
<b>Non Executive Directors</b>				
Fees	108,000	101,129	108,000	101,129
	<u>1,966,783</u>	<u>1,958,124</u>	<u>1,966,783</u>	<u>1,958,124</u>
<b>Other Directors</b>				
Fees	44,900	-	-	-
Salaries and other emoluments	343,232	228,017	-	-
	<u>388,132</u>	<u>228,017</u>	<u>-</u>	<u>-</u>
	<u>2,354,915</u>	<u>2,186,141</u>	<u>1,966,783</u>	<u>1,958,124</u>

## 25. TAXATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current tax provision				
- Malaysia income tax	-	26,800	-	20,000
- Foreign tax	20,174	131,985	-	-
	<u>20,174</u>	<u>158,785</u>	<u>-</u>	<u>20,000</u>
(Over)/Under provision in prior year	(751)	26,696	(751)	1,612
	<u>19,423</u>	<u>185,481</u>	<u>(751)</u>	<u>21,612</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	(797,059)	(309,739)	(797,059)	-
Under/(Over) provision in prior financial years	1,300,618	(187,718)	1,300,618	-
	<u>503,559</u>	<u>(497,457)</u>	<u>503,559</u>	<u>-</u>
Tax expenses for the financial year	<u>522,982</u>	<u>(311,976)</u>	<u>502,808</u>	<u>21,612</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 25. TAXATION (CONT'D)

	Group	
	2009 RM	2008 RM
Loss before taxation	(6,474,842)	(6,475,447)
Taxation at statutory tax rate of 25% (2008: 26%)	(1,618,711)	(1,683,616)
Tax incentive for small and medium scale companies at 20% tax rate	-	(2,040)
Reduction in income tax rate	-	10,528
Pioneer status tax incentive	(109,500)	(312,130)
Expenses not deductible for tax purposes	806,900	354,059
Income not subject to tax	(25,051)	(12,357)
Deferred tax assets not recognised	296,017	1,494,602
Utilisation of prior year unrecognised tax losses and capital allowances	(126,540)	-
(Over)/Under provision of taxation in respect of prior year	(751)	26,696
Under/(Over) provision of deferred taxation in respect of prior year	1,300,618	(187,718)
Tax expense for the financial year	522,982	(311,976)
	Company	
	2009 RM	2008 RM
(Loss)/Profit before taxation	(4,709,410)	403,273
Taxation at statutory tax rate of 25% (2008: 26%)	(1,177,353)	104,851
Pioneer status tax incentive	-	(312,130)
Expenses not deductible for tax purposes	385,261	227,279
Income not subject to tax	(4,967)	-
(Over)/Under provision of taxation in respect of prior year	(751)	1,612
Under provision of deferred taxation in respect of prior year	1,300,618	-
	502,808	21,612

The Company has unused tax losses and unutilised capital allowances amounting to approximately RM2,298,000 (2008: Nil) available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

## 26. EARNINGS PER SHARE

### (a) Basic earnings per share

The earnings per share has been calculated based on the consolidated loss after taxation for the financial year attributable to equity holders of the parent for the Group and the adjusted weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2009 RM	2008 RM
Net loss for the financial year attributable to the equity holders of the parent	(6,977,824)	(6,153,818)
Weighted number of ordinary shares issue	138,862,215	138,862,215
Adjusted for :		
Treasury share	(531,179)	(345,868)
	138,331,036	138,516,347

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 26. EARNINGS PER SHARE (CONT'D)

### (b) Fully diluted earnings per share

Fully diluted earnings per share has been calculated based on the consolidated loss after taxation for the financial year attributable to equity holders for the Group and the adjusted weighted average number of ordinary shares issued and issuable during the financial year as follows;

	Group	
	2009 RM	2008 RM
Net loss for the financial year	(6,977,824)	(6,153,818)
Weighted number of ordinary shares issue	138,862,215	138,862,215
Adjusted for :		
Treasury shares	(531,179)	(345,868)
Assumed exercise of ESOS at no consideration	*	-
	138,331,036	138,516,347

\* 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.

## 27. DIVIDENDS

		Group/Company	
	Note	2009 RM	2008 RM
First and final share dividend on the basis of one ordinary share for every one hundred existing ordinary shares on 137,485,750 ordinary shares of RM0.50 each in respect of the financial year ended 31 December 2008	15	230,634	-
First and final share dividend on the basis of one ordinary share for every one hundred existing ordinary shares on 137,473,515 ordinary shares of RM0.50 each in respect of the financial year ended 31 December 2007		-	439,825
Net dividend per ordinary shares (sen)		0.1678	0.3199

## 28. SECTION 108 TAX CREDIT AND TAX EXEMPT INCOME

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from the year of assessment 2008. Under the single tier system, the tax on a company's profit is a final tax and the dividends distributed to its shareholders would be exempted from tax. Unutilised Section 108 balances as at 31 December 2007 will be available until such time the tax credit is fully utilised or upon expiry of the 6 years transitional period on 31 December 2013, whichever is earlier.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income under Promotion of Investments Act, 1986 as at 31 December 2009 to distribute cash dividend out of its entire retained profits as no election has been made to disregard the Section 108 as at today by the Company.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 29. EMPLOYEES' SHARE OPTION SCHEME

The GHL Systems Berhad ESOS was approved by shareholders at the EGM on 15 May 2008 and became effective on 3 November 2009 for a period of 3 years, and lapsed on 2 November 2012.

The salient features of the ESOS are as follows:

- (a) Eligible employees comprise confirmed full time employees, including executive Directors of the Company and its eligible subsidiary companies, subject to the following conditions:
  - (i) An employee must be at least eighteen (18) years of age on the date of offer;
  - (ii) An employee must fall under one of the categories of employees listed in GHL Systems Berhad ESOS By-Laws 6.2 maximum entitlement and basis of allotment;
  - (iii) An employee must have been confirmed on the date of offer; and
  - (iv) Provided always that the selection of any employee for participation and the amount of options to be granted in the scheme shall be at the discretion of the Option Committee and the decision of the Option Committee shall be final and binding.
- (b) No employee shall participate at any time in more than one (1) ESOS scheme currently implemented by any company within the Group.
- (c) The maximum number of new ordinary shares which may be available under the ESOS scheme shall not exceed 15% of the total issued and paid-up share capital of the Company at any point in time during the tenure of the ESOS.
- (d) The ESOS shall come into force for duration of three (3) years from effective date, 3 November 2009 subject however to any extension of the ESOS for a further period of up to seven (7) years at the discretion of the Option Committee. The date of expiry of the ESOS shall be at the end of the three (3) years from the effective date or, if the ESOS shall be extended, shall be the date of expiry as so extended.
- (e) The option price is based on the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer on which the shares were traded, with a discount of not more than ten per centum (10%) or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the ESOS.
- (f) A Grantee shall exercise his options by notice in writing to the Company in the prescribed form stating the number of options exercised, the number of shares relating thereto and the Grantee's individual/nominee CDS account number. The options shall be exercised in multiples of and not less than one hundred (100) options. The exercise by a Grantee of some but not all of the options which have been offered to and accepted by him shall not preclude the Grantee from subsequently exercising any other options which have been or will be offered to and accepted by him, during the option period.

Details of share options outstanding at end of the financial year are as follows:

Share Options	Exercise prices RM	Exercise Period		
<hr/>				
2009				
Ninth Grant	0.500	03.11.2009	-	02.11.2012
<hr/>				
2008				
Sixth Grant	* 0.500	06.09.2005	-	05.09.2008
Seventh Grant	* 1.050	08.11.2006	-	05.09.2008
Eighth Grant	0.775	25.06.2007	-	05.09.2008
<hr/>				

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 29. EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

Movements in the number of share options outstanding and their related weighted average exercise prices ("WAEP") are as follows:

	No. of Share Option					
	Outstanding at 1 January	<----- Movement during the financial ----->			Outstanding at 31 December	Exercisable at 31 December
		Granted	Exercised	Lapsed		
<b>2009</b>						
Ninth Grant	-	19,769,000	-	202,500	19,566,500	6,453,100
Total	-	19,769,000	-	205,500	19,566,500	6,453,100
WAEP	-	0.50	-	0.50	0.50	0.50
<b>2008</b>						
Sixth Grant	7,487,289	-	-	7,487,289	-	-
Seventh Grant	2,229,414	-	-	2,229,414	-	-
Eighth Grant	1,155,800	-	-	1,155,800	-	-
Total	10,872,503	-	-	10,872,503	-	-
WAEP	0.64	-	-	0.64	-	-

Fair value of share options granted during the financial year

The fair value of share options granted during the financial year was estimated by the management using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The fair value of share options were measured at Grant Date and the assumptions are as follows:

Grant dates	03.11.2009	25.06.2007	08.11.2006	06.09.2005
Fair value of share options (RM)	0.163	0.118	* 0.220	* 0.095
Weighted average share price (RM)	0.433	0.770	* 1.075	* 0.455
Weighted average exercise price (RM)	0.50	0.775	* 1.050	* 0.500
Expected volatility	109%	29%	29%	29%
Expected option life (years)	3.000	1.352	1.973	3.000
Risk-free interest rate, p.a.	3.21%	3.88%	3.88%	4.17%
Expected dividend yield (%)	1%	-	-	-

\* the changes due to the Company have consolidated every five (5) ordinary shares of RM0.10 each held in the Company into one (1) ordinary share of RM0.50 each.

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility is based on the historical volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 30. STAFF COSTS

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Staff costs (excluding Directors) comprise:					
Charged to income statements		19,852,195	17,166,249	7,959,160	6,043,587
Capitalised in property, plant and equipment	3	-	966,105	-	-
Share base payment		35,364	-	35,364	-
Total staff costs for the financial year		19,887,559	18,132,354	7,994,524	6,043,587

Included in the staff costs (excluding Directors) are contributions made to the Employees Provident Fund under a defined contribution plan of the Group and of the Company amounting to RM1,324,011 and RM668,386 (2008 : RM1,232,186 and RM628,964) respectively.

## 31. SEGMENTAL REPORTING

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

The accounting policies of the segments are consistent with the accounting policies of the Group.

### (a) Business segments

The principal business of the Group are those of dealing with 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.

### (b) Geographical segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets and segment capital expenditure are based on geographical location of assets.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 31. SEGMENTAL REPORTING (CONT'D)

### (b) Geographical segments (cont'd)

#### (i) Revenue by geographical market

	2009 RM	2008 RM
Malaysia	33,972,431	28,840,600
Philippines	7,181,261	3,097,085
Thailand	5,719,113	7,457,253
China	4,354,340	7,504,167
Taiwan	2,217,073	12,775
Hong Kong	1,840,080	(128)
Indonesia	977,138	-
New Zealand	269,471	103,391
Romania	162,872	1,130,089
Qatar	70,596	380,646
Singapore	67,922	3,649,475
United States	63,461	3,350
Dubai	52,873	-
Sri Lanka	50,089	(67,880)
Brazil	42,313	-
Hungary	26,004	-
Macau	24,975	-
Vietnam	12,638	-
Australia	9,581	122,885
United Kingdom	8,096	6,412
Mozambique	6,660	-
Brunei	5,779	-
Netherlands	5,617	-
Turkey	5,468	-
Kenya	3,404	-
United Arab Emirates	962	-
Slovakia	-	4,732
	57,150,217	52,244,852

#### (ii) Segment assets and additions to capital expenditure by geographical location of assets

	Segment assets		Additions to capital expenditure	
	2009 RM	2008 RM	2009 RM	2008 RM
Malaysia	67,672,194	66,678,315	6,517,433	10,502,612
Philippines	7,765,104	3,430,473	731,743	1,157,686
Thailand	6,321,359	9,405,696	251,621	838,497
Hong Kong	10,503,522	8,872,591	1,113,249	3,398,394
Labuan	131,475	1,794,916	-	-
Singapore	33,139	32,814	-	-
	92,426,793	90,214,805	8,614,046	15,897,189

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 32. SIGNIFICANT EVENTS

During the financial year, the following significant events took place for the Company and its subsidiary companies:

### (a) GHL Systems Berhad ("the Company")

- (i) During the financial year end, the Company made the following share buy-back of its own shares from the open market:

Date	No. of ordinary shares	Average price per share RM	Total cost RM
22.04.2009	100,000	0.145	14,607
01.06.2009	1,162,500	0.165 - 0.175	193,245
01.07.2009	100,000	0.190	19,139
	<u>1,362,500</u>		<u>226,991</u>

The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of Section 67A of the Companies Act, 1965.

- (ii) On 29 July 2009, the Company had completed the subscription for 80,000 new ordinary shares of RM1.00 each in Ideal Sales Concept Sdn. Bhd. ("ISCSB"), at par for a total cash consideration of RM80,000.

### (b) GHL Asia Pacific Limited ("GHL AP")

- (i) On 31 March 2009, GHL (Thailand) Co. Ltd. ("GHL Thailand") intended to increase its issued and paid-up capital from THB20,000,000 to THB21,800,000 by the issue of 18,000 preference shares of THB100 each at par for cash. Accordingly, GHL AP has subscribed for the issued and paid-up share capital of GHL Thailand.
- (ii) On 31 March 2009, GHL (China) Co. Ltd. ("GHL China") intended to increase its issued and paid-up capital from HKD1,200,000 to HKD1,560,000 by the issue of 360,000 ordinary shares of HKD1 each at par for cash. Accordingly, GHL AP has subscribed for the issued and paid-up share capital of GHL China.
- (iii) On 29 July 2009, GHL AP together with Sampan Charnnarong and Chalermchat Buasomboon (being the current shareholders of GHL Thailand) had entered into a conditional Subscription Option Agreement with Amphol Suwantherangkoon, to grant the Option to Amphol Suwantherangkoon to subscribe for 3,999 new Class C shares of THB100 each in the share capital of GHL Thailand. The subscription price payable on any exercise of the Option shall be THB399,900.

## 33. SUBSEQUENT EVENTS

Subsequent to the financial year end, the following subsequent events took place for the Company:

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

Thereafter, MobilityOne via their solicitors Messrs Gan Rao & Chuah's letter dated 27 December 2007 made three claims against GHL Systems. They are summarised as follows:

- (1) A claim for refund of excess payment amounting to RM1,737,895 made to GHL Systems for the purchase of prepaid soft pin from GHL Systems. Based on records from GHL Systems, GHL Systems has delivered all prepaid soft pin MobilityOne paid for. GHL Systems is of the view that MobilityOne misconstrued the quantity of the staggered delivery of prepaid soft pin by telecommunication companies against their inventory count. GHL Systems has a good defence against the claim.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 33. SUBSEQUENT EVENTS (CONT'D)

- (2) A claim for refund of RM520,000 being payment made to GHL Systems for the installation of lightning arrestors and voltage regulators on MobilityOne's EDC terminals. MobilityOne claimed that they have not requested for the services and the services were never rendered. The Directors of GHL Systems are of the view that the Company has a good defence because MobilityOne recognised this contract in their Admission Document for listing in AIM Market of the London Stock Exchange. GHL Systems's record showed the services were rendered.
- (3) A claim for refund of interest paid to GHL Systems from year 2005 to 2007 amounting to RM269,330. MobilityOne paid interests to GHL Systems for loan advanced. MobilityOne claimed that interest payments were unlawful and illegal. The Directors of GHL Systems are of the view that the Company has a good defence because MobilityOne had earlier recognised the payment of interest and had never disputed the payment.

On 10 February 2010, the Company and MobilityOne had executed a Settlement Agreement to resolve all the disputes or misunderstanding between both parties. Both parties had withdrew and/or discontinued legal suit against each others without the liberty to file afresh.

- (ii) On 12 February 2010, proposed issuance of up to 13,800,000 ordinary shares of RM0.50 each in the Company through private placement, representing up to 10% of the issued and paid-up share capital of the Company. The proposed private placement is based on a prior approval obtained pursuant to Section 132D of the Companies Act, 1965 from the Company's shareholders in a general meeting held on 8 May 2009.
- (iii) On 3 March 2010, the Company execute the call option under Subscription And Shareholders Agreement dated 29 July 2009 to purchase 20,000 ordinary shares of RM1.00 each in Ideal Sales Concept Sdn. Bhd. ("ISCSB") from Chen Wooi Kok and Foo Lih Ching @ Foo Wen Ching, being the two founders of ISCSB at total cash consideration of RM2.00 ("Call Option"). Upon completion of the Call Option, ISCSB shall be a wholly-owned subsidiary of the Company.

## 34. CONTINGENT LIABILITIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Limit of guarantees</b>				
Corporate guarantees given to licensed banks for credit facilities granted to				
- subsidiary companies	-	-	-	200,000
<b>Amount utilised</b>				
Corporate guarantees given to licensed banks for term loans facility granted to				
- subsidiary companies	-	-	-	-
Banker's guarantee in favour of third parties				
- secured	258,500	234,500	258,500	234,500

## 35. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group	
	2009 RM	2008 RM
Future minimum rentals payables:		
Within one year	166,713	351,439
Between one and five years	35,966	422,084
	<u>202,679</u>	<u>773,523</u>

Operating lease payments represents rentals payable by the Group in respect of land and buildings.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 36. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year.

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Subsidiary Companies:				
* Sales of software	-	-	49,654	1,538,400
* Sales of other hardware	-	-	2,015,817	2,560,093
* Rental and license fee	-	-	5,296,320	9,956,980
* Hosting services	-	-	352,800	240,000
* Purchase of goods and services	-	-	145,650	-

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Settlement of liabilities by the Company on behalf of the subsidiary companies	-	-	4,590,087	7,413,855
Settlement of liabilities by the subsidiary companies on behalf of the Company	-	-	-	168,212

### Related Party:

* Supply of EuroPay-Mastercard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards and installation of EDC equipment to Bank Simpanan Nasional <sup>^</sup> ("BSN")	3,184,459	1,161,044	3,184,459	1,161,044
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<sup>^</sup> BSN is a substantial shareholder of BSNC Corporation Berhad ("BSNC") and BSNC is a substantial shareholder of the Company.

\* The Directors are of the opinion that all the transactions 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 transactions with unrelated parties.

- (b) Information regarding outstanding balances arising from related party transactions as at 31 December 2009 is disclosed in Notes 9 and 11 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 36. RELATED PARTY DISCLOSURES (CONT'D)

(c) Information regarding the compensation of key management personnel is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short-term employee benefits	5,701,485	5,817,847	4,765,818	4,564,685
Share based payment	13,081	-	12,276	-

Executive directors of the Group and the Company and other members of key management have been granted the following number of options under the ESOS:

	No. of Share Option Movement during the financial year				Exercisable at 31 December
	Outstanding at 1 January	Granted	Lapsed	Outstanding at 31 December	
<b>2009</b>					
Ninth Grant	-	7,312,500	125,000	7,187,500	2,371,500
Total	-	7,312,500	125,000	7,187,500	2,371,500
WAEP	-	0.50	0.50	0.50	0.50
<b>2008</b>					
Sixth Grant	4,803,003	-	4,803,003	-	-
Seventh Grant	129,008	-	129,008	-	-
Eighth Grant	257,200	-	257,200	-	-
Total	5,189,211	-	5,189,211	-	-
WAEP	0.53	-	0.53	-	-

The share options were granted on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 29 to the financial statements.

## 37. MATERIAL LITIGATION

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 ("Agreement") for the purpose of a joint venture. Subsequently, the parties mutually agreed to terminate the 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 of such new joint venture. However, the new joint venture did not eventuate, as the parties were unable to reach an agreement on its final terms. Consequently, a dispute has since arisen in respect of the termination of the Agreement.

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

In this connection, the GHL Entities and GHL Representatives have engaged a firm of Indonesian lawyers, Brigitta I. Rahayoe & Syamsuddin ("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.



## 37. MATERIAL LITIGATION (CONT'D)

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.

The matter has yet to proceed to Court and 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. The Directors of GHL are of the opinion that should this matter go to court, the GHL Entities will vigorously defend its position.

The matter has yet to proceed to litigation or arbitration and the GHL Entities and GHL Representatives are in negotiations with Privilege to settle the matter amicably. The ultimate outcome of the abovementioned claims cannot presently be determined, therefore, no provision for any liability that may result has been made in the financial statements.

## 38. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk.

The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

### (b) Credit risk

The Group's and the Company's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and action is taken to recover debts when due.

At balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk for the Group and the Company is the carrying amount of the financial assets shown in the balance sheet.

### (c) Foreign currency exchange risk

The Group and the Company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily US dollars, Sterling pound, Hong Kong dollars, Singapore dollars, Thailand baht, Philippines dollars and Euro. The Group and the Company maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 38. FINANCIAL INSTRUMENTS (CONT'D)

The net unhedged financial assets and financial liabilities of the Group and the Company that are not denominated in their functional currencies are as follows:

Functional Currency	Net Financial Assets/(Liabilities) Held in Non-Functional Currency							Total RM
	United States Dollar RM	Sterling Pound RM	Singapore Dollar RM	Thailand Baht RM	Philippines Peso RM	HongKong Dollar RM	Yuan Renminbi RM	
<b>Group</b>								
<b>2009</b>								
<b>Inventories</b>								
Thailand Baht	-	-	-	1,087,146	-	-	-	1,087,146
Philippines Peso	-	-	-	-	438,685	-	-	438,685
Hong Kong Dollar	-	-	-	-	-	-	4,878	4,878
<b>Trade receivables</b>								
Singapore Dollar	-	-	6,543	-	-	-	-	6,543
Thailand Baht	-	-	-	2,099,784	-	-	-	2,099,784
Philippines Peso	-	-	-	-	1,961,042	-	-	1,961,042
Hong Kong Dollar	-	-	-	-	-	221,449	856,251	1,077,700
<b>Other receivables</b>								
Sterling Pound	102,829	-	-	-	-	-	-	102,829
Thailand Baht	-	-	-	396,277	-	-	-	396,277
Philippines Peso	-	-	-	-	213,627	-	-	213,277
Hong Kong Dollar	-	-	-	-	-	66,114	2,623,485	2,689,599
<b>Cash and bank balances</b>								
Sterling Pound	28,640	6	-	-	-	-	-	28,646
Singapore Dollar	-	-	26,596	-	-	-	-	26,596
Thailand Baht	-	-	-	159,390	-	-	-	159,390
Philippines Peso	-	-	-	-	3,326,388	-	-	3,326,388
Hong Kong Dollar	-	-	-	-	-	547,671	1,438,329	2,817,367
<b>Trade payables</b>								
Philippines Peso	-	-	-	-	1,886,153	-	-	1,886,153

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 38. FINANCIAL INSTRUMENTS (CONT'D)

Functional Currency	Net Financial Assets/(Liabilities) Held in Non-Functional Currency							Total RM
	United States Dollar RM	Sterling Pound RM	Singapore Dollar RM	Thailand Baht RM	Philippines Peso RM	Hong Kong Dollar RM	Yuan Renminbi RM	
<b>Group</b>								
<b>2009</b>								
<b>Other payables</b>								
Sterling Pound	748,779	42,605	-	-	-	-	-	791,384
Singapore Dollar	-	-	16,994	-	-	-	-	16,994
Thailand Baht	-	-	-	413,733	-	-	-	413,733
Philippines Peso	-	-	-	-	759,964	-	-	759,964
Hong Kong Dollar	-	-	-	-	-	108,741	2,915,279	3,024,020
<b>Company</b>								
<b>2009</b>								
<b>Trade receivables</b>								
Ringgit Malaysia	117,890	-	-	-	-	-	-	117,980
<b>Other receivables</b>								
Ringgit Malaysia	154,915	-	-	-	-	-	-	154,915
<b>Trade payables</b>								
Ringgit Malaysia	231,711	-	-	-	-	-	-	231,711
<b>Amount owing by subsidiary companies</b>								
Ringgit Malaysia	11,077,576	-	-	-	-	-	-	11,077,576

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 38. FINANCIAL INSTRUMENTS (CONT'D)

Functional Currency	Net Financial Assets/(Liabilities) Held in Non-Functional Currency							Total RM
	United States Dollar RM	Sterling Pound RM	Singapore Dollar RM	Thailand Baht RM	Philippines Peso RM	Hong Kong Dollar RM	Yuan Renminbi RM	
<b>Group</b>								
<b>2008</b>								
<b>Inventories</b>								
Sterling Pound	-	1,681,710	-	-	-	-	-	1,681,710
Philippines Peso	-	-	-	-	522,959	-	-	522,959
Thailand Baht	-	-	-	1,964,588	-	-	-	1,964,588
Hong Kong Dollar	-	-	-	-	-	-	866,734	866,734
<b>Trade receivables</b>								
Singapore Dollar	-	-	6,441	-	-	-	-	6,441
Philippines Peso	-	-	-	-	413,105	-	-	413,105
Thailand Baht	-	-	-	3,526,349	-	-	-	3,526,349
Hong Kong Dollar	-	-	-	-	-	639,600	322,675	962,275
<b>Other receivables</b>								
Sterling Pound	-	93,145	-	-	-	-	-	93,145
Philippines Peso	-	-	-	-	226,149	-	-	226,149
Thailand Baht	-	-	-	174,499	-	-	-	174,499
Hong Kong Dollar	-	-	-	-	-	-	255,598	255,598
<b>Cash and bank balances</b>								
Sterling Pound	20,056	5	-	-	-	-	-	20,061
Singapore Dollar	-	-	26,373	-	-	-	-	26,373
Philippines Peso	-	-	-	-	566,712	-	-	566,712
Thailand Baht	-	-	-	598,413	-	-	-	598,413
Hong Kong Dollar	-	-	-	-	-	803,376	1,963,758	2,767,134
<b>Trade payables</b>								
Philippines Peso	-	-	-	-	53,225	-	-	53,225
Thailand Baht	-	-	-	160,324	-	-	-	160,324

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 38. FINANCIAL INSTRUMENTS (CONT'D)

Functional Currency	Net Financial Assets/(Liabilities) Held in Non-Functional Currency							Total RM
	United States Dollar RM	Sterling Pound RM	Singapore Dollar RM	Thailand Baht RM	Philippines Peso RM	Hong Kong Dollar RM	Yuan Renminbi RM	
<b>Group</b>								
<b>2008</b>								
<b>Other payables</b>								
Sterling Pound	-	35,732	-	-	-	-	-	35,732
Singapore Dollar	-	-	20,953	-	-	-	-	20,953
Philippines Peso	-	-	-	-	217,440	-	-	217,440
Thailand Baht	-	-	-	836,423	-	-	-	836,423
Hong Kong Dollar	-	-	-	-	-	153,799	2,146,488	2,300,287
<b>Company</b>								
<b>2008</b>								
<b>Inventories</b>								
Ringgit Malaysia	1,766,223	-	-	-	-	-	-	1,766,223
<b>Trade receivables</b>								
Ringgit Malaysia	838,886	-	-	-	-	-	-	838,886
<b>Trade payables</b>								
Ringgit Malaysia	304,057	-	-	-	-	-	-	304,057
<b>Amount owing by subsidiary companies</b>								
Ringgit Malaysia	13,674,288	-	81,473	-	-	22,500	-	13,778,261

### (d) Liquidity and cash flow risks

The Group and the Company seeks to achieve a flexible and cost effective borrowing structure to ensure that the projected net borrowing needs are covered by available committed facilities. Debt maturities are structured in such a way to ensure that the amount of debt maturing in any one year is within the Group's and the Company's ability to repay and/or refinance.

The Group and the Company also maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

### (e) Interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's and the Company's borrowings and deposits. The Group and the Company monitors the interest rates constantly although the prevailing interest rates are low.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)



## 38. FINANCIAL INSTRUMENTS (CONT'D)

### (f) Fair values

The carrying amounts of financial liabilities of the Group and the Company at the balance sheet date approximated their fair values except for the following:

The aggregate fair values of the other financial assets and liabilities are as follows:

	2009		2008	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Group</b>				
<b>Financial Assets</b>				
Other investment	-	408,334	88,250	88,250
<b>Financial liabilities</b>				
Hire purchase payables	17,931	17,486	34,786	33,914
Borrowings	2,880,770	2,819,492	3,082,585	3,018,122
Contingent liabilities	258,500	@	234,500	@
<b>Company</b>				
<b>Financial liabilities</b>				
Borrowings	2,880,770	2,819,492	3,082,585	3,018,122
Contingent liabilities	258,500	@	234,500	@

@ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, cost and eventual outcome.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- (i) The carrying amounts of cash and cash equivalents, trade and other receivables/payables and short term borrowings approximate fair values due to the relatively short term maturity of these financial instruments.
- (ii) The fair value of quoted unit trusts are determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date
- (iii) The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

## 39. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2009 were authorised for issue in accordance with a resolution of the Board of Directors on 18 March 2010.

# LIST OF PROPERTY



Title/Location	Description/ Existing Use	Registered Owner	Age of Building (Years)	Land Area	Tenure	Net Book Value as at 31.12.2009 (RM)	Original Cost (RM)
4 1/2-storey shop office at Unit L 7, 8 & 9, C-G-15, Block C, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur	Office space	GHL Systems Berhad	5	570 sq m	Leasehold Expired on 27 Aug 2102	3,118,687	4,875,000

## SHAREHOLDING STATISTICS

AS AT 30 MARCH 2010



Authorised Share Capital	: RM100,000,000.00
Issued and Fully Paid-up Capital	: RM69,431,107.50
Class of Shares	: Ordinary shares of 50 sen each fully paid
Voting Rights	: One vote per 50 sen share

### BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	1,498	17.95	48,561	0.03
100 - 1,000 shares	1,059	12.69	541,441	0.39
1001 - 10,000 shares	4,001	47.95	15,935,397	11.48
10,001 - 100,000 shares	1,650	19.77	45,971,970	33.11
100,001 to less than 5% of issued shares	135	1.62	41,890,289	30.17
5% and above of issued shares	2	0.02	34,469,656	24.82
Total	8,345	100	138,857,314	100

### SUBSTANTIAL SHAREHOLDERS AS AT 30 MARCH 2010

According to the register required to be kept under Section 69L of the Companies Act, 1965, the following are substantial shareholders of the Company:-

Substantial Shareholders	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
Goh Kuan Ho	17,732,480	12.77	-	-
Mayban Nominees (Tempatan) Sdn Bhd Amanahraya Investment Management Sdn. Bhd. For BSNC Corporation Berhad (C262-240124)	16,737,176	12.05	-	-

# SHAREHOLDING STATISTICS

AS AT 30 MARCH 2010 (CONT'D)



## DIRECTORS' SHAREHOLDINGS AS AT 30 MARCH 2010

Name of Directors	Note	No. of Shares Held			
		Direct Interest	%	Indirect Interest	%
Goh Kuan Ho		17,732,480	12.77	-	-
Tay Beng Lock		6,224,445	4.48	-	-
Yeng Fook Hoo	1	2,913,904	2.10	-	-

### Notes:

1) 1,587,663 held under CIMB Group Nominees (Tempatan) Sdn Bhd.

## STATEMENT OF SHAREHOLDINGS THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 30 MARCH 2010

No.	Shareholders	Holdings	%
1.	Goh Kuan Ho	17,732,480	12.77
2.	Mayban Nominees (Tempatan) Sdn Bhd Amanahraya Investment Management Sdn. Bhd. For BSNC Corporation Berhad (C262-240124)	16,737,176	12.05
3.	Tay Beng Lock	6,224,445	4.48
4.	Cartaban Nominees (Asing) Sdn Bhd Exempt An For Jefferies And Company Incorporated New York	1,739,833	1.25
5.	Cimb Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yeng Fook Hoo (36315 Peta)	1,587,663	1.14
6.	Yeng Fook Hoo	1,326,241	0.96
7.	Goh Heng Loo	1,249,303	0.90
8.	Tey Choon Siang	1,017,702	0.73
9.	Ong Boey Hwa	858,500	0.62
10.	Poh Lai Yoke	690,000	0.50
11.	Teras Utama Automation Sdn Bhd	665,000	0.48
12.	Ang Kok Seong	626,851	0.45
13.	Hsbc Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (Sg Br-Tst-Asing)	583,497	0.42
14.	Jerneh Asia Capital Sdn Bhd	575,982	0.41
15.	Chew Chee Seng	534,124	0.38
16.	Cheah Ching Mooi	520,000	0.37
17.	Tan Choon Hian	510,000	0.37
18.	Lee Sing Gee	440,000	0.32
19.	Lim Chai Ong	426,269	0.31
20.	Chin Lin Thai	400,633	0.29
21.	Chew Soh Imm	400,000	0.29
22.	Wong Jee Ling	399,372	0.29
23.	Ong Khoon Seng	394,800	0.28
24.	Ta Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Tian Kooi	390,000	0.28
25.	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Liew Thin Sang	390,000	0.28
26.	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Quek Soon Tiang	377,953	0.27
27.	Associated Abrasives Sdn Bhd	366,521	0.26
28.	Low Ang Cheong	350,000	0.25
29.	Ng Bee Yean	340,223	0.25
30.	Ho Peng Chong	336,223	0.24

# NOTICE OF ANNUAL GENERAL MEETING



**NOTICE IS HEREBY GIVEN THAT** the Sixteenth Annual General Meeting of GHL SYSTEMS BERHAD (“GHL” or “the Company”) will be held at Level 3A, Unit L8 C-G-15, Block C, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 5 May 2010 at 9.30 a.m. for the purpose of transacting the following businesses:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association:-
  - (a) Mr. Yeng Fook Hoo (Resolution 2)
  - (b) Ms. Goh Kuan Ho (Resolution 3)
3. To approve the payment of Directors' fees of RM 216,000.00 for the financial year ended 31 December 2009. (Resolution 4)
4. To re-appoint Messrs. UHY Diong as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

### As Special Business:

To consider and, if thought fit, to pass the following Ordinary Resolution:

5. **Authority to Directors to Allot and Issue Shares** (Resolution 6)

“THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies having been obtained for such allotment and issue.”

6. To transact any other business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)  
Chin Fook Kheong (MIA 12596)  
Company Secretaries

Kuala Lumpur  
Date: 12 April 2010

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)



## NOTES ON APPOINTMENT OF PROXY

1. A member entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
5. The Form of Proxy or other instruments of appointment must be deposited at Suite 11.05B, Level 11, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur at least 48 hours before the time fixed for holding the meeting or any adjournment thereof, or in the case of a poll, at least 24 hours before the time appointed for the taking of the poll.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### Ordinary Resolution 6: Authority to Directors to Allot and Issue Shares

The Proposed Ordinary Resolution 6, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company during the preceding twelve (12) months for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the Fifteenth Annual General Meeting held on 8 May 2009 and which will lapse at the conclusion of the Sixteenth Annual General Meeting.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors who are standing for re-election at the Sixteenth Annual General Meeting of the Company are:-

- |                       |             |                |
|-----------------------|-------------|----------------|
| (i) Mr. Yeng Fook Hoo | Article 127 | (Resolution 2) |
| (ii) Ms. Goh Kuan Ho  | Article 127 | (Resolution 3) |

The profile of the above Directors are set out on pages 15 and 16 of the Annual Report 2009. The details of the interest of the above Directors in the securities of the Company or its related corporations are disclosed in the Directors report on page 35 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 22 of the Annual Report 2009.

The Sixteenth Annual General Meeting of the Company will be held at Level 3A, Unit L8 C-G-15, Block C, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 5 May 2010 at 9.30 a.m.



# GHL SYSTEMS BERHAD

293040-D  
Incorporated in Malaysia

## FORM OF PROXY FOR ANNUAL GENERAL MEETING

No. of Shares held

I/We\* (Name & NRIC/Company\* No.) \_\_\_\_\_  
(in capital letters)

of \_\_\_\_\_  
(full address)

being a Member/Members\* of GHL SYSTEMS BERHAD, do hereby appoint

(Name & NRIC No.) \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ and/or\*

(Name & NRIC No.) \_\_\_\_\_ of \_\_\_\_\_

or failing him/her\*, the Chairman of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Sixteenth Annual General Meeting of the Company to be held at Level 3A, Unit L8 C-G-15, Block C, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 5 May 2010 at 9.30 a.m. and at any adjournment thereof.

The proportion of my/our\* holding to be represented by my/our\* proxies are as follows:-

First Proxy (1)

Second Proxy (2)

My/our\* proxy is to vote as indicated below:-

No.	Resolution	For	Against
	<b>As Ordinary Business</b>		
1.	To receive the Financial Statements and Reports for the financial year ended 31 December 2009.		
2.	To re-elect Mr. Yeng Fook Hoo as Director.		
3.	To re-elect Ms. Goh Kuan Ho as Director.		
4.	To approve the payment of Directors' fees for the financial year ended 31 December 2009.		
5.	To re-appoint Messrs UHY Diong as Auditors of the Company.		
	<b>As Special Business</b>		
6.	To approve the authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		

**(Please indicate with an "X" in the spaces provided whether you wish your vote to be casted for or against the resolution. In the absence of specific instructions, your proxy will vote or abstain as he thinks fit.)**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2010

\_\_\_\_\_  
Signature/Common Seal\* of Shareholder(s)

\* Delete if not applicable

### Notes on appointment of proxy:

1. A member entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
5. The Form of Proxy or other instruments of appointment must be deposited at Suite 11.05B, Level 11, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur at least 48 hours before the time fixed for holding the meeting or any adjournment thereof, or in the case of a poll, at least 24 hours before the time appointed for the taking of the poll.

*Fold this flap for sealing*

AFFIX  
STAMP

THE COMPANY SECRETARY

**GHL Systems Berhad** (Company No. 293040-D)

Suite 11.05B, Level 11,  
The Gardens South Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

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*1st fold here*





12 April 2010

**To: All Shareholders of GH Systems Berhad**

Dear Sir/Madam,

### **IMPLEMENTATION OF ELECTRONIC DIVIDEND PAYMENT (“eDividend”)**

Electronic Dividend Payment or eDividend refers to the payment of cash dividends by a listed issuer directly into the shareholders' bank accounts.

In tabling the Federal Budget 2010, the Prime Minister announced that all listed issuers are required to offer eDividend services to their shareholders. The Securities Commission have stated that shareholders are given a one year grace period to provide their bank account information to Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”) (as the repository of such information) and that **edividend will be implemented in the third quarter of 2010**. One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

#### **1. Benefits of eDividend**

- 1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad (“**listed issuers**”) and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques, and unauthorised deposit of dividend cheques.
- 1.2 For those shareholders who have previously opted for direct crediting of dividend entitlement via GIRO Service with the Company, you will still need to register for eDividend to enjoy the following additional benefits:-
  - (a) the convenience of a one-off registration for entitlement to eDividend from all listed issuers; and
  - (b) the option to consolidate the dividends from all your Central Depository System (“CDS”) accounts into one bank account for better account management.

#### **2. Registration for eDividend**

- 2.1 Registration for eDividend will commence on **19 April 2010** for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after the 1 year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd (“**Bursa Depository**”) through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained in due course from your stock broker's office where your CDS account is maintained, or downloaded from Bursa Malaysia's website at <http://www.bursamalaysia.com>.

- 2.2 You need to submit to your stock broker's office where your CDS account is maintained, the duly completed prescribed form and the following for registration:-
  - (a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker's verification;  
  
Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and
  - (b) Copy of your bank statement / bank savings book / details of your bank account obtained from your banks website that has been certified by your bank / copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.



- 2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysian Embassy/High Commission.

### **3. Notification of eDividend payment after registration**

- 3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

### **4. Additional information for shareholders**

- 4.1 Your savings or current account, must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this which can be found on this website: [http://www.meps.com.my/faq/interbank\\_giro.asp?id=2#answer](http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer)

- |  |   |
|--|---|
| 1. Affin Bank Berhad                     | 12. EON Bank Berhad                         |
| 2. Alliance Bank Malaysia Berhad         | 13. Hong Leong Bank Berhad                  |
| 3. Am Bank (M) Berhad                    | 14. HSBC Bank Malaysia Berhad               |
| 4. Bank Islam Malaysia Berhad            | 15. Malayan Banking Berhad                  |
| 5. Bank Muamalat Malaysia Berhad         | 16. OCBC Bank (Malaysia) Berhad             |
| 6. Bank Kerjasama Rakyat Malaysia Berhad | 17. Public Bank Berhad                      |
| 7. Bank of America                       | 18. RHB Bank Berhad                         |
| 8. Bank Simpanan Nasional                | 19. Standard Chartered Bank Malaysia Berhad |
| 9. CIMB Bank Berhad                      | 20. The Royal Bank of Scotland Berhad       |
| 10. Citibank Berhad                      | 21. United Overseas Bank (Malaysia) Bhd     |
| 11. Deutsche Bank Berhad                 |   |

- 4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure in writing. For eDividend purposes, you will be authorising disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.
- 4.3 Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders. If you have any query relating to our eDividend service, please do not hesitate to contact Mr. Chong Voon Wah at 03-2279 3080, Ms. Gan Fei Chen at 03-6286 3288 or Ms. Ooi Gin Hui at 03-6286 3365.

Thank you.

Yours faithfully  
Tay Beng Lock

Interim Chairman and Group Managing Director, Executive Director