

10. DIRECTORS' REPORT (PREPARED FOR INCLUSION IN THIS PROSPECTUS)

G H L S y s t e m s B e r h a d

(293040-D)

(formerly known as GHL Systems Sdn Bhd)



Kuala Lumpur/HQ

37, Cangkat Bukit Bintang,
50200 Kuala Lumpur,
Malaysia.

Tel : 603-2144 6077

Fax : 603-2144 3432

E-mail: KL@ghl.com

Website: <http://www.ghl.com>

Registered Office:
36A Lorong Gelugor
Off Persiaran Sultan Ibrahim
41300 Klang
Selangor Darul Ehsan

25 February 2003

The Shareholders

GHL Systems Berhad ("GHL Systems" or "Company")



Dear Sir/Madam

On behalf of the Board of Directors of GHL Systems, I report that after making due enquiries in relation to the interval between 31 October 2002, being the date to which the last audited accounts of the Company and its subsidiary companies have been made up, and 21 February 2003, being a date not earlier than fourteen (14) days before the issue of this Prospectus:-

- (a) The business of the Company and its subsidiary companies has, in the opinion of the Directors, been satisfactorily maintained;
- (b) In the opinion of the Directors, no circumstances have arisen since the last audited accounts of the Company and its subsidiary companies which have adversely affected the trading or the value of the assets of the Company or its subsidiary companies;
- (c) The current assets of the Company and its subsidiary companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) Save as disclosed in Section 5.8 "Working Capital, Borrowings and Contingent Liabilities" of this Prospectus, no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or its subsidiary companies; and
- (e) Save as disclosed in the Accountants' Report as set out in Section 11 of this Prospectus, there have been no changes to the published reserves or any unusual factors affecting the profits of the Company and its subsidiary companies since the last audited accounts of the Company and its subsidiary companies.

Yours faithfully

For and on behalf of the Board of Directors of
GHL SYSTEMS BERHAD

TAY BENG LOCK
Group Managing Director

11. ACCOUNTANTS' REPORT



Anuarul Azizan Chew & Co (AF 0791)
Chartered Accountants

18 Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur
Malaysia

Tel 603 40417233
Fax 603 40410395
E mail aacco@tm.net.my
Website www.morisoninternational.com

27 February 2003

The Board of Directors
GHL Systems Berhad
(formerly known as GHL Systems Sdn. Bhd.)
37 Cangkat Bukit Bintang
50200 Kuala Lumpur

Dear Sirs

Accountants' Report

This report has been prepared by Anuarul Azizan Chew & Co., an approved company auditors, for inclusion in the Prospectus of GHL Systems Berhad (formerly known as GHL Systems Sdn. Bhd.) ("GHL Systems" or "Company") to be dated 6 March 2003, in connection with the public issue of 63,000,000 new ordinary shares of RM0.10 each in GHL Systems at an issue price of RM0.20 per share payable in full on application and the listing of and quotation for the entire issued and paid-up share capital of GHL Systems on the MESDAQ Market of the Kuala Lumpur Stock Exchange.

The report has been prepared on a basis consistent with the accounting policies normally adopted by GHL Systems, which are in accordance with the applicable Approved Accounting Standards issued or adopted by the Malaysian Accounting Standards Board.

1 General Information

1.1 Background

The Company was incorporated in Malaysia under the Companies Act, 1965 on 29 March 1994 as Info Era (Kuantan) Sdn. Bhd., as a private limited company. Subsequently, the Company changed its name to GHL Automation (Kuantan) Sdn. Bhd. and later assumed its name as GHL Systems Sdn. Bhd. on 30 January 1999. GHL Systems was converted into a public limited company on 16 July 2002. On 28 December 1998, GHL Systems was granted MSC status by Multimedia Development Corporation Sdn. Bhd.

1.2 Principal Activities

GHL Systems is principally engaged in developing and selling in-house software programme and WHOOPS business. The subsidiary companies are primarily dealing with electronic draft capture ("EDC") equipment and related services, inclusive of rental, installation, training and maintenance.



1.3 Changes in Share Capital

At the date of incorporation, the authorised share capital of GHL Systems was 100,000 ordinary shares of RM1.00 each. The Company increased its authorised share capital from 100,000 ordinary shares of RM1.00 each to 25,000,000 ordinary shares of RM1.00 each on 15 June 2001. On 29 June 2002, the nominal value of the ordinary share capital was changed from RM1.00 each to RM0.10 each and the authorised share capital was increased from RM25,000,000 to RM50,000,000.

The changes in GHL Systems issued and paid-up share capital since its incorporation are as follows: -

Date of allotment	No. of shares	Par Value	Type of issue	Cumulative issued and paid up share capital
		RM		RM
29.03.1994	2	1.00	Cash	2
05.02.1999	99,998	1.00	Cash	100,000
15.06.2001	5,000,000	1.00	#Non-cash	5,100,000
31.12.2001	500,000	1.00	Bonus issue	5,600,000
31.12.2001	500,000	1.00	Cash	6,100,000
31.12.2001	4,000,000	1.00	Cash	10,100,000
02.01.2002	900,178	1.00	Bonus issue	11,000,178
30.05.2002	4,715,000	1.00	Cash	15,715,178
29.06.2002		0.10	Subdivision of shares of RM1.00 each into shares of RM0.10 each	
				15,715,178
05.07.2002	30,000,000	0.10	Cash	18,715,178

In consideration for the acquisition of software amounting to RM5,000,000 as per the software agreement dated 15 December 2000.

1.4 Restructuring Scheme

The restructuring exercise of GHL Systems and its subsidiary companies, being GHL Transact Sdn. Bhd., GHL Payments Sdn. Bhd., GHL EFTPOS Sdn. Bhd. and PaymentOne Sdn. Bhd. (“GHL Systems Group” or “Group”), involves the following salient information:-

(i) *Acquisition of assets from a vendor related to GHL Technologies Sdn. Bhd. (“GHL Technologies”)*

The acquisition of assets from a vendor related to GHL Technologies involves the acquisition of EDC equipment and other assets amounting to net book value of RM 5,127,820 on 31 May 2002.

(ii) *Issue of shares to BSNC Corporation Berhad (“BSNC”)*

The issuance of 4,715,000 new GHL Systems shares at par value to BSNC for a consideration of RM4,715,000 settled by cash on 30 May 2002.



(iii) *Subdivision of shares*

The ordinary shares of GHL Systems at RM1.00 each was subdivided into 10 ordinary shares at par value of RM0.10 each on 29 June 2002.

(iv) *Rights issue to existing shareholders*

The rights issue of 30,000,000 new GHL Systems shares at par value of RM0.10 each was offered to the shareholders of GHL Systems. The consideration was by way of cash and the rights issue was completed on 5 July 2002.

(GHL Systems changed its name to GHL Systems Berhad on 16 July 2002.)

(v) *Proposed public issue of shares*

Proposed public issue of shares will involve the issuance of 63,000,000 new ordinary shares of RM0.10 each in GHL Systems at an issue price of RM0.20 per share to the public.

(vi) *Proposed Employee Share Option Scheme (ESOS)*

Proposed ESOS will involve the issuance of 25,015,000 new ordinary shares of GHL Systems to the executive directors and employees as per the ESOS by-laws of the Company.

The ESOS shall commence from the date of the Company's listing on the MESDAQ Market of the Kuala Lumpur Stock Exchange and shall be in force for a duration of two (2) years.

1.5 Subsidiary Companies

The subsidiary companies of GHL Systems as at the date of this report and their principal activities are as follows: -

Name of company	Date/Place of incorporation	Authorised share capital	Issued and fully paid-up share capital	Effective Interest (%)	Principal activities
GH L Transact Sdn. Bhd. ("GH L Transact")	25.05.2000 Malaysia	RM 1,000,000	RM 754,000	100	Dealing with EDC equipment and related services, including rental, installation, training and maintenance.
GH L Payments Sdn. Bhd. ("GH L Payments")	08.03.2000 Malaysia	100,000	100,000	100	Dealing with EDC equipment and related services, including rental, installation, training and maintenance.



GHL EFTPOS Sdn. Bhd. ("GHL EFTPOS")	24.04.2001 Malaysia	100,000	100,000	100	Dealing with EDC equipment and related services, including rental, installation, training and maintenance.
PaymentOne Sdn. Bhd. ("PaymentOne")	17.09.2002 Malaysia	500,000	400,000	100	Investment holding and dealing with EDC equipment and related services, including rental, installation, training and maintenance.

1.6 Financial Statements and Auditors

The financial year end of GHL Systems, GHL Transact and GHL Payments were changed from 31 May to 31 December in the year 2001 so as to be co-terminous with the financial year end of BSNC. The latest audited financial statements are in respect of the 10 months period ended 31 October 2002.

No audited financial statement has been prepared for PaymentOne as it was incorporated on 17 September 2002 and has yet to commence active operation.

The auditors' reports on the accounts of all the companies for the periods/years under review were reported on without qualifications.

During the financial year ended 31 May 2000, GHL Systems adopted the Malaysian Accounting Standards Board (MASB) Standards which replaced the corresponding International Accounting Standards (IAS) and Malaysian Accounting Standards (MAS) issued by the Councils of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

Following the MASB Standards, there have been no material changes to the accounting policies of the GHL Systems Group except for the preliminary and pre-operating expenses written off to the income statement in the said financial year by GHL Systems.

The accounting policies of the GHL Systems Group are as stated in section 6.1 of this Report.



2. Summarised Income Statements

2.1 Consolidated Results - GHL Systems Group

The summarised results of the GHL Systems Group are set out below based on their audited financial statements. The proforma consolidated results for the financial years/periods ended 31 May 1997 to 31 October 2002 are provided for illustrative purposes only, based on the assumption that the Group has been in existence upon the incorporation of the subsidiary companies during the year ended 31 May 1997.

	31.05.97	31.05.98	31.05.99	31.05.00	31.05.01	31.12.01	31.10.02
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	-	-	-	1,532	11,067	9,501	21,305
Cost of sales	-	-	-	(224)	(436)	(1,148)	(8,367)
Gross profit	-	-	-	1,308	10,631	8,353	12,938
Other operating income	-	-	-	-	9	65	755
Other operating expenses	-	(14)	(270)	(1,348)	(7,830)	(5,644)	(8,885)
R & D expenses	-	-	-	-	-	-	-
Depreciation	-	-	(63)	(129)	(634)	(1,100)	(2,355)
Profit/(Loss) from operations	-	(14)	(333)	(169)	2,176	1,673	2,453
Financing cost	-	-	-	-	(89)	(170)	(281)
Profit/(Loss) before tax	-	(14)	(333)	(169)	2,087	1,503	2,172
Income tax expense	-	-	-	-	-	-	-
Net Profit/(Loss) for the period	-	(14)	(333)	(169)	2,087	1,503	2,172

	31.05.97	31.05.98	31.05.99	31.05.00	31.05.01	31.12.01	31.10.02
Number of ordinary shares('000)							
(Based on weighted average number of ordinary shares of RM1.00 in issue)	++	++	32	100	100	4,776	#120,279
Net earnings per share (RM)	-	(7,000)	(10.41)	(1.69)	20.87	0.31	0.02
++ Represents RM 2							
# Ordinary shares of RM0.10 each							

Notes: -

- (i) *Deferred expenditure charged to income statement is restated retrospectively as a result of the change in accounting policies in compliance with the Malaysian Accounting Standard Board (MASB) Standard No. 1.*
- (ii) *The proforma consolidated income statements for the past financial years/periods ended 31 May 1997 to 31 October 2002 have been prepared on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the GHL Systems unless they are inconsistent with applicable approved accounting standards in force at the present moment in which case the latter standards have been used retrospectively as the basis of preparation of the consolidated financial results.*



- (iii) *There were no minority interests, exceptional or extraordinary items in the financial years/periods under review.*
- (iv) *The net earnings per ordinary share have been calculated based on the profit/(loss) after taxation and after exceptional items and divided by the weighted average number of ordinary share capital.*
- (v) *Commentary on turnover and profitability of the GHL Systems Companies are illustrated in the respective companies as set out in section 2.2 to section 2.6.*



2.2 GHL Systems - Company level

The summarised results of GHL Systems are set out below based on the audited financial statements of the Company.

	31.05.97	31.05.98	31.05.99	31.05.00	31.05.01	31.12.01	31.10.02
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	-	-	-	1,532	4,218	3,770	11,559
Profit/(Loss) before depreciation and interest	-	(14)	(270)	(40)	1,194	1,456	971
Depreciation	-	-	(63)	(129)	(159)	(329)	(646)
Interest expense	-	-	-	-	-	-	(21)
Interest income	-	-	-	-	2	3	23
Profit/(Loss) before taxation	-	(14)	(333)	(169)	1,037	1,130	327
Taxation	-	-	-	-	-	-	-
Profit/(Loss) after taxation	-	(14)	(333)	(169)	1,037	1,130	327
Weighted average number of ordinary shares of RM1 each in issue during the year/period ('000)	++	++	32	100	100	4,776	#120,278
Gross earnings per share (RM)	-	(7,000)	(10.41)	(1.69)	10.37	0.24	0.003

++ Represents RM2

Ordinary shares of RM0.10 each

Notes to the results of GHL Systems

- (a) Deferred expenditure charged to income statements is restated retrospectively as a result of the change in accounting policies in compliance with the Malaysian Accounting Standards Board (MASB) Standard No.1.
- (b) The gross earnings per share are calculated based on the profit/(loss) before taxation and net profit/(loss) attributable to shareholders of the Company for the financial years respectively divided by the weighted average number of ordinary shares in issue for each financial year/period under review.
- (c) The income statements for the past financial years/periods ended 31 May 1997 to 31 October 2002 have been prepared on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of GHL Systems.



(d) Commentary on turnover and profitability

The analysis of overall turnover and profitability for the past financial years/periods ended 31 May 2000 to 31 October 2002 are set out below:-

	31.05.2000 RM'000	31.05.2001 RM'000	31.12.2001 RM'000	31.10.2002 RM'000
Revenue	1,532	4,218	3,770	11,559
Less: Cost of sales	(224)	(70)	(351)	(6,210)
Gross profit	1,308	4,148	3,419	5,349
Gross profit margin (%)	85.4	98.3	90.7	46.3

Revenue is mainly represented by the fees received/receivable from the software related services provided, sales of software and hardware products and WHOOPS.

The gross profit margin shows a downward trend for the periods ended 31 December 2001 and 31 October 2002 as a result of the increase of sales of WHOOPS which have a lower profit margin.

For the financial year ended 31 May 2000, the Company recorded a turnover of RM1.53 million for the year which was mainly contributed by the EDC software licence fee charged to GHJ Technologies, a company in which the Directors have financial interest. EDC software licence fee contributed to approximately 75% of the total turnover.

For the financial year ended 31 May 2001, the Company turnover shown an upward trend which recorded at RM4.2 million represented an increase of RM 2.68 million or 175% compared to the year ended 31 May 2000. The increase in turnover was mainly contributed by the increase in EDC software licence fee and software projects namely BP loyalty software customised programme undertaken by the Company. Software projects are provided on an ad-hoc basis.

For the financial period ended 31 December 2001, the Company recorded a turnover of RM3.77 million which represented a decline of 11%. The reduction in turnover was due to a change in the financial year. The turnover figure represents the Company's income for a period of 7 months.

For the 10 months period ended 31 October 2002, the Company recorded a turnover of approximately RM11.56 million which is an increase of RM7.79 million or equivalently 207% increase from the last financial period ended 31 December 2001. This was mainly contributed by an increase in sales of WHOOPS. However, the gross profit margin registered for the ten (10) months period was lower due to an increase in sales of WHOOPS which have a lower profit margin.



2.3 GHL Transact

	31.05.01 RM'000	31.12.01 RM'000	31.10.02 RM'000
Turnover	5,803	4,553	11,657
Profit before depreciation and interest	1,140	971	2,977
Depreciation	(207)	(543)	(1,091)
Interest expense	(20)	(70)	(187)
Interest income	-	9	3
Profit before taxation	913	367	1,702
Taxation	-	-	-
Profit after taxation	913	367	1,702
Weighted average number of ordinary shares of RM1 each in issue during the year/period ('000)	754	754	754
Gross earnings per share (RM)	1.21	0.49	2.26

Notes to the results of GHL Transact

- (a) The gross earnings per share are calculated based on the profit before taxation for the financial year/periods divided by the number of ordinary shares in issue for each financial year/periods under review.
- (b) The income statements for the past financial year/periods ended 31 May 2001 to 31 October 2002 have been prepared on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of GHL Transact.
- (c) Commentary on turnover and profitability

The analysis of overall turnover and profitability for the past financial year/periods ended 31 May 2001 to 31 October 2002 are set out below:-

	31.05.01 RM'000	31.12.01 RM'000	31.10.02 RM'000
Revenue	5,803	4,553	11,657
Gross profit	5,455	3,687	5,629
Gross profit margin (%)	94.0	81.0	48.3

Revenue is mainly represented by monthly rental charges for EDC equipment, EDC maintenance contract, EDC host connection charges and sign up fee.

The lower gross profit margin for the period ended 31 December 2001 was mainly due to the higher cost of the maintenance contract entered into by the company.



For the financial year ended 31 May 2001, the company recorded a turnover of RM5.8 million which mainly contributed by the maintenance related services rendered to GHL Technologies, a company in which the Director of the Company has financial interest. The said services represent approximately 57% of the total turnover.

For the financial period ended 31 December 2001, the company recorded a turnover of RM4.6 million which represented a decline of RM1.2 million or 21%. The reduction in turnover was due to a change in the financial year. The turnover figure of RM4.6 million represents the company's income for a period of 7 months ended 31 December 2001.

For the 10 months period ended 31 October 2002, the company recorded a turnover of approximately RM11.66 million which is a significant increase of RM7.10 million or equivalently 156% increase from the last financial period. The increase in turnover was mainly contributed by EDC rental and sales of EDC equipment. However, a lower gross profit margin was registered for the financial period mainly due to the sales of EDC equipment which have a lower gross profit margin.



2.4 GHL Payments

	31.05.01 RM'000	31.12.01 RM'000	31.10.02 RM'000
Turnover	1,243	617	598
Profit before depreciation and interest	473	333	488
Depreciation	(268)	(188)	(410)
Interest expense	(69)	(100)	(73)
Interest income	-	-	-
Profit before taxation	136	45	5
Taxation	-	-	-
Profit after taxation	136	45	5
Weighted average number of ordinary shares of RM1 each in issue during the year/period ('000)	100	100	100
Gross earnings per share (RM)	1.36	0.45	0.05

Notes to the results of GHL Payments

- (a) The gross earnings per share are calculated based on the profit before taxation for the financial year/periods divided by the number of ordinary shares in issue for each financial year/periods under review.
- (b) The income statements for the past financial year/periods ended 31 May 2001 to 31 October 2002 have been prepared on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of GHL Payments.
- (c) Commentary on turnover and profitability

The analysis of overall turnover and profitability for the financial year/periods ended 31 May 2001 to 31 October 2002 are set out below:-

	31.05.01 RM'000	31.12.01 RM'000	31.10.02 RM'000
Revenue	1,243	617	598
Gross profit	1,028	495	558
Gross profit margin (%)	82.7	80.2	93.3

Revenue is mainly represented by monthly rental charges for EDC equipment in respect of the provision of EDC services to AmBank.

Generally, the company's gross profit margin was consistent for the financial year/periods ended 31 May 2001 to 31 October 2002 respectively. Cost of sales were mainly represented by EDC maintenance services rendered by GHL Transact.



For the financial year ended 31 May 2001, the company recorded a turnover of RM1.24 million which was mainly contributed by EDC monthly rental received from merchants.

For the financial period ended 31 December 2001, the company recorded a decline in turnover, registering a turnover of RM0.62 million which represented a decline of RM0.63 million or 50.36%. The reduction in turnover was due to the change in the financial year. The turnover figure of RM0.62 million represented the company's income for a period of 7 months ended 31 December 2001.

For the 10 months period ended 31 October 2002, the company recorded a turnover and gross profit of approximately RM0.60 million and RM0.56 million respectively. However, a higher gross profit margin was registered for the financial period due to the reduction in EDC maintenance services costs.



2.5 GHLEFTPOS

	31.12.01 RM'000	31.10.02 RM'000
Turnover	752	1,854
Profit before depreciation and interest	1	349
Depreciation	(40)	(208)
Interest expense	-	-
Interest income	-	-
(Loss)/Profit before taxation	(39)	141
Taxation	-	-
(Loss)/Profit after taxation	(39)	141
Weighted average number of ordinary shares of RM1 each in issue during the year/period ('000)	100	100
Gross earnings per share (RM)	(0.39)	1.41

Notes to the results of GHLEFTPOS

- (a) The gross earnings per share are calculated based on the (loss)/profit before taxation for the financial period divided by the number of ordinary shares in issue for each financial period under review.
- (b) Commentary on turnover and profitability

The analysis of overall turnover and profitability for the past financial periods ended 31 December 2001 and 31 October 2002 respectively are set out below:-

	31.12.01 RM'000	31.10.02 RM'000
Revenue	752	1,854
Gross profit	752	1,401
Gross profit margin (%)	100.0	75.6

For the financial period ended 31 December 2001, the company recorded a revenue of RM0.75 million. Revenue mainly represented by monthly rental charges for EDC equipment, and related services to related companies.

However, for the 10 months period ended 31 October 2002 the company recorded a revenue of RM1.85 million, which is an increase of approximately RM1.10 million from the previous financial period. The increase in turnover was mainly contributed by EDC rental and credit card sales. However, a lower gross profit margin was registered for the financial period mainly due to the increase of EDC maintenance service costs.



2.6 PaymentOne

	31.10.02 RM
Turnover	-
Loss before depreciation and interest	(2,500)
Depreciation	-
Interest expense	-
Interest income	-
Loss before taxation	(2,500)
Taxation	-
Loss after taxation	(2,500)
Weighted average number of ordinary shares of RM1 each in issue during the year/period ('000)	2
Gross earnings per share (RM)	(1,250)

Notes to the results of PaymentOne

- (a) The company was incorporated on 17 September 2002. The first set of financial statement drawn up was for the period from 17 September 2002 to 31 October 2002.
- (b) The gross earnings per share are calculated based on the loss before taxation for the financial period divided by the number of ordinary shares in issue for the financial period under review.



3 Dividends

GHL Systems and its subsidiary companies did not declare any dividends during the years/periods under review.

4 Summarised Balance Sheets

4.1 GHL Systems Group

The proforma consolidated balance sheets of the GHL Systems Group based on the audited balance sheets are set out below: -

	31.05.97 RM'000	31.05.98 RM'000	31.05.99 RM'000	31.05.00 RM'000	31.05.01 RM'000	31.12.01 RM'000	31.10.02 RM'000
ASSETS EMPLOYED							
Property, plant and equipment	-	-	129	228	6,491	11,657	14,355
Goodwill on consolidation	-	-	-	-	(854)	3,046	1,624
Current assets	++	++	3	270	8,039	7,728	12,290
Current liabilities	(4)	(18)	(383)	(918)	(9,841)	(8,351)	(6,694)
Net current assets/(liabilities)	(4)	(18)	(380)	(647)	(1,802)	(623)	5,596
	(4)	(18)	(251)	(419)	3,835	14,080	21,575
FINANCED BY							
Share capital	++	++	100	100	100	10,100	18,715
(Accumulated losses) / Retained profits	(4)	(18)	(351)	(519)	1,567	2,570	2,420
	(4)	(18)	(251)	(419)	1,667	12,670	21,135
Long term liabilities							
- Term loan	-	-	-	-	946	577	-
- Lease creditors	-	-	-	-	1,222	833	440
	(4)	(18)	(251)	(419)	3,835	14,080	21,575

++ Represents RM2

Note: The proforma consolidated balance sheets of the GHL Systems Group as at the end of the financial years/periods ended 31 May 1997 to 31 October 2002 were arrived at after making necessary adjustments as we considered appropriate for the respective years.



4.2 GH L SYSTEMS – COMPANY LEVEL

The summarised balance sheets based on the audited financial statements of GH L Systems for the past financial years/periods ended 31 May 1997 to 31 October 2002 are set out below:-

	31.05.97 RM'000	31.05.98 RM'000	31.05.99 RM'000	31.05.00 RM'000	31.05.01 RM'000	*31.12.01 RM'000	31.10.02 RM'000
ASSETS EMPLOYED							
Property, plant and equipment	-	-	129	228	205	5,468	5,441
Investment in subsidiaries	-	-	-	-	-	4,000	4,000
Current assets	++	++	3	270	1,344	2,556	11,356
Current liabilities	(4)	(18)	(383)	(918)	(931)	(776)	(1,387)
Net current (liabilities)/assets	(4)	(18)	(379)	(647)	413	1,780	9,969
	(4)	(18)	(251)	(419)	618	11,248	19,410
FINANCED BY							
Share capital	++	++	100	100	100	10,100	18,715
(Accumulated losses)/Retained Profits	(4)	(18)	(351)	(519)	518	1,148	575
	(4)	(18)	(251)	(419)	618	11,248	19,290
Long term liabilities							
-Lease creditors	-	-	-	-	-	-	120
	(4)	(18)	(251)	(419)	618	11,248	19,410
Net tangible assets per share (RM)	(2,000)	(9,000)	(2.51)	(4.19)	6.18	2.36	0.16
Net tangible assets per share net of computer software (RM)	(2,000)	(9,000)	(2.51)	(4.19)	6.18	1.36	0.12
Shareholders' fund	(4)	(18)	(251)	(419)	618	11,248	19,290
Return on shareholders' funds (%)	-	-	-	-	167.84	10.04	1.70

++ Represents RM2

Note: Deferred expenditure charged to income statements is restated retrospectively as a result of the change in accounting policies in compliance with the Malaysian Accounting Standard Board (MASB) Standard No.1

** The Company has changed its financial year end from 31 May to 31 December in order to be co-terminous with the financial year end of BSNC.*



4.3 GHIL TRANSACT

The summarised balance sheets based on the audited financial statements of GHIL Transact for the past financial year/periods ended 31 May 2001 to 31 October 2002 are set out below:-

	31.05.01 RM'000	*31.12.01 RM'000	31.10.02 RM'000
ASSETS EMPLOYED			
Property, plant and equipment	4,481	3,199	5,657
Current assets	3,939	4,529	8,441
Current liabilities	(5,531)	(4,861)	(4,863)
Net current liabilities	(1,592)	(331)	3,578
	2,889	2,868	9,235
FINANCED BY			
Share capital	754	754	754
Retained profits	913	1,281	2,982
	1,667	2,035	3,736
Long term liabilities			
-Lease creditor	1,222	833	320
-Amount due to holding company	-	-	5,179
	2,889	2,868	9,235
Net tangible assets per share (RM)	2.21	2.70	4.95
Shareholders' fund	1,667	2,035	3,736
Return on shareholders' funds (%)	54.76	18.07	45.56
Total borrowings (all interest bearing debts)	1,889	1,500	1,032

Note: Adjustment has been made for other debtors and other creditors to set off common debtors and creditors maintained in both accounts.

** The Company has changed its financial year end from 31 May to 31 December in order to be co-terminous with the financial year end of the holding company.*



4.4 GHIL PAYMENTS

The summarised balance sheets based on the audited financial statements of GHIL Payments for the past financial year/periods ended 31 May 2001 to 31 October 2002 are set out below:-

	31.05.01 RM'000	*31.12.01 RM'000	31.10.02 RM'000
ASSETS EMPLOYED			
Property, plant and equipment	1,804	2,314	1,904
Current assets	2,756	502	831
Current liabilities	(3,378)	(1,958)	(2,401)
Net current liabilities	(622)	(1,456)	(1,570)
	1,182	858	334
FINANCED BY			
Share capital	100	100	100
Retained profits	136	181	186
	236	281	286
Long term liabilities			
-Term loan	946	577	-
-Amount due to holding company	-	-	48
	1,182	858	334
Net tangible assets per share (RM)	2.36	2.81	2.86
Shareholders' fund	236	281	286
Return on shareholders' funds (%)	57.69	15.98	1.72
Total borrowings (all interest bearing debts)	1,954	1,585	112

Note: Adjustment has been made for other debtors and other creditors to set off common debtors and creditors maintained in both accounts.

** The company has changed its financial year end from 31 May to 31 December in order to be co-terminous with the financial year end of the holding company.*



4.5 GHLEFTPOS

The summarised balance sheets based on the audited financial statements of GHLEFTPOS for the periods ended 31 December 2001 and 31 October 2002 are set out below:-

	RM'000	RM'000
ASSETS EMPLOYED		
Property, plant and equipment	677	1,353
Current assets	508	539
Current liabilities	(1,124)	(721)
Net current liabilities	(616)	(182)
	<u>61</u>	<u>1,171</u>
FINANCED BY		
Share capital	100	100
(Accumulated losses)/Retained profits	(39)	102
	61	202
Long term liabilities		
-Amount due to holding company	-	969
	<u>61</u>	<u>1,171</u>
Net tangible assets per share (RM)	0.61	2.02
Shareholders' fund	61	202
Return on shareholders' funds (%)	(63.81)	69.81
Total borrowings (all interest bearing debts)	-	-



4.6 PaymentOne

The summarised balance sheets based on the management financial statements of PaymentOne for the period ended 31 October 2002 are set out below:-

	31.10.02 RM
ASSETS EMPLOYED	
Current assets	402,002
Current liabilities	(404,500)
Net current liabilities	(2,498)
	<u>(2,498)</u>
FINANCED BY	
Share capital	2
Accumulated losses	<u>(2,500)</u>
	<u>(2,498)</u>
Net tangible liabilities per share (RM)	(1,249.00)
Shareholders' fund	(2,498)
Return on shareholders' funds (%)	NA
Total borrowings (all interest bearing debts)	-



5. Statement of Assets and Liabilities

The following are the statements of assets and liabilities of the Company and of the Group as at 31 October 2002 based on their audited financial statements. The proforma Group statement incorporates the public issue of 63 million new ordinary shares of RM0.10 and full exercise of ESOS Options of 25.015 million new ordinary shares of RM0.10 each, at an issue price of RM0.20 per share and estimated listing expenses of RM1.306 million.

The statements should be read in conjunction with the notes set out in Section 6.

	Note	The Company as at 31.10.2002 RM	The Group as at 31.10.2002 RM	The Group As at 31.10.2002 after Public Issue RM	The Group As at 31.10.2002 After Public Issue and full exercise of ESOS Options RM
Property, plant & equipment	6.2	5,441,211	14,355,109	14,355,109	14,355,109
Investment in subsidiary companies	6.3	4,000,002	-	-	-
Goodwill on consolidation		-	1,623,556	1,623,556	1,623,556
		9,441,213	15,978,665	15,978,665	15,978,665
Current Assets					
Inventories	6.4	793,829	1,953,147	13,247,147	13,247,147
Trade receivables		875,071	5,917,349	5,917,349	5,917,349
Other receivables		709,847	807,554	807,554	807,554
Amount owing by subsidiary companies		6,597,091	-	-	-
Fixed deposits placed with licensed banks		1,456,665	1,756,665	1,756,665	1,756,665
Cash and bank balances	6.5	923,266	1,855,140	1,855,140	6,858,140
		11,355,769	12,289,855	23,583,855	28,586,855
Current Liabilities					
Trade payables		995,775	3,679,283	3,679,283	3,679,283
Other payables		156,023	1,954,709	1,954,709	1,954,709
Term loan	6.6	-	112,000	112,000	112,000
Lease creditors	6.7	235,524	947,542	947,542	947,542
		1,387,322	6,693,534	6,693,534	6,693,534
Net Current Assets		9,968,447	5,596,321	16,890,321	21,893,321
		19,409,660	21,574,986	32,868,986	37,871,986
Represented by :-					
Share capital	6.8	18,715,178	18,715,178	25,015,178	27,516,678
Share premium	6.9	-	-	4,994,000	7,495,500
Retained profits		574,463	2,419,897	2,419,897	2,419,897
Shareholders' equity		19,289,641	21,135,075	32,429,075	37,432,075



		The Company as at 31.10.2002	The Group as at 31.10.2002	The Group as at 31.10.2002 after Public Issue	The Group as at 31.10.2002 after Public Issue and full exercise of ESOS
Long Term Liabilities :-					
Lease creditors	6.7	120,019	439,911	439,911	439,911
		19,409,660	21,574,986	32,868,986	37,871,986
No of ordinary shares of RM0.10 each in issue		187,151,780	187,151,780	250,151,780	275,166,780
NTA		19,289,641	19,511,519	30,805,519	35,808,519
NTA/share		0.10	0.10	0.12	0.13
NTA net of Computer Software #		14,956,307	15,178,185	26,472,185	31,475,185
NTA net of Computer Software/share		0.08	0.08	0.11	0.11

The definition of computer software is stated in notes to the statement of assets and liabilities 6.1(e).

6 Notes to the Statement of Assets and Liabilities

6.1 Summary of significant accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

(b) Basis of consolidation

The consolidated statements of assets and liabilities consolidate the financial statements of GHL Systems and all its subsidiary companies. Inter-company transactions are eliminated upon consolidation and the consolidated accounts reflect external transactions only.

(c) Goodwill on consolidation

The difference between the costs of acquisition and the underlying net asset value of the subsidiary companies at the date of acquisition at the date of acquisition are included in the Group financial statements as goodwill on consolidation.

No amortisation has been provided on the value of goodwill of the Company as the Directors are of the opinion that there is no permanent impairment to the value of the goodwill.



(d) Investment in subsidiary companies

A subsidiary is a company in which GHJ Systems controls the composition of its Board of Directors or more than half of its voting power, or holds more than half of its issued ordinary share capital.

Investment in subsidiary companies is stated at cost and written down when the Directors consider that there is a permanent diminution in the value of such investment.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

All property, plant and equipment are depreciated on a straight-line method at rates calculated to write off the cost of the assets over their estimated useful lives.

The principal annual rates used are as follows:-

EDC equipment	20%
Computer equipment	33%
Computer software	10%
Furniture, fittings & equipment	10%
Motor vehicles	20%

Computer software represents all intellectual property rights including source programs, flow charts and documentation. Computer software has been classified as property, plant and equipment as the Directors are of the opinion that the computer software is held by the Company for use in the production or supply of goods or services, for rental to others, or for administrative or maintenance purposes and are expected to be used during more than one reporting period.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value, where cost is determined on first-in-first-out basis. The cost includes all those expenses, which relate to bringing the inventories to its present location and condition.

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

(g) Revenue recognition

- (i) EDC rental is recognised on an accrual basis.
- (ii) General sales are recognised upon delivery of products and customer acceptance, if any, or performances of services.
- (iii) Maintenance and project revenue is recognised when the services are rendered.



(h) Assets under lease

Assets under lease which in substance transfer the risks and benefits of ownership of the assets to the Company are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets at the beginning of the lease terms. Such lease assets are subject to depreciation consistent with that for depreciable assets which are owned.

(i) Foreign currencies

Transactions arising in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates. Assets and liabilities in foreign currencies are translated into Ringgit Malaysia at the approximate rates prevailing at the balance sheet date. All exchange differences are dealt with in the income statements.

(j) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short-term highly liquid investments that are readily convertible to cash and are subject to insignificant risk of changes in value.

(k) Deferred taxation

Deferred taxation is provided under the liability method in respect of material timing differences between accounting income and taxable income except to the extent that it can be demonstrated with reasonable probability that these timing differences will continue in the foreseeable future. Timing differences that give rise to debit balances are not taken into account.



6.2 PROPERTY, PLANT AND EQUIPMENT

Group	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value at 31.10.02 RM'000
At cost:			
Computer equipment	1,102	608	494
EDC equipment	10,161	2,002	8,159
Computer software	5,000	667	4,333
Furniture, fittings & equipment	299	31	268
Motor vehicle	886	130	756
Renovation	449	103	346
	<u>17,897</u>	<u>3,541</u>	<u>14,356</u>

Company	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value at 31.10.02 RM'000
At cost:			
Computer equipment	769	511	258
EDC equipment	-	-	-
Computer software	5,000	667	4,333
Furniture, fittings & equipment	80	19	61
Motor vehicle	870	125	745
Renovation	46	2	44
	<u>6,765</u>	<u>1,324</u>	<u>5,441</u>

6.3 INVESTMENT IN SUBSIDIARY COMPANIES

The subsidiary companies and shareholdings therein are as follows:-

Name of Company	Country of incorporation	Equity interest	Principal activity
GHL Transact	Malaysia	100	Dealing with EDC equipment and related services, including rental, installation, training and maintenance.
GHL Payments	Malaysia	100	Dealing with EDC equipment and related services, including rental, installation, training and maintenance.



GHL EFTPOS	Malaysia	100	Dealing with EDC equipment and related services, including rental, installation, training and maintenance.
PaymentOne	Malaysia	100	Investment holding and dealing with EDC equipment and related services, including rental, installation, training and maintenance.

6.4 INVENTORIES

	Group RM'000
'WHOOPS'	794
EDC equipment and parts	1,159
As at 31 October 2002 before Public issue	<u>1,953</u>
EDC terminals and peripherals, PinPads and chips for the EDC terminals	11,294
As at 31 October 2002 after Public issue	<u><u>13,247</u></u>

6.5 CASH AND BANK BALANCES

	Group RM'000
As at 31 October 2002	1,855
Proceeds from full exercise of ESOS options	5,003
As at 31 October 2002 after full exercise of ESOS options	<u><u>6,858</u></u>

The proceeds from public issue, net of listing expenses, of RM11.294 million are expected to be utilised for acquisition of inventories as set out in Note 6.4 to the Statement of Assets and Liabilities.



6.6 TERM LOAN

	Group RM'000
Term loan	112
Repayable within 12 months	112
Repayable after 12 months	-
	<u>112</u>

The term loan is secured by way of a specific debenture over the credit card terminals known as EDC equipment of a subsidiary company, both present and future over the subsidiary's EDC equipment and jointly and severally guaranteed by three(3) of the Directors of the Company.

Full amount of the above term loan has been settled on 29 November 2002.

6.7 LEASE CREDITORS

	Group RM'000	Company RM'000
(a) Future minimum payments		
-Payable within one year	1,045	258
-Payable between one and five years	451	123
	<u>1,496</u>	<u>381</u>
Less: Finance charges	(109)	(26)
	<u>1,387</u>	<u>355</u>
(b) Present value representing lease liabilities		
-Repayable within one year	947	235
-Repayable between one and five years	440	120
	<u>1,387</u>	<u>355</u>



6.8 SHARE CAPITAL

	Group/ Company RM'000
Authorised: 500,000,000 ordinary shares of RM0.10 each	50,000
Issued and fully paid up:	
- As at 31 December 2001	10,100
- Bonus issue as at 2 January 2002	900
Special issue of 4,715,000 ordinary shares of RM1.00 each	4,715
Rights issue of 30,000,000 ordinary shares of RM0.10 each	3,000
Issued and fully paid up	18,715
Public issue of 63,000,000 ordinary shares of RM0.10 each	6,300
Full exercise of ESOS Options of 25,015,000 ordinary shares of RM0.10 each	2,502
	27,517

6.9 SHARE PREMIUM

	Group RM'000
Arising from public issue	6,300
Arising from full exercise of ESOS Options	2,502
	8,802
Less: Listing expenses written off	1,306
	7,496

6.10 CONTINGENT LIABILITIES

	Group/ Company RM'000
Bank guarantees	900



6.11 TAXATION

No provision for taxation is made for the current financial period as the Company has no chargeable income due to utilisation of unabsorbed tax losses and unutilised capital allowances brought forward from the previous years.

The Company has unutilised capital allowances amounting to approximately RM174,934 available for carry forward to set-off against future taxable profits. The said amount is subject to approval by the tax authorities.

In addition, the Company obtained its MSC-status on 28 December 1998 which entitles the Company to tax exemption for a period of 5 years commencing from 1 June 1999 and the tax exemption is extendable for another 5 years.



7 CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement of the Group for the ten(10) months ended 31 October 2002 is set out below based on the audited financial statements of the Company and its subsidiary companies as at 31 October 2002.


GHL SYSTEMS BERHAD CONSOLIDATED CASH FLOW STATEMENT FOR THE 10 MONTHS PERIOD ENDED 31 OCTOBER 2002


	Group Period ended 31.10.2002 RM	Company Period ended 31.10.2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	2,172,437	327,003
Adjustments for :-		
Depreciation of property, plant and equipment	2,355,448	646,032
Loss on disposal of property, plant and equipment	621,395	-
Loss on foreign exchange	3,143	1,498
Interest income	(28,364)	(23,355)
Interest expense	280,849	-
Operating profit before working capital changes	5,404,908	951,178
Decrease/(Increase) in working capital		
Inventories	(1,468,429)	(498,323)
Receivables	363,007	139,177
Payables	(2,552,343)	537,328
Amount owing by/(to) subsidiary companies	-	(6,571,419)
	(3,657,765)	(6,393,237)
Cash generated from/(used in) operations	1,747,143	(5,442,059)
Interest received	28,364	23,355
Interest paid	(280,849)	-
	(252,485)	23,355
Net cash from/(used in) operating activities	1,494,658	(5,418,704)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,783,571)	(389,408)
Proceeds from disposal of property, plant and equipment	338,989	-
Purchase of associated company	(1,995)	(1,995)
Disposal of associated company	1,995	1,995
Net cash outflow on acquisition of subsidiary companies	-	(2)
Net cash used in investing activities	(5,444,582)	(389,410)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of hire purchase	240,000	240,000
Repayment of lease payables	(582,568)	(114,457)
Repayment of term loans	(1,473,015)	-
Proceeds from issue of shares	7,715,000	7,715,000
Net cash from financing activities	5,899,417	7,840,543



NET INCREASE IN CASH AND CASH EQUIVALENTS	1,949,493	2,032,429
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1,662,312	347,502
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	<u>3,611,805</u>	<u>2,379,931</u>
Closing balance of cash and cash equivalents comprises :		
Cash and bank balances	1,855,140	923,266
Fixed deposits placed with licensed banks	1,756,665	1,456,665
	<u>3,611,805</u>	<u>2,379,931</u>

Yours faithfully


ANUARUL AZIZAN CHEW & CO
 Chartered Accountants
 Firm Number: AF 0791


TEE GUAN PIAN
 Partner
 Approval Number: 1886/05/04 (J/PH)

12. PRO-FORMA CONSOLIDATED BALANCE SHEETS OF THE GHL SYSTEMS GROUP AS AT 31 OCTOBER 2002, TOGETHER WITH THE BASES AND ASSUMPTIONS, AND THE AUDITORS' LETTER THEREON

 **AnuarulAzizanChew**

Anuarul Azizan Chew & Co (AF 0791)
Chartered Accountants

18 Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur
Malaysia

Tel 603 40417233
Fax 603 40410395
E mail aacco@tm.net.my
Website www.morisoninternational.com

27 February 2003

The Board of Directors
GHL Systems Berhad
(formerly known as GHL Systems Sdn Bhd)
37 Cangkat Bukit Bintang
50200 Kuala Lumpur

Dear Sirs,


**GHL SYSTEMS BERHAD (formerly known as GHL Systems Sdn Bhd)
REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
BALANCE SHEET**


We have reviewed the proforma consolidated balance sheets of GHL Systems Berhad (formerly known as GHL Systems Sdn Bhd) ("GHL Systems") and its subsidiary companies ("the Group") as at 31 October 2002 together with the notes thereon (for which the Directors are solely responsible) as set out in Schedules A and B respectively, which we have stamped for the purpose of identification.

This letter has been prepared at your request for the sole purpose of providing information for incorporation into the Prospectus to be dated 6 March 2003 in relation to the listing of GHL Systems on the MESDAQ Market of the Kuala Lumpur Stock Exchange ("MESDAQ Market").

In our opinion, the proforma consolidated balance sheets (as set out in Schedule A), which have been prepared for illustrative purposes only, have been properly prepared on a basis consistent with the accounting policies normally adopted by the Group and those set out in the accompanying notes (as set out in Schedule B).

Yours faithfully


ANUARUL AZIZAN CHEW & CO.
Chartered Accountants
Firm Number: AF 0791

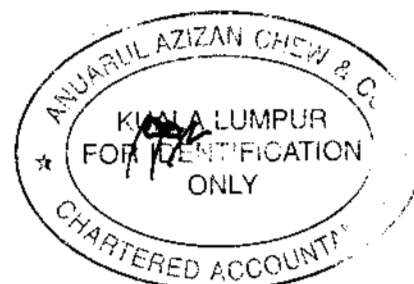

TEE GUAN PIAN
Partner
Approval Number: 1886/05/04 (J/PH)



Schedule A

GHL SYSTEMS BHD
Proforma Consolidated Balance Sheet as at 31 October 2002

	Audited Balance Sheet of GHLS as at 31.10.2002 RM	Proforma Group after public issue RM	Proforma Group after full exercise of ESOS RM
Property, Plant & Equipment	14,355,109	14,355,109	14,355,109
Goodwill on Consolidation	1,623,556	1,623,556	1,623,556
	<u>15,978,665</u>	<u>15,978,665</u>	<u>15,978,665</u>
Current Assets			
Inventories	1,953,147	1,953,147	1,953,147
Trade Receivables	5,917,349	5,917,349	5,917,349
Other Receivables	807,554	807,554	807,554
Fixed Deposit placed with licensed banks	1,756,665	1,756,665	1,756,665
Cash and Bank balances	1,855,140	13,149,140	18,152,140
	<u>12,289,855</u>	<u>23,583,855</u>	<u>28,586,855</u>
Current Liabilities			
Trade Payables	3,679,283	3,679,283	3,679,283
Other Payables	1,954,709	1,954,709	1,954,709
Lease creditors	947,542	947,542	947,542
Term loan	112,000	112,000	112,000
	<u>6,693,534</u>	<u>6,693,534</u>	<u>6,693,534</u>
Net current assets	<u>5,596,321</u>	<u>16,890,321</u>	<u>21,893,321</u>
	<u>21,574,986</u>	<u>32,868,986</u>	<u>37,871,986</u>
Represented by:-			
Share Capital	18,715,178	25,015,178	27,516,678
Share Premium	-	4,994,000	7,495,500
Retained Profits	2,419,897	2,419,897	2,419,897
Shareholders' equity	<u>21,135,075</u>	<u>32,429,075</u>	<u>37,432,075</u>
Long term liabilities:-			
Lease creditors	439,911	439,911	439,911
	<u>21,574,986</u>	<u>32,868,986</u>	<u>37,871,986</u>
No of ordinary shares of RM 0.10 each in issue	187,151,780	250,151,780	275,166,780
Net tangible assets per Ordinary share (RM)	0.10	0.12	0.13
Net tangible assets net of Computer Software per Ordinary share(RM)	0.08	0.11	0.11





Schedule B

GHL SYSTEMS BERHAD

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2002

1. The proforma consolidated balance sheet of GHL Systems has been prepared for illustrative purposes only and on a basis consistent with accounting policies normally adopted by the Group and is based on the audited financial statements of GHL Systems as at 31 October 2002.

2. The proforma consolidated balance sheet involves the following:-

(i) Public Issue

The Issue of 63,000,000 new ordinary share of RM0.10 each at an issue price of RM0.20 per share. The listing expenses of RM1.30 million have been set-off against the share premium account.

(ii) ESOS

Proposed ESOS will involve the issuance of 25,015,000 new ordinary shares of GHL Systems at an issue price of RM0.20 per share to the employees as per the ESOS bye-laws.

The ESOS shall commence from the date of the Company's listing on the MESDAQ Market of the Kuala Lumpur Stock Exchange and shall be in force for a duration of two(2) years.





3. Utilisation of Proceeds

The Company expects the gross proceeds of the Public Issue amount to RM12.6 million. The proceeds shall accrue to the Company and the Company shall bear all expenses relating to the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market.

The proceeds from the Issue of RM12.6 million are expected to be utilised for the following purposes:-

Purpose	RM
Working capital	11,294,000
Estimated listing expenses	1,306,000
	12,600,000

It is intended that the above-mentioned proceeds of RM12.6 million will be utilised within 24 months from the listing date

4. The movement of the issued and paid-up share capital of GHL Systems is as follows:-

	RM
Balance as at 2 January 2002	11,000,178
Special issue	4,715,000
Rights issue	3,000,000
Public issue	6,300,000
Full exercise of ESOS options	2,501,500
Balance after full exercise of ESOS option	27,516,678

5. The movement of the share premium account is as follows:-

	RM
Arising from public issue	6,300,000
Arising from full exercise of ESOS options	2,501,500
	8,801,500
Less: Estimated listing expenses written off	1,306,000
	7,495,500

