



GHL SYSTEMS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011
THE FIGURES HAVE NOT BEEN AUDITED

| | | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|-------------|---------------------------|-----------------------|---------------------------|-----------------------|
| | | CURRENT YEAR | PRECEDING YEAR | CURRENT YEAR | PRECEDING YEAR |
| | | QUARTER | CORRESPONDING | TO DATE | CORRESPONDING |
| | Note | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 |
| | | RM | RM | RM | RM |
| Revenue | A8 | 15,559,967 | 13,237,205 | 15,559,967 | 13,237,205 |
| Cost of sales | | <u>(3,969,778)</u> | <u>(2,532,520)</u> | <u>(3,969,778)</u> | <u>(2,532,520)</u> |
| Gross profit | | 11,590,189 | 10,704,685 | 11,590,189 | 10,704,685 |
| Other income | | 185,316 | 460,793 | 185,316 | 460,793 |
| Administration expenses | | (10,137,593) | (9,754,046) | (10,137,593) | (9,754,046) |
| Distribution costs | | (871,766) | (983,421) | (871,766) | (983,421) |
| Other expenses | | (195,231) | (206,094) | (195,231) | (206,094) |
| Finance cost | | (45,118) | (51,986) | (45,118) | (51,986) |
| Profit before taxation | | 525,797 | 169,931 | 525,797 | 169,931 |
| Income tax expense | | - | - | - | - |
| Profit for the period | | 525,797 | 169,931 | 525,797 | 169,931 |
| Attributable to: | | | | | |
| Equity holders of the parent | | 525,797 | 169,931 | 525,797 | 169,931 |
| Non-controlling interest | | - | - | - | - |
| | | 525,797 | 169,931 | 525,797 | 169,931 |
| Weighted average number of ordinary shares in issue | | 139,153,258 | 138,331,036 | 139,153,258 | 138,331,036 |
| Nominal value per share | | RM 0.50 | RM 0.50 | RM 0.50 | RM 0.50 |
| Earnings Per Ordinary Share | | | | | |
| - Basic (sen) | B14 | 0.38 | 0.12 | 0.38 | 0.12 |
| - Diluted (sen) | B14 | 0.38 | 0.12 | 0.38 | 0.12 |
| Profit for the period | | 525,797 | 169,931 | 525,797 | 169,931 |
| Other comprehensive income, net of tax | | | | | |
| Foreign currency translation differences | | (17,944) | (121,098) | (17,944) | (121,098) |
| Total comprehensive income for the period | | 507,853 | 48,833 | 507,853 | 48,833 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent | | 507,853 | 48,833 | 507,853 | 48,833 |
| non-controlling interest | | - | - | - | - |
| | | 507,853 | 48,833 | 507,853 | 48,833 |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2010)



GHL SYSTEMS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011
THE FIGURES HAVE NOT BEEN AUDITED

| | Note | AS AT CURRENT YEAR QUARTER 31/03/2011 | AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2010 (Audited) |
|--|------|--|---|
| | | RM | RM |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 41,789,609 | 45,153,939 |
| Goodwill on consolidation | | 1,096,239 | 1,096,239 |
| | | <u>42,885,848</u> | <u>46,250,178</u> |
| Inventories | | 7,393,340 | 6,538,138 |
| Trade receivables | | 11,995,603 | 13,173,391 |
| Other receivables | | 3,491,360 | 5,773,194 |
| Tax recoverable | | 249,139 | 129,077 |
| Fixed deposits placed with licensed banks | | 2,248,977 | 2,121,037 |
| Cash and bank balances | | 8,969,187 | 10,571,573 |
| | | <u>34,347,606</u> | <u>38,306,410</u> |
| TOTAL ASSETS | | <u>77,233,454</u> | <u>84,556,588</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | | 72,901,050 | 72,901,050 |
| Reserves | | (10,260,065) | (10,767,918) |
| Treasury Shares | | (638,221) | (638,221) |
| Total equity | | <u>62,002,764</u> | <u>61,494,911</u> |
| Non-current liabilities | | | |
| Hire purchase payables | B9 | - | 43,721 |
| Bank borrowing | B9 | 2,533,062 | 2,618,551 |
| | | <u>2,533,062</u> | <u>2,662,272</u> |
| Current liabilities | | | |
| Trade payables | | 1,262,032 | 5,246,194 |
| Other payables | | 10,789,156 | 14,442,804 |
| Hire purchase payables | B9 | 442,407 | 527,889 |
| Bank borrowings | B9 | 204,033 | 182,518 |
| | | <u>12,697,628</u> | <u>20,399,405</u> |
| Total liabilities | | <u>15,230,690</u> | <u>23,061,677</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>77,233,454</u> | <u>84,556,588</u> |
| Number of ordinary shares | | 145,802,100 | 145,802,100 |
| NA per share (sen) | | 42.53 | 42.18 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2010)



GHL SYSTEMS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011
THE FIGURES HAVE NOT BEEN AUDITED

| | CUMULATIVE QUARTER | |
|---|---------------------------|-----------------------|
| | CURRENT | PRECEDING YEAR |
| | YEAR | CORRESPONDING |
| | QUARTER | QUARTER |
| | 31/03/2011 | 31/03/2010 |
| | RM | RM |
| Cash Flows From Operating Activities | | |
| Profit before taxation | 525,797 | 169,931 |
| <i>Adjustment for :-</i> | | |
| Bad debts written off | - | 1,816,491 |
| Depreciation of property, plant and equipment | 3,165,698 | 2,168,308 |
| Loss/(Gain) on disposal of property, plant and equipment | 31,082 | (201,917) |
| Interest expenses | 45,118 | 51,986 |
| Interest income | (41,097) | (32,361) |
| Gain on disposal of other investments | - | (17,461) |
| Unrealised Gain on foreign exchange | (155,043) | (23,058) |
| Inventories recovery | (9,432) | (64,393) |
| Property, plant and equipment written back | (875) | - |
| Reversal of allowance for doubtful debts no longer required | (4,746) | (1,415,229) |
| Operating profit before working capital changes | 3,556,502 | 2,452,297 |
| <i>Decrease/(Increase) in working capital</i> | | |
| Inventories | (845,770) | (1,765,678) |
| Trade and other receivables | 3,838,500 | 1,485,544 |
| Trade and other payables | (7,637,810) | (3,378,113) |
| | (4,645,080) | (3,658,247) |
| Cash used in operations | (1,088,578) | (1,205,950) |
| Interest paid | (45,118) | (51,986) |
| Interest received | 41,097 | 32,361 |
| Tax (paid)/refund | (120,062) | (248,120) |
| Exchange fluctuation adjustment | (17,944) | (121,098) |
| | (142,027) | (388,843) |
| Net cash used in operating activities | (1,230,605) | (1,594,793) |
| Cash Flows from Investing Activities | | |
| Purchase of property, plant and equipment | (107,449) | (560,547) |
| Proceeds from disposal of property, plant and equipment | 42,348 | 181,000 |
| Proceeds from disposal of other investments | - | 17,461 |
| Net cash used in investing activities | (65,101) | (362,086) |
| Cash Flows from Financing Activities | | |
| Drawdown of hire purchase | - | 1,000,000 |
| Repayment of borrowings | (63,974) | (58,772) |
| Repayment of hire purchase liabilities | (129,203) | (39,561) |
| (Increase)/Decrease in fixed deposit pledged | 7,219 | 43,441 |
| Net cash (used in)/generated from financing activities | (185,958) | 945,108 |
| Net decrease in cash and cash equivalents | (1,481,664) | (1,011,771) |
| Cash and cash equivalents at beginning of financial period | 10,729,317 | 13,616,367 |
| Cash and cash equivalents at end of financial period | 9,247,653 | 12,604,596 |
| Cash and cash equivalents at end of period comprises: | | |
| Cash and bank balances | 8,969,187 | 10,479,744 |
| Fixed deposits with licensed banks | 2,248,977 | 3,197,787 |
| | 11,218,164 | 13,677,531 |
| Less: Fixed deposits pledged to licensed banks | (1,970,511) | (1,072,935) |
| | 9,247,653 | 12,604,596 |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with Audited Financial Statements for the year ended 31 December 2010)



GHL SYSTEMS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011
THE FIGURES HAVE NOT BEEN AUDITED

| | Share Capital RM | Foreign Exchange Reserves RM | ESOS Reserve RM | Treasury Shares RM | Retained Profits / (Accumulated Losses) RM | Total Shareholders' Equity RM |
|---|------------------------|------------------------------------|-----------------------|--------------------------|---|-------------------------------------|
| At 1 January 2010 | 69,431,108 | (749,850) | 35,364 | (824) | 7,874,971 | 76,590,769 |
| Total comprehensive income for the year | - | (121,098) | - | - | 169,931 | 48,833 |
| At 31 March 2010 | <u>69,431,108</u> | <u>(870,948)</u> | <u>35,364</u> | <u>(824)</u> | <u>8,044,902</u> | <u>76,639,602</u> |
| At 1 January 2011 | 72,901,050 | (1,255,024) | 257,915 | (638,221) | (9,770,809) | 61,494,911 |
| Total comprehensive income for the year | - | (17,944) | - | - | 525,797 | 507,853 |
| At 31 March 2011 | <u>72,901,050</u> | <u>(1,272,968)</u> | <u>257,915</u> | <u>(638,221)</u> | <u>(9,245,012)</u> | <u>62,002,764</u> |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2010)



GHL SYSTEMS BERHAD

(Company No: 293040-D)

Quarterly report on consolidated results for the first quarter ended 31 March 2011

A. EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

The quarterly financial report has been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The quarterly financial statements should be read in conjunction with the latest audited financial statements of GHL Systems Berhad (“GHL” or “Company”) and its subsidiaries (“Group”) for the financial year ended 31 December 2010.

The Group and the Company have adopted the following applicable new Financial Reporting Standards (“FRSs”), revised FRSs, Issues Committee (“IC”) Interpretations, amendments to FRSs and IC Interpretations, issued by the Malaysian Accounting Standards Board that are mandatory for current financial period:

| | |
|-----------------------|---|
| Amendments to FRS 132 | Financial Instruments: Presentation |
| Amendment to FRS 1 | Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters |
| Amendment to FRS 2 | Group Cash-settled Share-based Payment Transactions |
| Amendment to FRS 7 | Improving Disclosures about Financial Instruments |
| IC Interpretation 4 | Determining whether an Arrangement contains a Lease |
| IC Interpretation 18 | Transfers of Assets from Customers |

Amendments to FRSs contained in the documents entitled “Improvements to FRSs (2010)”

The revised FRS are either not applicable to the Group and to the Company or the adoptions did not result in significant changes in accounting policies of the Company and did not have significant impact on the Company.

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 these financial statements and will be effective for the financial periods as stated below:

| | | <u>Effective date for financial periods beginning on or after</u> |
|--|--|---|
| 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 |
| Amendments to FRS 138 | Intangible Assets | 1 July 2010 |
| IC Interpretation 12 | Service Concession Arrangements | 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 |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2011 |
| Amendments to IC Interpretation 14 | Prepayment of a Minimum Funding Requirement | 1 July 2011 |
| IC Interpretation 15 | Agreements for Construction of Real Estate | 1 January 2012 |
| FRS 124 | Related Party Disclosures | 1 January 2012 |

A2. Audit Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2010 was not subject to any audit qualification.

A3. Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors.

A4. Unusual Items

During the current quarter under review, there were no items or events that arose and affected the assets, liabilities, equity, net income or cash flows of the Group, to the effect that is of unusual nature, size or incidence.

A5. Change in estimates

There were no changes in the estimates of amounts reported in the previous quarter that have a material effect on the results of the Group for the current quarter under review.

A6. Changes in Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter under review.

A7. Dividend Paid

There were no dividends paid during the quarter under review.

A8. Segmental Reporting

The Group has six reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different geographical locations and are managed separately. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The business segmentation is not disclosed as the Group is principally engaged in sale and rental of Electrical Data Capture ("EDC") equipment and its related software and services.

The following summary describes the geographical locations units in each of the Group's reportable segments:

- (a) Malaysia
- (b) Singapore
- (c) Hong Kong
- (d) Philippines
- (e) Thailand
- (f) China

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Current quarter**31 March 2011**

| | Malaysia RM | Singapore RM | Hong Kong RM | Philippines RM | Thailand RM | China RM | Adjustment and elimination RM | Consolidated RM |
|---|----------------|-----------------|-----------------|-------------------|----------------|-------------|-------------------------------------|--------------------|
| REVENUE | | | | | | | | |
| External sales | 9,651,755 | - | - | 2,781,123 | 1,427,859 | 1,699,230 | - | 15,559,967 |
| Inter-segment sales | 4,403,432 | - | - | - | - | - | (4,403,432) | - |
| Total revenue | 14,055,187 | - | - | 2,781,123 | 1,427,859 | 1,699,230 | (4,403,432) | 15,559,967 |
| RESULTS | | | | | | | | |
| Segment results | (4,388,514) | (72) | (620) | 737,339 | (194,702) | (12,843) | 4,389,230 | 529,818 |
| Interest income | 28,605 | - | - | 6,916 | 2 | 5,574 | - | 41,097 |
| Interest expense | (43,285) | - | - | (1,251) | (582) | - | - | (45,118) |
| Profit before taxation | | | | | | | | 525,797 |
| Taxation | | | | | | | | - |
| Net profit for the financial year | | | | | | | | 525,797 |
| Asset: | | | | | | | | |
| Additions to non-current assets | 77,248 | - | - | 29,909 | 292 | - | - | 107,449 |
| Segment assets | 52,497,864 | 25,972 | 19,948 | 9,000,403 | 6,489,931 | 8,103,097 | 1,096,239 | 77,233,454 |
| Segment liabilities | 11,382,007 | 16,687 | 4,267 | 882,468 | 331,221 | 2,614,040 | - | 15,230,690 |
| OTHER INFORMATION | | | | | | | | |
| Depreciation of property, plant and equipment | 2,392,580 | - | - | 218,968 | 233,911 | 320,239 | - | 3,165,698 |
| (Gain)/Loss on disposal of property, plant and equipment | 76,322 | - | - | - | - | (45,240) | - | 31,082 |
| Unrealised (Gain)/Loss on foreign exchange | (75,800) | - | 502 | (29,687) | (35,154) | (703) | (14,201) | (155,043) |
| Inventories recovery | (9,432) | - | - | - | - | - | - | (9,432) |
| Property, plant and equipment written back | (875) | - | - | - | - | - | - | (875) |
| Reversal of allowance for doubtful debts no longer required | (4,746) | - | - | - | - | - | - | (4,746) |

| Preceding year corresponding quarter 31 March 2010 | Malaysia RM | Singapore RM | Hong Kong RM | Philippines RM | Thailand RM | China RM | Adjustment and elimination RM | Consolidated RM |
|---|----------------|-----------------|-----------------|-------------------|----------------|-------------|--|--------------------|
| REVENUE | | | | | | | | |
| External sales | 8,819,169 | - | - | 1,277,603 | 1,622,659 | 1,517,774 | - | 13,237,205 |
| Inter-segment sales | 3,657,318 | - | - | - | - | - | (3,657,318) | - |
| Total revenue | 12,476,487 | - | - | 1,277,603 | 1,622,659 | 1,517,774 | (3,657,318) | 13,237,205 |
| RESULTS | | | | | | | | |
| Segment results | (3,562,429) | (73) | - | 66,156 | 152,598 | (116,408) | 3,649,712 | 189,556 |
| Interest income | 20,118 | - | - | 10,895 | 8 | 1,340 | - | 32,361 |
| Interest expense | (50,475) | - | - | (1,313) | (198) | - | - | (51,986) |
| Profit before taxation | | | | | | | | 169,931 |
| Taxation | | | | | | | | - |
| Net profit for the financial year | | | | | | | | 169,931 |
| Asset: | | | | | | | | |
| Additions to non-current assets | 507,457 | - | - | 21,380 | 31,710 | - | - | 560,547 |
| Segment assets | 69,393,846 | 31,583 | 21,756 | 5,956,085 | 6,429,168 | 10,273,274 | 1,913,105 | 94,018,817 |
| Segment liabilities | 13,137,654 | 16,231 | 4,626 | 840,513 | 363,938 | 3,016,253 | - | 17,379,215 |
| OTHER INFORMATION | | | | | | | | |
| Bad debts written off | 1,816,491 | - | - | - | - | - | - | 1,816,491 |
| Depreciation of property, plant and equipment | 1,520,378 | - | - | 170,149 | 244,081 | 233,700 | - | 2,168,308 |
| (Gain)/Loss on disposal of property, plant and equipment | (189,204) | - | - | - | (12,713) | - | - | (201,917) |
| Gain on disposal of other investments | (17,461) | - | - | - | - | - | - | (17,461) |
| Unrealised Loss/(Gain) on foreign exchange | (79,568) | - | - | 4,798 | 51,712 | - | - | (23,058) |
| Inventories recovery | (64,393) | - | - | - | - | - | - | (64,393) |
| Reversal of allowance for doubtful debts no longer required | (1,415,229) | - | - | - | - | - | - | (1,415,229) |

A9. Valuation of Property, Plant and Equipment

The Company did not have any major adjustments on revaluation of its property, plant and equipment during the current quarter under review.

A10. Material Events Subsequent to 31 March 2011

There are no material events subsequent to the end of the quarter under review that have not been reflected in this report.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

A12. Contingent Liabilities

Save as disclosed below, the Group does not have any contingent liabilities as at the date of this report:-

| | |
|---|---------|
| (a) Banker's guarantee in favour of third parties | RM |
| - Secured | 278,500 |

A13. Capital commitment

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

A14. Significant related party transactions

Significant related party transactions for the current quarter under review are as follows:

Related Party:

| | |
|---|-----------|
| * Supply of EuroPay-MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; supply of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHJ Group to e-pay (M) Sdn Bhd ("e-pay")^ | RM424,150 |
|---|-----------|

^ Loh Wee Hian, the Executive Chairman and a Major Shareholder of the Company, is also the Executive Director and CEO of e-pay and the Executive Chairman, CEO and a Major Shareholder of e-pay Asia Limited, the holding company of e-pay. He has an indirect interest in e-pay through his 61.60% shareholding in e-pay Asia Limited, the holding company of e-pay.

* The Board of Directors is of the opinion that all the transaction above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transaction with unrelated parties.



GHL SYSTEMS BERHAD

(Company No. 293040-D)

Quarterly report on consolidated results for the fourth quarter ended 31 March 2011

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

B1. Review of Performance

For the current quarter ended 31 March 2011, the Group recorded revenue of RM15.56 million, representing an increase of approximately 17.52% compared to RM13.24 million achieved in the preceding year's corresponding quarter ended 31 March 2010. The increase was mainly attributable to the higher sales in the local and overseas markets during the current quarter under review. The profit before taxation of RM0.53 million of the Group for the current quarter under review is an improvement from the profit before taxation of RM0.17 million in the preceding year's corresponding quarter ended 31 March 2010. The increase in revenue and profit before taxation are mainly attributed to higher sales of hardware and cards in local and overseas markets during the quarter under review compared to preceding year corresponding quarter.

B2. Comparison of Current Quarter Results with the Preceding Quarter

| | <u>Current Quarter</u> <u>ended 31 March 2011</u> | <u>Preceding Quarter</u> <u>ended 31 December</u> <u>2010</u> |
|--------------------------|--|--|
| | RM'000 | RM'000 |
| Revenue | 15,560 | 21,847 |
| Profit/(Loss) Before Tax | 526 | (11,801) |

For the current quarter under review, the Group's revenue decreased by approximately 28.78% to RM15.56 million, as compared to RM21.85 million reported in the preceding quarter ended 31 December 2010 mainly due to lower sales in monthly services rental, hardware and cards during the current quarter. However, the Group recorded a profit before taxation of RM0.53 million as compared to loss before taxation of RM11.80 million in the preceding quarter due to significant reduction in operational costs incurred and lower costs incurred for the sales and promotion activities in international markets.

B3. Current Year's Prospects

The Board of Directors of GHL ("Board") is cognizant of the current challenging environment locally and overseas. Therefore, the Board is undertaking a comprehensive review of its overall business operations with a view to enhance its business model and bring the Group towards better performance in the future.

B4. Profit forecast and Profit Guarantee

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

B5. Taxation

| | Current Quarter <u>31.03.11</u> RM | Preceding Year Corresponding Quarter <u>31.03.10</u> RM | Current Year To Date <u>31.03.11</u> RM | Preceding Year Corresponding Period <u>31.03.10</u> RM |
|--------------|---|--|--|---|
| Tax expenses | - | - | - | - |

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

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

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

B7. Purchase and Disposal of Quoted Securities

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

B8. Status of Corporate Proposals

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

B9. Group Borrowings and Debt Securities

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

(a) Bank Borrowings

| | Total Secured Term Loan RM |
|-----------------------------------|---------------------------------------|
| Repayable within twelve months | 204,033 |
| Repayable more than twelve months | 2,533,062 |
| | 2,737,095 |

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

2010 and 26 April 2010. The BLR as at 30 June 2010 is 5.80% pa and revised to 6.30% pa as at July 2010.

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

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

(b) **Hire Purchase**

| | Total Hire Purchase RM |
|-----------------------------------|-----------------------------------|
| Repayable within twelve months | 442,407 |
| Repayable more than twelve months | - |
| | 442,407 |

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

B10. Realised and Unrealised Profits/Losses

| | Current Quarter As at 31.03.11 | Immediate Preceding Quarter As at 31.12.10 (Audited) |
|--|-----------------------------------|---|
| | RM | RM |
| Total retained earnings/(accumulated losses) of the Company and subsidiaries:- | | |
| - Realised | (27,574,931) | (27,028,485) |
| - Unrealised | (529,917) | (670,553) |
| | (28,104,848) | (27,699,038) |
| Less: Consolidation adjustment | 18,859,836 | 17,928,229 |
| Total group retained | (9,245,012) | (9,770,809) |

B11. Off Balance Sheet Financial Instruments

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

B12. Material Litigation

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

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

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

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

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

As the matter has yet to proceed to Court, the GHL Entities and GHL Representatives hope to negotiate with Privilege and/or PT MAM to settle the matter amicably. The GHL Lawyers had expressed that 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 GHJ Lawyers are not able to opine fully on the financial consequences to the GHJ Entities.

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

- (i) Payment of the sum of USD3,009,700.00 as general damages suffered by Privilege arising out of GHJ's failure to perform the obligations;
- (ii) Payment of the sum of USD43,047.00 as special damages for expenses incurred by Privilege in setting up PT MAM and GHJSYS;
- (iii) Return of all confidential information, trade secrets and/ or any other proprietary information belonging to Privilege that remain in GHJ's and/ or any other related party's custody;
- (iv) Provision of a written undertaking that GHJ does not have any confidential information, trade secrets and/ or proprietary information belonging to Privilege other than that which was returned, and that GHJ has not and will not utilize the confidential information, trade secrets and/ or proprietary information save other than in the course of the joint venture; and
- (v) Payment of the sum of RM2,500.00 being the cost of the letter of demand.

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

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

B13. Dividend Proposed

There was no dividend declared during the quarter under review.

B14. Earnings Per Share

a) Basic earnings per share

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

b) Diluted earnings per share

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

Basic

| | | Current Quarter <u>31.03.11</u> | Preceding Year Corresponding Quarter <u>31.03.10</u> | Current Year To Date <u>31.03.11</u> | Preceding Year Corresponding Period <u>31.03.10</u> |
|--|--------|--|---|---|--|
| Net profit attributable to equity holders of the parent | (RM) | 525,797 | 169,931 | 525,797 | 169,931 |
| Weighted average number of ordinary shares in issue and issuable | (Unit) | 139,153,258 | 138,331,036 | 139,153,258 | 138,331,036 |
| Basic earnings per share | (Sen) | 0.38 | 0.12 | 0.38 | 0.12 |

Diluted

| | | Current Quarter <u>31.03.11</u> | Preceding Year Corresponding Quarter <u>31.03.10</u> | Current Year To Date <u>31.03.11</u> | Preceding Year Corresponding Period <u>31.03.10</u> |
|---|--------|--|---|---|--|
| Net profit attributable to equity holders of the parent | (RM) | 525,797 | 169,931 | 525,797 | 169,931 |
| *Weighted average number of ordinary shares in issue and issuable | (Unit) | 139,153,258 | 138,331,036 | 139,153,258 | 138,331,036 |
| Diluted earnings per share | (Sen) | 0.38 | 0.12 | 0.38 | 0.12 |

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

B15. The Memorandum of Understanding pursuant to Paragraph 9.29 of Main Market Listing Requirements of Bursa Securities

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

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