Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the Definitions section of this Abridged Prospectus.
Unless otherwise stated, the unit of currency used in this Abridged Prospectus is Ringgit Malaysia or "RM" in abbreviation.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all the GHL Shares, you should at once hand this Abridged Prospectus together with the NPA (as defined herein) and the RSF (as defined herein) to the agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue (as defined herein), which is the subject of this Abridged Prospectus, should be addressed to the Company's Share Registrar, Tricor Investor Services Sdn Bhd, at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue is not intended to be (and will not be) made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to the persons receiving this Abridged Prospectus and the RSF electronically or otherwise within Malaysia. Accordingly, this Abridged Prospectus and the accompanying documents relating to the Rights Issue will not be despatched to the Entitled Shareholders who do not have a registered address in Malaysia as stated in the Record of Depositors of GHL on the Entitlement Date. It shall be the sole responsibility of the Entitled Shareholders who are or may be subject to the laws of country or jurisdiction other than Malaysia to consult their legal advisers and/or other professional advisers as to whether the acceptance in any manner whatsoever of the Rights Issue would result in the contravention of any law of such country or jurisdiction. Neither GHL, AmInvestment Bank nor any other advisers to the Rights Issue shall accept any responsibility or liability in the event that any acceptance or sale/transfer of the provisional allotment of the Rights Shares made by the Entitled Shareholders and/or their renouncees shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and the RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for their contents.

Approval for the Rights Issue has been obtained from the shareholders of GHL at the EGM held on 2 April 2013. Approval has been obtained from Bursa Securities vide its letter dated 14 December 2012 for the listing of the Rights Shares on the Main Market of Bursa Securities. The listing of the Rights Shares will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renouncees (if applicable) who have subscribed for the Rights Shares, have been duly credited and notices of allotment have been despatched to them. The listing of the Rights Shares on Bursa Securities is in no way reflective of the merits of the Rights Issue.

All the documentation relating to the Rights Issue have been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

AmInvestment Bank, being the Principal Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.

GHL SYSTEMS BERHAD

(Company No. 293040-D)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 36,346,550 NEW ORDINARY SHARES OF RM0.20 EACH IN GHL SYSTEMS BERHAD ("GHL" OR THE "COMPANY") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) ORDINARY SHARES OF RM0.20 EACH IN GHL HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 2 JULY 2013, AT AN ISSUE PRICE OF RM0.24 PER RIGHTS SHARE

Principal Adviser

AmInvestment Bank Berhad
(Company No. 23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	: Tuesday, 2 July 2013 at 5.00 p.m.
Last date and time for the:	
Sale of Provisional Allotment of Rights Shares	: Tuesday, 9 July 2013 at 5.00 p.m.
Transfer of Provisional Allotment of Rights Shares	: Friday, 12 July 2013 at 4.00 p.m.
Acceptance and Payment	: Wednesday, 17 July 2013 at 5.00 p.m.*
Excess Application and Payment	: Wednesday, 17 July 2013 at 5.00 p.m.*

** or such later date and time as the Board may decide in its absolute discretion and announce not less than two (2) Market Days before the stipulated date and time*

This Abridged Prospectus is dated 2 July 2013.

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS. A COPY OF THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

SHAREHOLDERS / INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, INCLUDING, *INTER ALIA*, DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

For the purpose of this Abridged Prospectus, unless where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

Abridged Prospectus	:	This abridged prospectus dated 2 July 2013 issued by GHL
Act	:	The Companies Act, 1965
AmInvestment Bank or Principal Adviser	:	AmInvestment Bank Berhad (Company No. 23742-V)
ASEAN	:	Association of South East Asian Nations
AUD	:	Australian Dollar, the lawful currency of Australia
Baht	:	Thai Baht, the lawful currency of Thailand
Bloomberg	:	Bloomberg (Malaysia) Sdn Bhd (Company No. 462050-K)
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of GHL
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Depository Rules	:	The rules of the Bursa Depository and any of its appendices for the time being
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
Capital Reduction	:	Capital reduction of the issued and paid-up share capital of GHL pursuant to Section 64(1) of the Act, involving the reduction of the par value of every existing ordinary share of RM0.50 each in GHL to RM0.20 each by the cancellation of RM0.30 of each GHL Share
CDS Account(s)	:	The account(s) established by Bursa Depository for the recording of deposit and withdrawal of securities and for the dealing in such securities by the depositor
CMSA	:	Capital Markets and Services Act, 2007
Code	:	Malaysian Code on Take-Overs and Mergers, 2010
Corporate Exercises	:	Collectively, the Capital Reduction, the Increase in Authorised Share Capital, the Rights Issue, the Exemption and the Executives' Share Scheme
EGM	:	Extraordinary General Meeting of GHL held on 2 April 2013
Entitlement Date	:	2 July 2013 at 5.00 p.m., being the date and time at which the names of the shareholder(s) of GHL must appear in the Record of Depositors in order to be entitled to participate in the Rights Issue
Entitled Shareholder(s)	:	Shareholder(s) of GHL whose name(s) appear in the Record of Depositors of the Company on the Entitlement Date
EPS	:	Earnings per Share
ESOS	:	Employees' Share Option Scheme of GHL

Excess Application	:	Application for additional Rights Shares in excess of the Entitled Shareholder's entitlement under the Rights Issue as set out in Section 10.5 of this Abridged Prospectus
Executives' Share Scheme or **Scheme**	:	Establishment of an executives' share scheme of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme
Exemption	:	Exemption under Paragraph 16.1 of Practice Note 9 of the Code to Mr. Loh and the PAC from the obligation to extend a mandatory take-over offer for the remaining GHL Shares not already held by them which may arise pursuant to the Rights Issue
FPE	:	Financial period ended
FYE	:	Financial year(s) ended/ending, as the case may be
GBP	:	Pound Sterling, the lawful currency of the Great Britain and Northern Ireland
GHL or the **Company**	:	GHL Systems Berhad (Company No. 293040-D)
GHL Group or the **Group**	:	GHL and its subsidiaries, collectively
GHL Share(s) or **Share(s)**	:	Ordinary share(s) of RM0.50 each in GHL, or ordinary share(s) of RM0.20 each in GHL after the Capital Reduction, as the case may be
High Court	:	High Court of Malaya
Initial Announcement	:	The announcement made to Bursa Securities on 14 November 2012 in relation to the Corporate Exercises
Increase in Authorised Share Capital	:	Increase in GHL's authorised share capital from RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each to RM500,000,000 comprising 2,500,000,000 ordinary shares of RM0.20 each after the Capital Reduction
LAT	:	Loss after tax
LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	17 June 2013, being the latest practicable date prior to the printing of this Abridged Prospectus
Market Day	:	A day on which Bursa Securities is open for the trading of securities
Member(s)	:	Any person(s) whose names appears in the Record of Depositors as being the holder of a GHL Share
Mr. Loh	:	Mr. Loh Wee Hian, being the single largest shareholder and Executive Vice Chairman of GHL
NA	:	Net assets
NPA	:	Notice of Provisional Allotment pursuant to the Rights Issue
Option(s)	:	Option(s) awarded under the Executives' Share Scheme that is only exercisable pursuant to the provisions of the By-Laws

₱	:	Philippines Peso, the lawful currency of the Philippines
PAC	:	Person acting in concert with Mr. Loh, namely his spouse, Ms. Teo Kwee Hwa
PAT	:	Profit after tax
PBT	:	Profit before tax
Price-Fixing Date	:	18 June 2013, being the date on which the issue price of the Rights Issue was determined and announced by the Company
Record of Depositors	:	The record of depositors in relation to the securities of the Company issued from time to time to the Company at the request of the Company under the provisions of Section 34 of the Securities Industry (Central Depositories) Act 1991 and Chapter 24.0 of the Bursa Depository Rules
Rights Issue	:	Renounceable rights issue of 36,346,550 Rights Shares on the basis of one (1) Rights Share for every four (4) ordinary shares of RM0.20 each in GHL held after the Capital Reduction on the Entitlement Date
Rights Share(s)	:	36,346,550 new GHL Share(s) to be issued under the Rights Issue
RM and **sen**	:	Ringgit Malaysia and sen respectively
RSF	:	Rights Subscription Form pursuant to the Rights Issue
SC	:	Securities Commission Malaysia
Scheme Share(s)	:	GHL Share(s) to be made available for purposes of the Executives' Share Scheme
Share Registrar	:	Tricor Investor Services Sdn Bhd (Company No. 118401-V)
TERP	:	Theoretical ex-rights price
Undertaking	:	The irrevocable undertaking by Mr. Loh vide his letter dated 8 February 2013 to:- (i) subscribe in full for his entitlement of 9,724,959 Rights Shares pursuant to the Rights Issue; and (ii) subscribe the entire portion of the remaining Rights Shares not already subscribed by the Entitled Shareholders and/or their renouncee(s) on a rights basis and any remaining Rights Shares not subscribed by the Entitled Shareholders and/or their renouncee(s) under any excess application
USD	:	United States Dollar, the lawful currency of the United States of America
VWAP	:	Volume-weighted average market price

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

All references to "we", "us" and "our" in this Abridged Prospectus are references to the Company.

All references to "you" and "your" in this Abridged Prospectus are made to the Entitled Shareholders.

Any discrepancy in the figures included in this Abridged Prospectus between the amounts stated and the totals thereof are due to rounding.

TABLE OF CONTENTS

Page

CORPORATE DIRECTORY vii

LETTER TO THE ENTITLED SHAREHOLDERS CONTAINING:-

1. INTRODUCTION 1
2. DETAILS OF THE RIGHTS ISSUE 3
   - 2.1 Introduction 3
   - 2.2 Basis of determining the issue price of the Rights Shares 4
   - 2.3 Ranking of the Rights Shares 4
3. SHAREHOLDER'S UNDERTAKING 4
4. OTHER CORPORATE PROPOSALS APPROVED BUT PENDING COMPLETION 5
5. RATIONALE FOR THE RIGHTS ISSUE AND UTILISATION OF PROCEEDS 6
   - 5.1 Rationale for the Rights Issue 6
   - 5.2 Utilisation of Proceeds from the Rights Issue 6
6. RISK FACTORS 7
   - 6.1 Risks in relation to the GHL Group 7
   - 6.2 Risks in respect of the Rights Issue 12
7. FINANCIAL EFFECTS OF THE CORPORATE EXERCISES 14
   - 7.1 Issued and Paid-Up Share Capital 14
   - 7.2 NA and Gearing 15
   - 7.3 Earnings and EPS 15
8. INDUSTRY OVERVIEW AND PROSPECTS OF GHL 17
   - 8.1 Overview and Outlook of the Global Economy 17
   - 8.2 Overview and Outlook of the Malaysian Economy 18
   - 8.3 Overview and Outlook of the Industry GHL Operates In 19
   - 8.4 Prospects of the GHL Group 23
9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL CAPITAL COMMITMENTS 25
   - 9.1 Working Capital 25
   - 9.2 Borrowings 25
   - 9.3 Contingent Liabilities 25
   - 9.4 Material Capital Commitments 26
10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION 27
    - 10.1 General 27
    - 10.2 Last Date and Time for Acceptance and Payment 27
    - 10.3 Procedures for Acceptance and Payment 27
    - 10.4 Procedures for Sale and/or Transfer of Provisional Allotment of Rights Shares 29
    - 10.5 Procedures for Excess Application 30
    - 10.6 Splitting 30

10.7 Purchases of Rights 31
10.8 Laws of Foreign Jurisdiction 31
10.9 CDS Accounts 33
10.10 Notice of Allotment 34
11. TERMS AND CONDITIONS 34
12. FURTHER INFORMATION 34

APPENDICES

APPENDIX I CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE PASSED AT THE EGM OF THE COMPANY HELD ON 2 APRIL 2013 35

APPENDIX II INFORMATION ON GHL 40

APPENDIX III UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 OF THE GHL GROUP TOGETHER WITH THE NOTES AND THE REPORTING ACCOUNTANTS' LETTER THEREON 50

APPENDIX IV AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GHL GROUP FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON 58

APPENDIX V UNAUDITED INTERIM FINANCIAL STATEMENTS OF GHL FOR THE THREE (3)-MONTH FPE 31 MARCH 2013 180

APPENDIX VI DIRECTORS' REPORT 196

APPENDIX VII ADDITIONAL INFORMATION 197

BOARD OF DIRECTORS

Name (Designation)	Address	Nationality	Profession
Datuk Kamaruddin Bin Taib *(Independent Non-Executive Chairman)*	34, Jalan Chempenai, Damansara Heights, 50490 Kuala Lumpur	Malaysian	Company Director
Loh Wee Hian *(Executive Vice Chairman)*	16-18, Jalan PJS11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan	Malaysian	Company Director
Kanagaraj Lorenz *(Chief Executive Officer)*	74, Jalan Pudina, Bukit Bandaraya Bangsar, 59000 Kuala Lumpur	Malaysian	Company Director
Ng King Kau *(Executive Director)*	7, Persiaran Damansara Endah, Damansara Heights, 50490 Kuala Lumpur	Malaysian	Company Director
Fong Seow Kee *(Senior Independent Non-Executive Director)*	5, Lengkok Setiabistari, Bukit Damansara, 50490 Kuala Lumpur	Malaysian	Company Director
Goh Kuan Ho *(Independent Non-Executive Director)*	62, Desa Kekwa, 43000 Kajang, Selangor Darul Ehsan	Malaysian	Company Director

AUDIT AND RISK COMMITTEE

Name	Responsibility	Designation
Fong Seow Kee	Chairman	Senior Independent Non-Executive Director
Datuk Kamaruddin Bin Taib	Member	Independent Non-Executive Chairman
Goh Kuan Ho	Member	Independent Non-Executive Director

COMPANY SECRETARIES : Lim Poh Yen (MAICSA 7009745)
Wong Wai Foong (MAICSA 7001358)
Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

REGISTERED OFFICE : Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No. : +603-2264 8888
Facsimile No. : +603-2282 2733

CORPORATE OFFICE	:	C-G-15, Block C Jalan Dataran SD1, Dataran SD PJU9 Bandar Sri Damansara 52200 Kuala Lumpur Telephone No. : +603-6286 3388 Facsimile No. : +603-6280 2999 Website : www.ghl.com E-mail address : enquiry@ghl.com
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs. UHY (AF: 1411) Suite 11.05, Level 11 The Gardens South Tower Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur
SOLICITORS FOR THE RIGHTS ISSUE	:	Messrs. Wong Beh & Toh Level 19, West Block Wisma Selangor Dredging 142-C, Jalan Ampang 50450 Kuala Lumpur
PRINCIPAL BANKERS	:	Alliance Bank Malaysia Berhad Ground Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Malayan Banking Berhad Ground Floor, Yayasan Selangor Jalan Bukit Bintang 55100 Kuala Lumpur
SHARE REGISTRAR	:	Tricor Investor Services Sdn Bhd Level 17, The Gardens North Tower Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur
PRINCIPAL ADVISER	:	AmInvestment Bank Berhad 22nd Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur
STOCK EXCHANGE LISTING	:	Main Market of Bursa Securities

GHL SYSTEMS BERHAD

(Company No. 293040-D)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office
Level 18
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

2 July 2013

Board of Directors

Datuk Kamaruddin Bin Taib *(Independent Non-Executive Chairman)*
Loh Wee Hian *(Executive Vice Chairman)*
Kanagaraj Lorenz *(Chief Executive Officer)*
Ng King Kau *(Executive Director)*
Fong Seow Kee *(Senior Independent Non-Executive Director)*
Goh Kuan Ho *(Independent Non-Executive Director)*

To : The Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF 36,346,550 NEW ORDINARY SHARES OF RM0.20 EACH IN GHL ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) ORDINARY SHARES OF RM0.20 EACH IN GHL HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AS AT 5.00 P.M. ON 2 JULY 2013, AT AN ISSUE PRICE OF RM0.24 PER RIGHTS SHARE

1. INTRODUCTION

The Board is pleased to inform that the shareholders of GHL had, during the EGM, approved the following Corporate Exercises:-

(i) capital reduction of the issued and paid-up share capital of GHL pursuant to Section 64(1) of the Companies Act, 1965, involving the cancellation of RM0.30 of the par value of every existing ordinary share of RM0.50 each in GHL;

(ii) renounceable rights issue of 36,346,550 new ordinary shares of RM0.20 each on the basis of one (1) Rights Share for every four (4) GHL Shares held by the Entitled Shareholders after the Capital Reduction on the Entitlement Date;

(iii) exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 to Mr. Loh Wee Hian and the person acting in concert with him from the obligation to extend a mandatory take-over offer for the remaining GHL Shares not already held by them which may arise pursuant to the Rights Issue;

(iv) proposed establishment of an executives' share scheme of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the said scheme; and

(v) proposed increase in GHL's authorised share capital from RM100,000,000 comprising 200,000,000 GHL Shares to RM500,000,000 comprising 2,500,000,000 GHL Shares.

A certified true extract of the ordinary resolutions approving the Rights Issue at the said EGM is attached in Appendix I of this Abridged Prospectus.

On 14 December 2012, AmInvestment Bank had, on behalf of GHL, announced that Bursa Securities had, amongst others, vide its letter on the same date, resolved to approve the listing of 36,346,550 new GHL Shares to be issued pursuant to the Rights Issue.

The approval of Bursa Securities is subject to the following conditions:-

No.	Condition	Status of compliance
(i)	GHL and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue	Noted.
(ii)	GHL and AmInvestment Bank to inform Bursa Securities upon the completion of the Rights Issue	To be complied.
(iii)	GHL to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed	To be complied.

The SC had, vide its letter dated 18 June 2013, granted its approval for the Exemption to exempt Mr. Loh from the obligation to extend a mandatory take-over offer for all the remaining GHL Shares not already held by him as a result of his subscription to the Rights Issue pursuant to his Undertaking.

On 18 June 2013, AmInvestment Bank, on behalf of GHL, announced that the Capital Reduction had been completed on the same day following the lodgement of the office copy of the Order granted by the High Court with the Companies Commission of Malaysia pursuant to Section 64(1) of the Act.

Consequent thereupon, the issued and paid-up share capital of the Company is reduced from RM73,401,050 comprising 146,802,100 ordinary shares of RM0.50 each to RM29,360,420 comprising 146,802,100 ordinary shares of RM0.20 each with effect from 18 June 2013.

Following the completion of the Capital Reduction, GHL's authorised share capital had been adjusted from RM100,000,000 divided into 200,000,000 ordinary shares of RM0.50 each to RM500,000,000 divided into 2,500,000,000 ordinary shares of RM0.20 each with effect from 18 June 2013.

In this regard, the Capital Reduction and the Increase In Authorised Share Capital had been completed on 18 June 2013.

On 18 June 2013, AmInvestment Bank had, on behalf of the Board, announced that:-

(i) the issue price of the Rights Shares has been fixed at RM0.24 per Rights Share; and

(ii) the Entitlement Date has been fixed on 2 July 2013.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus and if given or made, such information or representation must not be relied upon as having been authorised by AmInvestment Bank or the Company in connection with the Rights Issue.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Introduction

In accordance with the terms of the Rights Issue as approved by Bursa Securities as well as the shareholders of GHL and subject to the terms of this Abridged Prospectus and the accompanying documents, the Company shall provisionally allot 36,346,550 Rights Shares on the basis of one (1) Rights Share for every four (4) GHL Shares held by the Entitled Shareholders at an issue price of RM0.24 per Rights Share.

The 36,346,550 Rights Shares to be issued was arrived at based on the issued and paid-up share capital of the Company (net of treasury shares) as at the LPD of 145,386,199 GHL Shares. The Rights Issue is proposed to be undertaken on a full subscription basis, and accordingly, the entire 36,346,550 Rights Shares will be fully subscribed by the Entitled Shareholders and/or renouncees of GHL.

Shareholders whose names appear in the Record of Depositors as at the Entitlement Date are entitled to participate in the Rights Issue. However, only the Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the Notice of Provisional Allotment pursuant to the Rights Issue and Rights Subscription Form pursuant to the Rights Issue.

As at the LPD, GHL has 1,415,901 treasury shares and the Board intends to retain the treasury shares of GHL. For clarification, the Board does not intend to increase the number of treasury shares nor does it intend to sell any of its existing treasury shares throughout the implementation period of the Corporate Exercises.

The Entitled Shareholders can fully or partially renounce their entitlements to the Rights Shares.

The Rights Shares which are not taken-up or validly taken-up shall be made available for Excess Application by the Entitled Shareholders. It is the intention of the Board to allocate the excess Rights Shares on a fair and equitable manner as set out in Section 10.5 of this Abridged Prospectus.

In determining the shareholders' entitlements to the Rights Issue, any fractional entitlements of the Rights Shares arising from the Rights Issue shall be disregarded, and dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient and in the best interest of the Company.

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, a NPA setting out the number of Rights Shares which you are entitled to subscribe and a RSF which is to be used for the acceptance of the Rights Shares provisionally allotted to you, and for the application of any Rights Shares pursuant to the Excess Application, should you wish to do so.

Upon allotment and issuance by the Company, the Rights Shares will be credited directly into the respective CDS Account(s) of yourself and/or your renouncee(s) who have successfully subscribed for the Rights Shares. No physical share certificates will be issued to you and/or your renouncee(s).

2.2 Basis of determining the issue price of the Rights Shares

The issue price of the Rights Shares of RM0.24 each was determined by the Board after taking into consideration, amongst others, the following:-

(i) the funding requirements of the GHL Group;

(ii) the prevailing market condition and market price of the GHL Shares;

(iii) the theoretical ex-rights price based on the five (5)-day volume-weighted average market price of GHL Shares up to and including 17 June 2013 of RM0.31; and

(iv) the discount appropriate to the TERP of approximately 20%.

The issue price of RM0.24 per Rights Share represents a discount of approximately 20% from the TERP of GHL Shares of RM0.30, based on the five (5)-day VWAP of GHL Shares of RM0.31 up to and including 17 June 2013, being the last trading date prior to the Price-Fixing Date of the Rights Issue.

The Board is of the view that a discount of 20% to the TERP is sufficiently attractive for the shareholders of GHL to subscribe for their respective entitlements and represents an opportunity to reward the shareholders of GHL as well as to increase their participation in the Company.

2.3 Ranking of the Rights Shares

The Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the then existing GHL Shares, save and except that the Rights Shares shall not entitle their holders to any distributable income, voting rights, allotments and/or other forms of distributions that may be declared, made or paid, the Entitlement Date of which precedes the date of allotment and issuance of the Rights Shares.

3. SHAREHOLDER'S UNDERTAKING

The Rights Issue is to be undertaken on a full subscription basis.

In order to ensure that all Rights Shares are fully subscribed, the Company had, on 8 February 2013, procured an irrevocable undertaking letter from Mr. Loh, the single largest shareholder and Executive Vice Chairman of GHL, to:-

(i) subscribe in full for his entitlement of 9,724,959 Rights Shares; and

(ii) subscribe for the entire portion of the remaining Rights Shares not already subscribed by the Entitled Shareholders and/or their renouncee(s) under the Rights Issue on a rights basis and any remaining Rights Shares not subscribed by the Entitled Shareholders and/or their renouncee(s) under any excess application.

In view of the Undertaking, no underwriting arrangement is required for the Rights Issue.

Based on the shareholdings of Mr. Loh as at the LPD, the number of Rights Shares that Mr. Loh may subscribe pursuant to the Rights Issue and his Undertaking are as follows:-

	Existing as at the LPD		(I) After the Capital Reduction		(II) Pursuant to the Undertaking			
					Subscription in full for his entitlement	Subscription for the remaining Rights Shares	Total Shares held by Mr. Loh pursuant to the Undertaking	
	No. of Shares ('000)	% (1)	No. of Shares ('000)	% (1)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	% (2)
Loh Wee Hian	38,900	26.76	38,900	26.76	9,725	26,621	75,246	41.40

Notes:-

(1) Percentage calculated based on the issued and paid-up share capital of GHL (net of treasury shares)

(2) Percentage calculated based on the enlarged issued and paid-up share capital of GHL (net of treasury shares) and assuming the Rights Issue is undertaken on a full subscription basis

Mr. Loh had, on 8 February 2013, also provided his confirmation that he has sufficient financial resources to subscribe for the Rights Shares pursuant to the Undertaking. AmInvestment Bank has verified that Mr. Loh has sufficient financial resources to subscribe for the Rights Shares pursuant to the Undertaking.

As at the LPD, Mr. Loh is a major shareholder of GHL with his direct shareholdings of 38,899,834 GHL Shares and an indirect shareholding of 3,258,800 GHL Shares held through his son, Mr. Loh Hin Yaw. Collectively, Mr. Loh's direct and indirect shareholdings of 42,158,634 GHL Shares represent approximately 29.00% of the issued and paid-up share capital of GHL.

Assuming Mr. Loh subscribes in full for the Rights Shares pursuant to the Undertaking, his direct and indirect equity interest in GHL will increase from 29.00% to 43.19% based on the enlarged issued and paid-up share capital of GHL. Pursuant to the provisions of the Code, in the event thereof, Mr. Loh shall have an obligation to undertake a mandatory take-over offer for all the remaining GHL Shares not already held by him.

As it is not the intention of Mr. Loh to undertake a mandatory take-over offer for all the remaining GHL Shares not already held by him as a result of the Undertaking, Mr. Loh had sought an exemption from the obligation to extend the said mandatory take-over offer pursuant to the Code. The Exemption was approved by the SC on 18 June 2013.

4. OTHER CORPORATE PROPOSALS APPROVED BUT PENDING COMPLETION

Save for the Corporate Exercises, there are no other corporate proposals which have been announced by the Company but have yet to be completed as at the LPD.

5. RATIONALE FOR THE RIGHTS ISSUE AND UTILISATION OF PROCEEDS

5.1 Rationale for the Rights Issue

The Board is of the view that the Rights Issue is the most appropriate means of raising funds for the GHL Group based on the following rationale:-

(i) the Rights Issue will allow the Company to recapitalise the shareholders' equity base of GHL after the Capital Reduction and enable the Group to raise funds to meet its business requirements; and

(ii) the Rights Issue will provide an opportunity for all existing shareholders of GHL to participate in the equity of the Company without diluting the existing shareholders' percentage shareholdings, assuming all the Entitled Shareholders fully subscribe for their respective entitlements to the Rights Shares.

5.2 Utilisation of Proceeds from the Rights Issue

Based on the issue price of RM0.24 per Rights Share, the Rights Issue will raise gross proceeds of approximately RM8,723,172.

The proceeds are expected to be utilised in the following manner:-

Details of utilisation	Timeframe for utilisation from date of listing of the Rights Shares	RM'million
Capital expenditure [1]	Within 24 months	5.00
General working capital [2]	Within 24 months	2.52
Estimated expenses in relation to the Corporate Exercises [3]	Within 12 months	1.20
		8.72

Notes:-

(1) The capital expenditure involves the following expenses:-

*(i) the replacement of approximately 6,000 units of GHL Group's existing electronic data capture terminals ("**EDC Terminals**") located in its local and overseas operations with new EDC Terminals which are in compliance with the Payment Card Industry PIN Transaction Security ("**PCI-PTS**") standard.*

The PCI-PTS standard is an industry set of requirements that applies to electronic payment solutions providers that supply infrastructure to route and/or store cardholder data in the processing of payment card transactions to ensure protection of and safeguard sensitive cardholder data used in the payment card system; and

(ii) the procurement of additional EDC Terminals of approximately 4,000 units for expansion of rental and processing of credit/debit card transactions businesses in its local and overseas operations.

(2) The working capital requirements include but are not limited to the funding of GHL Group's day-to-day operations to support its existing business operations which shall include, but not limited to, the operational expenses of its in-house call centres, deployment and maintenance services of its EDC Terminals for merchants, payment of trade creditors and operating/administrative expenses. The nature of expenses and exact amount required may vary depending on the changes in business dynamics, the take-up rates for new EDC Terminals and the maintenance level of existing EDC Terminals. At present, the Board has not determined the exact breakdown of the proceeds in respects of the aforesaid working capital requirements.

(3) Include professional fees, printing charges and EGM expenses in relation to the Corporate Exercises.

Pending the utilisation of the proceeds from the Rights Issue for the abovementioned purposes, the proceeds are expected to be placed in deposits with financial institutions or short-term money market instruments.

6. RISK FACTORS

You should carefully consider, in addition to the other information contained herein, the following factors (which may not be exhaustive) before making your decision on whether to subscribe for your entitlements to the Rights Issue:-

6.1 Risks in relation to the GHL Group

6.1.1 Payment Card Fraud

Payments fraud remained negligible and continued its declining trend, with fraud incidents accounting for less than 0.005% of total volume and value of retail payment transactions in 2012 as reported in the Payment and Settlement Systems Report 2012 by Bank Negara Malaysia. In contrast, fraud incidents accounted for approximately 0.016% of the total volume and value of retail payment transactions in 2004.

In general, the level of payment card fraud in the ASEAN region remains significantly lower than the fraud experience reported by other regions, including developed countries such as the US and Europe. In Malaysia, credit card fraud remained the most common forms of payment fraud, with an average loss of 0.03%, representing a loss of 30 sen for every RM1,000 transacted.

The declining trend in payment card fraud since 2006 is mainly attributed to the industry wide migration to chip-based ATM cards and the Europay-MasterCard-Visa ("**EMV**") standard for payment cards in 2006. However, incidents of fraud have now shifted to card-not-present ("**CNP**") fraud, which involves the theft of credit card information which is then used to make fraudulent payments via the internet, mail and telephone. CNP fraud accounted for about half of total credit card fraud losses in 2012.

To strengthen safeguards against CNP fraud, requirements for transaction alerts via short message services and a strong authentication method for online transactions were implemented with effect from 1 January and 1 April 2012, respectively. Transaction alerts are sent to the cardholder via short message service as soon as a transaction that exceeds a value threshold set by the issuer is performed, thus providing an early opportunity for the cardholder to notify the issuer of a possible fraudulent transaction. The adoption of a strong authentication method also enhances the security of online transactions by requiring cardholders to enter a one-time password in order to authorise each payment.

The prevalence of fraudulent payment card transactions (including CNP transactions) may pose the risk of significant disruption to the flow of funds amongst consumers and businesses. This may cause local financial institutions to curtail their merchant acquiring activities and adopt a more stringent approval process for potential merchants. These financial institutions would not hesitate to withdraw the payment card facilities provided to their existing merchants should they suspect that the merchants participate in any form of fraud activities. This may result in a shift from payment card transactions to other payment methods and affect the Group's profitability.

Although fraudulent payment card losses have reduced since 2006, there is no assurance that payment card fraud can be eliminated in its entirety due to the increasing sophistication of technology.

6.1.2 Reliance on Suppliers of EDC Terminals

The Group sources its supply of EDC terminals from two main third party suppliers. Any discontinuation of supply from its suppliers and failure to find a new replacement supplier in a timely manner may cause disruption to the Group's business and affect the Group's profitability. However, the Group is of the opinion that, in the event of any discontinuance of supply, the Group is still able to procure alternative brands of EMV-compliant EDC terminals that are readily accepted by merchants.

6.1.3 Competition

The Group is involved in merchant-acquiring directly for the acceptance of debit card and indirectly through banks for the acceptance of VISA and MasterCard within the payment card industry. The markets in which the Group operates are competitive and characterised by rapid technological innovation. The Group has experienced and expects to continue to experience intense competition from current and future competitors. The Group believes that its ability to compete depends upon many factors both within and outside its control, including the timing and market acceptance of new products and services and enhancements developed by the Group and its competitors, product and service functionality, ease of use, performance, price, value for money, reliability, customer service and support, sales and marketing efforts, and product and service distribution channels.

The Group invests in new product development initiatives and infrastructure to ensure its competitiveness in capturing market share and garnering market acceptance. However, there is no assurance that the Group will be able to maintain its market share in the payment card industry, maintain its competitiveness against current and future competitors or that competitive pressures will not materially and adversely affect the Group's business, operating results and financial condition.

6.1.4 Expansion of Business

The Group's future prospects will be dependent upon, among other things, the Group's ability to enter into strategic marketing or other arrangements on a timely basis and on favourable terms, hire and retain skilled management as well financial, technical, marketing and other personnel, successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality, inventory and service controls) and obtain adequate financing as and when needed. There can be no assurance that the Group will be able to successfully implement its business plans or that unanticipated expenses or problems or technical difficulties will not occur which may result in material delays in its implementation or even deviation from its plans. In addition, the actual results may deviate from the business plans due to rapid technological changes and markets as well as competitive pressures.

6.1.5 Expansion in Overseas Market

As part of its growth and marketing strategy, the Group intends to expand its business in the ASEAN region. There can be no assurance that the Group's expansion efforts will be successful or will generate significant revenue. There are a number of risks inherent in regional business activities, including unexpected changes in regulatory requirements, difficulties in managing regional operations, potentially adverse taxation consequences, currency fluctuations, uncertainties in general economic or industry conditions, difficulties in the repatriation of earnings and the burdens of complying with a wide variety of foreign laws. There is no assurance that such factors will not have a material adverse effect on the Group's business, operating results or financial condition.

However, the Group will adopt a prudent approach in expanding into target regional markets such as Indonesia, Myanmar and Vietnam. The Group intends to strengthen strategic alliances in these countries by working with its partners to establish a presence in the overseas markets.

6.1.6 Changes in Technology and Products/Services

The markets for the Group's products and services are characterised by rapid technological developments, evolving industry standards, swift changes in customer requirements, computer operating environments and software applications, and frequent new product introductions and enhancements. The Group's future depends substantially upon its ability to address the increasingly sophisticated needs of its customers by supporting existing and emerging hardware, software, database and networking platforms.

The timely development of new or enhanced products and services is a complex and uncertain process. Although the Group believes that it will have the funds to implement its business plans, there is no assurance that the Group will continue to have sufficient resources to successfully and accurately anticipate technological and market trends, or to successfully manage long development cycles. The Group may also experience design, marketing and other difficulties that could delay or prevent the development, introduction or marketing of its products and services, as well as new products and services and enhancements. The Group may also be required to collaborate with third parties to develop products and services and may not be able to do so on a timely and cost-effective basis, if at all.

If the Group is not able to develop new products and services or enhancements to its existing products and services on a timely and cost-effective basis, or if the Group's new products and services or enhancements fail to achieve market acceptance, or if one or more of the Group's competitors introduce products and services that better address customer needs or for any reason gain market share, the Group's business, operating results and financial condition would be adversely affected.

6.1.7 Continuing Demand for the Group's Products and Services

The Group's future results will depend on the overall demand for the Group's products and services. Any economic slowdown may cause the Group's customers to defer or terminate purchases or rental of the Group's products and services or otherwise alter their usage patterns. Uncertainty in the economic environment may cause some businesses to curtail or eliminate spending on payment technology. In addition, the Group may face hesitation on the part of existing and potential customers to commit to continuing or new services from the Group.

To-date, the Group's products and services have been well-received by its customers and the Group expects that enhancements and improvements of features, quick time to market and good technical service should result in continuing acceptance of its products and services. However, there is no assurance that this would be the case.

6.1.8 Reliance on Key Relationships with Acquiring Banks

The Group's EDC business (sales and rental of EDC terminals) is heavily dependent on its relationships with the acquiring banks and their relative intent in acquiring merchants. There is no assurance that these relationships will continue indefinitely. Moreover, the acquiring banks' policies on merchant recruitment will change from time to time and this may have a material effect on the Group's business, operating results and financial condition.

6.1.9 Dependence on Directors and Key Personnel, and Need to Hire Additional Personnel for Future Growth

The Group's future performance depends to a significant extent upon the continued efforts and abilities as well as the networking of its directors, key technical, sales and marketing, and senior management personnel. The loss of the services of any of these individuals may have a material adverse effect on the Group. The Group's future success also depends on its ability to attract, hire, train, retain and motivate sufficient skilled employees.

As a mitigating factor, the Group currently enjoys a cordial relationship with its employees and they do not belong to any trade union. The employees are also frequently sent to various courses to update their knowledge. In addition, the Group intends to implement the Executives' Share Scheme to reward its employees.

6.1.10 Protection of Intellectual Property Rights

The Group's success is dependent on its ability to protect its proprietary technology. The Group's proprietary technology is protected by copyright laws applicable in Malaysia. The Group has also put in place several security measures to protect its proprietary technology, including prohibiting the revealment of the source codes of the Group's software to its customers to whom the software is sold, and having built-in controls in some of the software developed by the Group which will "lock" a particular copy of the software onto the hardware on which it is running, thus preventing any unauthorised copying of the software. The nature of the Group's software also acts as a barrier against illegal usage as specialised knowledge and familiarisation with the software are required to make it work, and most of its software requires special training and domain knowledge to develop or customise; hence, such software is often sold to customers together with the Group's professional services.

However, existing copyright, trademark and trade secret laws afford only limited protection. Accordingly, there can be no assurance that the Group will be able to protect its proprietary rights against unauthorised third party copying, use or exploitation, any of which could have a material adverse effect on the Group's business, operating results and financial condition.

Third parties may challenge or dispute the Group's intellectual property rights in terms of, amongst others, title and third party intellectual property rights infringement and the Group could incur substantial costs in defending or prosecuting any claims relating to its intellectual property rights. Issues relating to intellectual property rights can be complicated and there can be no assurance that disputes will not arise or that any disputes in relation to the Group's intellectual property will be resolved in the Group's favour. Moreover, any such disputes could be time consuming, cause delays in introducing new or improved products and services or require that the Group discontinue using the challenged technology, and could have a material adverse effect on the Group's reputation, business, operating results and financial condition.

6.1.11 Changes in Political, Economic and Regulatory Conditions

Changes in political, economic and regulatory conditions in Malaysia and countries where GHL operates such as Philippines, Thailand and Australia could materially and adversely affect the financial and business prospects of the Group. The political, economic and regulatory uncertainties include, but are not limited to, changes in political leadership, changes in laws and regulations, war, economic downturn changes in rates of interest, methods of taxation and currency exchange rules and financial crises.

The Ministry of Finance, Malaysia, had imposed a service tax of RM50 for each principal credit card with effect from January 2010 with the objective of promoting prudent spending. In March 2011, BNM had tightened the requirements for credit cards to prevent increasing household credit card debt. Limits were imposed on the number of credit cards and credit limits extended to individuals earning a monthly gross income of RM3,000 and below to commensurate with the ability of these individuals to repay their debt. These aforementioned changes had consequently resulted in a consolidation of credit cards amongst consumers although the value of the transactions from credit card usage had not been affected due to increasing use of e-payment methods.

6.1.12 Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from purchases denominated in foreign currencies. Consequently, the Group is subject to the risk of foreign currency fluctuation and any adverse movement in foreign currency may have an effect on the financial performance of the Group.

Nevertheless, the Group has in place certain foreign exchange hedging facilities with its bankers which the Group can utilise should the need arise. Notwithstanding the above, there can be no assurance that any foreign currency exchange fluctuation in the future will not adversely affect the Group's financial performance.

6.1.13 Maintenance and Reliability of the Telecommunications Network Infrastructure and Security Risks

The success of the Group's business will depend, to a certain degree, on the development and maintenance of its payment hosting service and the 24-hour helpdesk service provided to merchants using the Group's EDC services. This includes leasing and monitoring of a reliable network backbone with the necessary speed, data capacity and security. The payment hosting service and the 24-hour helpdesk service may experience a variety of network downtime and delays as a result of damage to portions of its infrastructure. These network downtime and delays could frustrate customers or partners using the Group's products and services, which could directly affect the revenue of the Group.

The ability to provide secure transmissions of confidential information over networks accessible to the public is a significant problem for electronic commerce and communications, and the ability to provide commendable after-sales service reflects on a company's commitment to quality service. , The former is subject to capacity limitations, breaches of security by computer viruses, sabotage, break-ins and other factors, whilst the latter is subject to breakdowns in the telecommunications network infrastructure. In mitigation, the Group has installed firewalls and anti-virus software to protect its payment hosting service, provided its 24-hour helpdesk service personnel with mobile telephones and installed a dial-up modem to connect to the telecommunication companies should the lease lines fail.

Despite a variety of network security and alternative measures taken by the Group, there is no assurance that unauthorised access, computer viruses, accidental or intentional actions and other disruptions will not occur. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in a compromise or breach of the technology that the Group uses to protect confidential customer and end-user data stored on or transmitted through the Group's network.

The costs required to prevent and eliminate computer viruses and alleviate other security problems as well as to enhance the reliability of the telecommunications network infrastructure could be prohibitively expensive. In addition, any of these occurrences may cause systems failures, interruptions in service or reduced customer capacity, which could have an impact on the Group's ability to acquire, manage or service its customers or partners and could materially and adversely affect the Group's profitability.

6.1.14 Acquisitions and Joint Venture

If and when appropriate opportunities present themselves, the Group intends to acquire businesses, products or technologies or enter into synergistic joint ventures that the Group believes will be in the interest of its shareholders. There can be no assurance that the Group will be able to successfully identify, negotiate or finance such acquisitions and joint ventures or to integrate such acquisitions and joint ventures with its current business. Acquisitions and joint ventures may cause the Group to seek additional capital, which may or may not be available on satisfactory terms.

There can be no assurance that the anticipated benefits of any acquisition will be realised, or that the Group will be able to generate sufficient revenues from any such acquisition to offset associated acquisition costs, or that the Group will be able to maintain uniform standards of quality and service, controls, procedures and policies. Acquisitions may also result in potentially dilutive issuances of equities, the incurrence of debt and contingent liabilities and amortisation expenses related to goodwill and other intangible assets. Any joint venture investments would face similar risks posed by acquisitions.

6.1.15 Breakout of Fire

The Group believes that it has adequate safety and fire-fighting equipment installed at its office premises to ensure that the risk of fire is contained. The Group has in place a system of educating its employees on fire safety. Besides that, the Group's office premises are insured against losses arising from fire. However, notwithstanding the measures taken, there is no assurance that any of the above-mentioned crises may not cause interruptions in the Group's operations in the future.

6.1.16 Insurance Coverage on Assets

The Group believes that it has adequate insurance coverage on its assets. Although the Group reviews its insurance policies on a regular basis to ensure that there is adequate coverage on its assets, there can be no assurance that the coverage would be adequate for the replacement cost of its assets or any consequential loss arising therefrom.

6.2 Risks in respect of the Rights Issue

6.2.1 Investment Risk

The price of GHL Shares as traded on Bursa Securities may fluctuate, like all other listed securities. A variety of factors could cause the price of the GHL Shares to fluctuate, including trades of substantial amounts of the GHL Shares in the public market, announcements of developments relating to the Group's business, fluctuations in the Group's operating results and revenue levels, general industry conditions or economic conditions, and announcements of services or products or service enhancements by the Group or competitors of the Group.

In addition to the fundamentals of the Group, the future price performance of the GHL Shares will also depend upon various external factors such as general economic, political and industry conditions, the performance of regional and world bourses as well as sentiments and liquidity in the local stock market.

Notwithstanding that the Rights Shares will be issued at the issue price of RM0.24 per Rights Share, there is no assurance that the GHL Shares will be traded at or above the TERP of RM0.30 based on the five (5)-days VWAP up to and including 17 June 2013 after the listing of the Rights Shares on the Main Market of Bursa Securities.

6.2.2 Delay in or Abortion of the Rights Issue

As stated in Section 3 of this Abridged Prospectus, the Company has procured an irrevocable undertaking from Mr. Loh, the single largest shareholder and Executive Vice Chairman of GHL, to subscribe in full for his entitlement and the entire portion of the remaining Rights Shares not already subscribed by the Entitled Shareholders and/or their renouncee(s) on a rights basis and any remaining Rights Shares not subscribed by the Entitled Shareholders and/or their renouncee(s) under any Excess Application pursuant to the Rights Issue.

In the event that for whatever reason Mr. Loh is not able to fulfil his obligation pursuant to the Undertaking, the success and timely implementation of the Rights Issue may be affected.

In such event, the Company may pursue alternative course of action which may include, return in full without interest within fifteen (15) market days from the last date for acceptance and payment for the Rights Shares, all monies paid in respect of any application for subscription of the Rights Shares accepted. Nevertheless, the Company will take all necessary steps to ensure compliance with the relevant requirements for the successful listing of the Rights Shares.

6.2.3 Potential Dilution

Entitled Shareholders who do not or are not able to accept the Rights Shares provisionally allotted to them will have their proportionate ownership and voting interests in the Company reduced, and the percentage of the enlarged issued and paid-up ordinary share capital of the Company represented by their shareholdings in the Company will also be reduced accordingly.

In addition, the Company will undertake the Executives' Share Scheme which entails the issuance of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the said scheme. Shareholders of GHL who are not awarded the Scheme Shares will have their proportionate ownership and voting interests in the Company reduced further pursuant to the Executives' Share Scheme.

6.2.4 Forward-Looking Statements

Certain statements in this Abridged Prospectus are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimations and assumptions made by the Board, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

In light of these uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by the Company and/or the advisers that the plans and objectives of the Group will be achieved.

7. FINANCIAL EFFECTS OF THE CORPORATE EXERCISES

As at LPD, GHL has 1,415,901 treasury shares and the Board intends to retain such shares. For clarification, the Board does not intend to increase the number of treasury shares, nor does it intend to sell any of its existing treasury shares throughout the implementation period of the Corporate Exercises.

The Executives' Share Scheme will be implemented after the completion of the Rights Issue.

7.1 Issued and Paid-Up Share Capital

Assuming that the maximum number of Shares available are fully granted and vested under the Executives' Share Scheme, the proforma effects of the Capital Reduction, the Rights Issue and the Executives' Share Scheme on the issued and paid-up share capital of GHL are set out below:-

Authorised Share Capital	**Par value (RM)**	**No. of Shares ('000)**	**Share Capital (RM'000)**
As at 31 December 2012	0.50	200,000	100,000
Cancellation of par value pursuant to the Capital Reduction	(0.30)	-	(60,000)
After the Capital Reduction	0.20	200,000	40,000
Increase in GHL Shares pursuant to the Increase in Authorised Share Capital	-	2,300,000	460,000
After the Increase In Authorised Share Capital	0.20	2,500,000	500,000

Issued and Paid-up Share Capital	**Par value (RM)**	**No. of Shares ('000)**	**Share Capital (RM'000)**
As at 31 December 2012	0.50	146,802	73,401
Cancellation of par value pursuant to the Capital Reduction	(0.30)	-	(44,041)
After the Capital Reduction	0.20	146,802	29,360
GHL Shares issued pursuant to the Rights Issue	-	36,347	7,270
After the Rights Issue	0.20	183,149	36,630
Shares to be issued pursuant to the Executives' Share Scheme	0.20	27,260	5,452
Enlarged issued and paid-up capital	**0.20**	**210,409**	**42,082**

As at the LPD, GHL does not have any convertible securities.

7.2 NA and Gearing

The Executives' Share Scheme will not have an immediate effect on the NA per Share of the GHL Group. The NA per Share will not be affected until such time when the new Shares are issued under the Executives' Share Scheme. The effect on the NA per Share will depend on the number of Scheme Shares allotted and the exercise price of the Options in satisfying an award.

Based on the latest audited consolidated financial statements of GHL as at 31 December 2012, the proforma effects of the Capital Reduction and the Rights Issue on the consolidated NA and gearing of the GHL Group are shown below:-

	Audited FYE 31 Dec 2012 (RM'000)	(I) After the Capital Reduction (RM'000)	(II) After (I) and the Rights Issue (RM'000)
Share capital	73,401	29,360	36,630
Share premium	-	-	1,453
Foreign exchange reserves	(516)	(516)	(516)
Treasury shares	(638)	(638)	(638)
Accumulated profits/(losses)	(30,936)	13,105	11,905 [(1)]
Equity attributable to the Owners of the Company / NA	**41,311**	**41,311**	**48,834**
No. of Shares (net of treasury shares) ('000)	145,386	145,386	181,733
NA per GHL Share (RM)	0.28	0.28	0.27
Total borrowings (RM'000)	4,372	4,372	4,372
Gearing (times)	0.11	0.11	0.09

Note:-

(1) After accounting for the estimated expenses in relation to the Corporate Exercises of approximately RM1.20 million

7.3 Earnings and EPS

The Corporate Exercises are not expected to have any material effect on the earnings and EPS of the GHL Group for the FYE 31 December 2012. However, assuming the Corporate Exercises had been effected at the beginning of FYE 31 December 2013, the Corporate Exercises are expected to have a positive effect on the earnings for FYE 31 December 2013.

The issuance of the new Shares pursuant to the Rights Issue and Executives' Share Scheme will have an immediate dilution effect on the EPS. However, the proceeds from the Rights Issue and exercise of the Options pursuant to the Executive Share Scheme are expected to contribute positively to the future earnings of GHL.

The potential effect of the Executives' Share Scheme on the consolidated EPS of the GHL Group in the future, as a consequence of the recognition of the expense at each date of grant of the awards, cannot be determined at this juncture as it would depend on various factors that affect the fair value of the granted Shares and/or Options pursuant to the Executives' Share Scheme.

The Board has taken note of the potential effect of Executives' Share Scheme on the GHL Group's earnings and will take proactive measures to manage the effect on the consolidated EPS of the GHL Group in granting the awards.

The expenses in relation to the Corporate Exercises are estimated to be approximately RM1.20 million and such expenses will be accounted for under the equity of the GHL Group.

For illustrative purposes, based on the audited consolidated financial statements of GHL for the FYE 31 December 2012 and on the assumption that the Corporate Exercises had been effected on 1 January 2012, the proforma PAT and EPS of the GHL Group after incorporating the effects of the Corporate Exercises are as follows:

	Audited FYE 31 Dec 2012 (RM'000)	**(I) After the Capital Reduction (RM'000)**	**(II) After (I) and the Rights Issue (RM'000)**
PAT of the GHL Group	4,352	4,352	4,352
No. of Shares (net of treasury shares) ('000)	145,386	145,386	181,733
Proforma EPS [(1)] (sen)	2.99	2.99	2.39

Note:-

(1) Computed based on the proforma PAT and the number of GHL Shares in issue.

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8. INDUSTRY OVERVIEW AND PROSPECTS OF GHL

GHL's principal business comprises the following: Shared Services, Solutions Services and Transaction Payment Acquisition ("**TPA**").

Within Shared Services, the core activities comprise the sale and rental of Electronic Data Capture ("**EDC**") equipment and its related software and services, outsourced sales services to banks and the production of payment cards for banks. Solutions Services comprise the sale or rental of proprietary software applications including, prepaid card applications, loyalty and internet payment processing. TPA comprises services contracted directly and indirectly between GHL and merchants for payments and loyalty processing.

Geographically, as at the LPD, GHL's operations are mainly situated in Malaysia, as well as in other strategic locations in Asia, with 71% of the Group's revenue being derived from its Malaysian operations and 29% from its overseas operations for the FYE 31 December 2012. GHL's overseas operations are mainly in the Philippines and Thailand and they are expected to contribute a higher proportion to the Group's earnings in future.

8.1 Overview and Outlook of the Global Economy

The global economy expanded at a modest pace in the first quarter of 2013, with the growth momentum remaining uneven between and within regions. In the advanced economies, growth in the US remained slow, while most European economies experienced weak or negative economic performance. In Asia, economic expansion continued albeit at a slower pace. Given the modest economic performance and low inflation, monetary authorities continued to maintain accommodative policies to support the recovery process.

Financial market conditions generally improved during the quarter, as favourable economic and policy developments resulted in lower market perception of tail risks. At the beginning of the first quarter, global equity markets improved, underpinned by the successful aversion of the fiscal cliff, temporary suspension of the statutory debt limit, and positive economic data releases in the US. The commitment by major central banks to maintain an accommodative policy stance further reinforced investor optimism. In particular, market expectations in Japan were lifted by the introduction of an "open-ended monetary easing" stance and the adoption of a 2% inflation target. However, market volatility increased in February and March, following the re-emergence of uncertainty in the euro area. Inconclusive election results in Italy and domestic political tensions in Spain led to concerns over the indebted nations' ability to implement economic reforms. In addition, the initial proposal to impose a deposit levy as a condition for the Cyprus bailout raised uncertainty over the progress towards achieving a European banking union. Despite these developments, global equity markets ended the quarter at higher levels.

Going forward, the global economy is expected to continue its moderate expansion. Downside risks to growth, however, remain. While there has been progress made in the major advanced economies to address the fiscal and financial issues, the sustainability of the economic recovery remains vulnerable to continued policy uncertainties and the risk of contagion. The divergent policies across regions are also resulting in spillover effects on global financial conditions, as reflected by the large capital flows into the emerging economies. Nevertheless, in Asia, growth will continue to be sustained by domestic demand, underpinned by income growth and healthy labour market conditions, and supported by continued policy flexibility.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2013, BNM)

8.2 Overview and Outlook of the Malaysian Economy

The Malaysian economy expanded by 4.1% in the first quarter of 2013 (Fourth quarter of 2012 ("**4Q 2012**"): 6.5%), supported by stronger domestic demand that expanded by 8.2% during the quarter (4Q 2012: 7.8%). Private consumption registered strong growth during the quarter, while the expansion in gross fixed capital formation continued to be firm, reflecting sustained capital spending by both the private and public sectors. Exports contracted marginally during the quarter, and with higher growth of imports, led to a larger negative contribution of net exports to growth. On the supply side, while the domestic-oriented industries continued to register sustained growth, activity in the major economic sectors was weighed down by the weak external conditions.

Domestic demand registered a strong growth of 8.2% in the first quarter (4Q 2012: 7.8%). Growth was driven by higher private consumption, while gross fixed capital formation remained firm with a double-digit growth rate.

Private consumption grew strongly in the first quarter (7.5%; 4Q 2012: 6.2%), driven by sustained income growth and favourable labour market conditions. Industry engagements also indicated that workers have benefitted from the implementation of the minimum wage policy in January 2013. The strong growth in private consumption was reflected in the higher growth of new passenger car sales and credit card spending. Growth of public consumption, however, moderated in the first quarter (0.1%; 4Q 2012: 1.2%), reflecting mainly lower Government spending on supplies and services.

On the supply side, growth in the manufacturing sector slowed, weighed down by the weak external conditions. Despite the weakness in trade-related activity, the services sector continued to expand, driven largely by subsectors catering to the domestic market. Growth in the agriculture sector was sustained on account of higher production of palm oil, while the mining sector declined due to lower production of crude oil. In the construction sector, growth remained firm, led mainly by the civil engineering sub-sector.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2013, BNM)

The Malaysian economy expanded at a faster pace of 5.1% during the first half of 2012 (January – June 2011: 4.7%) despite the increasingly challenging global economic conditions. Growth in the domestic economy was supported by strong private consumption and robust private investment. The global economy is expected to further moderate during the second half of 2012 as the Euro area debt crisis shows no clear sign of abating. Additionally, tepid economic growth in advanced economies and the slowdown of emerging economies especially in China and India, point to weakening global economic prospects. The deterioration in the external environment and correction in commodity prices are expected to weigh on Malaysia's export performance during the second half of 2012. Nevertheless, the vibrant domestic demand is expected to be sustained during the second half of 2012, supported by both public and private sectors amid conducive financial market conditions, stable prices and a favourable labour market. Taking into account the downside risks emanating from the external sector and a resilient domestic economy, the real Gross Domestic Product ("**GDP**") is estimated to expand 4.5% - 5% in 2012 (2011: 5.1%).

With prospects for global growth remaining modest at 3.9%, domestic demand will continue to drive the Malaysian economy boosted by the measures in the 2013 Budget. Against this backdrop, the GDP forecast for the Malaysian economy is between 4.5% and 5.5% in 2013.

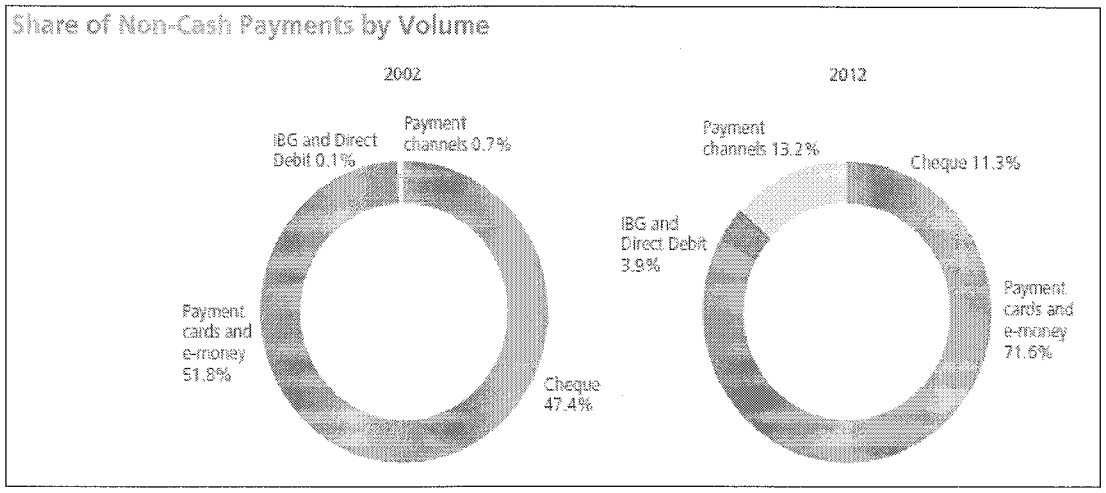
(Source: Economic Report 2012/2013, Ministry of Finance)

8.3 Overview and Outlook of the Industry GHL Operates In

(i) Malaysia

The use of electronic payments ("**e-payment(s)**") has continued to expand while the use of cash and cheques declined relative to other payment methods. Nearly 90% of the 1.8 billion non-cash payments (including cheques), amounting to RM17.1 trillion, are now made via electronic means compared to 52.6% a decade ago (refer to Chart 8.1 below). On average, the number of e-payment transactions per capita increased further from 49 in 2011 to 56 in 2012. This was mainly attributable to the higher use of e-money, debit card, Internet banking, Interbank GIRO ("**IBG**") and Automatic Teller Machine ("**ATM**"), continuing the trend which has been observed since 2002.

Chart 8.1: Share of Non-Cash Payments by Volume



(Source: BNM)

Electronic money ("**E-money**"), which is mainly used in the transportation sector, remained the most frequently used e-payment instrument, accounting for three out of every five e-payment transactions conducted in 2012. A total of 925 million transactions worth RM4.7 billion were recorded in 2012, representing a growth of 14.7% and 22.6% by volume and value, respectively. With the Government's efforts to improve the public transport ticketing system, and as more Malaysians experience the speed and convenience of contactless payment for tolled highways and public transport, the growth in e-money transactions is expected to sustain its double-digit growth rate in the coming years.

The number of purchases using payment cards grew by 5.5% to 365 million in 2012, reflecting the higher number of cards issued and continued migration from cash. While credit cards still account for the bulk of the transaction volume, its share has declined from 94% in 2007 to 89% in 2012, with a corresponding increase in the use of debit cards. Three million debit card purchases were made every month in 2012 compared to less than 0.8 million in 2007. The average transaction value for debit cards has also increased over the years reflecting greater consumer confidence in using debit cards for higher-value transactions. In 2012, the average amount spent per debit card transaction was RM240 compared to RM290 for credit cards. The growth of payment cards is also attributed to an increase in the number of Electronic Funds Transfer at Point of Sale ("**EFTPOS**") terminals with more than 17,500 terminals deployed during the year, bringing the total number to 276,304 as at end-2012. Of these, 80% accept international scheme payment cards, whilst 57% accept domestic debit cards and 11% accept e-money (refer to Chart 8.2 below).

Chart 8.2: Number of EFTPOS Terminals

Number of Electronic Funds Transfer at Point-of-Sale (EFTPOS) Terminals

As at end of period	2008	2009	2010	2011	2012
	Unit				
International brand payment cards[1]	146,473	160,443	180,589	207,657	220,639
e-Debit[2]	67,581	91,328	118,467	141,076	156,592
E-money	29,236	30,641	30,803	31,236	31,238
Terminals per 1,000 inhabitant[3]	6.7	7.3	7.9	8.9	9.4

[1] MasterCard, Visa, American Express and Diners Club
[2] Domestic PIN-based ATM card
[3] International brand payment card, proprietary ATM card and e-money terminals

The use of the three major retail electronic funds transfer systems namely IBG, Direct Debit and Financial Process Exchange ("**FPX**") continued to register encouraging growth. Over 70 million transactions amounting to RM221 billion flowed through these three systems, representing an annual increase of 16.8% and 28.6% in volume and value terms, respectively. The total value of transactions processed through the IBG system, which has the widest network of 39 member banks, has more than doubled over the last five years to account for 22.6% of GDP in 2012 as compared to 10.1% in 2007. This significant growth was largely due to the wider use of IBG for salary payment by companies, electronic tax refunds by the Inland Revenue Board of Malaysia and the provision of additional online services by the Government such as the acceptance of payments to the Federal Court of Malaysia for submission of court cases via its online filing system.

Malaysian households and businesses performed 280 million financial transactions via e-payment channels in 2012, comprising mainly fund transfers, bill payments, top-ups for prepaid cards, purchases of phone cards and investments in the equity market. Internet banking remained the preferred online payment channel, contributing 81% of the total transaction volume through e-payment channels, followed by ATMs (17%) and mobile banking (3%).

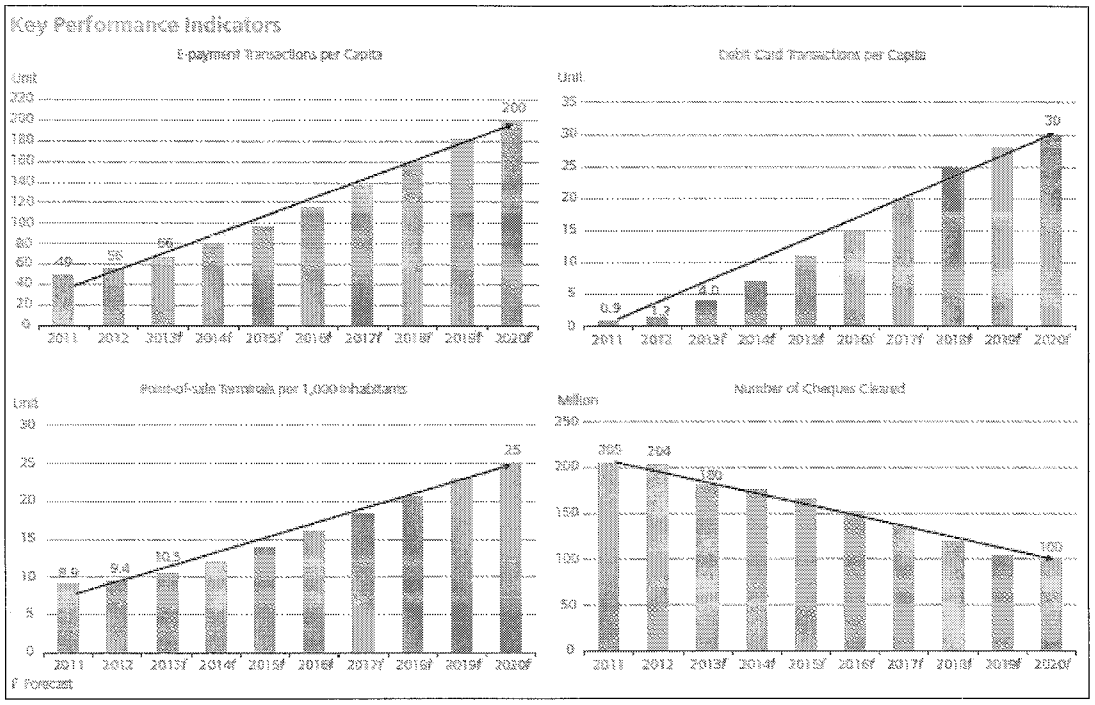
The number of financial transactions conducted via Internet banking grew by 16.3% in 2012 to 226 million payments, supported by the wider participation of banks in facilitating payments to statutory bodies and the increase in the number of households having access to the Internet. The number of active individual Internet banking subscribers increased by 24% to 5.7 million in 2012. The value of these Internet banking transactions recorded remarkable growth, reaching RM2.8 trillion in 2012, from RM418 billion in 2007. Two major factors behind the growth have been the larger number of businesses that credit salary payments directly to bank accounts and an increase in online transfers of contributions to social security organisations.

Banking institutions continued to increase the deployment of ATMs to replace counter services. In 2012, a total of 46 million financial transactions valued at RM41 billion were conducted through ATMs, representing an annual increase of 10.3% in volume and 9.8% in value, respectively. The use of mobile banking also increased in 2012, accounting for 7.1 million transactions valued at RM4.2 billion, as more banks enhanced their mobile banking services to leverage on the continued growth in smartphone usage and to cater for consumers who prefer banking on the go. More efficient electronic means of payment continued to displace the use of cheques. Cheque volume fell below seven pieces per capita in 2012, with the total number of cheques cleared decreasing to 204 million (2011: 205 million) and declines observed in usage by all customer segments. Notably, Inland Revenue Board of Malaysia disbursed 2.6 million tax refund transaction via e-payments, which represented almost 60% of the total number of tax refund transactions.

Cash-in-circulation, a proxy for cash usage, increased by 7.3% from RM53.5 billion in 2011 to RM57.4 billion in 2012. Its growth, however, trailed the rise in total consumption expenditure, reflecting the continued migration to non-cash payment methods which are increasingly being used to displace cash. The total amount of ATM cash withdrawals correspondingly grew at a slower pace than private consumption at 5.2%, broadly consistent with trends observed over the past two years.

Malaysia is still at a considerable distance from achieving the targets set out in the Financial Sector Blueprint 2011-2020 (refer to Chart 8.3 below). Of significance is the popularity of cheques, which continue to be widely used for payments even as more convenient e-payment methods are now being introduced in the market. The use of debit cards is also still relatively low, while efforts to deploy point-of-sale terminals more widely to smaller merchants has been challenging due to the continued preference for cash.

Chart 8.3: Cashless Payment Instruments by Transaction Volume



(Source: BNM)

(Source: Financial and Stability Payment Systems Report 2012, BNM)

(ii) Philippines

In early 2013, the Philippines Government Electronic Procurement System ("**PhilGEPS**"), in partnership with Landbank of the Philippines ("**Landbank**"), had introduced a new e-payment facility that allows agencies to pay for online purchases procured through the PhilGEPS portal.

The new PhilGEPS e-payment facility will facilitate a more efficient procurement system as compared to cash-based payments as it allows agencies to perform online purchases through the PhilGEPS portal at any time of the day and reduces the processing time for each transaction, which normally involves the processing of financial documents and the preparation of cheques. Transactions made via the e-payment facility can also be monitored and tracked conveniently through Landbank's webaccess portal.

Besides the e-payment feature, PhilGEPS is also developing a system that will allow bidders to make electronic payments for membership fees and other charges. This feature is expected to evolve into an online payment system for bid documents.

The Board believes that, with the PHILGEPS e-payment facility in place, the use of e-payments in the Philippines shall proliferate to other service areas, such as government services and commercial services.

(iii) Thailand

The total number of payment cards including credit cards, ATM cards and debit cards in Thailand has been steadily increasing year-on-year, from 55.70 million cards in 2006 to 77.82 million cards in 2011. The total number of payment cards in Thailand had recorded an increase of approximately 7.1% in 2011 to 77.82 million cards as compared to 72.63 million cards in the previous year.

Despite the slight decline in the total number of ATM cards in Thailand by 2.3% to 23.8 million, debit cards recorded the highest growth with an increase of 13.5 % from 34.1 million cards issued in 2010 to 38.7 million cards issued in 2011, followed by credit cards which recorded an increase of 8.0% from 14.2 million cards in 2010 to 15.33 million cards in 2011.

Debit cards continued to be the highest proportion amongst all payment cards for the fifth consecutive year since 2007 as commercial banks continued to market debit cards in terms of both new issues and ATM card replacements. In 2011, the aggregate number of ATM and debit cards in Thailand is 62.5 million cards, which is equivalent to 0.98 cards per person. In contrast to Malaysia and Singapore, the ratios were 1.94 and 1.06 cards per person, respectively.

The usage of e-money continued to gain popularity in 2011. There had been an increase from three (3) e-money operators registered in 2010 to twenty (20) e-money operators under legal supervision in 2011. At the end of 2011, the volume and value of e-money transactions was 348.2 million transactions, equivalent to the total value of 24.7 billion Baht, representing an increase of 57.2 percent and 39.4 percent respectively as compared to the previous year.

The value of credit card transactions in 2011 had increased by 11.7% to 1.17 billion Baht from the previous year's total value of 1.05 billion Baht. Credit card payment through EFTPOS continued to be the preferred payment method with the volume and value of transactions via EFTPOS recording 92.3% and 89.8% of the total volume and value of credit card transactions respectively. In addition, the number of EFTPOS terminals had increased by 1.13% from 258,248 terminals in 2010 to 261,167 terminals in 2011.

8.4 Prospects of the GHL Group

Based on the overview and outlook of the industry in which GHL operates as stated in Section 8.3 above, the Board believes that GHL is well-positioned to take advantage of the growth in e-payments in the countries in which it operates. This growth is congruent with the objectives of several central banks in Asia that have implemented policies to convert cash payments to e-payments. Today, the ASEAN region is mostly a cash-based society that is transitioning to a payments platform. GHL, as one of the leading ASEAN payment services provider will play an increasingly enlarged role in enabling this transformation.

"In the next 10 years, BNM aims to increase the number of e-payment transactions per capita from 44 transactions in 2010 to 200 transactions by the end of 2020, which is comparable to the e-payment transactions per capita of the more developed countries. The vision is to make e-payments the preferred medium for economic transactions in Malaysia. The achievement of this vision will be through the creation of a vibrant and conducive environment which provides the incentives for greater usage and provision of e-payment products and services. This will require new and bold measures and the commitment by all stakeholders to transform the Malaysian payments system to one that is highly efficient in terms of speed, security, convenience and cost."

(Source: Financial Sector Blueprint 2011-2020, BNM)

As stated above, BNM aims to increase the number of e-payment transactions per capita from 44 transactions in 2010 to 200 transactions by end of 2020. In order to achieve this, the EDC payment infrastructure will have to be enlarged to include smaller merchants as well as greater e-payment acceptance in outlying areas. Given that GHL has strong nationwide coverage via its regional offices in Penang, Johor Bahru, Kuching, Kota Kinabalu and Kuantan, the GHL Group believes that they are well-positioned to take advantage of the growth in e-payment transactions.

In the Philippines and Thailand, the level of cash payments versus e-payments is higher than in Malaysia. The central banks in these countries are similarly minded in wanting to encourage e-payments as opposed to cash payments. These countries have relatively large populations and therefore, the potential market size for the e-payment services industry is larger. At present, e-payment is, in these countries, in the nascent stage of development with future growth likely to outpace the domestic market. GHL's existing significant presence in these countries as well as its established relationships with the major local banks places it in a strategic position to grow with the respective markets.

Technology changes are and will continue to affect the way in which consumers make payments, merchants accept payments and banks work with payment service providers.

GHL believes it is unique in that it has an end-to-end solutions capability that encompasses the deployment of EDC terminals as well as the capability to develop its own proprietary payment devices and back-end software applications.

From a hardware perspective, GHL believes it is able to develop its products quickly to meet the needs of the changing market and/or to adapt to shifts in more efficient technology. GHL considers itself less dependent on external suppliers in this respect and GHL is able customise its products to meet the specific needs of the individual markets.

From an applications perspective, GHL is able to provide banks and merchants with services beyond payments solution. Across the ASEAN region, the GHL Group has delivered prepaid cards and loyalty cards, managed networks, mall management to capture all transactions into a central database and a host of other specialised products that holistically addresses the needs of such banks and merchants. These needs transcend just payments solution. As at the LPD, to the best of the Board's knowledge and belief, there is no other ASEAN payment services provider who has this capability.

The GHL Group believes it has a competitive edge because it can deliver high service levels at affordable prices because of its size and scale of operations. Due to its size as compared to its competitors, the GHL Group is better able to withstand increases in unit cost structure. In addition, as banks expand their operations across the ASEAN region, GHL believes it is well-positioned as a solutions provider to serve them across the ASEAN region with value propositions which offer potentially strategic advantages.

Premised on the above, the Board believes that the GHL Group is strategically poised, given the developments taking place in the ASEAN region. Based on the above, the ASEAN region is expected to witness significant growth in the e-payments services industry. The GHL Group, having a comprehensive end-to-end payments solutions capability as well as an established status within the ASEAN region, is expected to enjoy the benefits from this growth.

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9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL CAPITAL COMMITMENTS

9.1 Working Capital

The Board is of the opinion that after taking into account the amount to be raised from the Rights Issue, the banking facilities available to the Group and the funds to be generated from the Group's operations, the Group will have sufficient working capital for a period of twelve (12) months from the date of this Abridged Prospectus to meet its present and foreseeable future working capital requirements.

9.2 Borrowings

As at the LPD, the total outstanding borrowings of the Group amounted to approximately RM3.62 million, all of which are interest-bearing, the details of which are set out below:-

	RM'000
Short-term	1,216
Long-term	2,403
Total	**3,619**

The Group's borrowings in RM equivalent are denominated in the following currencies:-

	RM'000
Ringgit Malaysia	2,807
Philippine Peso	812
Total	**3,619**

9.3 Contingent Liabilities

Save as disclosed below, as at the LPD, the Board is not aware of any material contingent liabilities incurred or known to be incurred which upon becoming enforceable may have a material impact on the profits or NA of the GHL Group:-

	RM'000
Bankers' guarantee in favour of third parties as a performance bond	
- Secured	3,407

These bankers' guarantees are made to GHL's customers which consist of financial institutions and an e-payment solutions provider as a performance bond. The performance bonds act as collateral to ensure provision of supply and services to their customers and for tender bids.

9.4 Material Capital Commitments

Save as disclosed below, the Board confirms that there is no other material capital commitments incurred or known to be incurred as at the LPD by the Company or its subsidiaries, which may have an impact on the results or the financial position of the Group.

	RM'000
Purchase of EDC Terminals	
- Approved and contracted for	1,206

The above capital commitments will be funded by internally generated funds and/or bank borrowings.

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10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO DISPOSE OF ALL OR ANY PART OF YOUR ENTITLEMENTS AS WELL AS FOR EXCESS APPLICATION ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU AND/OR YOUR RENOUNCEE(S) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

ACCEPTANCES WHICH DO NOT CONFORM STRICTLY TO THE TERMS OF THIS ABRIDGED PROSPECTUS, THE RSF AND NOTES AND INSTRUCTIONS PRINTED THEREIN OR WHICH ARE ILLEGIBLE MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

10.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue (fractional allotment, if any, shall be dealt with in such manner as the Board shall in its sole and absolute discretion deems fit or expedient and in the best interest of the Company). You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares into your CDS Account and a RSF to enable you to subscribe for the Rights Shares provisionally allotted to you, as well as to apply for any excess Rights Shares if you choose to do so. This Abridged Prospectus and the RSF are also available on Bursa Securities' website (http://www.bursamalaysia.com).

10.2 Last Date and Time for Acceptance and Payment

The last date and time for acceptance and payment for the Rights Shares is on 17 July 2013 at 5.00 p.m., or such other later date and time as the Board in their absolute discretion may decide and announce not less than two (2) Market Days before the stipulated date and time. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

10.3 Procedures for Acceptance and Payment

If you wish to accept the Rights Shares provisionally allotted to you either in full or in part, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions contained in the RSF and deliver it together with the appropriate remittance either by ORDINARY POST or DELIVERED BY HAND in the official envelope prescribed (at your own risk) to the Share Registrar, **Tricor Investor Services Sdn Bhd**, at **Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not later than 17 July 2013 at 5.00 p.m.**, being the last date and time for acceptance and payment, or such later date and time as the Board in their absolute discretion may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you do not wish to accept the Rights Shares provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed/applied for. Applicants should take note that a trading board lot of the Rights Shares comprises one hundred (100) Rights Shares. You have to complete Parts I(a) and II of the RSF by specifying the number of Rights Shares which you are accepting. The portion of the Rights Shares that has not been accepted will be allotted to applicants applying for Excess Application in the manner set out in Section 10.5 of this Abridged Prospectus.

Acceptance and payment for the Rights Shares provisionally allotted to you must be made on the RSF issued with this Abridged Prospectus and must be completed in accordance with the notes and instructions printed therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus or the RSF together with notes and instructions printed therein or which are illegible may not be accepted at the absolute discretion of the Board.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and must be made payable to "**GHL RIGHTS SHARES ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS Account number. The payment must be made in the exact amount. Any excess or insufficient payment will be rejected at the absolute discretion of the Board. Cheques or any other mode of payments not prescribed herein are not acceptable.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY THE COMPANY OR THE SHARE REGISTRAR IN RESPECT OF THE RIGHTS SHARES. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF REMITTANCE BEING PRESENTED FOR PAYMENT.

If acceptance and payment for the Rights Shares provisionally allotted to you are received by the Share Registrar, Tricor Investor Services Sdn Bhd, at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, later than 17 July 2013 at 5.00 p.m. being the last date and time for acceptance and payment, or such later date and time as may be determined and announced by the Board, the said provisional allotment to you will be deemed to have been declined and will be cancelled and such Rights Shares not taken up will be allotted to applicants who have applied for Excess Application as stated in Section 10.5 below.

The Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reason thereof.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN. WHERE THE APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF GHL AT YOUR OWN RISK.

YOU AND/OR YOUR RENOUNCEE(S) WHO ARE SUBJECT TO CERTAIN RESTRICTIONS UNDER APPLICABLE SECURITIES LAWS MAY NOT BE ABLE TO SUBSCRIBE FOR THE RIGHTS SHARES.

10.4 Procedures for Sale and/or Transfer of Provisional Allotment of Rights Shares

The provisional allotment of Rights Shares is renounceable and will be traded on Bursa Securities commencing from 3 July 2013 up to and including 9 July 2013. As such, you and/or your renouncee(s) may sell and/or transfer all or part of your/their entitlements to the Rights Shares.

As the provisional allotment of Rights Shares are prescribed securities, you and/or your renouncee(s) who wish to dispose of all or part of your entitlements to the Rights Shares may do so immediately through your/their stockbroker for the period up to the last day of trading of the provisional allotment of Rights Shares on 9 July 2013, without first having to request for a split of the provisional allotment of Rights Shares standing to the credit in your/their CDS Accounts.

To dispose of all or part of your provisional entitlements to the Rights Shares, you and/or your renouncee(s) may sell such entitlements on the open market of Bursa Securities or transfer such entitlements to such persons as may be allowed pursuant to the Bursa Depository Rules.

IN SELLING AND/OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENT OF RIGHTS SHARES, YOU AND/OR YOUR RENOUNCEES(S) NEED NOT DELIVER ANY DOCUMENT (INCLUDING THE RSF), TO THE STOCKBROKER IN RESPECT OF THE PORTION OF THE PROVISIONAL ALLOTMENT SOLD AND/OR TRANSFERRED. HOWEVER, YOU AND/OR YOUR RENOUNCEES(S) MUST ENSURE THAT YOU HAVE SUFFICIENT PROVISIONAL ALLOTMENT OF RIGHTS SHARES STANDING TO THE CREDIT IN YOUR CDS ACCOUNTS THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE AND/OR TRANSFER.

If you and/or your renouncee(s) have disposed of and/or transferred only part of your/their entitlements of the Rights Shares, you/they may still accept the balance of your/their entitlements of the Rights Shares by completing Parts I and II of the RSF and forwarding the RSF together with the full amount payable on the balance of the Rights Shares applied for to the Share Registrar in accordance with the instructions in Section 10.3 above.

IF YOU AND/OR YOUR RENOUNCEE(S) SELL AND/OR TRANSFER ALL OR PART OF YOUR/THEIR PROVISIONAL ALLOTMENT OF RIGHTS SHARES, YOU OR THEY WILL AUTOMATICALLY BE DISPOSING YOUR/THEIR ENTITLEMENTS TO THE PROVISIONAL ALLOTMENT OF RIGHTS SHARES. YOU/THEY CANNOT DISPOSE YOUR/THEIR ENTITLEMENTS IN ANY OTHER PROPORTIONS OTHER THAN THAT STATED ABOVE.

YOU AND/OR YOUR RENOUNCEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF TOGETHER WITH THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

10.5 Procedures for Excess Application

If you wish to apply for additional Rights Shares in excess of those provisionally allotted to you, you may do so by completing Part I(b) of the RSF (in addition to Parts I(a) and II of the RSF) and forwarding it with a **separate remittance** for the full amount payable in respect of the excess Rights Shares applied for to the Share Registrar, **Tricor Investor Services Sdn Bhd,** at **Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not later than 17 July 2013 at 5.00 p.m.**, being the last date and time for Excess Application and payment, or such later date and time as the Board in their absolute discretion may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment under the Excess Application should be made in the same manner described in Section 10.3 above except that the banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia should be made payable to "**GHL EXCESS RIGHTS SHARES ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name in block letters and your CDS Account number. Cheques or any other mode of payments not prescribed herein are not acceptable.

It is the intention of the Board to allot the excess Rights Shares, if any, in the following priority:-

(i) Firstly, to minimise the incidence of odd lots; and

(ii) Secondly, for allocation to the Entitled Shareholders (including Mr. Loh) who have applied for excess Rights Shares on a pro-rata basis based on their respective shareholdings as at the Entitlement Date.

Nevertheless, the Board reserves the right to allot any excess Rights Shares applied under Part I(b) of the RSF in such manner as the Board deems fit and expedient in the best interest of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the board set out above are achieved.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF FOR THE EXCESS APPLICATION OR APPLICATION MONIES WILL BE ISSUED BY THE COMPANY OR THE SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS APPLICATION, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE OF APPLICATION AND PAYMENT OF THE EXCESS RIGHTS SHARES BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK.

IF YOU LOSE, MISPLACE OR FOR ANY REASON REQUIRE ANOTHER COPY OF THE RSF, YOU MAY OBTAIN ADDITIONAL COPIES FROM YOUR STOCKBROKERS, BURSA SECURITIES' WEBSITE (HTTP://WWW.BURSAMALAYSIA.COM) OR THE SHARE REGISTRAR, TRICOR INVESTOR SERVICES SDN BHD, AT LEVEL 17, THE GARDENS NORTH TOWER, MID VALLEY CITY, LINGKARAN SYED PUTRA, 59200 KUALA LUMPUR.

10.6 Splitting

Under the CDS environment, the processes of splitting, nomination and renunciation are generated by electronic book-entries made in the CDS Accounts of the Entitled Shareholders. The provisional allotment of Rights Shares will be credited into your CDS Account. You will be notified of the crediting via the NPA which is enclosed with this Abridged Prospectus. You may sell part of or all of the Rights Shares provisionally allotted to you.

10.7 Purchases of Rights

If you have purchased any provisional allotment of Rights Shares on Bursa Securities, to enable you to accept the Rights Shares, you should obtain the RSF from one of the following:-

1) All Malaysian stockbroking companies

2) The Registered Office of the Company at:-

   Level 18, The Gardens North Tower
   Mid Valley City, Lingkaran Syed Putra
   59200 Kuala Lumpur

3) The Share Registrar at:-

   Level 17, The Gardens North Tower
   Mid Valley City, Lingkaran Syed Putra
   59200 Kuala Lumpur

4) Bursa Securities' website at the following address:-

   www.bursamalaysia.com

You are required to complete the RSF and submit the same with the requisite payment to the Share Registrar as described under Sections 10.3 of this Abridged Prospectus on Procedures for Acceptance and Payment.

10.8 Laws of Foreign Jurisdiction

This Abridged Prospectus, together with the NPA and RSF, have not been and will not be registered under or be made to comply with any applicable securities legislation or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country/jurisdiction other than Malaysia.

This Abridged Prospectus, together with the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to the Entitled Shareholders receiving this Abridged Prospectus and the RSF or otherwise within Malaysia.

Accordingly, this Abridged Prospectus and the accompanying NPA and RSF relating to the Rights Issue will not be despatched to you if you do not have a registered address in Malaysia as stated in the Record of Depositors on the Entitlement Date. However, you may collect this Abridged Prospectus including the accompanying documents from the Share Registrar, in which event the Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue.

The Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia other than as stated in the Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. We will assume that the Rights Issue and the acceptance thereof by you would not be in breach of the laws of any jurisdiction. We will further assume that you have accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

You and/or your renouncee(s) shall not have any right or claim against the Company or AmInvestment Bank in respect of on your rights or entitlements under the Rights Issue or to any proceeds thereof. You may only accept or renounce or transfer (as the case may be) all or part of your entitlement and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so, and the Company and AmInvestment Bank would not be in breach of the laws of any foreign jurisdiction/country to which that you or your renouncee(s) is or may be subject to.

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements.

If you are or may be subject to the laws or country/jurisdiction other than Malaysia ("**Foreign Shareholder(s)**"), it shall be your sole responsibility to consult your legal advisers and/or other professional advisers as to whether the acceptance or renunciation in any manner whatsoever of your entitlement under the Rights Issue would result in the contravention of any laws of such country/jurisdiction and the Company, AmInvestment Bank or any other advisers to the Rights Issue shall not accept any responsibility or liability whatsoever to any party in the event that any acceptance or renunciation of the sale or transfer of the provisional allotment of Rights Shares made by you and/or your renouncee(s) is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

If you are a Foreign Shareholder, remittances by you and/or your renouncee(s) who wish to accept the provisional allotment of Rights Shares subject to the above conditions must be made in the manner prescribed in Sections 10.3 and 10.5 of this Abridged Prospectus.

If you are a Foreign Shareholder, by signing the RSF, you and/or your renouncee(s) are deemed to have represented, acknowledged and declared in favour of (and which representation, acknowledgement and declaration will be relied upon by) the Company, the Board and officers, AmInvestment Bank and other advisers to the Rights Issue that:

(i) The Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction which you and/or your renouncee(s) are or may be subject to;

(ii) you and/or your renouncee(s) have complied with the laws which you and/or your renouncee(s) are or may be subject to in connection with the acceptance or renunciation;

(iii) you and/or your renouncee(s) are not a nominee or agent of a person in respect of whom the Company would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction which that person is or may be subject to;

(iv) you and/or your renouncee(s) are aware that the provisional allotment of Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any way in accordance with all applicable laws in Malaysia;

(v) you and/or your renouncee(s) have respectively received a copy of this Abridged Prospectus and have read and understood the contents of this Abridged Prospectus; and

(vi) you and/or your renouncee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

Persons receiving this Abridged Prospectus, NPA and/or RSF (including without limitation custodians, nominees and trustees) must not, in connection with the Rights Issue, offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or other relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any person in such jurisdictions, or by the agent or nominee of such a person, he/she/it/they must not seek to accept the offer unless he/she/it/they has/have complied with and observed the laws of the relevant jurisdiction.

Any person who does forward this Abridged Prospectus, NPA and/or RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares from any application by Foreign Shareholders and/or their renouncee(s) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements.

10.9 CDS Accounts

Bursa Securities has already prescribed the securities of the Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the provisional allotment of Rights Shares will be by book entry through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Bursa Depository Rules. You are required to have valid and subsisting CDS Accounts in order to subscribe for the Rights Shares.

The acceptance of the Rights Shares by you or any purchaser of the rights thereof shall mean consent to receiving such Rights Shares as prescribed securities which will be credited directly into your or the purchaser's CDS Account.

All excess Rights Shares allotted shall be credited directly into the CDS Accounts of the successful applicants.

You are required to use one (1) RSF for each CDS Account. Separate RSF must be used if you have more than one CDS Account having been credited with the provisional allotments of Rights Shares.

A REPLY ENVELOPE IS ENCLOSED WITH THIS ABRIDGED PROSPECTUS. TO FACILITATE THE PROCESSING OF THE RSFs BY THE SHARE REGISTRAR OF THE COMPANY, YOU ARE ADVISED TO USE ONE (1) REPLY ENVELOPE FOR EACH COMPLETED RSF.

10.10 Notice of Allotment

Upon allotment of the Rights Shares in respect of your acceptance and Excess Application (if any), the Rights Shares shall be credited into your CDS Account. No physical shares certificates will be issued to you in respect of the Rights Shares. However, a notice of allotment will be despatched to you by ordinary post within eight (8) Market Days from the last date of acceptance and payment of the Rights Shares and Excess Application at the address shown in the Record of Depositors at your own risk.

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Rights Issue or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and be despatched to you within fifteen (15) Market Days from the last date of acceptance and payment in respect of the Rights Shares by ordinary post to the address shown in the Record of Depositors at your own risk.

The allotment of the Rights Shares, despatch of notice of allotment and application to Bursa Securities for the quotation of the Rights Shares will be made within eight (8) Market Days from the last date for payment and acceptance of the Rights Shares.

PLEASE NOTE THAT A COMPLETED RSF AND THE PAYMENT THEREOF ONCE LODGED WITH THE SHARE REGISTRAR CANNOT SUBSEQUENTLY BE WITHDRAWN.

THE LATEST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WILL BE ON 17 JULY 2013 AT 5.00 P.M. OR SUCH LATER DATE AND TIME AS THE BOARD IN THEIR ABSOLUTE DISCRETION MAY DECIDE AND ANNOUNCE NOT LESS THAN TWO (2) MARKET DAYS BEFORE THE STIPULATED DATE AND TIME.

AN APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

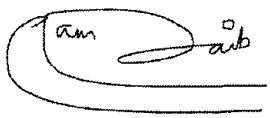
11. TERMS AND CONDITIONS

The issue of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus and the accompanying NPA and RSF.

12. FURTHER INFORMATION

Please refer to the attached Appendices for further information.

Yours faithfully
For and on behalf of the Board of
GHL SYSTEMS BERHAD



Datuk Kamaruddin Bin Taib
Independent Non-Executive Chairman

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17 MAY 2013

LIM POH YEN
SECRETARY
MAICSA 7009745

GHL SYSTEMS BERHAD (293040-D)
(Incorporated in Malaysia)

EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON 2 APRIL 2013

SPECIAL RESOLUTION 1
PROPOSED CAPITAL REDUCTION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF GHL PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 ("ACT") INVOLVING THE REDUCTION OF THE PAR VALUE OF EVERY EXISTING ORDINARY SHARE OF RM0.50 EACH IN GHL TO RM0.20 EACH BY THE CANCELLATION OF RM0.30 EACH ("PROPOSED CAPITAL REDUCTION")

RESOLVED:-
THAT subject to and conditional upon the confirmation by the High Court of Malaya pursuant to Section 64 of the Act, the passing of Ordinary Resolution 1 and the approval of all other relevant authorities/parties (if applicable), approval be and is hereby given to the Company for a reduction of the par value from RM0.50 to RM0.20, whereby the existing issued and paid-up share capital of GHL of RM73,401,050 comprising 146,802,100 ordinary shares of RM0.50 each be reduced to RM29,360,420 comprising 146,802,100 ordinary shares of RM0.20 each and the par value of each of the 200,000,000 ordinary shares in the authorised share capital of the Company be reduced from RM0.50 to RM0.20, such that its authorised share capital is reduced from RM100,000,000 divided into 200,000,000 ordinary shares of RM0.50 each to RM40,000,000 divided into 200,000,000 ordinary shares of RM0.20 each;

THAT the credit arising from the said capital reduction be utilised to offset against the accumulated losses of the Company and thereafter, in the event there is surplus credit, that such unutilised credit be transferred to and credited into the capital reserve account or such other reserve account as the High Court of Malaya may direct;

AND THAT the Directors of the Company be and are hereby authorised to do all such deeds, acts and things and to execute all the necessary documents for and on behalf of the Company to give full effect to and implement the Proposed Capital Reduction with full power to assent to any conditions, modifications, variations as may be required by the relevant authorities or the High Court of Malaya as the Directors may deem fit or expedient to finalise, implement and give full effect to and complete the Proposed Capital Reduction.

ORDINARY RESOLUTION 1
PROPOSED INCREASE IN THE COMPANY'S AUTHORISED SHARE CAPITAL FROM RM100,000,000 COMPRISING 200,000,000 ORDINARY SHARES OF RM0.50 EACH TO RM500,000,000 COMPRISING 2,500,000,000 ORDINARY SHARES OF RM0.20 EACH ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")

RESOLVED:-
THAT the authorised share capital of the Company prior to completion of the Proposed Capital Reduction is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each and that following completion of the Proposed Capital Reduction, the authorised share capital of the Company will stand at RM40,000,000 comprising 200,000,000 ordinary shares of RM0.20 each and that the authorised share capital of the Company be increased subsequently to RM500,000,000 comprising 2,500,000,000 ordinary shares of RM0.20 each after the Proposed Capital Reduction;

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SECRETARY
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GHL SYSTEMS BERHAD (293040-D)
EXTRACT OF THE EXTRAORDINARY GENERAL MEETING HELD ON 2 APRIL 2013

THAT subject to the passing of Special Resolution 1 and the Proposed Capital Reduction in Special Resolution 1 taking effect, the authorised share capital of the Company be increased from RM40,000,000 comprising 200,000,000 ordinary shares of RM0.20 each (being the authorised share capital of the Company following completion of the Proposed Capital Reduction) to RM500,000,000 comprising 2,500,000,000 ordinary shares of RM0.20 each by the creation of an additional 2,300,000,000 ordinary shares of RM0.20 each;

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary or expedient in the best interests of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities, and to take all steps and actions as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Increase in Authorised Share Capital.

ORDINARY RESOLUTION 2
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 36,346,550 NEW ORDINARY SHARES OF RM0.20 EACH IN THE COMPANY ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) ORDINARY SHARES OF RM0.20 EACH IN THE COMPANY HELD AFTER THE CAPITAL REDUCTION ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE")

RESOLVED:-
THAT subject to and conditional upon the passing of Special Resolution 1, Ordinary Resolutions 1 and 3, and the approvals of all relevant regulatory authorities being obtained, including, the exemption by the Securities Commission, Malaysia ("**SC**") being granted to exempt Mr. Loh Wee Hian and the parties acting in concert with him ("**PAC**") under the provisions of the Malaysian Code on Takeovers and Mergers, 2010 ("**Code**") from the obligation to undertake a mandatory take-over offer for all the remaining ordinary shares of the Company not already held by them pursuant to the Proposed Rights Issue, and upon the Proposed Capital Reduction in Special Resolution 1 and the Proposed Increase in Authorised Share Capital in Ordinary Resolution 1 taking effect, approval be and is hereby given to the Board to provisionally issue and allot by way of a renounceable rights issue of 36,346,550 Rights Shares at an issue price to be determined and announced later, but in any case, the issue price will not be lower than the par value of RM0.20 each in the Company on the basis of one (1) Rights Share for every four (4) ordinary shares of RM0.20 each in the Company (as adjusted or modified from time to time pursuant to the By-Laws (as herein defined)) held, to the shareholders of the Company whose names appear on the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board;

THAT fractional entitlements of the Rights Shares shall be dealt with by the Board in such manner at their absolute discretion deem fit and expedient, and to be in the best interest of the Company;

THAT the Board be authorised to allot and issue Rights Shares pursuant to or in relation to the Proposed Rights Issue, including, the allotment and issue of any Rights Shares arising from any application for excess shares in relation to the Proposed Rights Issue;

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SECRETARY
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GHL SYSTEMS BERHAD (293040-D)
EXTRACT OF THE EXTRAORDINARY GENERAL MEETING HELD ON 2 APRIL 2013

THAT the Rights Shares shall, upon allotment and issuance, rank *pari passu* in all aspects with the then existing ordinary shares of RM0.20 each in the Company (as adjusted or modified from time to time pursuant to the By-Laws (as herein defined)), save and except that they will not be entitled to any dividends, rights, allotment and/or any other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the Rights Shares;

AND THAT the Directors of the Company be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Rights Issue with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue.

ORDINARY RESOLUTION 3
PROPOSED EXEMPTION UNDER PARAGRAPH 16.1 OF PRACTICE NOTE 9 OF THE CODE TO MR. LOH WEE HIAN AND THE PAC FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR ALL THE REMAINING SHARES IN THE COMPANY NOT ALREADY HELD BY THEM WHICH MAY ARISE PURSUANT OR IN RELATION TO THE RIGHTS ISSUE ("PROPOSED EXEMPTION")

RESOLVED:-
THAT subject to and conditional upon the passing of Special Resolution 1 and Ordinary Resolution 1, and the approvals of all relevant regulatory authorities being obtained, where required, including but not limited to compliance with such conditions as may be imposed by the SC, approval be and is hereby given to exempt Mr. Loh Wee Hian and the PAC under the provisions of the Code from the obligation to undertake a mandatory take-over offer for all the remaining shares in the Company not already held by them pursuant or in relation to the Proposed Rights Issue, including, any arising from any allotment and issue of excess shares to all or any of them in connection with the Proposed Rights Issue;

AND THAT the Directors of the Company be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Exemption with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Exemption.

ORDINARY RESOLUTION 4
PROPOSED ESTABLISHMENT OF AN EXECUTIVES' SHARE SCHEME OF UP TO FIFTEEN PERCENT (15%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY (EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME DURING THE DURATION OF THE SCHEME ("PROPOSED EXECUTIVES' SHARE SCHEME")

RESOLVED:-
THAT subject to and conditional upon the passing of Special Resolution 1 and Ordinary Resolution 1, and the Proposed Capital Reduction in Special Resolution 1 and the Proposed Increase in Authorised Share Capital in Ordinary Resolution 1 taking effect, the approvals of all relevant regulatory authorities being obtained, approval and authority be and is hereby given to the Board to:-

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17 MAY 2013

LIM POH YEN
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MAICSA 7009745

GHL SYSTEMS BERHAD (293040-D)
EXTRACT OF THE EXTRAORDINARY GENERAL MEETING HELD ON 2 APRIL 2013

(i) establish an executives' share scheme for the benefit of the eligible executives and Executive Directors of the Company and its subsidiaries (excluding subsidiaries which are dormant) ("**GHL Group**") who fulfill certain specified conditions of eligibility for participation in the Proposed Executives' Share Scheme ("**Eligible Executives**") and to implement and administer the same in accordance with the By-Laws of the Proposed Executives' Share Scheme which draft is as set out in Appendix II of the Circular to shareholders of GHL dated 6 March 2013 ("**By-Laws**");

(ii) to appoint a trustee to facilitate the implementation of the Proposed Executives' Share Scheme;

(iii) to authorise and/or procure any one or more of the subsidiaries of the Company to provide, to the extent permitted by laws, assistance (financial or otherwise) from time to time if required to enable the trustee to subscribe for and/or acquire new or existing ordinary shares in the Company;

(iv) to allot and issue and/or procure the transfer of such number of new or existing ordinary shares of RM0.20 each in the Company (as adjusted or modified from time to time pursuant to the By-Laws) ("**Scheme Shares**") from time to time as may be required for the purpose of or in connection with the Proposed Executives' Share Scheme, provided that the total number of Scheme Shares to be allotted and issued and/or transferred shall not exceed fifteen percent (15%) in aggregate of the total issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point in time throughout the duration of the Proposed Executives' Share Scheme;

(v) to make the necessary application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for permission to deal in and for the listing of new ordinary shares of RM0.20 each in the Company (as adjusted or modified from time to time pursuant to the By-Laws) that may hereafter from time to time be allotted and issued pursuant to the Proposed Executives' Share Scheme; and

(vi) to do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules and regulations, or to impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed Executives' Share Scheme and the terms of the By-Laws and to assent to any conditions, variations, modifications and/or amendments as may be imposed by and/or agreed with the relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Executives' Share Scheme with full power to modify and/or amend the By-Laws from time to time as may be required or deemed necessary in accordance with the provisions of the By-Laws relating to amendments and/or modifications and to assent to any conditions, modifications, revaluations, variations and/or amendments as may be required by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Executives' Share Scheme.

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17 MAY 2013

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SECRETARY
MAICSA 7009745

GHL SYSTEMS BERHAD (293040-D)
EXTRACT OF THE EXTRAORDINARY GENERAL MEETING HELD ON 2 APRIL 2013

ORDINARY RESOLUTION 5
PROPOSED ALLOCATION OF AWARDS TO MR. LOH WEE HIAN

RESOLVED:-
THAT subject to and conditional upon the passing of Special Resolution 1, Ordinary Resolutions 1 and 4 (and all such resolutions being unconditional), and the Proposed Capital Reduction in Special Resolution 1 taking effect, approval be and is hereby given to the Board to allocate either or a combination of awards consisting of up to 1,800,000 Options and/or up to 500,000 Scheme Shares (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed Executives' Share Scheme to Mr. Loh Wee Hian, the Executive Vice Chairman of the Company, subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws.

ORDINARY RESOLUTION 6
PROPOSED ALLOCATION OF AWARDS TO MR. KANAGARAJ LORENZ

RESOLVED:-
THAT subject to and conditional upon the passing of Special Resolution 1, Ordinary Resolutions 1 and 4 (and all such resolutions being unconditional), and the Proposed Capital Reduction in Special Resolution 1 taking effect, approval be and is hereby given to the Board to allocate either or a combination of awards consisting of up to 1,800,000 Options and/or up to 1,500,000 Scheme Shares (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed Executives' Share Scheme to Mr. Kanagaraj Lorenz, the Chief Executive Officer of the Company, subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws.

ORDINARY RESOLUTION 7
PROPOSED ALLOCATION OF AWARDS TO MR. NG KING KAU

RESOLVED:-
THAT subject to and conditional upon the passing of Special Resolution 1, Ordinary Resolutions 1 and 4 (and all such resolutions being unconditional), and the Proposed Capital Reduction in Special Resolution 1 taking effect, approval be and is hereby given to the Board to allocate either or a combination of awards consisting of up to 1,800,000 Options and/or up to 1,500,000 Scheme Shares (as adjusted or modified from time to time pursuant to the By-Laws) pursuant to the Proposed Executives' Share Scheme to Mr. Ng King Kau, the Executive Director of the Company, subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws.

CERTIFIED TRUE EXTRACT

DIRECTOR **DIRECTOR**

Dated: 15 April 2013

1. HISTORY OF THE BUSINESS AND PRINCIPAL ACTIVITIES

GHL was incorporated in Malaysia on 29 March 1994 under the Companies Act, 1965 as a private limited company with the name of Info Era (Kuantan) Sdn Bhd. Subsequently, on 17 February 1997, the Company changed its name to GHL Automation (Kuantan) Sdn Bhd. On 30 January 1999, it had changed its name to GHL Systems Sdn Bhd. GHL was converted into a public limited company on 16 July 2002 and was listed on the MESDAQ Market (now known as the ACE Market) of Bursa Securities on 9 April 2003. On 15 February 2007, GHL was transferred to the Main Board (now known as the Main Market) of Bursa Securities.

On 28 December 1998, GHL was granted the Multimedia Super Corridor status by Multimedia Development Corporation Sdn Bhd. GHL is an end-to-end payment services enabler in Asia Pacific. The principal activities of the Company and its subsidiaries are of investment holding, 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.

Further details of the principal activities of its subsidiary and associate companies are disclosed in Section 5 below.

2. SHARE CAPITAL AND MOVEMENTS IN SHARE CAPITAL

The authorised, issued and fully paid-up share capital of the Company as at the LPD are as follows:-

Type	No. of Shares	Par Value (RM)	Amount (RM)
Authorised	200,000,000	0.50	100,000,000
Issued and paid-up	146,802,100	0.50	73,401,050

The changes in the issued and paid-up ordinary share capital of the Company for the last three (3) years up to the LPD, are as follows:-

Date	No. of Shares	Par Value (RM)	Type of Issue/ Consideration	Cumulative No. of Shares
1 June 2010	6,939,885	0.50	Bonus issue / Utilisation of retained profits	145,802,100
1 November 2012	1,000,000	0.50	Issuance pursuant to the exercise of option under the ESOS / Cash	146,802,100

3. SUBSTANTIAL SHAREHOLDERS

Based on the Register of Substantial Shareholders of GHL, the substantial shareholders' shareholdings of GHL as at the LPD and the effects of the Rights Issue on their shareholdings are as follows:-

The Capital Reduction and the Exemption will not have any effect on the substantial shareholders' shareholdings as the number of ordinary shares in issue of GHL will remain unchanged.

For the illustration of the effects on the substantial shareholders' shareholdings, the following were assumed:-

Scenario 1 : Assuming that all Entitled Shareholders subscribe for their respective entitlements in full

Scenario 2 : Assuming that Mr. Loh subscribes for 100% of the Rights Issue via the Undertaking

The proforma effects of the Rights Issue on the substantial shareholders' shareholdings in GHL are as follows:-

Scenario 1: Assuming that all Entitled Shareholders subscribe for their respective entitlements in full

	As at LPD				Proforma I After the Capital Reduction				Proforma II After Proforma I and the Rights Issue			
	Direct ('000)	%	Indirect ('000)	%	Direct ('000)	%	Indirect ('000)	%	Direct ('000)	% [2]	Indirect ('000)	% [2]
Mr. Loh	38,900	26.76	3,259	2.24[1]	38,900	26.76	3,259	2.24[1]	48,625	26.76	4,074	2.24[1]
Goh Kuan Ho	10,619	7.30	-	-	10,619	7.30	-	-	13,274	7.30	-	-

Notes:-

(1) *Other interest held through his son, Mr. Loh Hin Yaw pursuant to Section 134(12)(c) of the Act*

(2) *Based on the enlarged issued and paid-up share capital of GHL of 181,732,749 GHL Shares (net of treasury shares) after the Capital Reduction and the Rights Issue.*

Scenario 2: Assuming that Mr. Loh subscribes for 100% of the Rights Issue via the Undertaking

	As at LPD				Proforma I After the Capital Reduction				Proforma II After Proforma I and the Rights Issue			
	Direct ('000)	%	Indirect ('000)	%	Direct ('000)	%	Indirect ('000)	%	Direct ('000)	% [2]	Indirect ('000)	% [2]
Mr. Loh	38,900	26.76	3,259	2.24[1]	38,900	26.76	3,259	2.24[1]	75,246	41.40	3,259	1.79[1]
Goh Kuan Ho	10,619	7.30	-	-	10,619	7.30	-	-	10,619	5.84	-	-

Notes:-

(1) *Other interest held through his son, Mr. Loh Hin Yaw pursuant to Section 134(12)(c) of the Act*

(2) *Based on the enlarged issued and paid-up share capital of GHL of 181,732,749 GHL Shares (net of treasury shares) after the Capital Reduction and the Rights Issue.*

4. BOARD OF DIRECTORS

The particulars of the Board as at the LPD are as follows:-

Name	Designation	Address	Nationality	Profession	Age
Datuk Kamaruddin Bin Taib	Independent Non-Executive Chairman	34, Jalan Chempenai, Damansara Heights, 50490 Kuala Lumpur	Malaysian	Company Director	56
Loh Wee Hian	Executive Vice Chairman	16-18, Jalan PJS11/28A, Bandar Sunway, 46150 Petaling Jaya, Selangor	Malaysian	Company Director	51
Kanagaraj Lorenz	Chief Executive Officer	74, Jalan Pudina, Bukit Bandaraya Bangsar, 59000 Kuala Lumpur	Malaysian	Company Director	56
Ng King Kau	Executive Director	7, Persiaran Damansara Endah, Damansara Heights, 50490 Kuala Lumpur	Malaysian	Company Director	63
Fong Seow Kee	Senior Independent Non-Executive Director	5, Lengkok Setiabistari, Bukit Damansara, 50490 Kuala Lumpur	Malaysian	Company Director	56
Goh Kuan Ho	Independent Non-Executive Director	62, Desa Kelewa, 43000 Kajang, Selangor	Malaysian	Company Director	49

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4. BOARD OF DIRECTORS *(CONT'D)*

For the effects on the shareholdings of the Directors of the Company, the following were assumed:-

Scenario 1 : Assuming that all Entitled Shareholders subscribe for their respective entitlements in full
Scenario 2 : Assuming that Mr. Loh subscribes for 100% of the Rights Issue via the Undertaking

The shareholdings of the Directors of the Company as at the LPD and the effects of the Rights Issue on their shareholdings are as follows:-

Scenario 1: Assuming that all Entitled Shareholders subscribe for their respective entitlements in full

	Existing as at the LPD				After the Capital Reduction				After the Rights Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	% [2]	No. of Shares ('000)	% [2]
Datuk Kamaruddin Bin Taib	-	-	-	-	-	-	-	-	-	-	-	-
Loh Wee Hian	38,900	26.76	3,259	2.24[1]	38,900	26.76	3,259	2.24[1]	48,625	26.76	4,074	2.24[1]
Kanagaraj Lorenz	1,003	0.69	-	-	1,003	0.69	-	-	1,254	0.69	-	-
Ng King Kau	678	0.47	-	-	678	0.47	-	-	847	0.47	-	-
Fong Seow Kee	-	-	-	-	-	-	-	-	-	-	-	-
Goh Kuan Ho	10,619	7.30	-	-	10,619	7.30	-	-	13,274	7.30	-	-

Notes:-

(1) *Other interest held through his son, Mr. Loh Hin Yaw pursuant to Section 134(12)(c) of the Act*

(2) *Based on the enlarged issued and paid-up share capital of GHL of 181,732,749 GHL Shares (net of treasury shares) after the Capital Reduction and the Rights Issue.*

4. BOARD OF DIRECTORS *(CONT'D)*

Scenario 2: Assuming that Mr. Loh subscribes for 100% of the Rights Issue via the Undertaking

	Existing as at the LPD				After the Capital Reduction				After the Rights Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	% [2]	No. of Shares ('000)	% [2]
Datuk Kamaruddin Bin Taib	-	-	-	-	-	-	-	-	-	-	-	-
Loh Wee Hian	38,900	26.76	3,259	2.24 [1]	38,900	26.76	3,259	2.24[1]	75,246	41.40	3,259	1.79[1]
Kanagaraj Lorenz	1,003	0.69	-	-	1,003	0.69	-	-	1,003	0.55	-	-
Ng King Kau	678	0.47	-	-	678	0.47	-	-	678	0.37	-	-
Fong Seow Kee	-	-	-	-	-	-	-	-	-	-	-	-
Goh Kuan Ho	10,619	7.30	-	-	10,619	7.30	-	-	10,619	5.84	-	-

Notes:-

(1) *Other interest held through his son, Mr. Loh Hin Yaw pursuant to Section 134(12) (c) of the Act*

(2) *Based on the enlarged issued and paid-up share capital of GHL of 181,732,749 GHL Shares (net of treasury shares) after the Capital Reduction and the Rights Issue.*

5. SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, the subsidiary and associated companies of the Company are as follows:

Name of company	Date/ Country of incorporation	Issued and paid-up capital	Equity interest held %	Principal activities
GHL Transact Sdn Bhd	25.05.2000 / Malaysia	RM754,000.00 divided into 754,000 ordinary shares of RM1.00 each	100	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance
GHL Payments Sdn Bhd	08.03.2000 / Malaysia	RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each	100	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance
GHL EFTPOS Sdn Bhd	24.04.2001 / Malaysia	RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each	100	Sales and rental of EDC equipment and its related software & services, inclusive of installation, training and maintenance
GHL International Sdn Bhd ("**GISB**")	17.09.2002 / Malaysia	RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each	100	Investment holding, sales and rental of EDC equipment and its related software & services, inclusive of installation, training and maintenance
GHL Global Sdn Bhd	08.08.2008 / Malaysia	RM1,000,000.00 divided into 1,000,000 ordinary shares of RM1.00 each	100	Development and sales of Net.Point software solution; software programmes and other related products and services
GHL Asia Pacific Ltd ("**GHL APL**")	08.12.2006 / Labuan, Malaysia	GBP1,524,701 divided into 15,247,010 ordinary shares of GBP0.10 each	100	Investment holding
GHL Loyalty Sdn Bhd	19.10.2012 / Malaysia	RM2.00 divided into 2 ordinary shares of RM1.00 each	100	Promote and distribute loyalty cards and to act as operator to issue, manage, offer and promote loyalty card program
GHL BPO1 Sdn Bhd	11.01.2013 / Malaysia	RM2.00 divided into 2 ordinary shares of RM1.00 each	100	Provision of outsourcing services for card-related business processes
GHL Payment Services Sdn Bhd	11.01.2013 / Malaysia	RM2.00 divided into 2 ordinary shares of RM1.00 each	100	Provision of electronic payment services
GHL ePayments Sdn Bhd	29.03.2013 / Malaysia	RM2.00 divided into 2 ordinary shares of RM1.00 each	100	Provision of electronic payment services for online and mobile merchant acquisition as well as other related activities

Name of company	Date/ Country of incorporation	Issued and paid-up capital	Equity interest held %	Principal activities
Subsidiary of GISB				
GHL Cardpay Sdn Bhd *(formerly known as Card Pay Sdn Bhd)*	17.07.2002 / Malaysia	RM1,250,000.00 divided into 1,250,000 ordinary shares of RM1.00 each	100	Third party acquirer for e-debit and MEPS cash transactions, sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
Subsidiaries of GHL APL				
GHL Systems Philippines Inc ("**GHLSP**")	26.06.2006 / Philippines	₱38,666,300 divided into 386,663 ordinary shares of ₱100.00 each	99.99	Provision of end-of-end payment services and solutions through the deployment of payment infrastructure, technology and services.
GHL (Thailand) Co. Ltd ("**GHLTCL**")	15.05.2006 / Thailand	26,800,000 Baht divided into 207,800 preferred shares and 60,200 ordinary shares of 100 Baht each	89.99	Sales, 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 Systems Australia Pty Ltd	20.07.2012 / Australia	AUD100,000.00 divided into 100,000 shares of AUD1.00 each	100	Sales of hardware, software and professional services.
PT Spotpay Indonesia	08.04.2013 / Indonesia	- (As at the LPD, there is no paid-up capital)	99 (1% held by GHL)	Provision of information technology consultancy and management services
Subsidiary of GHLTCL				
Conscious Object Development Co., Ltd. ("**CODCL**")	20.06.2007 / Thailand	1,000,000 Baht divided into 10,000 shares of 100 Baht each	100	Software development
Associated company of GHLSP				
Pinoytek Solusyon, Inc	07.01.2013 / Philippines	₱2,500,000 divided into 25,000 ordinary shares of ₱100 each	40	Provision of end-to-end payment services and solutions

6. PROFIT AND DIVIDEND RECORD

The folllowing table summarises the relevant financial information based on the audited consolidated statements of comprehensive income for the FYE 31 December 2010, 2011 and 2012 and the unaudited interim financial statements for the three (3)-month FPE 31 March 2013.

	< -- Audited FYE 31 December -- >			Unaudited Three (3)-month FPE 31 March
	2010	2011	2012	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	63,988	62,726	53,475	16,704
Cost of sales	(23,816)	(19,790)	(13,139)	(6,539)
Gross profit	40,172	42,936	40,336	10,165
Other operating income	3,002	1,009	912	102
Administrative and distribution expenses	(48,351)	(54,354)	(30,499)	(7,501)
Other operating expenses	(1,416)	(8,540)	(1,709)	(101)
EBITDA	(6,593)	(18,949)	9,040	2,665
Depreciation	(8,047)	(6,114)	(5,922)	(644)
Other income	174	205	277	34
Finance costs	(199)	(224)	(211)	(52)
PBT / (LBT)	(14,665)	(25,082)	3,184	2,003
Income tax expense	489	(966)	1,168	-
PAT / (LAT)	(14,176)	(26,049)	4,352	2,003
Other comprehensive items	(505)	116	623	572
Total comprehensive income for the year / period	(14,681)	(25,932)	4,975	2,575
Profit / (loss) attributable to:-				
- Owners of the Company	(14,176)	(26,049)	4,370	2,010
- Non-controlling interest	-	-	(18)	(7)
	(14,176)	(26,049)	4,352	2,003
Total comprehensive income attributable to:-				
- Owners of the Company	(14,681)	(25,932)	4,993	2,582
- Non-controlling interest	-	-	(18)	(7)
	(14,681)	(25,932)	4,975	2,575
EPS/(LPS) attributable to owners of the Company (sen)				
- Basic	(9.96)	(18.04)	3.01	1.38
- Diluted	(9.96)	(18.04)	3.01	1.38
Gross profit margin (%)	62.78	68.45	75.43	60.85
PAT margin (%)	(22.15)	(41.53)	8.14	11.99
Dividend per share (sen)				
- Declared	-	-	-	-
- Proposed	-	-	-	-

Commentary on Financial Performance

FYE 31 December 2010

The GHL Group recorded an increase in revenue of approximately 11.96% from RM57.15 million for the FYE 31 December 2009 to RM63.99 million for the FYE 31 December 2010, which was mainly attributed to the increase in revenue from local and China operations. Sales of value-added solutions segment had increased by RM13.45 million, whilst there was a decrease of RM6.61 million in revenue from the rental of EDC equipment segment. Sales from the Group's Malaysian operations and overseas operations contributed approximately 62.31% and 37.69% respectively to the Group's total revenues for the FYE 31 December 2010.

However, the GHL Group had recorded an increase in LBT by approximately 126.49% from a LBT of RM6.47 million for the FYE 31 December 2009 to RM14.66 million for the FYE 31 December 2010. This is mainly attributed to an increase in administration and promotional activities in the overseas operations. There had been an aggregate increase of RM13.27million or about 37.83% increase in the administration and distribution expenses year-on-year. In addition, the Group had impairment losses of RM5.76 million for some of its EDC equipment and write-off of RM1.50 million for its computer software.

FYE 31 December 2011

The GHL Group recorded a decrease in revenue of about 1.97% from RM63.99 million for the FYE 31 December 2010 to RM62.73 million for the FYE 31 December 2011. This is mainly attributed to a decline in revenue in GHL's China operations by about RM8.0 million year-on year due to business disruptions in the third (3^{rd}) and fourth (4^{th}) quarter of 2012 as a result of business transaction irregularities in GHL's China operations. Sales from the Group's Malaysian operations and overseas operations contributed approximately 69.92% and 30.08% respectively to the Group's total revenues for the FYE 31 December 2011.

The LBT had increased significantly by about 71.04% from a LBT of RM14.66 million for the FYE 31 December 2010 to RM25.08 million for the FYE 31 December 2011. This is mainly attributed to a non-recurring provision of RM5.5 million made to recognise potential losses arising from irregular transactions in GHL's Beijing operations and an impairment loss of RM20.86 million for some of the EDC terminal assets in Malaysia due to technological obsolescence and changes in security standards. Excluding the aforementioned one-off provision and impairment loss, the Group would have shown a profit, albeit small.

FYE 31 December 2012

The GHL Group recorded a decrease in revenue of about 14.75% from RM62.73 million for the FYE 31 December 2011 to RM53.48 million for the FYE 31 December 2012. The decrease was mainly attributed by the lower outright sales of EDC terminals, card sales and solution services sales, as well as the exit of GHL's China operations. This is consistent with the Group's strategy of focusing on building recurring annuity revenue streams instead of outright sales of EDC equipment. Sales from the Group's Malaysian operations and overseas operations contributed approximately 70.93% and 29.07% respectively to the Group's total revenues for the FYE 31 December 2012.

The GHL Group recorded a PBT of RM3.18 million for the FYE 31 December 2012, which represented an increase of 28.27 million as compared to a LBT of RM25.08 million for the previous FYE 31 December 2011. This was mainly attributed to a change in revenue mix, efficient cost management and the exit from the loss making operations in China.

Three (3)-month FPE 31 March 2013

The GHL Group recorded revenue of RM16.70 million for the three (3)-month FPE 31 March 2013, as compared to RM11.73 million for the previous three (3)-month FPE 31 March 2012, which represented an increase of about 42.43%. The increase was mainly attributed by the higher rental and maintenance revenue as well as outright sales of EDC terminals. Sales from the Group's Malaysian operations and overseas operations contributed approximately 69.5% and 30.5% respectively to the Group's total revenues for the three (3)-month FPE 31 March 2013. The Malaysian market remains a strong segment as a result of the encouragement by the local authorities to adopt the use of e-payments.

The GHL Group recorded an increase in PBT of RM0.79 million or approximately 65.95% from a PBT of RM1.21 million for the previous three (3)-month FPE 31 March 2012 to RM2.00 million for the three (3)-month FPE 31 March 2013. This was mainly attributed to the Group's continued strategy to focus on recurring and higher margin businesses.

7. SHARE PRICES

The monthly high and low prices of GHL Shares as traded for the past twelve (12) months on the Main Market of Bursa Securities up to May 2013 are as follows:-

Month	High (RM)	Low (RM)
2012		
June	0.39	0.35
July	0.40	0.33
August	0.41	0.34
September	0.44	0.37
October	0.40	0.36
November	0.39	0.25
December	0.29	0.27
2013		
January	0.29	0.24
February	0.30	0.25
March	0.29	0.25
April	0.29	0.26
May	0.32	0.25

The last transacted price of the Shares on Bursa Securities on 9 November 2012, being the last transacted market price prior to the Initial Announcement was RM0.39 per GHL Share. For information, there was no trading of existing GHL Shares on 12 November 2012. Accordingly, 9 November 2012 was used as the reference date for the last transacted price of GHL Shares prior to the Initial Announcement.

The last transacted price of the Shares on Bursa Securities on 14 June 2013, being the last transacted market price on the LPD was RM0.31 per GHL Share.

The last transacted price of the Shares on Bursa Securities on 27 June 2013, being the last transacted market price on the day prior to the ex-date on 28 June 2013 was RM0.29 per GHL Share.

(Source: Bloomberg)

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REPORTING ACCOUNTANTS' LETTER ON UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Prepared for inclusion in the Abridged Prospectus to Shareholders ("the Abriged Prospectus"))

20 June 2013

The Board of Directors
GHL Systems Berhad
C-G-15, Block C
Jalan Dataran SD 1, Dataran SD PJU 9
Bandar Sri Damansara, 52200 Kuala Lumpur

Dear Sirs,

GHL SYSTEMS BERHAD ("GHL" or 'the Company")
UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

We have reviewed the unaudited proforma consolidated statement of financial position of GHL and its subsidiary companies (collectively referred to as "GHL Group") as at 31 December 2012 (which we have stamped for the purpose of identification), which have been prepared on the basis described in the Notes to the Unaudited Proforma Consolidated Statement of Financial Position, for illustrative purposes only. The unaudited proforma consolidated statement of financial position have been prepared to provide information about how the consolidated statement of financial position of GHL as at 31 December 2012 that has been presented might have been affected had the following corporate exercises been completed on that date:

The details of the Corporate Exercises are as follows:

(i) Capital reduction of the issued and paid-up share capital of GHL pursuant to Section 64(1) of the Act, involving the reduction of the par value of every existing ordinary share of RM0.50 each in GHL to RM0.20 each by the cancellation of RM0.30 of each GHL Share ("Capital Reduction");

(ii) Renounceable rights issue of 36,346,550 new ordinary shares of RM0.20 each ("Rights Share(s)") on the basis of one (1) Rights Share for every four (4) ordinary shares of RM0.20 each in GHL ("GHL Share(s) or Share(s)") held after the Capital Reduction on an entitlement date to be determined and announced at a later date ("Rights Issue");

(iii) Exemption under Paragraph 16.1 of Practice Note 9 of the Code to Mr. Loh Wee Hian ("Mr. Loh") and the parties acting in concert with him ("PAC") from the obligation to extend a mandatory take-over offer for the remaining GHL Shares not already held by them which may arise pursuant to the Rights Issue ("Exemption");

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The details of the Corporate Exercises are as follows: (cont'd)

(iv) Establishment of an executives' share scheme of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the scheme ("Executives' Share Scheme"); and

(v) Increase in GHL's authorised share capital from RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each to RM500,000,000 comprising 2,500,000,000 ordinary shares of RM0.20 each after the Capital Reduction ("Increase in Authorised Share Capital").

(Collectively referred to as "Corporate Exercises")

The unaudited proforma consolidated statement of financial position, because of its nature, may not be reflective of GHL Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of GHL Group.

This letter has been prepared for inclusion in the Abridged Prospectus of GHL in connection with the Rights Issue and should not be relied on for any other purpose.

Responsibilities

It is the responsibility of the Board of Directors of GHL ("Board") to prepare the unaudited proforma consolidated statement of financial position on the basis described in the Notes to the Unaudited Proforma Consolidated Statement of Financial Position, for illustrative purposes only.

It is our responsibility to form an opinion, as to the proper compilation of the unaudited proforma consolidated statement of financial position and to report that opinion to you.

In providing this opinion, we are not responsible in updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the unaudited proforma consolidated statement of financial position, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000: Assurance Engagement Other Than Audits or Review of Historical Financial Information. The work that we performed for the purpose of making this letter, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information to the source documents, considering the evidence supporting the adjustments and discussing the unaudited proforma consolidated statement of financial position with the Board and responsible officers of GHL.

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Basis of opinion (cont'd)

We planned and performed our work so as to obtain the information and explanation we considered necessary in order to provide us with reasonable assurance that the unaudited proforma consolidated statement of financial position have been properly compiled on the basis stated in the accompanying notes using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the consolidated statement of financial position and the accounting policies of GHL. Our work also involves assessing whether the adjustments made to the information used in the preparation of the unaudited proforma consolidated statement of financial position are appropriate for the purposes of preparing the unaudited proforma consolidated statement of financial position.

Opinion

In our opinion:

(i) the unaudited proforma consolidated statement of financial position of GHL as at 31 December 2012, which have been prepared by the directors of GHL, for illustrative purposes only, have been properly compiled on the basis stated in the accompanying Notes to the Unaudited Proforma Consolidated Statement of Financial Position using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the consolidated statement of financial position and the accounting policies of GHL; and

(ii) the adjustments made to the information used in the preparation of the unaudited proforma consolidated statement of financial position are appropriate for the purposes of preparing the unaudited proforma consolidated statement of financial position.

Yours faithfully,

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Firm Number: AF 1411
Chartered Accountants

GHL Systems Berhad
Unaudited Proforma Consolidated Statement of Financial Position as at 31 December 2012

The Unaudited Proforma Consolidated Statement of Financial Position as set out below have been prepared for illustrative purposes only to show the effect on the Consolidated Statement of Financial Position of the Proforma GHL Group as at 31 December 2012 and also based on the assumptions that the following events had been effected on that date.

	Note	GHL Group Level 31.12.2012 RM	Proforma I After Capital Reduction RM	Proforma II After Rights Issue RM	
NON-CURRENT ASSETS					
Property, plant and equipment	1	30,434,403	30,434,403	35,434,403	
Intangible asset		156,690	156,690	156,690	
Deferred tax assets		1,200,000	1,200,000	1,200,000	
		31,791,093	31,791,093	36,791,093	
CURRENT ASSETS					
Inventories		8,302,416	8,302,416	8,302,416	
Trade receivables		11,753,169	11,753,169	11,753,169	
Other receivables		2,141,581	2,141,581	2,141,581	
Tax recoverable		204,022	204,022	204,022	
Fixed deposit with licensed banks		1,551,645	1,551,645	1,551,645	
Cash and bank balances	2	15,441,272	15,441,272	17,964,444	
		39,394,105	39,394,105	41,917,277	
TOTAL ASSETS		71,185,198	71,185,198	78,708,370	
EQUITY					
Share capital		73,401,050	29,360,420	36,629,730	
Share premium		-	-	1,453,862	
Foreign exchange reserves		(515,759)	(515,759)	(515,759)	
Treasury shares		(638,221)	(638,221)	(638,221)	
(Accumulated losses)/Retained profit		(30,935,981)	13,104,649	11,904,649	*
Net assets ("NA")		41,311,089	41,311,089	48,834,261	
Non-controlling interest		(18,422)	(18,422)	(18,422)	
TOTAL EQUITY		41,292,667	41,292,667	48,815,839	
NON-CURRENT LIABILTIES					
Hire purchase payables		812,299	812,299	812,299	
Bank borrowings		1,889,251	1,889,251	1,889,251	
Deferred tax liabilities		807,473	807,473	807,473	
Deferred income		4,289,562	4,289,562	4,289,562	
		7,798,585	7,798,585	7,798,585	
CURRENT LIABILTIES					
Trade payables		4,392,209	4,392,209	4,392,209	
Other payables		15,778,597	15,778,597	15,778,597	
Hire purchase payables		828,314	828,314	828,314	
Bank borrowings		842,382	842,382	842,382	
Tax payables		252,444	252,444	252,444	
		22,093,946	22,093,946	22,093,946	
TOTAL LIABILITIES		29,892,531	29,892,531	29,892,531	
TOTAL EQUITY AND LIABILITIES		71,185,198	71,185,198	78,708,370	
No of shares (net of treasury shares) #		145,386,199 @ RM0.50 per share	145,386,199 @ RM0.20 per share	181,732,749 @ RM0.20 per share	
NA		41,311,089	41,311,089	48,834,261	
NA per share (RM)		0.28	0.28	0.27	
Borrowings		4,372,246	4,372,246	4,372,246	
Gearing (times)		0.11	0.11	0.09	

Notes:
** Estimated expenses amounted to RM1.2 million charged to profit or loss*

STAMPED FOR IDENTIFICATION PURPOSES ONLY
UHY CHARTERED ACCOUNTANTS (AF1411)

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

Basis of Preparation

The unaudited proforma consolidated statement of financial position of which the directors of GHL are solely responsible have been prepared for illustrative purposes only, for the inclusion in the Abridged Prospectus, based on the accounting policies and bases which are consistent with those adopted in the preparation of the audited financial statements of GHL as at 31 December 2012 on the assumption that the following corporate exercises had taken place on 31 December 2012.

1. Proforma I

Capital Reduction

Proforma I incorporated the Capital Reduction of GHL's existing issued and paid-up share capital of RM73,401,050 comprising 146,802,100 ordinary shares of RM0.50 each to RM29,360,420 comprising 146,802,100 ordinary shares of RM0.20 each.

2. Proforma II

After Proforma I and Rights Issue

Proforma II incorporated the effect of Proforma I and the proposed rights issue of 36,346,550 Right Shares on the basis of one (1) Rights Share for every four (4) existing Shares held in GHL by the entitled shareholders of GHL whose names appear on the Record of Depositors of the Company at the close of business on entitlement date, at an issue price of RM0.24 per Right Share.

The proceeds arising from the Rights Issue are proposed to be utilised as follows:

	RM million
Capital expenditure[1]	5.00
General working capital [2]	2.52
Estimated expenses in relation to the Corporate Exercises[3]	1.20
	8.72

STAMPED FOR IDENTIFICATION PURPOSES ONLY
UHY CHARTERED ACCOUNTANTS (AF1411)

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

2. Proforma II (Cont'd)

Notes:

(1) *The capital expenditure involves the following expenses:-*

(i) *the upgrade of approximately 6,000 units of GHL Group's electronic data capture terminals ("**EDC Terminals**") in its local and overseas operations; and*

(ii) *the procurement of additional EDC Terminals of approximately 4,000 units for expansion of rental and processing of credit/debit card transaction businesses in its local and overseas operations.*

*The upgrade of its EDC Terminals involves the replacement of approximately 6,000 of its existing EDC Terminals located in its local and overseas operations, with new EDC Terminals which are in compliant with the Payment Card Industry PIN Transaction Security ("**PCI-PTS**") standard. The PCI-PTS standard is an industry set of requirements that applies to electronic payment solutions providers that supply infrastructure to route and/or store cardholder data in the processing of payment card transactions to ensure protection of and safeguard sensitive cardholder data used in the payment card system.*

(2) *The working capital requirements include but are not limited to the funding of the GHL Group's day-to-day operations to support its existing business operations which shall include, but not limited to, the operational expenses of its in-house call centers, deployment and maintenance services of its EDC Terminals for merchants, payment of trade creditors and operating/administrative expenses. The nature of expenses and exact amount required may vary depending on the changes in business dynamics, the take-up rates for new EDC Terminals and the maintenance level of existing EDC Terminals. At present, the Board has not determined the exact breakdown of the proceeds in respects of the aforesaid working capital requirements.*

(3) *Include professional fees, printing charges and Extraordinary General Meeting expenses in relation to the Corporate Exercises.*

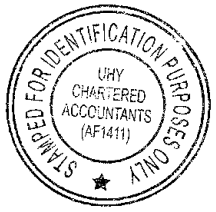


GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

The movements of the issued and paid-up share capital, share premium and reserves of GHL are as follows:

	Number of shares	**Share capital** RM	**Share premium** RM	**Foreign exchange reserves** RM	**Treasury shares** RM	**(Accumulated losses)/ Retained profit** RM	**Total** RM	**Non-controlling interest** RM	**Total equity** RM
As at 31 December 2012	146,802,100	73,401,050	-	(515,759)	(638,221)	(30,935,981)	41,311,089	(18,422)	41,292,667
Capital Reduction	-	(44,040,630)	-	-	-	44,040,630	-	-	-
Proforma I	146,802,100	29,360,420	-	(515,759)	(638,221)	13,104,649	41,311,089	(18,422)	41,292,667
Rights Issue	36,346,550	7,269,310	1,453,862	-	-	(1,200,000)	7,523,172	-	7,523,172
Proforma II	183,148,650	36,629,730	1,453,862	(515,759)	(638,221)	11,904,649	48,834,261	(18,422)	48,815,839



GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

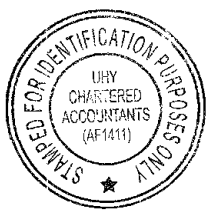
UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

1. **Property, Plant and Equipment**

	RM
As at 31 December 2012/As per Proforma I	30,434,403
Rights Issue	5,000,000
As per Proforma II	35,434,403

2. **Cash and Bank Balances**

	RM
As at 31 December 2012/As per Proforma I	15,441,272
Proceeds from Rights Issue	8,723,172
Utilisation of proceeds from the Rights Issue	
- Purchase of EDC Terminals	(5,000,000)
- Estimated expenses in relation to the Corporate Exercises	(1,200,000)
As per Proforma II	17,964,444



UHY

GHL SYSTEMS BERHAD

(Company No.: 293040-D)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

31 DECEMBER 2012

Registered office:
Level 18
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Principal place of business:
C-G-15, Block C
Jalan Dataran SD 1
Dataran SD PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur

Company No. | 293040 | D |

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

31 DECEMBER 2012

INDEX
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	Page No.
DIRECTORS' REPORT	1 - 6
STATEMENT BY DIRECTORS	7
STATUTORY DECLARATION	8
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	9 - 12
STATEMENTS OF FINANCIAL POSITION	13 - 16
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	17 - 18
STATEMENTS OF CHANGES IN EQUITY	19 - 22
STATEMENTS OF CASH FLOWS	23 - 25
NOTES TO THE FINANCIAL STATEMENTS	26 - 119
SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES	120

Company No. 293040 D

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

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 2012.

Principal Activities

The principal activities of the Company are those of investment holding, 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
Net profit/(loss) for the financial year	4,351,752	(40,370,143)
Attributable to:		
Owners of the parent	4,370,174	
Non-controlling interest	(18,422)	
	4,351,752	

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year.

Issue of Shares and Debentures

During the financial year, the Company issued 1,000,000 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at a weighted average exercise price of RM0.50 per ordinary shares.

The new ordinary shares issued during the financial year rank parri passu in all respects with the existing ordinary shares of the Company.

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 Employees' Share Option scheme.

Repurchase of Shares

At the Extraordinary General Meeting ("EGM") 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 5 May 2010 and has expired at the conclusion of the 17th AGM of the Company on 27 April 2011.

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.

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.

The Company does not repurchase any share capital from the open market during the financial year ended 31 December 2012.

As at 31 December 2012, the total number of treasury shares held by the Company is 1,415,901 (31.12.2011: 1,415,901, 1.1.2011: 1,415,901) ordinary shares.

Employees' Share Option Scheme

The GHL Systems Berhad's Employees' Share Option Scheme ("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.

Employees' Share Option Scheme (Cont'd)

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 250,000 ordinary shares of RM0.50 each.

The list of employees granted options to subscribe for 250,000 and above ordinary shares of RM0.50 each during the financial year are as follows:

	Option Price	No. of options over ordinary shares of RM0.50 each			
	RM	At 01.01.2012	Granted	Lapsed	At 31.12.2012
Ng Chin Keong	0.50	131,200	368,800	500,000	-
Amphol Suwantherangkoon	0.50	-	500,000	500,000	-
Alfieri, Herve Jean	0.50	105,000	395,000	500,000	-
Law Kim Ling	0.50	-	250,000	250,000	-
Liew Siau Fei	0.50	-	250,000	250,000	-
Teoh Sue En	0.50	-	250,000	250,000	-
Melvin Poi Chew Yuen	0.50	-	250,000	250,000	-

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

Directors

The Directors in office since the date of the last report are as follows:

Loh Wee Hian
Goh Kuan Ho
Fong Seow Kee
Ng King Kau
Kanagaraj Lorenz
Datuk Kamaruddin Bin Taib (Appointed on 26.04.2012)

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 01.01.2012	Acquired	Options	Disposed	At 31.12.2012
Direct interest:					
Loh Wee Hian	31,621,734	7,278,100	-	-	38,899,834
Goh Kuan Ho	14,619,104	-	1,000,000	5,000,000	10,619,104
Kanagaraj Lorenz	500,000	503,000	-	-	1,003,000
Ng King Kau	-	677,900	-	-	677,900
Indirect interest:					
Loh Wee Hian	-	3,258,800	-	-	3,258,800

		No. of options over ordinary shares of RM0.50 each				
	Option Price RM	At 01.01.2012	Granted	Exercise	Lapsed	At 31.12.2012
Kanagaraj Lorenz	0.50	-	1,500,000	-	1,500,000	-
Fong Seow Kee	0.50	-	1,000,000	-	1,000,000	-
Ng King Kau	0.50	-	1,000,000	-	1,000,000	-
Goh Kuan Ho	0.50	-	1,000,000	1,000,000	-	-

By virtue of his interest in the shares of the Company, Loh Wee Hian is 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.

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, except as disclosed in Note 25 to the financial statements.

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 statements of profit or loss and other comprehensive income and statements of financial position 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision for doubtful debts was made; and

(ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company 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:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors (Cont'd):

(iii) 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 the operations of the Group and of the Company for the current financial year in which this report is made.

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, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 8 April 2013.

LOH WEE HIAN

KANAGARAJ LORENZ

KUALA LUMPUR

Company No. 293040 D

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 13 to 119 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in page 120 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 8 April 2013.

LOH WEE HUAN

KANAGARAJ LORENZ

KUALA LUMPUR

Company No. 293040 D

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, KANAGARAJ LORENZ, being the Director primarily responsible for the financial management of GHL Systems Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 13 to 119 are 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 at KUALA LUMPUR in the Federal Territory on 8 APR 2013

KANAGARAJ LORENZ

Before me,

PESURUHJAYA SUMPAH
W 409
LEONG CHIEW KEONG
COMMISSIONER FOR OATHS
MALAYSIA

Suite 8-8-2, Menara Mutiara Bangsar,
Jalan Liku, Off Jalan Riong
Bangsar,
59100 Kuala Lumpur

UHY

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
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Lingkaran Syed Putra
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Web www.uhy.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GHL SYSTEMS BERHAD

(Company No.: 293040 - D)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of GHL Systems Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 119.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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.

UHY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GHL SYSTEMS BERHAD (CONT'D)
(Company No.: 293040 - D)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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.

UHY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GHL SYSTEMS BERHAD (CONT'D)
(Company No.: 293040 - D)
(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out on page 120 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

1. As stated in Note 2(a) and Note 40 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

UHY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GHL SYSTEMS BERHAD (CONT'D)
(Company No.: 293040 - D)
(Incorporated in Malaysia)

2. 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
Firm Number: AF 1411
Chartered Accountants

LO KUAN CHE
Approved Number: 3016/11/14 (J)
Chartered Accountant

KUALA LUMPUR
8 April 2013

Company No. | 293040 | D |

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

		Group			Company		
	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Non-Current Assets							
Property, plant and equipment	4	30,434,403	22,734,295	45,153,939	9,930,078	10,541,451	12,641,119
Investment in subsidiary companies	5	-	-	-	2	6,064,614	10,998,435
Intangible asset	6	156,690	-	-	-	-	-
Goodwill on consolidation	7	-	-	1,096,239	-	-	-
Deferred tax assets	8	1,200,000	-	-	-	-	-
		31,791,093	22,734,295	46,250,178	9,930,080	16,606,065	23,639,554

Company No. 293040 D

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (CONT'D)

		Group			Company		
	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Current Assets							
Inventories	9	8,302,416	5,670,258	6,538,138	3,314,317	3,462,968	2,663,867
Trade receivables	10	11,753,169	11,328,096	13,173,391	2,431,951	2,838,802	2,086,177
Other receivables	11	2,141,581	1,651,331	5,773,194	290,845	222,951	353,506
Amounts owing by subsidiary companies	12	-	-	-	6,640,445	38,947,183	49,987,606
Tax recoverable	13	204,022	205,912	129,077	186,444	117,955	22,410
Fixed deposits with licensed banks	14	1,551,645	2,482,440	2,121,037	649,103	1,623,533	1,240,091
Cash and bank balances		15,441,272	18,414,397	10,571,573	2,274,673	3,163,110	1,216,209
		39,394,105	39,752,434	38,306,410	15,787,778	50,376,502	57,569,866
Total Assets		71,185,198	62,486,729	84,556,588	25,717,858	66,982,567	81,209,420

Company No. 293040 D

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (CONT'D)

		Group			Company		
	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Equity							
Share capital	15	73,401,050	72,901,050	72,901,050	73,401,050	72,901,050	72,901,050
Reserves	16	(31,451,740)	(36,444,692)	(10,767,918)	(54,322,797)	(13,952,654)	1,681,707
Treasury shares	17	(638,221)	(638,221)	(638,221)	(638,221)	(638,221)	(638,221)
Equity attributable to owners of the Company		41,311,089	35,818,137	61,494,911	18,440,032	58,310,175	73,944,536
Non-controlling interest		(18,422)	-	-	-	-	-
Total Equity		41,292,667	35,818,137	61,494,911	18,440,032	58,310,175	73,944,536
Non-Current Liabilities							
Hire purchase payables	18	812,299	1,168,234	43,721	284,785	60,179	43,721
Bank borrowings	19	1,889,251	2,343,342	2,618,551	1,889,251	2,343,342	2,618,551
Deferred tax liabilities	8	807,473	952,173	-	807,473	952,173	-
Deferred income	20	4,289,562	2,073,759	-	-	-	-
		7,798,585	6,537,508	2,662,272	2,981,509	3,355,694	2,662,272

Company No. | 293040 | D |

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (CONT'D)

		Group			Company		
	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Current Liabilities							
Hire purchase payables	18	828,314	753,941	527,889	95,450	53,930	510,852
Bank borrowings	19	842,382	203,174	182,518	842,382	203,174	182,518
Trade payables	21	4,392,209	2,031,279	5,246,194	830,341	905,318	912,247
Other payables	22	15,778,597	17,142,690	14,442,804	2,528,144	4,154,276	2,542,113
Amount owing to a subsidiary company	12	-	-	-	-	-	454,882
Tax payables		252,444	-	-	-	-	-
		22,093,946	20,131,084	20,399,405	4,296,317	5,316,698	4,602,612
Total Liabilities		29,892,531	26,668,592	23,061,677	7,277,826	8,672,392	7,264,884
Total Equity and Liabilities		71,185,198	62,486,729	84,556,588	25,717,858	66,982,567	81,209,420

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

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
	Note	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Revenue	23	53,474,856	62,726,298	16,116,754	24,573,789
Cost of sales		(13,138,804)	(19,790,477)	(5,309,379)	(9,299,906)
Gross profit		40,336,052	42,935,821	10,807,375	15,273,883
Other income		1,188,476	1,213,788	6,590,852	799,508
Payroll expenses		(19,261,298)	(21,505,754)	(3,819,807)	(7,652,005)
Administration expenses		(8,260,795)	(12,607,300)	(51,034,546)	(19,960,240)
Distribution expenses		(2,976,655)	(3,668,451)	(853,028)	(1,028,970)
Other expenses		(1,708,757)	(25,112,720)	(112,857)	(176,164)
		9,317,023	(18,744,616)	(38,422,011)	(12,743,988)
Depreciation		(5,921,955)	(6,113,616)	(1,807,681)	(2,025,028)
Finance costs	24	(211,183)	(224,253)	(149,185)	(164,380)
Profit/(Loss) before taxation	25	3,183,885	(25,082,485)	(40,378,877)	(14,933,396)
Taxation	26	1,167,867	(966,439)	8,734	(956,628)
Net profit/(loss) for the financial year		4,351,752	(26,048,924)	(40,370,143)	(15,890,024)
Other comprehensive income					
Items that may be reclassified					
Foreign exchange differences, representing net gain not recognised in statement of comprehensive income		622,778	116,487	-	-
Total comprehensive income for the financial year		4,974,530	(25,932,437)	(40,370,143)	(15,890,024)

Company No. | 293040 | D |

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

		Group		Company	
		31.12.2012	31.12.2011	31.12.2012	31.12.2011
	Note	RM	RM	RM	RM
Net profit/(loss) for the financial year, representing total comprehensive income for the financial year		4,974,530	(25,932,437)	(40,370,143)	(15,890,024)
Net profit/(loss) for the financial year attributable to:					
Owners of the Company		4,370,174	(26,048,924)		
Non-controlling interest		(18,422)	-		
		4,351,752	(26,048,924)		
Other comprehensive income attributable to:					
Owners of the Company		4,992,952	(25,932,437)		
Non-controlling interest		(18,422)	-		
		4,974,530	(25,932,437)		
Earning per share attributable to owners of the parent (sen):					
Basic	27(a)	3.01	(18.04)		
Fully diluted	27(b)	3.01	(18.04)		

The accompanying notes form an integral part of the financial statements

Company No. 293040 D

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Attributable to Owners of the parent							
	Non-Distributable				Distributable			
Group	**Share capital RM**	**Foreign exchange reserves RM**	**ESOS reserves RM**	**Treasury shares RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling interest RM**	**Total equity RM**
At 1 January 2011	72,901,050	(1,255,024)	257,915	(638,221)	(9,770,809)	61,494,911	-	61,494,911
Net loss for the financial year	-	-	-	-	(26,048,924)	(26,048,924)	-	(26,048,924)
Other comprehensive income for the financial year								
Foreign exchange translation reserve	-	116,487	-	-	-	116,487	-	116,487
Total comprehensive income for the financial year	-	116,487	-	-	(26,048,924)	(25,932,437)	-	(25,932,437)
Transaction with owners:								
Share based payments	-	-	255,663	-	-	255,663	-	255,663
At 31 December 2011	72,901,050	(1,138,537)	513,578	(638,221)	(35,819,733)	35,818,137	-	35,818,137

Company No. | 293040 | D |

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	Attributable to Owners of the parent							
	Non-Distributable				Distributable			
Group	**Share capital RM**	**Foreign exchange reserves RM**	**ESOS reserves RM**	**Treasury shares RM**	**(Accumulated losses)/ Retained earnings/ RM**	**Total RM**	**Non-controlling interest RM**	**Total RM**
At 1 January 2012	72,901,050	(1,138,537)	513,578	(638,221)	(35,819,733)	35,818,137	-	35,818,137
Net profit for the financial year	-	-	-	-	4,370,174	4,370,174	(18,422)	4,351,752
Other comprehensive income for the financial year								
Foreign exchange translation reserve	-	622,778	-	-	-	622,778	-	622,778
Total comprehensive income for the financial year	-	622,778	-	-	4,370,174	4,992,952	(18,422)	4,974,530
Transaction with owners:								
ESOS expired	-	-	(513,578)	-	513,578	-	-	-
Issuance of ordinary shares	500,000	-	-	-	-	500,000	-	500,000
Total transaction with owners	500,000	-	(513,578)	-	513,578	500,000	-	500,000
At 31 December 2012	73,401,050	(515,759)	-	(638,221)	(30,935,981)	41,311,089	(18,422)	41,292,667

Company No. 293040 D

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	<----------Non-Distributable---------->			<Distributable>	
Company	**Share capital RM**	**ESOS reserves RM**	**Treasury RM**	**Retained earnings/ (Accumulated losses) RM**	**Total RM**
At 1 January 2011	72,901,050	257,915	(638,221)	1,423,792	73,944,536
Net loss for the financial year representing total comprehensive income for the financial year	-	-	-	(15,890,024)	(15,890,024)
Transaction with owners:					
Share based payments	-	255,663	-	-	255,663
At 31 December 2011	72,901,050	513,578	(638,221)	(14,466,232)	58,310,175

Company No. 293040 D

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	<----------Non-Distributable---------->				
Company	**Share capital RM**	**ESOS reserves RM**	**Treasury shares RM**	**Accumulated losses RM**	**Total RM**
At 1 January 2012	72,901,050	513,578	(638,221)	(14,466,232)	58,310,175
Net loss for the financial year representing total comprehensive income for the financial year	-	-	-	(40,370,143)	(40,370,143)
Transaction with owners:					
ESOS expired	-	(513,578)	-	513,578	-
Issuance of ordinary shares	500,000	-	-	-	500,000
Total transaction with owners	500,000	(513,578)	-	513,578	500,000
At 31 December 2012	73,401,050	-	(638,221)	(54,322,797)	18,440,032

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash Flows From Operating Activities				
Profit/(loss) before taxation	3,183,885	(25,082,485)	(40,378,877)	(14,933,396)
Adjustments for:				
Bad debts written off	1,655	6,741	2,374,418	141,858
Depreciation of property, plant and equipment	5,921,955	6,113,616	1,807,681	2,025,028
Impairment loss on property, plant and equipment	193,888	20,861,429	193,888	-
Impairment loss on investment in subsidiary companies	-	-	6,064,614	5,833,821
Impairment loss on goodwill	712,595	1,096,239	-	-
Impairment loss on trade receivables	262,031	1,506,463	195,336	87,411
Impairment loss on other receivables	-	386,944	-	6,951
Impairment loss on amount owing by subsidiary companies	-	-	37,485,245	10,458,140
Interest expense	211,183	224,253	149,185	164,380
Interest income	(277,291)	(204,502)	(98,617)	(39,840)
Inventories written off	862,977	-	812,019	-
(Gain)/loss on disposal of property, plant and equipment	(410,003)	1,853,175	(7,932)	19,671
Property, plant and equipment written off	227,200	4,452	1,623	1,477
Property, plant and equipment written back	(3,257)	(5,775)	-	-
(Reversal)/provision for loss on disposal of property, plant and equipment	(400,000)	400,000	(400,000)	400,000
Reversal of impairment loss on trade receivables	(221,779)	(204,008)	-	(127,850)
Goodwill arising from acquisition of subsidiary company	(712,595)	-	-	-
Loss on strike off of subsidiaries	75,732	-	-	-
Reversal of impairment loss on amount owing by subsidiary companies	-	-	(2,976,890)	(481,661)
Waiver of debts	-	-	(3,105,900)	-

Company No. 293040 D

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash Flows From Operating Activities (Cont'd)				
Share based payment	-	255,663	-	255,663
Unrealised loss/(gain) on foreign exchange	10,776	(38,008)	24,643	(147,186)
Operating profit before working capital changes	9,638,952	7,174,197	2,140,436	3,664,467
Changes in working capital:				
Inventories	(2,650,218)	867,880	(663,368)	(799,101)
Trade and other receivables	(2,156,849)	3,236,550	143,619	(588,582)
Trade and other payables	5,813,510	2,231,206	(1,301,112)	1,205,234
Amount owing by/to subsidiary companies	-	-	(1,470,133)	467,204
	1,006,443	6,335,636	(3,290,994)	284,755
Cash generated from/(used in) operations	10,645,395	13,509,833	(1,150,558)	3,949,222
Interest received	277,291	204,502	98,617	39,840
Interest paid	(211,183)	(224,253)	(149,185)	(164,380)
Tax paid	(1,890)	(104,160)	(204,455)	(100,000)
Tax refund	-	13,059	-	-
	64,218	(110,852)	(255,023)	(224,540)
Net cash generated from /(used in) operating activities	10,709,613	13,398,981	(1,405,581)	3,724,682
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	(14,053,309)	(5,691,839)	(1,339,481)	(246,758)
Purchase of additional shares in a subsidiary company	-	-	(2)	(900,000)
Proceeds from disposal of property, plant and equipment	717,849	1,605,925	290,594	400,250
Net cash ouflow from disposal of subsidiary company (Note 5)	(202,738)	-	-	-
Addition in intangible asset	(156,690)	-	-	-
Net cash outflow from acquisition of subsidiary company (Note 5)	(450,697)	-	-	-
Net cash used in investing activities	(14,145,585)	(4,085,914)	(1,048,889)	(746,508)

Company No. | 293040 | D |

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	2012 RM	2011 RM	2012 RM	2011 RM
Cash Flows From Financing Activities				
Drawdown of bank borrowings	450,000	-	450,000	-
(Increase)/decrease in fixed deposits pledged	(105,839)	534,853	(79,569)	555,058
Proceeds from issuance of shares	500,000	-	500,000	-
Repayment of hire purchase payables	(766,562)	(936,218)	(68,874)	(540,464)
Repayment of bank borrowings	(264,883)	(254,553)	(264,881)	(254,553)
Net cash (used in)/generated from financing activities	(187,284)	(655,918)	536,676	(239,959)
Net (decrease)/increase in cash and cash equivalents	(3,623,256)	8,657,149	(1,917,794)	2,738,215
Effect of exchange rate fluctuations	(386,503)	81,931	(24,643)	147,186
Cash and cash equivalents at beginning of the financial year	19,468,397	10,729,317	4,217,110	1,331,709
Cash and cash equivalents at end of the financial year	15,458,638	19,468,397	2,274,673	4,217,110
Cash and cash equivalents at end of financial year comprises:				
Cash and bank balances	15,441,272	18,414,397	2,274,673	3,163,110
Fixed deposits with licensed banks	1,551,645	2,482,440	649,103	1,623,533
	16,992,917	20,896,837	2,923,776	4,786,643
Less: Fixed deposits pledged to licensed banks	(1,534,279)	(1,428,440)	(649,103)	(569,533)
	15,458,638	19,468,397	2,274,673	4,217,110

GHL SYSTEMS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2012

1. CORPORATE INFORMATION

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

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

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activities of the Company are those of investment holding, 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. There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Group and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The financial impacts on transition to MFRSs are disclosed in Note 40.

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

2. BASIS OR PREPARATION (CONT'D)

(a) Statement of Compliance (Cont'd)

Amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to MFRS 101, *Presentations of Items of Other Comprehensive Income*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosures of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- *Amendments to MFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009 – 2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosures of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 12, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

2. BASIS OR PREPARATION (CONT'D)

(a) Statement of Compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- From the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for lC lnterpretation 20 which is not applicable to the Group and the Company.

- From the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.

- From the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

Material impacts of initial application of a standard, an amendment or an interpretation are discussed below:

(i) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139: *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. lt is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

2. BASIS OR PREPARATION (CONT'D)

(a) Statement of Compliance (Cont'd)

(ii) MFRS 10, *Consolidated Financial Statements*

MFRS 10, *Consolidated Financial Statements* introduces a new single control model to determining which investees should be consolidated. MFRS 10 supersedes MFRS 127, *Consolidated and Separate Financial Statements* and IC Interpretation 112, *Consolidation – Special Purpose Entities*. There are three elements to the definition of control in MFRS 10:

(i) Power by investor over an investee;
(ii) Exposure, or rights, to variable returns from the investors' involvement with the investee; and
(iii) Investors' ability to affect those returns through its power over the investee.

(iii) MFRS 11, *Joint Arrangements*

MFRS 11, *Joint Arrangements* establishes the principles for classification and accounting for joint arrangements and supersedes MFRS 131, *Interests in Joint Ventures*. Under MFRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable MFRSs relating to underlying assets, liabilities, income and expenses arising from the joint operations.

(iv) MFRS 13, *Fair Value Measurement*

MFRS 13, *Fair Value Measurement* establishes the principles for fair value measurement and replaces the existing guidance in different MFRSs.

(v) MFRS 119, *Employee Benefits (2011)*

The amendments to MFRS 119, *Employee Benefits* change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor method' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to MFRS 119 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application.

2. BASIS OR PREPARATION (CONT'D)

(a) Statement of Compliance (Cont'd)

The initial application of other standards, amendments and interpretations is not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis other except as otherwise disclosed in Note 3.

(c) Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and Company's functional currency and all values has been rounded to the nearest RM except when otherwise stated.

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, incomes and expenses are discussed 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 3(d)(iii). These are common life expectancies applied in the industry. Changes in the expected level of usage could have impact on 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 2012 are disclosed in Note 4.

2. BASIS OR PREPARATION (CONT'D)

(d) Use of Estimates and Judgements (Cont'd)

(ii) 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.

(iii) 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 3(i). 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 as at 31 December 2012 is disclosed in Note 7.

(iv) Impairment of investment in subsidiary companies

The carrying values of investment in subsidiary companies are reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiary companies as at 31 December 2012 is disclosed in Note 5.

(v) Impairment of financial assets

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial assets is impaired. To determine whether there is objective evidence of impairment, the Group and the Company considers factors such as the probability of significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and the Company's loans and receivables as at 31 December 2012 is disclosed in Notes 10, 11 and 12 respectively.

2. BASIS OR PREPARATION (CONT'D)

(d) Use of Estimates and Judgements (Cont'd)

(vi) 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.

(vii) 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 accounts 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.

(viii) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 January 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. 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.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

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

(b) Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign Currency (Cont'd)

(ii) Operations Denominated in Functional Currencies Other Than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial Assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

As at the end of the reporting period, there were no financial assets classified under this category.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial Assets (Cont'd)

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

As at the end of the reporting period, there were no financial assets classified under this category.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (Cont'd)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, Plant and Equipment

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 3(i).

(i) Recognition and measurement

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, Plant and Equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

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 statements of profit or loss and other comprehensive income as incurred.

(iii) Depreciation

Depreciation of property, plant and equipment is recognised in the statements of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased land and buildings are depreciated over the shorter of the lease term and their useful lives.

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

Long term leasehold land and buildings	Remaining 90 years (2011: 91 years)
Computer equipment	3 years
EDC equipment	5 years
Computer software	10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, Plant and Equipment (Cont'd)

(iv) Derecognition

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 statements of profit or loss and other comprehensive income. On disposal of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

(e) Leased Assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Goodwill

Goodwill arises on business combinations are measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity-accounted investee.

(g) 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 inventories to its present location and condition.

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

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(i) Financial assets (Cont'd)

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets except for investment in subsidiaries and inventories are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(ii) Other assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity Instruments

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 statements of profit or loss and other comprehensive income.

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.

(k) 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 of 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 end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee Benefits (Cont'd)

(ii) Defined contribution plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(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 end of the reporting period.

(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 end of each reporting period, 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 statements of profit or loss and other comprehensive income, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) 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 rendered 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 a straight line basis over the term of the lease, 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.

(iv) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(o) Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares.

(q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group's Executive Board, to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

(r) Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent expenditure is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Intangible assets which have finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives. The useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Intangible Assets (Cont'd)

Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses, are not amortised but tested for impairment annually. The assessment of indefinite useful lives is reviewed annually to determine whether the indefinite useful lives continue to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Company No. 293040 D

4. PROPERTY, PLANT & EQUIPMENT

	Long term leasehold land and buildings RM	Computer equipment RM	EDC equipment RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
2012								
Group								
Cost								
At 1 January 2012	4,875,000	7,355,007	65,201,031	16,244,202	1,394,940	4,982,837	1,633,958	101,686,975
Acquisition of subsidiary (Note 5)	-	58,538	-	-	-	23,135	-	81,673
Disposal of subsidiary (Note 5)	-	-	-	-	-	(1,540,460)	(403,965)	(1,944,425)
Additions	-	1,498,261	12,001,796	124,185	568,028	246,077	99,962	14,538,309
Written off	-	(6,328)	(4,333,037)	-	-	(3,556)	-	(4,342,921)
Disposals	-	(188,319)	(133,497)	-	(659,097)	(35,092)	-	(1,016,005)
Exchange difference	-	304,333	322,866	-	4,947	(275,668)	4,998	361,476
At 31 December 2012	4,875,000	9,021,492	73,059,159	16,368,387	1,308,818	3,397,273	1,334,953	109,365,082
Accumulated depreciation								
At 1 January 2012	295,455	6,850,203	28,562,940	11,677,210	614,186	3,040,060	1,479,592	52,519,646
Acquisition of subsidiary (Note 5)	-	40,434	-	-	-	8,730	-	49,164
Disposal of subsidiary (Note 5)	-	-	-	-	-	(1,217,479)	(333,843)	(1,551,322)
Charge for the financial year	49,242	531,121	3,331,975	1,115,415	273,647	531,041	89,514	5,921,955
Written off	-	(6,328)	(4,107,460)	-	-	(1,933)	-	(4,115,721)
Disposals	-	(188,285)	(48,569)	-	(381,512)	(19,489)	-	(637,855)
Exchange difference	-	277,396	103,079	-	4,733	(204,863)	4,592	184,937
At 31 December 2012	344,697	7,504,541	27,841,965	12,792,625	511,054	2,136,067	1,239,855	52,370,804

Company No. | 293040 | D |

4. PROPERTY, PLANT & EQUIPMENT (CONT'D)

	Long term leasehold land and buildings RM	Computer equipment RM	EDC equipment RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
2012								
Group								
Accumulated impairment								
At 1 January 2012	-	-	26,433,034	-	-	-	-	26,433,034
Disposals	-	-	(70,304)	-	-	-	-	(70,304)
Written back	-	-	3,257	-	-	-	-	3,257
Impairment during the year	-	-	-	-	193,888	-	-	193,888
At 31 December 2012	-	-	26,365,987	-	193,888	-	-	26,559,875
Net carrying amount								
At 31 December 2012	4,530,303	1,516,951	18,851,207	3,575,762	603,876	1,261,206	95,098	30,434,403

Company No. | 293040 | D |

4. PROPERTY, PLANT & EQUIPMENT (CONT'D)

	Long term leasehold land and buildings RM	Computer equipment RM	EDC equipment RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
2011								
Group								
Cost								
At 1 January 2011	4,875,000	7,173,175	60,431,060	16,241,752	1,935,430	8,268,268	1,635,282	100,559,967
Additions	-	270,606	7,053,554	2,450	420,022	159,568	35,649	7,941,849
Written back	-	-	8,950	-	-	-	-	8,950
Disposals	-	-	(2,299,740)	-	(959,496)	(3,558,232)	(21,696)	(6,839,164)
Written off	-	(88,774)	-	-	-	(3,000)	(29,120)	(120,894)
Exchange difference	-	-	7,207	-	(1,016)	116,233	13,843	136,267
At 31 December 2011	4,875,000	7,355,007	65,201,031	16,244,202	1,394,940	4,982,837	1,633,958	101,686,975
			-					
Accumulated depreciation								
At 1 January 2011	246,213	6,520,984	26,892,687	10,187,163	663,340	3,843,415	1,291,901	49,645,703
Charge for the financial year	49,242	416,705	2,368,919	1,490,047	310,481	1,251,206	227,016	6,113,616
Written back	-	-	3,084	-	-	-	-	3,084
Disposals	-	-	(701,750)	-	(358,407)	(2,109,629)	(21,467)	(3,191,253)
Written off	-	(87,486)	-	-	-	(1,525)	(27,431)	(116,442)
Exchange difference	-	-	-	-	(1,228)	56,593	9,573	64,938
At 31 December 2011	295,455	6,850,203	28,562,940	11,677,210	614,186	3,040,060	1,479,592	52,519,646

Company No. | 293040 | D |

4. PROPERTY, PLANT & EQUIPMENT (CONT'D)

	Long term leasehold land and buildings RM	Computer equipment RM	EDC equipment RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
2011								
Group								
Accumulated impairment								
At 1 January 2011	-	-	5,760,325	-	-	-	-	5,760,325
Impairment during the year	-	-	20,861,429	-	-	-	-	20,861,429
Written back	-	-	91	-	-	-	-	91
Disposals	-	-	(188,811)	-	-	-	-	(188,811)
At 31 December 2011	-	-	26,433,034	-	-	-	-	26,433,034
Net carrying amount								
At 31 December 2011	4,579,545	504,804	10,205,057	4,566,992	780,754	1,942,777	154,366	22,734,295
At 1 January 2011	4,628,787	652,191	27,778,048	6,054,589	1,272,090	4,424,853	343,381	45,153,939

Company No. 293040 D

4. PROPERTY, PLANT & EQUIPMENT (CONT'D)

	Long term leasehold land and buildings RM	Computer equipment RM	Computer Software RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
2012							
Company							
Cost							
At 1 January 2012	4,875,000	2,791,429	15,446,507	879,327	1,911,133	447,144	26,350,540
Additions	-	884,126	124,186	393,888	172,318	99,963	1,674,481
Disposals	-	(120,939)	-	(659,097)	(12,395)	-	(792,431)
Written off	-	-	-	-	(3,556)	-	(3,556)
At 31 December 2012	4,875,000	3,554,616	15,570,693	614,118	2,067,500	547,107	27,229,034
Accumulated depreciation							
At 1 January 2012	295,455	2,585,006	11,054,095	347,667	1,099,924	426,942	15,809,089
Charge for the financial year	49,242	287,693	1,043,982	178,978	193,735	54,051	1,807,681
Disposals	-	(120,935)	-	(381,513)	(7,321)	-	(509,769)
Written off	-	-	-	-	(1,933)	-	(1,933)
At 31 December 2012	344,697	2,751,764	12,098,077	145,132	1,284,405	480,993	17,105,068

Company No. | 293040 | D |

4. PROPERTY, PLANT & EQUIPMENT (CONT'D)

	Long term leasehold land and buildings RM	Computer equipment RM	Computer Software RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
2012							
Company							
Accumulated impairment							
At 1 January 2012	-	-	-	-	-	-	-
Impairment during the year	-	-	-	193,888	-	-	193,888
At 31 December 2012	-	-	-	193,888	-	-	193,888
Net carrying amount							
At 31 December 2012	4,530,303	802,852	3,472,616	275,098	783,095	66,114	9,930,078

Company No. | 293040 | D |

4. PROPERTY, PLANT & EQUIPMENT (CONT'D)

	Long term leasehold land and buildings RM	Computer equipment RM	Computer Software RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
2011							
Company							
Cost							
At 1 January 2011	4,875,000	2,800,452	15,444,057	1,336,459	1,812,941	422,905	26,691,814
Additions	-	76,121	2,450	142,756	101,192	24,239	346,758
Disposals	-	-	-	(599,888)	-	-	(599,888)
Written off	-	(85,144)	-	-	(3,000)	-	(88,144)
At 31 December 2011	4,875,000	2,791,429	15,446,507	879,327	1,911,133	447,144	26,350,540
Accumulated depreciation							
At 1 January 2011	246,213	2,495,588	9,643,816	319,854	922,322	422,902	14,050,695
Charge for the financial year	49,242	174,560	1,410,279	207,780	179,127	4,040	2,025,028
Disposals	-	-	-	(179,967)	-	-	(179,967)
Written off	-	(85,142)	-	-	(1,525)	-	(86,667)
At 31 December 2011	295,455	2,585,006	11,054,095	347,667	1,099,924	426,942	15,809,089
Net carrying amount							
At 31 December 2011	4,579,545	206,423	4,392,412	531,660	811,209	20,202	10,541,451
At 1 January 2011	4,628,787	304,864	5,800,241	1,016,605	890,619	3	12,641,119

4. PROPERTY, PLANT & EQUIPMENT (CONT'D)

(a) Included in the property, plant and equipment of the Group and of the Company are assets acquired under hire purchase with carrying amounts as follows:

	Group	
	31.12.2012	**31.12.2011**
	RM	**RM**
Motor vehicles	603,872	738,090
EDC equipment	-	1,984,914
	603,872	2,723,004

	Company	
	31.12.2012	**31.12.2011**
	RM	**RM**
Motor vehicles	275,095	493,172

(b) The long term leasehold land and buildings of the Company have been pledged to a licensed bank as security for banking facilities granted to the Company as disclosed in Note 19.

The remaining period of the long term leasehold land is 90 years (31.12.2011: 91 years, 1.1.2011: 92 years).

(c) 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 hire purchase financing are as follows:

	Group	
	31.12.2012	**31.12.2011**
	RM	**RM**
Aggregate costs	14,538,309	7,941,849
Less: Hire purchase financing	(485,000)	(2,250,010)
Cash payment	14,053,309	5,691,839

	Company	
	31.12.2012	**31.12.2011**
	RM	**RM**
Aggregate costs	1,674,481	346,758
Less: Hire purchase financing	(335,000)	(100,000)
Cash payment	1,339,481	246,758

Company No. | 293040 | D |

5. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Unquoted shares, at cost			
In Malaysia	5,380,004	5,380,002	4,480,002
Outside Malaysia	10,459,995	10,459,995	10,459,995
	15,839,999	15,839,997	14,939,997
Less: Accumulated impairment losses	(15,839,997)	(9,775,383)	(3,941,562)
	2	6,064,614	10,998,435

Movement in impairment during the financial year are as follows:

	Company	
	31.12.2012	**31.12.2011**
	RM	**RM**
At the beginning of financial year	9,775,383	3,941,562
Impairment during the year	6,064,614	5,833,821
At end of the financial year	15,839,997	9,775,383

Company No. | 293040 | D |

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of the company	Country of incorporation	Effective interest 31.12.2012 %	Effective interest 31.12.2011 %	Effective interest 1.1.2011 %	Principal activities
Direct holding:					
GHL Transact Sdn. Bhd.	Malaysia	100	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	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	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	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, Malaysia	100	100	100	Investment holding

Company No. | 293040 | D |

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of the company	Country of incorporation	Effective interest			Principal activities
		31.12.2012 %	31.12.2011 %	1.1.2011 %	
Direct holding:					
GHL Global Sdn. Bhd.	Malaysia	100	100	100	Developing and selling of Net.Point software solution; software programmes and other related products and services.
GHL Loyalty Sdn. Bhd.	Malaysia	100	-	-	Promote and distribute of loyalty card and to act as operator to issue, manage, offer and promote loyalty card program to customers, company, society, partnership, association or any other entity.
Indirect holding:					
Subsidiary company of GHL International Sdn. Bhd.					
GHL CardPay Sdn. Bhd. (Formerly known as Card Pay Sdn. Bhd.)	Malaysia	100	100	100	Third party acquirer for e-debit and MEPS cash transactions, sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.

Company No. 293040 D

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of the company	Country of incorporation	Effective interest 31.12.2012 %	Effective interest 31.12.2011 %	Effective interest 1.1.2011 %	Principal activities
Indirect holding:					
Subsidiary company of GHL International Sdn. Bhd.					
* GHLSYS Singapore Pte. Ltd.	Singapore	-	100	100	Dormant
Subsidiary company of GHL Asia Pacific Limited					
* PaymentOne (HK) Pte. Ltd.	Hong Kong	-	100	100	Dormant
* PaymentOne Singapore Singapore Pte. Ltd.	Singapore	-	100	100	Dormant
* GHL Systems Philippines, Inc. (formerly known as GHLSYS Philippines, Inc.)	Philippines	99.99	99.99	99.99	Provision of end-to-end payment services and solutions through the deployment of payment infrastructure, technology and services.

Company No. | 293040 | D |

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of the company	Country of incorporation	Effective interest			Principal activities
		31.12.2012 %	31.12.2011 %	1.1.2011 %	
Indirect holding: Subsidiary company of GHL Asia Pacific Limited					
GHL Systems Australia Pty. Ltd.	Australia	100	-	-	Sales of hardware, software and professional services.
* GHL (China) Co. Ltd.	Hong Kong	-	100	100	Engaged in provision of terminal software development and maintenance services.
*^ GHL (Thailand) Co. Ltd.	Thailand	89.99	99.99	99.99	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.

Company No. | 293040 | D |

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of the company	Country of incorporation	Effective interest			Principal activities
		31.12.2012 %	31.12.2011 %	1.1.2011 %	
Indirect holding:					
Subsidiary company of GHL (Thailand) Co. Ltd.					
* Conscious Object Development Co. Ltd.	Thailand	100	-	-	Software development.
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.

Company No. | 293040 | D |

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

* Subsidiary company not audited by UHY

^ Preferred shares with 89.99% of voting rights.

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Acquisition of subsidiary company

On 21 September 2012, GHL (Thailand) Co Ltd., a wholly owned subsidiary of GHL Asia Pacific Limited, has completed the acquisition of 10,000 ordinary shares of THB100 each fully paid up in the capital of Conscious Object Development Co. Ltd ("COD) representing 100% of the equity interest of COD. Total cost of acquisition consist of cash consideration of THB5,000,000 and transferred of GHL (Thailand) Co Ltd. 6,020 ordinary shares and 20,780 preference shares of THB100 each. Accordingly, COD now is a wholly-owned subsidiary of GHL (Thailand) Co Ltd. whilst GHL (Thailand) Co Ltd. are effectively 89.99% owned subsidiaries of GHL Asia Pacific Limited.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred

	RM
Cash consideration	497,065
Equity instruments issued	217,959
Total consideration transferred	715,024

	RM
Property, plant and equipment (Note 4)	32,509
Inventories	29,357
Trade and other receivables	29,152
Cash and cash equivalents	46,368
Trade and other payables	(134,957)
Total identifiable assets and liabilities	2,429

Net cash outflow arising from acquisition of subsidiary company

	RM
Purchase consideration settled in cash	497,065
Cash and cash equivalents acquired	(46,368)
	450,697

Goodwill arising from business combination

Goodwill was recognised as a result of the acquisition as follows:

	RM
Fair value of consideration transferred	715,024
Fair value of identifiable assets acquired and liabilities assumed	(2,429)
Goodwill (Note 7)	712,595
Impairment loss on goodwill (Note 25)	(712,595)
	-

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Disposal of subsidiary company

GHL Asia Pacific Limited has entered into a Share Sales Agreement with HK New Huang PU Finance Holding Limited for the disposal of 1,560,000 ordinary shares of HKD1.00 each, representing 100% of the paid-up capital of its wholly-owned subsidiary, GHL (China) Company Limited for a total cash consideration of HKD10.00 on 12 April 2012.

The disposal of GHL (China) Co. Ltd. gave rise to a gain of RM619,905 in the Group's financial statements.

The effect of the disposal of GHL (China) Co. Ltd. on the financial position of the Group as at the date of disposal was as follows:

	RM
Property, plant and equipment (Note 4)	393,103
Inventories	18,060
Trade and other receivables	967,064
Cash and bank balances	202,742
Trade and other payables	(2,196,983)
Tax payables	(3,887)
Net liabilities	(619,901)
Gain on disposal	619,905
Proceeds from disposal	4
Less: Cash and cash balances disposed	(202,742)
Net cash outflows from disposal	(202,738)

(e) Struck off of subsidiary companies

PaymentOne (HK) Pte Ltd was struck off from the Companies Registry, Hong Kong pursuant to Section 291AA(9) of the Companies Ordinance on 14 September 2012. PaymentOne Singapore Pte Ltd was struck off from the register of Registrar of Companies and Businesses, Singapore pursuant to Section 344(2) of the Singapore Companies Act (Cap 50) on 8 August 2012. GHLSYS Singapore Pte Ltd was struck off from the register of Registrar of Companies and Businesses, Singapore pursuant to Section 344(2) of the Singapore Companies Act (Cap 50) on 5 June 2012.

(f) Incorporation of subsidiary companies

GHL Asia Pacific Limited had on 20 July 2012 incorporated a wholly-owned subsidiary in Australia, namely, GHL Systems Australia Pty Ltd. The paid-up share capital is AUD100,000 divided into 100,000 shares of AUD1.00 each.

On 19 October 2012, the Company incorporated a wholly-owned subsidiary, namely, GHL Loyalty Sdn Bhd with the issued and paid-up capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each.

6. INTANGIBLE ASSET

	Group Software under development RM
Group	
2012	
Cost	
At 1 January	-
Addition	156,690
At 31 December	156,690
Amortisation and impairment loss	
At 1 January	-
Amortisation for the year	-
At 31 December	-
Net carrying amount	
31 December	156,690

Intangible asset represents proprietary software developed internally. The cost incurred on development projects are recognised as intangible asset when it is probable that the projects have commercial and technological feasibility, and only if the cost can be measured reliably. Development costs that have been capitalised are amortised from the commencement of the commercial production on a straight-line basis over the period of its expected useful life, not exceeding 10 years.

7. GOODWILL ON CONSOLIDATION

		Group	
	Note	31.12.2012 RM	31.12.2011 RM
Cost			
At 1 January		2,255,434	2,255,434
Addition	5	712,595	-
At 31 December		2,968,029	2,255,434
Accumulated impairment loss			
At 1 January		2,255,434	1,159,195
Impairment losses recognised	25	712,595	1,096,239
At 31 December		2,968,029	2,255,434
Net carrying amount			
At 31 December		-	-
At 1 January		-	1,096,239

7. GOODWILL ON CONSOLIDATION (CONT'D)

(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. Cash flows beyond five year are projected based on assumptions that the fifth year cash flow will be generated by the respective CGUs perpetually. Discount rate used in based on the pre-tax weighted average cost of capital.

The key assumptions on which the Directors have based the cash flow projections to undertake impairment testing are as follows:

(i) Gross margin - Budgeted value based on the average margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and market development.

(ii) Growth rate - Not applicable as the cash flow projections made is for a year of 5 years, in accordance with the expected lifecycle of the CGU.

(iii) Pre-tax discount rate - Rate that reflect specific risks relating to the relevant CGU.

8. DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM	**RM**	**RM**	**RM**
At 1 January	952,173	-	952,173	-
Recognised in profit or loss (Note 26)	(1,344,700)	952,173	(144,700)	952,173
At 31 December	(392,527)	952,173	807,473	952,173
Presented after appropriate offsetting as follows:				
Deferred tax assets	(1,200,000)	-	-	-
Deferred tax liabilities	807,473	952,173	807,473	952,173
	(392,527)	952,173	807,473	952,173

8. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets are as follows:

Deferred tax liabilities of the Group and of the Company

	Accelerated capital allowances RM
At 1 January 2012	952,173
Recognised in profit or loss	(144,700)
At 31 December 2012	807,473
At 1 January 2011	-
Recognised in profit or loss	952,173
At 31 December 2011	952,173

Deferred tax assets of the Group

	Unutilised capital allowances RM
At 1 January 2012	-
Recognised in profit or loss	(1,200,000)
At 31 December 2012	(1,200,000)

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability:

	31.12.2012 RM	31.12.2011 RM
Group		
Unutilised tax losses	9,504,900	6,750,000
Unutilised capital allowances	11,191,800	22,819,600
Other deductible temporary differences	27,143,500	26,405,400
	47,840,200	55,975,000

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

9. INVENTORIES

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
At cost:						
EDC equipment	4,528,134	1,878,847	2,385,041	-	-	-
Microchips	2,168,941	1,232,465	1,593,248	2,168,941	1,232,465	1,593,248
Others	1,605,341	2,558,946	2,559,849	1,145,376	2,230,503	1,070,619
	8,302,416	5,670,258	6,538,138	3,314,317	3,462,968	2,663,867

10. TRADE RECEIVABLES

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Trade receivables			
- Related parties	1,084,684	1,185,723	513,226
- Third parties	15,461,194	15,536,529	16,726,945
	16,545,878	16,722,252	17,240,171
Less:			
Accumulated impairment losses	(4,792,709)	(5,394,156)	(4,066,780)
	11,753,169	11,328,096	13,173,391

	Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Trade receivables			
- Related parties	-	9,566	513,226
- Third parties	4,144,529	4,346,478	3,130,632
	4,144,529	4,356,044	3,643,858
Less:			
Accumulated impairment losses	(1,712,578)	(1,517,242)	(1,557,681)
	2,431,951	2,838,802	2,086,177

The Group's and the Company's normal trade credit terms range from 30 to 180 days and 30 to 60 days (31.12.2011: 30 to 180 days and 30 to 60 days, 1.1.2011: 30 to 180 days and 30 to 60 days) respectively. Other credit terms are assessed and approved on a case to case basis.

The related party represents e-pay (M) Sdn. Bhd. ("e-pay"), of which the Executive Vice Chairman and major shareholder of the Company, Loh Wee Hian has an indirect interest in e-pay through his 61.60% shareholding in e-pay Asia Limited (holding company of e-pay).

10. TRADE RECEIVABLES (CONT'D)

Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

Movement in impairment on trade receivables (individually impaired) is as follows:

	Group		Company	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM	**RM**	**RM**	**RM**
At 1 January	5,394,156	4,066,780	1,517,242	1,557,681
Impairment losses recognised (Note 25)	262,031	1,506,463	195,336	87,411
Impairment losses reversed (Note 25)	(221,779)	(204,008)	-	(127,850)
Written off	(588,542)	-	-	-
Exchange differences	(53,157)	24,921	-	-
At 31 December	4,792,709	5,394,156	1,712,578	1,517,242

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Neither past due nor impaired	3,501,593	2,762,302	8,323,105
Past due not impaired:			
Less than 30 days	4,367,152	4,514,931	1,576,072
31 to 60 days	1,926,154	1,767,742	724,429
61 to 90 days	1,048,745	2,283,121	2,549,785
More than 90 days	909,525	-	-
	8,251,576	8,565,794	4,850,286
	11,753,169	11,328,096	13,173,391
Impaired	4,792,709	5,394,156	4,066,780
	16,545,878	16,722,252	17,240,171

10. TRADE RECEIVABLES (CONT'D)

Analysis of trade receivables ageing as at the end of financial year is as follow (Cont'd):

	Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Neither past due nor impaired	485,253	769,427	1,426,009
Past due not impaired:			
Less than 30 days	860,156	658,753	471,543
31 to 60 days	461,428	474,801	159,978
61 to 90 days	244,832	555,551	28,647
More than 90 days	380,282	380,270	-
	1,946,698	2,069,375	660,168
	2,431,951	2,838,802	2,086,177
Impaired	1,712,578	1,517,242	1,557,681
	4,144,529	4,356,044	3,643,858

As at 31 December 2012, the trade receivables of the Group and of the Company amounting to RM8,251,576 and RM1,946,698 (31.12.2011: RM8,565,794 and RM2,069,375, 1.1.2011: RM4,850,286 and RM660,168) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM4,792,709 and RM1,712,578 (31.12.2011: RM5,394,156 and RM1,517,242, 1.1.2011: RM4,066,780 and RM1,557,681) respectively, related to customers that are in financial difficulties, have defaulted on payments and/ or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

10. TRADE RECEIVABLES (CONT'D)

The foreign currency exposure profile is as follows:

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Peso	775,227	-	-
United States Dollar	725,532	2,082,014	303,897

	Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Peso	775,227	-	-
United States Dollar	468,595	942,851	286,136

11. OTHER RECEIVABLES

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Other receivables	917,327	1,066,615	696,587
Deposits	864,219	644,262	467,255
Prepayments	848,386	482,313	4,764,267
	2,629,932	2,193,190	5,928,109
Less: Accumulated impairment losses	(488,351)	(541,859)	(154,915)
	2,141,581	1,651,331	5,773,194

	Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Other receivables	250,784	175,392	163,416
Deposits	91,778	90,339	92,724
Prepayments	107,149	119,086	252,281
	449,711	384,817	508,421
Less: Accumulated impairment losses	(158,866)	(161,866)	(154,915)
	290,845	222,951	353,506

11. OTHER RECEIVABLES (CONT'D)

Movement of impairment on other receivables (individually impaired) is as follows:

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
At 1 January	541,859	154,915	161,866	154,915
Impairment losses recognised	-	386,944	-	6,951
Written off	(53,508)	-	(3,000)	-
At 31 December	488,351	541,859	158,866	161,866

12. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

(a) Amount owing by subsidiary companies

	Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Amount owing by subsidiary companies	54,498,685	52,382,630	53,446,574
Less: Accumulated impairment losses	(47,858,240)	(13,435,447)	(3,458,968)
	6,640,445	38,947,183	49,987,606

The amount of RM2,233,447 is bearing interest rate 4% to 6% during the financial year.

Movements in impairment (individually impaired) are as follows:

	Company	
	31.12.2012 RM	31.12.2011 RM
At 1 January	13,435,447	3,458,968
Impairment losses recognised (Note 25)	37,485,245	10,458,140
Impairment losses reversed (Note 25)	(2,976,890)	(481,661)
Written off	(85,562)	-
At 31 December	47,858,240	13,435,447

(b) Amount owing to a subsidiary company

In the previous financial year, this amount was unsecured, non-interest bearing advances and was repayable on demand.

13. TAX RECOVERABLE

This is in respect to tax paid in advance to the Inland Revenue Board.

14. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposit of the Group and of the Company is an amount of RM1,534,279 and RM649,103 (31.12.2011: RM1,428,440 and RM569,533) pledged to licensed banks as securities for credit facilities granted to a subsidiary company and the Company respectively as disclosed in Note 19.

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

	Group			Company		
	31.12.2012 RM	**31.12.2011 RM**	**1.1.2011 RM**	**31.12.2012 RM**	**31.12.2011 RM**	**1.1.2011 RM**
Interest rate (%) (per annum)	2.30 - 3.20	2.00 - 2.87	2.46 - 2.75	2.30 - 3.00	2.87	2.46
Maturity (days)	30 - 365	30 - 365	30 - 365	30 - 365	30 - 365	30 - 365

15. SHARE CAPITAL

	Group/Company	
	31.12.2012 Units	**31.12.2011 Units**
Ordinary shares of RM0.50 each:		
Authorised		
At 1 January/31 December	200,000,000	200,000,000
Issued and fully paid		
At 1 January	145,802,100	145,802,100
Shares issued during the financial year	1,000,000	-
At 31 December	146,802,100	145,802,100

15. SHARE CAPITAL (CONT'D)

	Group/Company	
	31.12.2012	**31.12.2011**
	RM	**RM**
Ordinary shares of RM0.50 each:		
Authorised		
At 1 January/31 December	100,000,000	100,000,000
Issued and fully paid		
At 1 January	72,901,050	72,901,050
Shares issued during the financial year	500,000	-
At 31 December	73,401,050	72,901,050

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

Of the total 146,802,100 (31.12.2011: 145,802,100, 1.1.2011: 145,802,100) issued and fully paid ordinary shares, 1,415,901 (31.12.2011: 1,415,901, 1.1.2011: 1,415,901) ordinary shares are held as treasury shares by the Company. At 31 December 2012, the number of ordinary shares in issue after deducting treasury shares held is 145,386,199 (31.12.2011: 144,386,199, 1.1.2011: 144,386,199) ordinary shares of RM0.50 each.

16. RESERVES

	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Group			
Non-distributable:			
ESOS reserves	-	513,578	257,915
Foreign exchange reserves	(515,759)	(1,138,537)	(1,255,024)
Accumulated losses	(30,935,981)	(35,819,733)	(9,770,809)
	(31,451,740)	(36,444,692)	(10,767,918)
Company			
Non-distributable:			
ESOS reserves	-	513,578	257,915
(Accumulated losses)/ Retained earnings (Distributable)	(54,322,797)	(14,466,232)	1,423,792
	(54,322,797)	(13,952,654)	1,681,707

17. TREASURY SHARES

	Group/Company	
	31.12.2012 RM	31.12.2011 RM
At 1 January/31 December	638,221	638,221

As at 31 December 2012, the total number of treasury shares held by the Company is 1,415,901 (31.12.2011: 1,415,901, 1.1.2011: 1,415,901) 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.

18. HIRE PURCHASE PAYABLES

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Minimum hire purchase payments			
Within one year	876,772	822,243	536,116
Between one and five years	844,697	1,196,098	43,721
	1,721,469	2,018,341	579,837
Less: Future finance charge	(80,856)	(96,166)	(8,227)
Present value of hire purchase liabilities	1,640,613	1,922,175	571,610

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Present value of hire purchase liabilities			
Within one year	828,314	753,941	527,889
Between one and five years	812,299	1,168,234	43,721
	1,640,613	1,922,175	571,610
Analysed as:			
Repayable within twelve months	828,314	753,941	527,889
Repayable after twelve months	812,299	1,168,234	43,721
	1,640,613	1,922,175	571,610

18. HIRE PURCHASE PAYABLES (CONT'D)

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Minimum hire purchase payments			
Within one year	110,712	57,915	527,112
Between one and five years	307,199	62,905	43,902
	417,911	120,820	571,014
Less: Future finance charge	(37,676)	(6,711)	(16,441)
Present value of hire purchase liabilities	380,235	114,109	554,573

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Present value of hire purchase liabilities			
Within one year	95,450	53,930	510,852
Between one and five years	284,785	60,179	43,721
	380,235	114,109	554,573
Analysed as:			
Repayable within twelve months	95,450	53,930	510,852
Repayable after twelve months	284,785	60,179	43,721
	380,235	114,109	554,573

The weighted average effective interest rate of the Group and of the Company at the statements of financial position date is 4.5% and 2.71% (31.12.2011: 4.5% and 2.71%, 1.1.2011: 4.5% and 2.71%) per annum respectively.

19. BANK BORROWINGS

	Group/Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Secured			
Term loans	2,281,633	2,546,516	2,801,069
Banker acceptance	450,000	-	-
	2,731,633	2,546,516	2,801,069

19. BANK BORROWINGS (CONT'D)

	Group/Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Analysed as:			
Repayable within twelve months			
Secured			
Term loans	392,382	203,174	182,518
Banker acceptance	450,000	-	-
	842,382	203,174	182,518
Repayable after twelve months			
Secured			
Term loans	1,889,251	2,343,342	2,618,551
	2,731,633	2,546,516	2,801,069

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

(a) fixed charge over the Company's long term leasehold land and buildings as disclosed in Note 4; and

(b) pledge of fixed deposits of the Company and of its subsidiary company as disclosed in Note 14.

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

The weighted average banker acceptance and term loan average effective interest rate of the Group and of the Company for the above facilities are 5.6% and 5.6% (31.12.2011: 5.6% and 5.6%, 1.1.2011: 5.6% and 5.6%) per annum respectively.

The maturity of borrowings is as follows:

	Group/Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Within one year	842,382	203,174	182,518
Between one to two years	392,383	215,119	195,518
Between two to three years	392,383	230,441	209,443
Between three to four years	392,383	246,854	224,361
Between four to five years	392,383	264,436	240,341
After five years	319,719	1,386,492	1,748,888
	2,731,633	2,546,516	2,801,069

20. DEFERRED INCOME

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Non-current portion	4,289,562	2,073,759	-
Current portion (Note 22)	1,288,436	438,666	-
	5,577,998	2,512,425	-

Deferred income represents advance receipt from EDC terminal leasing arrangement.

21. TRADE PAYABLES

The Group's and the Company's normal trade credit terms range from 30 to 90 days and 30 to 60 days (2011: 30 to 90 days and 30 to 60 days) respectively. Other credit terms are assessed and approved on a case to case basis.

22. OTHER PAYABLES

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Other payables	6,226,300	7,210,028	7,040,142
Deposits	4,038,000	5,552,727	4,213,034
Accruals	4,225,861	3,941,269	3,189,628
Deferred income (Note 20)	1,288,436	438,666	-
	15,778,597	17,142,690	14,442,804

	Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Other payables	279,035	183,108	382,937
Deposits	1,879	1,879	1,879
Accruals	2,247,230	3,969,289	2,157,297
	2,528,144	4,154,276	2,542,113

23. REVENUE

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Rental of EDC equipment	21,362,879	17,114,886	132,030	-
Sales of value-added solutions	32,111,977	45,611,412	15,984,724	24,573,789
	53,474,856	62,726,298	16,116,754	24,573,789

24. FINANCE COSTS

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Interest expenses on:				
Banker acceptance	3,320	-	3,320	-
Term loans	185,673	183,958	138,137	148,467
Hire purchase	22,190	40,295	7,728	15,913
	211,183	224,253	149,185	164,380

25. PROFIT/(LOSS) BEFORE TAXATION

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

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Auditors' remuneration				
- statutory audit	108,025	81,318	40,000	15,000
- non-audit services	11,800	5,000	10,000	5,000
Bad debts written-off	1,655	6,741	2,374,418	141,858
Directors' remuneration (Note (a))	1,711,264	2,621,930	1,456,273	1,846,642
Depreciation of property, plant and equipment	5,921,955	6,113,616	1,807,681	2,025,028
Impairment loss on property, plant and equipment	193,888	20,861,429	193,888	-
Impairment loss on investment in subsidiary companies	-	-	6,064,614	5,833,821
Impairment loss on goodwill	712,595	1,096,239	-	-
Impairment loss on trade receivables	262,031	1,506,463	195,336	87,411

25. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

Profit/(Loss) before taxation is derived after charging/(crediting) (Cont'd):

	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Impairment loss on other receivables	-	386,944	-	6,951
Impairment loss on amount owing by subsidiary companies	-	-	37,485,245	10,458,140
Interest income	(277,291)	(204,502)	(98,617)	(39,840)
Inventories written off	862,977	-	812,019	-
(Gain)/loss on disposal of property, plant and equipment	(410,003)	1,853,175	(7,932)	19,671
Gain on disposal of subsidiary company	(619,905)	-	-	-
(Gain)/Loss on foreign exchange				
- Realised	-	35,502	149,092	63,570
- Unrealised	10,776	(38,008)	24,643	(147,186)
Intangible asset written off		-		-
Loss on strike off of subsidiary companies	75,732	-	-	-
Property, plant and equipment written off	227,200	4,452	1,623	1,477
Property, plant and equipment written back	(3,257)	(5,775)	-	-
(Reversal)/provision for loss on disposal of property, plant and equipment	(400,000)	400,000	(400,000)	400,000
Rental of premises	1,181,101	1,135,963	247,522	275,271
Reversal of impairment loss on trade receivables	(221,779)	(204,008)	-	(127,850)
Reversal of impairment loss on amounts owing by subsidiary companies	-	-	(2,976,890)	(481,661)
Share based payment	-	255,663	-	255,663
Staff costs (Note 30)	19,155,603	18,027,622	3,558,077	5,711,746
Waiver of debts	-	-	(3,105,900)	-

25. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

Profit/(Loss) before taxation is derived after charging/(crediting) (Cont'd):

(a) Directors remuneration:

	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Company's Directors				
Executive Directors				
Salaries and other emoluments	1,081,240	1,531,949	1,081,240	1,491,949
EPF	129,600	187,908	129,600	187,908
Non Executive Directors				
Fees	245,433	166,785	245,433	166,785
	1,456,273	1,886,642	1,456,273	1,846,642
Other Directors - Directors of the subsidiaries				
Salaries and other emoluments	254,991	735,288	-	-
	1,711,264	2,621,930	1,456,273	1,846,642

26. TAXATION

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Current tax provision:				
Malaysia income tax	186,401	21,210	135,966	4,455
Underprovision in prior year	-	9	-	-
	186,401	21,219	135,966	4,455

26. TAXATION (CONT'D)

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Witholding tax	(9,568)	(6,953)	-	-
Deferred tax (Note 8):				
Relating to origination and reversal of temporary differences	(1,441,100)	952,173	(241,100)	952,173
Under provision in prior year	96,400	-	96,400	-
	(1,344,700)	952,173	(144,700)	952,173
Tax (credit)/expense for the financial year	(1,167,867)	966,439	(8,734)	956,628

Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(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:

	Group	
	31.12.2012 RM	31.12.2011 RM
Profit/(Loss) before taxation	3,183,885	(25,082,485)
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	795,971	(6,270,621)
Pioneer status tax incentive	(211,700)	(122,080)
Expenses not deductible for tax purposes	1,727,804	5,693,343
Income not subject to tax	(1,532,974)	(741,000)
Deferred tax assets not recognised	958,000	5,673,790
Deferred tax recognised on unutilised capital allowances	(773,300)	-
Reversal of deferred tax assets not recognised	-	(3,139,016)
Utilisation of prior year unrecognised tax losses and allowances	(2,218,500)	(121,033)
Under provision of taxation in respect of prior year	-	9
Under provision of deferred tax in prior year	96,400	-
Witholding tax	(9,568)	(6,953)
Tax (credit)/expense for the financial year	(1,167,867)	966,439

26. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to profit/(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 (Cont'd):

	Company	
	31.12.2012	**31.12.2011**
	RM	**RM**
Loss before taxation	(40,378,877)	(14,933,396)
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	(10,094,719)	(3,733,349)
Expenses not deductible for tax purposes	12,102,385	4,994,692
Income not subject to tax	(2,112,800)	(304,715)
Under provision of deferred tax in prior year	96,400	-
Tax (credit)/expense for the financial year	(8,734)	956,628

27. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	31.12.2012	**31.12.2011**
	RM	**RM**
Net profit/(loss) for the financial year attributable to the owners of the parent	4,370,174	(26,048,924)
Weighted number of ordinary shares issue	146,802,100	145,802,100
Adjusted for:		
Treasury shares	(1,415,901)	(1,415,901)
	145,386,199	144,386,199

26. EARNING PER SHARE (CONT'D)

(b) Fully diluted earnings per share

Fully diluted earnings per share has been calculated based on the consolidated profit/(loss) after taxation for the financial year attributable to owners of the parent for the Group and the adjusted weighted average number of ordinary shares issued and issuable during the financial year as follows:

	Group	
	31.12.2012	**31.12.2011**
	RM	**RM**
Net profit/(loss) for the financial year	4,370,174	(26,048,924)
Weighted number of ordinary shares issue	146,802,100	145,802,100
Adjusted for:		
Treasury shares	(1,415,901)	(1,415,901)
Assumed exercise of ESOS at no consideration	*	*
	145,386,199	144,386,199

* 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.

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 2012 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.

As at 31 December 2012, the Company has balance in the Section 108 balance amounting to RM182,400 (2011: RM182,400) and tax exempt income of RM38,287,200 (2011: RM38,287,200).

29. EMPLOYEE'S SHARE OPTION SCHEME

The GHL Systems Berhad's 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 shall lapse on 2 November 2012.

The salient features and other terms 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.

29. EMPLOYEE'S SHARE OPTION SCHEME (CONT'D)

(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:

	Exercise prices RM	Exercise period
31.12.2011/1.1.2011		
Ninth Grant	0.50	03.11.2009 - 02.11.2012
31.12.2012		
Ninth Grant	0.50	03.11.2009 - 02.11.2012
Tenth Grant	0.50	08.02.2012 - 02.11.2012

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	Granted	Exercise	Lapsed	Outstanding at 31 December	Exercisable at 31 December
Group/Company						
31.12.2012						
Ninth Grant	9,322,900	-	-	9,322,900	-	-
Tenth Grant	-	8,906,400	1,000,000	7,906,400	-	-
	9,322,900	8,906,400	1,000,000	17,229,300	-	-
WAEP	0.50	0.50	0.50	0.50	0.50	0.50
31.12.2011						
Ninth Grant	18,260,800	-	-	8,937,900	9,322,900	9,322,900
WAEP	0.50	0.50	0.50	0.50	0.50	0.50

29. EMPLOYEE'S SHARE OPTION SCHEME (CONT'D)

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 date	**08.02.2012**	**03.11.2009**
Fair value of share options (RM)	-	0.163
Weighted average share price (RM)	0.302	0.433
Weighted average exercise price (RM)	0.500	0.500
Expected volatility	62.65%	109%
Expected option life (years)	0.750	3.000
Risk-free interest rate, p.a.	3.71%	3.21%
Expected dividend yield (%)	-	1%

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.

30. STAFF COSTS

	Group		**Company**	
	31.12.2012 RM	**31.12.2011 RM**	**31.12.2012 RM**	**31.12.2011 RM**
Staff costs (excluding Directors) comprise:				
Charged to statements of comprehensive income	19,155,603	17,771,959	3,558,077	5,456,083
Share based payment	-	255,663	-	255,663
Total staff costs for the financial year	19,155,603	18,027,622	3,558,077	5,711,746

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 RM1,352,296 and RM342,618 (31.12.2011 : RM1,856,746 and RM534,262) respectively.

31. SEGMENTAL REPORTING

The Group has five 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) Philippines
(c) Thailand
(d) China
(e) Australia

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.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence no disclosure is made on segment liability.

Company No. 293040 D

31. SEGMENTAL REPORTING (CONT'D)

	Malaysia RM	Philippines RM	Thailand RM	Australia RM	China RM	Adjustment and elimination RM	Consolidated RM
2012							
REVENUE							
External sales							
Shared Services	28,984,860	6,473,271	3,641,138	-	137,431	-	39,236,700
Solution Services	6,634,568	2,562,893	1,225,560	-	-	-	10,423,021
Transaction Payment Acquisition	2,309,404	1,204,517	21,379	-	279,835	-	3,815,135
Inter-segment sales	15,305,337	-	-	-	-	(15,305,337)	-
Total revenue	53,234,169	10,240,681	4,888,077	-	417,266	(15,305,337)	53,474,856
RESULTS							
Segment results	2,587,267	989,028	(71,256)	(480,320)	351,783	(258,725)	3,117,777
Interest income							277,291
Interest expenses							(211,183)
Profit before taxation							3,183,885
Taxation							1,167,867
Net profit for the financial year							4,351,752
Assets:							
Additions to non-current assets	6,960,591	6,771,442	962,966	-	-	-	14,694,999
Segment assets	51,703,891	16,243,079	6,237,819	208,278	-	(3,207,869)	71,185,198
Liabilities							
Segment liabilities	25,805,575	2,505,714	1,543,193	38,049	-	-	29,892,531

Company No. 293040 D

31. SEGMENTAL REPORTING (CONT'D)

	Malaysia RM	Philippines RM	Thailand RM	Australia RM	China RM	Adjustment and elimination RM	Consolidated RM
2012							
OTHER INFORMATION							
Impairment loss on goodwill	712,595	-	-	-	-	-	712,595
Bad debts written off	1,655	-	-	-	-	-	1,655
Depreciation of property, plant and equipment	3,531,036	1,680,867	492,908	-	217,144	-	5,921,955
Gain on disposal of property, plant and equipment	(408,120)	-	(1,883)	-	-	-	(410,003)
Impairment loss on property, plant and equipment	193,888	-	-	-	-	-	193,888
Impairment loss on trade receivables	240,780	57,701	(36,450)	-	-	-	262,031
Unrealised (gain)/loss on foreign exchange	(457,954)	(275,153)	(140,936)	-	-	884,819	10,776
Property, plant and equipment written off	(227,200)	-	-	-	-	-	(227,200)
Property, plant and equipment written back	(3,257)	-	-	-	-	-	(3,257)
Reversal for loss on disposal of property, plant and equipment	(400,000)	-	-	-	-	-	(400,000)
Reversal of impairment loss on trade receivables	(47,284)	(63,658)	(110,837)	-	-	-	(221,779)

Company No. 293040 D

31. SEGMENTAL REPORTING (CONT'D)

	Malaysia RM	Singapore RM	Hong Kong RM	Philippines RM	Thailand RM	China RM	Adjustment and elimination RM	Consolidated RM
2011								
REVENUE								
External sales								
Shared Services	30,607,331	-	-	8,435,448	3,308,455	3,041,906	-	45,393,140
Solution Services	11,189,256	-	-	192,396	89,774	428,289	-	11,899,715
Transaction Payment Acquisition	2,064,497	-	-	1,079,918	4	2,289,024	-	5,433,443
Inter-segment sales	17,216,909	-	-	133,120	1,641,450	-	(18,991,479)	-
Total revenue	61,077,993	-	-	9,840,882	5,039,683	5,759,219	(18,991,479)	62,726,298
RESULTS								
Segment results	(32,465,499)	132,244	37,153	480,412	(1,340,541)	(5,761,646)	13,855,143	(25,062,734)
Interest income								204,502
Interest expenses								(224,253)
Loss before taxation								(25,082,485)
Taxation								(966,439)
Net loss for the financial year								(26,048,924)
Assets:								
Additions to non-current assets	3,624,686	-	-	3,958,382	320,030	38,751	-	7,941,849
Segment assets	44,320,479	-	-	11,974,452	3,892,954	2,567,232	(268,388)	62,486,729
Liabilities:								
Segment liabilities	19,068,221	-	-	2,958,973	498,926	4,142,472	-	26,668,592

Company No. 293040 D

31. SEGMENTAL REPORTING (CONT'D)

	Malaysia RM	Singapore RM	Hong Kong RM	Philippines RM	Thailand RM	China RM	Adjustment and elimination RM	Consolidated RM
2011								
OTHER INFORMATION								
Impairment loss on goodwill on consolidation	1,096,239	-	-	-	-	-	-	1,096,239
Bad debts written off	156,092	20,464	-	-	-	8,344	(178,159)	6,741
Depreciation of property, plant and equipment	3,264,273	-	-	941,007	882,910	1,025,426	-	6,113,616
Loss on disposal of property, plant and equipment	215,948	-	-	-	55,369	1,581,858	-	1,853,175
Share based payment	255,663	-	-	-	-	-	-	255,663
Impairment loss on property, plant and equipment	20,861,429	-	-	-	-	-		20,861,429
Impairment loss on trade receivables	268,589	-	-	205,055	435,936	596,883	-	1,506,463
Impairment loss on other receivables	7,851	-	-	-	-	-	379,093	386,944
Unrealised loss/(gain) on foreign exchange	89,139	-	-	(7,883)	(119,264)	-	-	(38,008)
Property, plant and equipment written off	4,452	-	-	-	-	-	-	4,452
Property, plant and equipment written back	(5,775)	-	-	-	-	-	-	(5,775)
Provision for loss on disposal of property, plant and equipment	400,000	-	-	-	-	-	-	400,000
Reversal of impairment loss on trade receivables	(182,270)	-	-	-	-	(21,738)	-	(204,008)

32. SIGNIFICANT EVENTS

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

(i) On 8 February 2012, the Board of Directors offered options under Employees' Share Option Scheme to the Directors and/or employees of GHL Systems and its subsidiaries. The exercise price of the options is offered at RM0.50 per share, and the total numbers of options or shares offered is 8,906,400. The vesting period of the options or shares offered is from 8 February 2012 to 2 November 2012.

(ii) GHL Asia Pacific Limited had on 12 April, 2012 entered into a Share Sales Agreement to dispose its entire holding in its wholly-owned subsidiary, GHL (China) Company Limited to a purchaser name HK New Huang PU Finance Holdings Limited. The details of the disposal are stated in Note 5 (d).

(iii) GHLSYS Singapore Pte. Ltd. had on 5 June 2012 been struck off from the register of Registrar of Companies and Businesses, Singapore pursuant to Section 344(2) of the Singapore Companies Act (Cap 50).

(iv) GHL Asia Pacific Limited had on 20 July 2012 incorporated GHL Systems Australia Pty Ltd. The paid up share capital is AUD100,000 divided into 100,000 shares of AUD1.00 each.

(v) PaymentOne Singapore Pte. Ltd. had on 8 August 2012 been struck off from the register of Registrar of Companies and Businesses, Singapore pursuant to Section 344(2) of the Singapore Companies Act (Cap 50).

(vi) PaymentOne (HK) Pte Limited had on 14 September 2012 been struck off from the Companies Registry, Hong Kong pursuant to Section 291AA(9) of the Companies Ordinance.

(vii) On 21 September 2012, GHL Thailand Co Ltd had acquired 10,000 ordinary shares of THB100 each fully paid up in the capital of Conscious Object Development Co. Ltd. ("COD") representing 100% of the equity interest in COD. The details of the acquisition are stated in Note 5 (c).

(viii) On 19 October 2012, GHL Loyalty was incorporated under the Companies Act, 1965 with the issued and paid up capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each.

(ix) On 1 November 2012, a total of 1,000,000 new ordinary shares of RM0.50 each were allotted and issued pursuant to the Company's Employee Share Option Scheme. The scheme has since expired on 2 November 2012.

33. SUBSEQUENT EVENTS

Subsequent to the financial year, the following subsequent events took place for the Company and for the subsidiary companies:

(a) GHL Systems Philippines Inc, had on 7 January 2013 incorporated a legal entity in the Philippines namely Pinoytek Solusyon, Inc. which holds 40% of the equity interest in Pinoytek. The authorised share capital of Pinoyek is PHP10,000,000 divided into 100,000 shares of common stock of PHP100 each. The paid up capital is PHP2,500,000 divided into 25,000 shares of common stock of PHP100 each.

(b) GHL Payment Services Sdn Bhd was incorporated on 11 January 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

(c) GHL BPO1 Sdn Bhd was incorporated on 11 January 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

(d) GHL ePayments Sdn Bhd was incorporated on 29 March 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

(e) On 2 April 2013, the shareholders during Extraordinary General Meeting have approved the below proposed corporate exercises:-

(i) Proposed capital reduction of the issued and paid-up share capital of GHL pursuant to Section 64(1) of the Companies Act, 1965 ("Act"), involving the cancellation of RM0.30 of the par value of every existing ordinary share of RM0.50 each in GHL ("Share(s)") ("Proposed Capital Reduction");

(ii) Proposed renounceable rights issue of up to [36.35 million] new ordinary shares of RM0.20 each ("Rights Shares") on the basis of one (1) Right Share for every four (4) GHL Shares held after the Proposed Capital Reduction on an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue");

(iii) Proposed exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Over and Mergers 2010 ("Code") to Mr. Loh Wee Hian and Ms Teo Kwee Hwa from the obligation to extend a mandatory take-over offer for the remaining GHL Shares not already held by them which may arise pursuant to the Rights Issue ("Proposed Exemption");

(iv) Proposed establishment of an executives' share scheme up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time ("Proposed Executives' Share Scheme"); and

(v) Proposed increase in GHL's authorised share capital from RM100.00 million comprising 200.00 million GHL Shares to RM500.00 million comprising 2.5 billion GHL Shares ("Proposed Increase in Authorised Share Capital").

34. CONTINGENT LIABILITIES

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Unsecured:				
Banker's guarantee in favour of third parties -performance bond	326,296	338,000	103,000	238,000

35. COMMITMENTS

(a) Non-cancellable operating lease:

	Group	
	31.12.2012 RM	31.12.2011 RM
Future minimum rentals payable:		
Within one year	852,721	1,060,015
Between one and two years	1,348,969	662,368
Between two and three years	12,000	-
	2,213,690	1,722,383

Operating lease payments represents rentals payable by the Group in respect of land and buildings. The lease terms are between one and three years, and the majority of lease agreements are renewable at the end of the lease period at market rate. None of the leases includes contingent rentals.

(b) Capital commitment

	Group	
	31.12.2012 RM	31.12.2011 RM
Approved but not contracted for:		
Purchase of EDC equipment	1,987,700	-

Company No. | 293040 | D |

36. RELATED PARTIES

(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	
	2012	2011	2012	2011
	RM	RM	RM	RM
Subsidiary Companies:				
Sales of other hardware	-	-	1,258,631	1,520,440
Rental and license fee	-	-	5,473,115	6,292,520
Hosting services	-	-	312,000	312,000
Purchase of goods and services	-	-	1,328,600	1,643,865
Settlement of liabilities by the company on behalf of the subsidiary companies	-	-	2,928,695	1,211,328
Settlement of liabilities by the subsidiary companies on behalf of the Company	-	-	2,928,695	2,821,176
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 to e-pay (M) Sdn. Bhd. ("e-pay")	919,878	3,135,487	174,957	19,009

36. RELATED PARTIES (CONT'D)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Related Party (Cont'd):				
@Purchase of EuroPay -MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; purchase of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHL Group from Microtree Sdn. Bhd. ("Microtree")	394,070	630,521	386,835	629,121

\# The Company Executive Vice Chairman and major shareholder, Loh Wee Hian, has an indirect interest in e-pay (M) Sdn. Bhd. through his 61.60% shareholding in e-pay Asia Limited, the holding company of e-pay (M) Sdn. Bhd. He is currently also the Executive Director of e-pay (M) Sdn. Bhd. as well as the Executive Chairman and CEO of e-pay Asia Limited.

@ The Company Independent Non Executive Director and major shareholder Goh Kuan Ho is currently General Manager of Microtree.

(b) Information regarding outstanding balances arising from related party transactions as at 31 December 2012 is disclosed in Notes 10 and 12 respectively.

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

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
Short-term employee benefits	2,995,351	3,491,785	1,653,848	3,300,582
Share based payment	-	95,756	-	90,512

Key management personnel include personnel having authority and responsibility for planning, directing and controlling activities of entity, including any Director of the Group and of the Company.

Company No. 293040 D

36. RELATED PARTIES (CONT'D)

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

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

	No. of Share Option						
	Outstanding at 1 January	**Bonus Issue**	**Granted**	**Exercise**	**Lapsed**	**Outstanding at 31 December**	**Exercisable at 31 December**
Group/Company							
31.12.2012							
Ninth Grant	7,415,400	-	-	-	7,415,400	-	-
Tenth Grant	-	-	5,974,500	1,000,000	4,974,500	-	-
	7,415,400	-	5,974,500	1,000,000	12,389,900	-	-
WAEP	0.50	0.50	0.50	0.50	0.50	0.50	0.50
31.12.2011							
Ninth Grant	7,187,500	357,200	-	-	129,300	7,415,400	4,892,400
WAEP	0.50	0.50	0.50	0.50	0.50	0.50	0.50

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.

37. MATERIAL LITIGATION

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

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

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

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

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

37. MATERIAL LITIGATION (CONT'D)

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

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

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

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

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

(iv) Provision of a written undertaking that GHLI does not have any confidential information, trade secrets and/ or proprietary information belonging to Privilege other than that which was returned, and that GHLI has not and will not utilize the confidential information, trade secrets and/ or proprietary information saveother 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 the solicitor, Messrs. Sreenevasanyoung, denied each and every allegation as set out in the letter and denied being liable as alleged or at all.

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

37. MATERIAL LITIGATION (CONT'D)

(b) GHL Systems Philippines, Inc. ("GHLP") is the defendant in the complaint for the collection of sum of money and damages filed by Payment Processing Corporation ("PPC") before the Regional Trial Court of Makati City, Philippines. PPC based its claim on the Memorandum of Agreement ("MOA") executed by the parties and alleged that payments due it from the revenue-sharing scheme as contained in the MOA were remitted late, that there were unauthorized deduction of withholding and value added tax and that there were unreported revenue causing PPC to lose substantial income.

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

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

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

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

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

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

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

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

The case was referred by the Court for mediation to the Philippine Mediation Center where mediation hearings were held within the months of April to June 2012. With the assistance of the Mediator, the parties agreed to settle the case which resulted to the execution and signing of a Compromise Agreement dated 18 June 2012.

As required by Philippine laws, the Compromise Agreement was approved by the Court on 31 August 2012, and the Court rendered a Compromise Judgment based thereon.

The Compromise Judgment thus closed the case with finality.

38. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loan and receivables RM	Financial liabilities at amortised cost RM	Total RM
Group			
31.12.2012			
Financial Assets			
Trade and other receivables	13,894,750	-	13,894,750
Fixed deposits with licensed banks	1,551,645	-	1,551,645
Cash and bank balances	15,441,272	-	15,441,272
Total financial assets	30,887,667	-	30,887,667
Financial Liabilities			
Trade and other payables	-	20,170,806	20,170,806
Hire purchase payables	-	1,640,613	1,640,613
Bank borrowings	-	2,731,633	2,731,633
Total financial liabilities	-	24,543,052	24,543,052
31.12.2011			
Financial Assets			
Trade and other receivables	12,979,427	-	12,979,427
Fixed deposits with licensed banks	2,482,440	-	2,482,440
Cash and bank balances	18,414,397	-	18,414,397
Total financial assets	33,876,264	-	33,876,264
Financial Liabilities			
Trade and other payables	-	19,173,969	19,173,969
Hire purchase payables	-	1,922,175	1,922,175
Bank borrowings	-	2,546,516	2,546,516
Total financial liabilities	-	23,642,660	23,642,660

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	Loan and receivables RM	Financial liabilities at amortised cost RM	Total RM
Group			
1.1.2011			
Financial Assets			
Trade and other receivables	18,946,585	-	18,946,585
Fixed deposits with licensed banks	2,121,037	-	2,121,037
Cash and bank balances	10,571,573	-	10,571,573
Total financial assets	31,639,195	-	31,639,195
Financial Liabilities			
Trade and other payables	-	19,688,998	19,688,998
Hire purchase payables	-	571,610	571,610
Bank borrowings	-	2,801,069	2,801,069
Total financial liabilities	-	23,061,677	23,061,677
Company			
31.12.2012			
Financial Assets			
Trade and other receivables	2,722,796	-	2,722,796
Fixed deposits with licensed banks	649,103	-	649,103
Cash and bank balances	2,274,673	-	2,274,673
Total financial assets	5,646,572	-	5,646,572
Financial Liabilities			
Trade and other payables	-	3,358,485	3,358,485
Hire purchase payables	-	380,235	380,235
Bank borrowings	-	2,731,633	2,731,633
Total financial liabilities	-	6,470,353	6,470,353

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	Loan and receivables RM	Financial liabilities at amortised cost RM	Total RM
Company			
31.12.2011			
Financial Assets			
Trade and other receivables	3,061,753	-	3,061,753
Amount owing by subsidiary companies	38,947,183	-	38,947,183
Fixed deposits with licensed banks	1,623,533	-	1,623,533
Cash and bank balances	3,163,110	-	3,163,110
Total financial assets	46,795,579	-	46,795,579
Financial Liabilities			
Trade and other payables	-	5,059,594	5,059,594
Hire purchase payables	-	114,109	114,109
Bank borrowings	-	2,546,516	2,546,516
Total financial liabilities	-	7,720,219	7,720,219
1.1.2011			
Financial Assets			
Trade and other receivables	2,439,683	-	2,439,683
Amount owing by subsidiary companies	49,987,606	-	49,987,606
Fixed deposits with licensed banks	1,240,091	-	1,240,091
Cash and bank balances	1,216,209	-	1,216,209
Total financial assets	54,883,589	-	54,883,589
Financial Liabilities			
Trade and other payables	-	3,454,360	3,454,360
Amount owing to subsidiary companies	-	454,882	454,882
Hire purchase payables	-	554,573	554,573
Bank borrowings	-	2,801,069	2,801,069
Total financial liabilities	-	7,264,884	7,264,884

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) 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 the Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

(c) Credit risk

Fixed deposits with licensed banks, cash and bank balances are placed with a credit worthy financial institution.

Credit risk arises mainly from the inability of its customers to make payments when due. The Group and the Company has adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via Company's management reporting procedures and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk in relation to financial assets. The Company's credit exposures are disclosed in Note 14.

Company No. 293040 D

38. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity risk

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitors their cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Carrying amount RM
Group								
31.12.2012								
Trade and other payables	20,170,806	-	-	-	-	-	20,170,806	20,170,806
Hire purchase payables	876,772	594,478	116,052	78,154	56,014	-	1,721,470	1,640,613
Bank borrowings	853,020	403,020	403,020	403,020	403,020	735,525	3,200,625	2,731,633
	21,900,598	997,498	519,072	481,174	459,034	735,525	25,092,901	24,543,052
31.12.2011								
Trade and other payables	19,173,969	-	-	-	-	-	19,173,969	19,173,969
Hire purchase payables	822,243	661,329	534,769	-	-	-	2,018,341	1,922,175
Bank borrowings	403,020	403,020	403,020	403,020	403,020	1,135,143	3,150,243	2,546,516
	20,399,232	1,064,349	937,789	403,020	403,020	1,135,143	24,342,553	23,642,660

38. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Carrying amount RM
1.1.2011								
Trade and other payables	19,688,998	-	-	-	-	-	19,688,998	19,688,998
Hire purchase payables	536,116	43,721	-	-	-	-	579,837	571,610
Bank borrowings	403,020	403,020	403,020	403,020	403,020	1,528,426	3,543,526	2,801,069
	20,628,134	446,741	403,020	403,020	403,020	1,528,426	23,812,361	23,061,677
Company								
31.12.2012								
Trade and other payables	3,358,485	-	-	-	-	-	3,358,485	3,358,485
Hire purchase payables	110,712	101,689	74,748	74,748	56,014	-	417,911	380,235
Bank borrowings	853,020	403,020	403,020	403,020	403,020	735,525	3,200,626	2,731,633
	4,322,217	504,709	477,768	477,768	459,034	735,525	6,977,022	6,470,353
31.12.2011								
Trade and other payables	5,059,594	-	-	-	-	-	5,059,594	5,059,594
Hire purchase payables	57,915	62,905	-	-	-	-	120,820	114,109
Bank borrowings	403,020	403,020	403,020	403,020	403,020	1,135,143	3,150,243	2,546,516
	5,520,529	465,925	403,020	403,020	403,020	1,135,143	8,330,657	7,720,219

Company No. | 293040 | D |

38. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Carrying amount RM
1.1.2011								
Trade and other payables	3,454,360	-	-	-	-	-	3,454,360	3,454,360
Amount owing to a subsidiary company	454,882	-	-	-	-	-	454,882	454,882
Hire purchase payables	527,112	43,902	-	-	-	-	571,014	554,573
Bank borrowings	403,020	403,020	403,020	403,020	403,020	1,528,425	3,543,525	2,801,069
	4,839,374	446,922	403,020	403,020	403,020	1,528,425	8,023,781	7,264,884

38. FINANCIAL INSTRUMENTS (CONT'D)

(e) Market risk

(i) Foreign currency exchange risk

The Group and the Company incurs foreign currency risk on transactions that are denominated in foreign currencies. The currencies giving rise to this risk are primarily the United States Dollar (USD), British Pound (GBP), Singapore Dollar (SGD), Thailand Baht (THB), Philippines Peso (PHP), Hong Kong Dollar (HKD) and Chinese Yuan Renminbi (CNY). The Group and the Company has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant.

The carrying amounts of the Group's and the Company's are foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Financial Assets			
	Trade and other receivables	Fixed deposits with licensed banks	Cash and bank balances	Total
	RM	RM	RM	RM
Group				
31.12.2012				
USD	670,820	-	529,137	1,199,957
PHP	775,227	-	-	775,227
RMB	-	-	214	214
31.12.2011				
USD	2,082,014	1,054,000	3,071,550	6,207,564
GBP	2,574	-	25	2,599
SGD	-	-	860	860
THB	92,285	-	1,087,239	1,179,524
PHP	2,972,366	-	2,124,702	5,097,068
HKD	-	-	26,855	26,855
RMB	643,612	-	1,180,606	1,824,218
Others	-	-	24,210	24,210

38. FINANCIAL INSTRUMENTS (CONT'D)

(f) Market risks (Cont'd)

(i) Foreign currency exchange risk (Cont'd)

	Financial Assets			
	Trade and other receivables RM	Fixed deposits with licensed banks RM	Cash and bank balances RM	Total RM
Group (Cont'd)				
1.1.2011				
USD	742,384	157,744	580,212	1,480,340
GBP	-	-	9	9
SGD	-	-	27,496	27,496
THB	2,566,431	-	80,775	2,647,206
PHP	4,001,132	-	1,347,232	5,348,364
HKD	128,709	-	121,058	249,767
RMB	5,533,101	-	809,569	6,342,670
Others	-	-	36,336	36,336

	Financial Assets				
	Trade and other receivables RM	Amount owing by subsidiary companies	Fixed deposits with licensed banks RM	Cash and bank balances RM	Total RM
Company					
31.12.2012					
AUD	-	318,317	-	-	318,317
USD	468,595	3,433,637	-	126,705	4,028,937
PHP	775,227	-	-	-	775,227
31.12.2011					
USD	942,851	5,312,703	1,054,000	2,062,430	9,371,984
RMB	-	-	-	956	956
SGD	-	-	-	557	557
PHP	-	-	-	1,268	1,268
HKD	-	-	-	2,999	2,999
Others	-	-	-	21,027	21,027

38. FINANCIAL INSTRUMENTS (CONT'D)

(f) Market risks (Cont'd)

(i) Foreign currency exchange risk (Cont'd)

	Financial Assets				
	Trade and other receivables RM	Amount owing by subsidiary companies	Fixed deposits with licensed banks RM	Cash and bank balances RM	Total RM
Company (Cont'd)					
1.1.2011					
USD	286,136	4,767,263	115,500	147,261	5,316,160
RMB	-	-	-	1,552	1,552
THB	-	-	-	1,406	1,406
PHP	-	-	-	1,399	1,399
GBP	-	-	-	511	511
SGD	-	-	-	337	337
Others	-	-	-	21,910	21,910

	Financial Liabilities		
	Trade and other payables RM	Hire purchase payables RM	Total RM
Group			
31.12.2012			
USD	3,945,653	-	3,945,653
SGD	2,003	-	2,003
31.12.2011			
USD	360,523	-	360,523
GBP	665,350	-	665,350
THB	278,542	-	278,542
PHP	974,886	1,671,239	2,646,125
HKD	3,646,359	-	3,646,359
RMB	496,113	-	496,113

38. FINANCIAL INSTRUMENTS (CONT'D)

(f) Market risks (Cont'd)

(i) Foreign currency exchange risk (Cont'd)

	Financial Liabilities		
	Trade and other payables RM	Hire purchase payables RM	Total RM
Group (Cont'd)			
1.1.2011			
USD	2,785,300	-	2,785,300
SGD	16,588	-	16,588
THB	122,394	-	122,394
PHP	1,066,544	17,037	1,083,581
HKD	385,002	-	385,002
RMB	6,202,804	-	6,202,804
Company			
31.12.2012			
USD	621,668	-	621,668
SGD	2,003	-	2,003
31.12.2011			
USD	1,538,140	-	1,538,140
1.1.2011			
USD	877,459	-	877,459

(ii) Foreign currency risk sensitivity

A 10% strengthening of Ringgit Malaysia against the following foreign currencies at the end of the reporting period would increase/(decrease) the profit before tax and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain unchanged.

38. FINANCIAL INSTRUMENTS (CONT'D)

(f) Market risks (Cont'd)

	Increase/(Decrease) in Profit/(Loss) before taxation	
	Group	**Company**
	RM	RM
31.12.2012		
AUD	-	(31,832)
USD	274,570	(340,727)
PHP	(77,523)	-
RMB	(21)	-
SGD	200	200
PHP	-	(77,523)
	197,226	(449,882)
31.12.2011		
USD	(584,704)	1,000,232
RMB	(132,811)	96
SGD	(86)	56
PHP	(245,094)	127
THB	(90,098)	-
HKD	361,950	300
GBP	66,275	-
Others	(2,421)	2,103
	(626,989)	1,002,914
1.1.2011		
USD	130,496	(443,870)
RMB	(13,987)	(155)
SGD	(1,091)	(141)
PHP	(426,478)	(140)
THB	4,162	(51)
HKD	13,524	(34)
GBP	(1)	-
Others	(3,634)	(2,190)
	(297,009)	(446,581)

38. FINANCIAL INSTRUMENTS (CONT'D)

(e) Market risks (Cont'd)

(ii) Foreign currency risk sensitivity (Cont'd)

A 10% weakening of Ringgit Malaysia against the above foreign currencies at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

(iii) Interest rate risk

The Group and the Company obtains financing through other financial liabilities. The Group's and the Company's policy is to obtain the financing with the most favourable interest rates in the market.

The Group and the Company constantly monitors its interest rate risk and does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	Weighted average effective interest rate per annum %	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Financial Assets				
Group				
Fixed deposits with licensed banks	4.50	1,551,645	2,482,440	2,121,037
Company				
Fixed deposits with licensed banks	2.87	649,103	1,623,533	1,240,091
Financial Liabilities				
Group/Company				
Bank borrowings	5.04	2,731,633	2,546,516	2,801,069

The Group and the Company are exposed to interest rate risk arising from its short and long term debts obligations, and its fixed deposits. Fixed deposits interest rate is insignificant and any fluctuations in the rate would have no material impact on the results of the Group and of the Company.

38. FINANCIAL INSTRUMENTS (CONT'D)

(e) Market risks (Cont'd)

(iv) Interest rate risk sensitivity

An increase in market interest rates by 1% on financial assets and liabilities of the Group and of the Company which have variable interest rates at the end of the reporting period would decrease the profit before tax by RM11,800 and RM20,825 (31.12.2011: RM641 and RM9,230, 1.1.2011: RM6,800 and RM15,610) respectively. This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial assets and liabilities of the Group and of the Company which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(f) Fair values of financial assets and financial liabilities

(i) The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amount derived from such methods and valuation technique are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of amount estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Group and of the Company are as follows:

- Cash and cash equivalents, trade and other receivables, intercompany balances, trade and other payables and short-term borrowings

  The carrying amounts are considered to approximate the fair values as they are within the normal credit terms or they have short-term maturity period.

- Long-term borrowings

  Fair value which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

38. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair values of financial assets and financial liabilities (Cont'd)

(ii) Fair value of financial instruments by categories that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

	31.12.2012		31.12.2011		1.1.2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group						
Financial liabilities						
Hire purchase payables (non-current)	812,299	802,065	1,168,234	1,027,978	43,721	42,664
Contingent liabilities	326,296	@	338,000	@	278,500	@
Company						
Financial liabilities						
Hire purchase payables (non-current)	284,785	284,993	60,179	52,954	43,721	42,664
Contingent liabilities	103,000	@	238,000	@	278,500	@

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

39. CAPITAL MANAGEMENT

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital managed at Group level, which comprises shareholders' funds, cash and cash equivalents, bank borrowings.

39. CAPITAL MANAGEMENT (CONT'D)

The gearing ratios are as follows:

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Total loan and borrowing	4,372,246	4,468,691	3,372,679
Less: Cash and cash equivalents	(15,458,638)	(19,468,397)	(10,729,317)
Net debt	(11,086,392)	(14,999,706)	(7,356,638)
Total equity	41,292,667	35,818,137	61,494,911
Gearing ratio	N/A	N/A	N/A

There were no changes in the Group's approach to capital management during the financial year.

40. EXPLANATION OF TRANSITION TO MFRS

As stated in Note 2(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the financial statements of the Group and of the Company.

41. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 8 April 2013.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised accumulated losses of the Group and of the Company at 31 December 2012 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The accumulated losses of the Group and of the Company as at 31 December 2012 is analysed as follows:

	Group		Company	
	31.12.2012 RM	31.12.2011 RM	31.12.2012 RM	31.12.2011 RM
(Accumulated losses)/Retained profits				
- Realised	(46,230,542)	(54,849,220)	(54,298,154)	(14,613,418)
- Unrealised	(10,776)	38,008	(24,643)	147,186
	(46,241,318)	(54,811,212)	(54,322,797)	(14,466,232)
Less: Consolidation adjustment	15,305,337	18,991,479	-	-
	(30,935,981)	(35,819,733)	(54,322,797)	(14,466,232)

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

GHL SYSTEMS BERHAO
CONOENSEO CONSOLIOATEO 5TATEMENT OF COMPREHEN5IVE INCOME
QUARTERLY REPORT ON CON5OLIOATEO RE5ULT5 FOR THE FIR5T QUARTER ENDEO 31 MARCH 2013
THE FIGURES HAVE NOT BEEN AUDITED

	Note	INOIVIOUAL QUARTER CURRENT YEAR QUARTER 31/3/2013 RM'000	INOIVIOUAL QUARTER PRECEOING YEAR CORRE5PONOING QUARTER 31/3/2012 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO OATE 31/3/2013 RM'000	CUMULATIVE QUARTER PRECEOING YEAR CORRESPONOING PERIOO 31/3/2012 RM'000
Continuing operations					
Revenue	A8	16,704	11,728	16,704	11,728
Cost of sales		(6,539)	(3,518)	(6,539)	(3,518)
Gross profit		**10,165**	**8,210**	**10,165**	**8,210**
Other operating income		136	325	136	325
Payroll expenses		(5,299)	(4,766)	(5,299)	(4,766)
Administration expenses		(1,706)	(1,542)	(1,706)	(1,542)
Oistribution costs		(496)	(481)	(496)	(481)
Other expenses		(101)	(83)	(101)	(83)
Profit before interest, taxation, amortisation & depreciation		**2,699**	**1,663**	**2,699**	**1,663**
Depreciation expenses		(644)	(427)	(644)	(427)
Finance cost		(52)	(29)	(52)	(29)
Profit before taxation		2,003	1,207	2,003	1,207
Income tax expense		-	-	-	-
Profit from continuing operations, net of tax		2,003	1,207	2,003	1,207
Oiscontinued operation					
Loss from discontinued operations, net of tax		-	(96)	-	(96)
Profit for the period		**2,003**	**1,111**	**2,003**	**1,111**
Attributable to:					
Onwers of the parent		2,010	1,111	2,010	1,111
Non-controlling interest		(7)	-	(7)	-
		2,003	**1,111**	**2,003**	**1,111**
Weighted average number of ordinary shares in issue		145,386	144,386	145,386	144,386
Nominal value per share		RM 0.50	RM 0.50	RM 0.50	RM 0.50
Earnings Per Share attributable to owner of the parent:					
- 8asic (sen)	813	1.38	0.77	1.38	0.77
- Oiluted (sen)	B13	1.38	0.77	1.38	0.77
Profit for the period		2,003	1,111	2,003	1,111
Other comprehensive income, net of tax					
Foreign currency translation differences		572	(64)	572	(64)
Total comprehensive income for the period		**2,575**	**1,047**	**2,575**	**1,047**
Total comprehensive income attributable to:					
Onwers of the parent		2,582	1,047	2,582	1,047
Non-controlling interest		(7)	-	(7)	-
		2,575	**1,047**	**2,575**	**1,047**

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2012)

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GHL SYSTEMS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013
THE FIGURES HAVE NOT BEEN AUDITED

	Note	AS AT CURRENT YEAR QUARTER 31/03/2013 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2012 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		32,714	30,434
Intangible assets		605	157
Deferred tax assets		1,200	1,200
		34,519	31,791
Current assets			
Inventories		7,130	8,302
Trade receivables		11,574	11,753
Other receivables		2,341	2,142
Tax recoverable		299	204
Fixed deposits placed with licensed banks		985	1,552
Cash and bank balances		11,876	15,441
		34,205	39,394
TOTAL ASSETS		68,724	71,185
EQUITY AND LIABILITIES			
Share capital		73,401	73,401
Reserves		(28,870)	(31,452)
Treasury Shares		(638)	(638)
Equity attributable to owners of the parent		43,893	41,311
Non controlling interest		(25)	(18)
Total equity		43,868	41,293
Non-current liabilities			
Hire purchase payables	88	788	812
Bank borrowing	88	1,820	1,889
Deferred tax liability		952	807
Deferred income		4,077	4,290
		7,637	7,798
Current liabilities			
Trade payables		1,452	4,392
Other payables		14,309	15,779
Hire purchase payables	88	845	829
Bank borrowings	88	613	842
Tax payable		-	252
		17,219	22,094
Total liabilities		24,856	29,892
TOTAL EQUITY AND LIABILITIES		68,724	71,185
		-	-
Number of ordinary shares		145,386	144,386
Net assets per share (sen)		30.19	28.61

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2012)



GHL SYSTEMS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013
THE FIGURES HAVE NOT BEEN AUDITED

	Share Capital RM'000	Foreign Exchange Reserves RM'000	ESOS Reserve RM'000	Treasury Shares RM'000	Retained Profits / (Accummulated Losses) RM'000	Total Equity Attributable To Owners Of The Parent RM'000	Non Controlling Interest RM'000	Total Equity RM'000
At 1 January 2012	72,901	(1,139)	514	(638)	(35,820)	35,818	-	35,818
Total comprehensive income for the year	-	(64)	-	-	1,111	1,047	-	1,047
At 31 March 2012	72,901	(1,203)	514	(638)	(34,709)	36,865	-	36,865
At 1 January 2013	73,401	(516)	-	(638)	(30,936)	41,311	(18)	41,293
Total comprehensive income for the year	-	572	-	-	2,010	2,582	(7)	2,575
At 31 March 2013	73,401	56	-	(638)	(28,926)	43,893	(25)	43,868

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with Audited Financial Statements for the financial year ended 31 December 2012)

GHL

GHL SYSTEMS BERHAD
STATEMENT OF CASH FOLWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013
THE FIGURES HAVE NOT BEEN AUDITED

	CURRENT YEAR TO DATE 31/03/2013 RM'000	PRECEDING YEAR CURRENT YEAR TO DATE 31/03/2012 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
- Continuing operations	2,003	1,207
- Discountinued operations	-	(96)
	2,003	1,111
Adjustment for:-		
Bad debts written-off	-	2
Depreciation of property, plant and equipment	1,922	1,494
Interest expense	52	29
Interest income	(34)	(52)
Gain on disposal of property, plant and equipment	(1)	-
Property, plant and equipment written-off	-	1
Reversal of impairment on trade receivables	(60)	(131)
Unrealised gain on foreign exchange	(4)	(45)
Operating profit before working capital changes	3,878	2,409
Decrease/(Increase) in working capital		
Inventories	1,172	(621)
Trade and other receivables	44	(642)
Trade and other payables	(4,622)	(2,252)
	(3,406)	(3,515)
Cash generated from operations	472	(1,106)
Interest received	34	52
Interest paid	(52)	(29)
Tax (paid)/refund	(347)	191
	(365)	214
Net cash from/(for) operating activities	107	(892)
Cash Flows For Investing Activities		
Purchase of property, plant and equipment	(3,760)	(740)
Proceeds from disposal of property , plant and equipment	4	7
Addition in intangible assets	(448)	-
Net cash used in investing activities	(4,204)	(733)
Cash Flows From/(For) Financing Activities		
Decrease in fixed deposits pledged	573	-
Drawndown of hire purchase	200	-
Repayment of hire purchase payables	(208)	(57)
Drawdown of bank borrowings	100	-
Repayment of bank borrowings	(399)	(65)
Net cash used in financing activities	266	(122)
Net decrease in cash and cash equivalents	(3,831)	(1,747)
Exchange fluctuation adjustment	272	16
Cash and cash equivalents at beginning of the finance year	15,459	19,468
Cash and cash equivalents at end of the finance year	11,900	17,737

Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	11,876	15,746
Fixed deposits with licensed banks	985	3,419
	12,861	19,165
Less: Fixed deposits pledged to licensed banks	(961)	(1,428)
	11,900	17,737

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with Audited Financial Statements for the year ended 31 December 2012)

GHL

GHL SYSTEMS BERHAD
(Company No: 293040-D)

Part A: Explanatory notes on consolidated results for the first quarter ended 31 March 2013

A1. Basis of Preparation

The interim financial report has been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2012.

The significant accounting policies and methods of computation applied in the interim financial report are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2012 except for the effects of newly issued Malaysian Financial Reporting Standard ("MFRS") and IC Interpretations to be applied by all entities for the financial period beginning on 1 January 2013:

MFRS 10	*Consolidoted Finonciol Stotements*
MFRS 11	*Joint Arrongements*
MFRS 12	*Disclosures of Interests in Other Entities*
MFRS 13	*Foir Volue Meosurement*
MFRS119	*Employee Benefits (2011)*
MFRS 127	*Seporote Finonciol Stotements (2011)*
MFRS 128	*Investments in Associotes ond Joint Ventures (2011)*
IC Interpretotion 20	*Stripping Costs in the Production Phose of o Surfoce Mine*
Amendments to MFRS 7	*Finonciol Instruments: Disclosures – Offsetting Finonciol Assets ond Finonciol Liobilities*
Amendments to MFRS 1	*First-time Adoption of MFRS – Government Loons*
Amendments to MFRS 101	*Presentotion of Finonciol Stotements*
Amendments to MFRS 116	*Property, Plont ond Equipment*
Amendments to MFRS 132	*Finonciol Instruments: Presentotion*
Amendments to MFRS 134	*Interim Finonciol Reporting*
Amendments to MFRS 10	*Consolidoted Finonciol Stotements: Tronsition Guidonce*
Amendments to MFRS 11	*Joint Arrongements: Tronsition Guidonce*
Amendments to MFRS 12	*Disclosures of Interests in Other Entities: Tronsition Guidonce*

A2. Audit Report

The audited report for the annual financial statements of the Group for the financial year ended 31 December 2012 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 and financial year-to-date under review, there were no items or events affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual of their nature, size or incidence.

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A5. Change in estimates

There were no changes in the estimates of amount reported in the prior quarter or in the prior financial year 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 four reportable segments for continuing operations, as described below, which are the Group's strategic business units. The strategic business units offer different geographical locations and are managed separately.

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

(a) Malaysia
(b) Philippines
(c) Thailand
(d) Australia

The core revenue of the Group comprises; Shared Services, Solution Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:-

Shared Services comprises mainly revenue derived from the sales, rental and maintenance of EDC terminals and other card acceptance devices and the supply of cards to banks and other payment operators.

Solution Services comprises mainly revenue derived from the sales and services of payment solutions which include network devices and related software, outsourced payment networks, management/processing of payment and loyalty cards, internet payment processing, and the development of card management systems.

Transactian Payment Acquisition ("TPA") comprises revenue derived from directly contracting with merchants to accept payment and loyalty cards and conduct other payment services.

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

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Quarter - 31 March	Malaysia		Philippines		Thailand		Australia		Adjustment and Elimination		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Continuing Operations	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External Sales												
Shared Services	7,945	5,647	2,819	1,491	935	283	-	-	-	-	11,699	7,421
Solution Services	1,677	1,861	534	31	137	36	73	-	-	-	2,421	1,928
Transaction Payment Acquisition	1,982	1,924	462	355	140	100	-	-	-	-	2,584	2,379
Inter-segment sales	3,753	3,901	-	-	-	-	-	-	(3,753)	(3,901)	-	-
	15,357	**13,333**	**3,815**	**1,877**	**1,212**	**419**	**73**	**-**	**(3,753)**	**(3,901)**	**16,704**	**11,728**
RESULTS												
Segment results	**1,605**	**1,153**	**753**	**157**	**(59)**	**(126)**	**(191)**	**-**	**(80)**	**-**	2,028	1,184
Interest income											34	52
Interest expense											(52)	(29)
Profit before taxation											**2,010**	**1,207**
Taxation											-	-
Profit from continuing operations											**2,010**	**1,207**
Loss from discontinued operations											-	(96)
											2,010	**1,111**
Non controlling interest											**(7)**	-
Profit for the period											**2,003**	**1,111**

GHL

A9. Valuation of Property, Plant and Equipment

There were no changes or amendments to the valuation of property, plant and equipment from the previous annual financial statements.

A10. Material Events Subsequent to 31 March 2013

There were no material events subsequent to 31 March 2013 of the balance sheet date that have not been reflected in this report other than the followings:

On 08 April 2013, GHL Asia Pacific Ltd ("GHLAP") had incorporated a subsidiary in the Republic of Indonesia namely PT SpotPay Indonesia. PT SpotPay Indonesia is 99% owned by GHLAP and 1% owned by GHL Systems Berhad. The authorised share capital of PT SpotPay Indonesia is USD$300,000.00 divided into 300,000 shares of USD$1.00 each.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year to date under review other than the followings:

GHL Systems Philippines Inc. ("GHLP") had on 7 January 2013 incorporated a legal entity in the Philippines namely Pinoytek Solusyon, Inc. ("Pinotek"). GHLP holds a 40% of the equity interest in Pinoytek. The authorised share capital of Pinoyek is PHP10,000,000 divided into 100,000 shares of common stock of PHP100 each. The paid up capital is PHP2,S00,000 divided into 25,000 shares of common stock of PHP100 each.

GHL Payment Services Sdn Bhd was incorporated on 11 January 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

GHL BPO1 Sdn Bhd was incorporated on 11 January 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

GHL ePayments Sdn Bhd was incorporated on 29 March 2013 under Companies Act, 1965 with an issued and paid-up capital of RM2.00 comprising of two (2) ordinary shares of RM1.00 each.

A12. Contingent Liabilities

The Group does not have any contingent liabilities as at the date of this report other than the followings:

		RM'000
(a)	Banker's guarantee in favour of third parties - Secured	378

A13. Capital commitment

The amount of capital commitment for purchase property, plant and equipment not provided for as at 31 March 2013 are as follows:

	RM'000
Approved but not contracted for	1,206

GHL

A14. Significant related party transactions

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

Related Party:	Current Year Quarter 31/03/2013 RM'000	Preceding Year Corresponding Quarter 31/03/2012 RM'000	Current Year To Date 31/03/2013 RM'000	Preceding Year Corresponding Period 31/03/2012 RM'000
^ 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 GHL Group to e-pay (M) Sdn Bhd ("e-pay") *	327	212	327	212
# Purchase of EuroPay-MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards; purchase of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services by the GHL Group from Microtree Sdn Bhd ("Microtree") *	SS	144	S5	144

^ *GHL Systems Berhad Executive Vice Chairman and is a majar sharehalder Lah Wee Hian has an indirect interest in e-pay (M) Sdn Bhd through his 61.60% sharehalding in e-pay Asia Limited, the halding campany af e-pay (M) Sdn Bhd. He is currently alsa the Executive Director of e-pay (M) Sdn Bhd as well as the Executive Chairman and CEO af e-pay Asia Limited.*

\# *GHL Systems Berhad Independent Non-Executive Director and is a substantial shareholder Goh Kuan Ho is currently General Manager of Micratree.*

* *The Baard af Directors is of the opinion that all the transactian abave have been entered into in the normal course of business and have been established on terms and canditians that are nat materially different from thase abtainable in transaction with unrelated parties.*

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

B1. Review of Performance – Continuing operations

1Q 2013 VS 1Q 2012
Profit After Tax

The GHL group 1Q 2013 profit after tax (PAT) for the quarter ended 31 March 2013 was RM2.0 million, a +80.3% improvement over the RM1.1 million PAT recorded in the corresponding 1Q 2012 quarter. Net profit margins improved to 12.0% (1Q 2012 – 9.S%) and operationally, the group's EBITDA margins similarly improved to 16.2% (1Q 2012 – 14.2%).

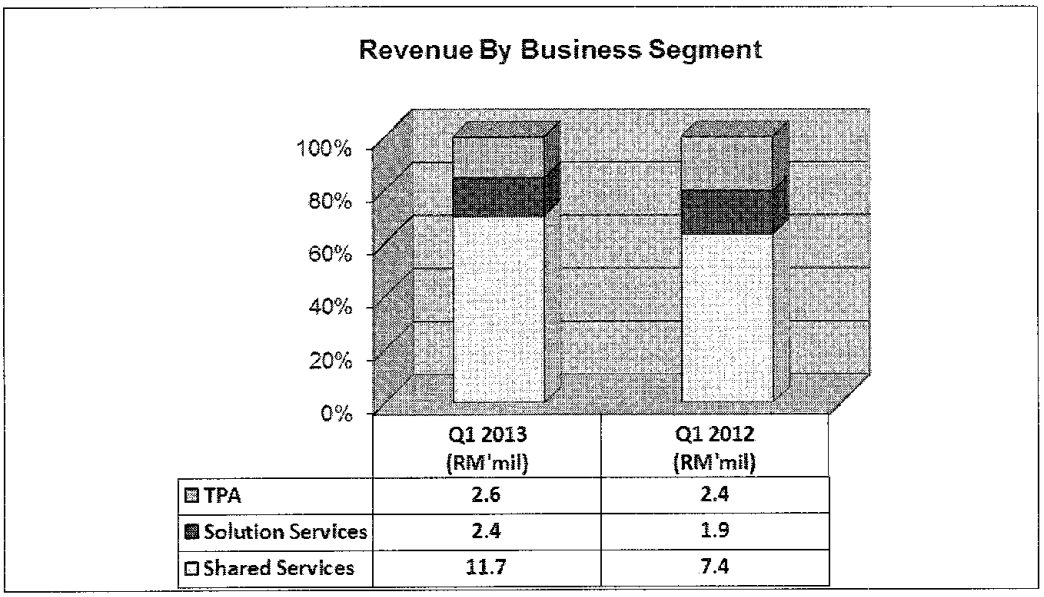
1Q 2013 VS 1Q 2012
Segment Revenue

On a revenue basis, the group recorded a 42.4% yoy improvement to RM16.7 million (1Q 2012 - RM11.7 million) driven by the Shared Services segment which recorded a S7.7% yoy improvement. Solution Services also improved by 25.5% yoy and the Transaction Payment Acquisition (TPA) segment revenue improved by 8.6% to RM2.6 million.

The 57.7% improvement yoy performance of the Shared Services segment was driven by higher revenues from both rental/maintenance revenues as well as outright EDC terminal sales. Card sales in 1Q 2013 were similarly up compared to 1Q 2012.

The Solution Services recorded 1Q 2013 revenues of RM2.4 million (+25.S% yoy) driven by higher sales of hardware and software compared to a year ago.

The TPA segment revenue of RM2.6 million was higher compared to RM2.4 million in 1Q 2012.The Group re-defined TPA revenue to include rental income received (previously recorded in Shared Services) from merchants that the Group has a direct contractual relationship with.

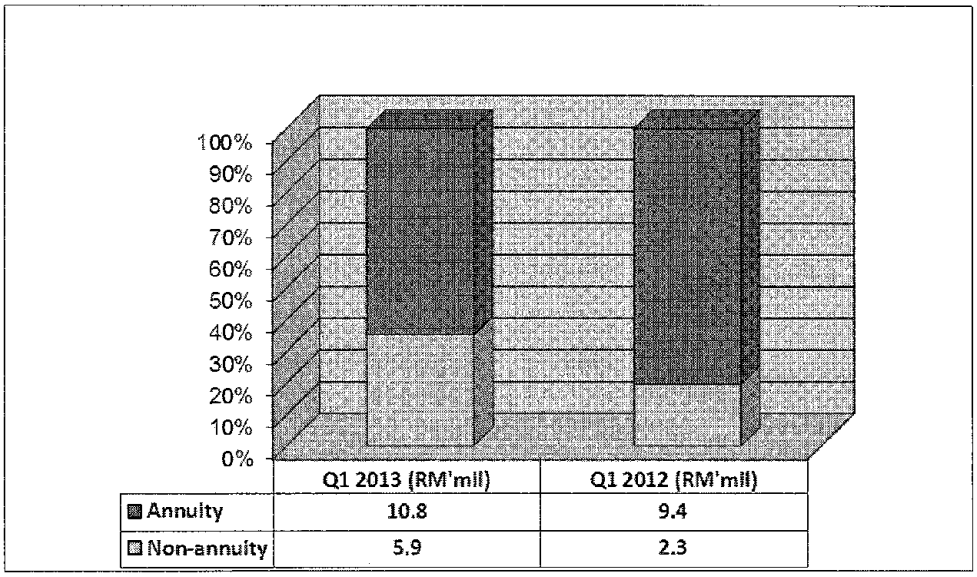


	Q1 2013 (RM'mil)	Q1 2012 (RM'mil)
TPA	2.6	2.4
Solution Services	2.4	1.9
Shared Services	11.7	7.4

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B1. Review of Performance (Continued)

Within the Shared Services segment, the Group materialised opportunistic sales of hardware and cards of RM4.4 million which in turn caused the proportion of annuity based revenue during 1Q 2013 to reduce to 64.7% from 80.3% in the corresponding quarter of 2012. Annuity based revenue nevertheless grew strongly by 14.9% quarter on quarter reflecting the Group's strategy of building a strong recurring annuity base.



	Q1 2013 (RM'mil)	Q1 2012 (RM'mil)
Annuity	10.8	9.4
Non-annuity	5.9	2.3

1Q 2013 VS 1Q 2012
Revenue & Result by Country

Overall, the 1Q 2013 revenue improvement of 42.4% yoy to RM16.7 million was contributed by improvements in all three geographical operations, namely Malaysia, Thailand and the Philippines.

Malaysia remains the main contributor, accounting for 69.S% of group revenue in 1Q 2013. 1Q 2013 revenues from the Malaysian operations were driven by higher Shared Services but was offset by a lower performance in the Solution Services segment and flat performance in the TPA segment. Profit wise, Malaysia accounted for 79.1% of group's 1Q 2013 segment profitability. Business opportunities remains strong and Malaysia remains a segment with exciting growth prospects due to the on-going push by the authorities to encourage a higher adoption of e-payments.

Thailand operations in 1Q 2013 was commendable and showed a 190.0% yoy improvement to record revenues of RM1.2 million as the group continue to make inroads into the Thai payments market. All three business segments in Thailand showed yoy revenue improvements although profit wise, the Thai operation remains marginally loss making at RM0.06 million (1Q 2012 – RM 0.13 million loss).

1Q 2013 revenue from the Philippines operations was up 103.1% to RM3.8 million, driven mainly by the Shared Services segment although both Solution Services and TPA were recorded strong growth yoy. Segment profitability wise, Philippines operation accounted for 37.1% or RM0.8 million (1Q 2012 - RM0.2 million). Philippines is the group's largest overseas operation accounting for 22.8% of group 1Q 2013 revenues.

Apart from the three main operating units in Malaysia, Thailand and Philippines, the group had marginal losses in its newly setup subsidiary in Australia of RM0.2 million.

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B2. Current Year's Prospects

GHL group's growth plans are being executed within expectations with the first quarter of 2013 registering a doubling of profitability compared to last year's first quarter performance. The group's broader objective remains that of becoming ASEAN's leading payment solution and service provider that offers a full spectrum of payment solutions.

2012 saw the first full 12 months performance under the Group's new management team that took the helm from 2H 2011. 2012 revenues declined 6.9% yoy because of the exit of the China business as well as the de-prioritisation of non-recurring and lower margin businesses. Following through with this strategy, 1Q13 performance showed strong revenue growth (42.4% yoy) and improved net profitability (80.3% yoy). All the group's operations in Malaysia, Philippines and Thailand have shown yoy revenue improvements and are profitable with the exception of the group's Thai operation which registered a minor loss of RM0.06 million but which is expected to be profitable overall in 2013.

GHL group expects prospects to be good in 2013 and will continue to invest resources in all its geographical segments as it moves to tap the potential of the A5EAN payments industry.

B3. Profit forecast and Profit guarantee

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

B4. Profit before Taxation- Continuing Operations

	Current Quarter 31/03/2013 RM'000	Preceding Year Corresponding Quarter 31/03/2012 RM'000	Current Year To Date 31/03/2013 RM'000	Preceding Year Corresponding Period 31/03/2012 RM'000
Bad debts written off	-	(2)	-	(2)
Depreciation of property, plant and equipment	1,922	1,328	1,922	1,328
Fixed assets written off	-	1	-	1
(Gain)/Loss on foreign exchange				
- Realised	63	(12)	63	(12)
- Unrealised	(4)	(45)	(4)	(45)
(Gain)/Loss on disposal of fixed assets	(1)	(1)	(1)	(1)
Impairment loss on receivables	-	5	-	5
Interest income	(34)	(52)	(34)	(52)
Income expenses	52	29	52	29
Rental expenses	294	239	294	239
Reversal of allowance for doubtful debts	(60)	(126)	(60)	(126)

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B4. Taxation

	Current Quarter 31/03/2013 RM'000	Preceding Year Corresponding Quarter 31/03/2012 RM'000	Current Year To Date 31/03/2013 RM'000	Preceding Year Corresponding Period 31/03/2012 RM'000
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.

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

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

B6. Purchase and Disposal of Quoted Securities

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

B7. Status of Corporate Proposals

The corporate proposals announced and not completed as at the date of this report are as follows:

(i) Proposed capital reduction of the issued and paid-up share capital of GHL pursuant to Section 64(1) of the Companies Act, 1965 ("Act"), involving the reduction of the par value of every existing ordinary share of RM0.50 each in GHL Systems Berhad to RM0.20 each by the cancellation of RM0.30 of each GHL Share ("Proposed Capital Reduction");

(ii) Proposed renounceable rights issue of 36,346,550 new ordinary shares of RM0.20 each ("Rights Shares") on the basis of one (1) Rights Share for every four (4) GHL Systems Berhad shares held after the Proposed Capital Reduction on an entitlement date to be determined later ("Entitlement Date") ("Proposed Rights Issue");

(iii) Proposed exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Over and Mergers 2010 ("Code") to Mr. Loh Wee Hian and person(s) acting in concert with him from the obligation to extend a mandatory take-over offer for the remaining GHL Systems Berhad shares not already held by them which may arise pursuant to the Rights Issue ("Proposed Exemption");

(iv) Proposed establishment of an executives' share scheme up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme ("Proposed Executives' Share Scheme"); and

(v) Proposed increase in GHL Systems Berhad's authorised share capital from RM100,000,000 comprising 200,000,000 GHL Shares to RM500,000,000 comprising 2,500,000,000 GHL Shares ("Proposed Increase in Authorised Share Capital").

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B8. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 March 2013 are as follows:-

(a) Bank Borrowings

	Total Secured Term Loan RM'000
Repayable within twelve months	613
Repayable more than twelve months	1,820
	2,433

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 ("p.a.") on monthly rest for the first three (3) years and thereafter Base Lending Rate ("BLR") + 0.60% p.a. 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% p.a. based on letter dated 21 December 2007. Subsequently, the term loan interest rate was revised at BLR – 1.00% p.a. based on letter dated 23 February 2010 and 26 April 2010. The BLR as at 31 March 2013 is 6.60% p.a. The Group's banking facilities are secured by pledging of fixed deposits to the financial institution and pledging of the aforementioned three (3) units of the 4½ storey shop offices. The portion of the bank borrowings due within one (1) year is classified as current liabilities. The Group does not have any foreign currency denominated bank borrowings as at 31 March 2013.

(b) Hire Purchase

	Total Hire Purchase RM
Repayable within twelve months	845
Repayable more than twelve months	788
	1,633

The hire purchase payables of the Group as at 31 March 2013 are for the Group's motor vehicles and EDC equipment. The portion of the hire purchase due within one (1) year is classified as current liabilities.

B9. Realised and Unrealised Losses

	As at 31/03/2013	As at 31/12/2012 (Audited)
	RM'000	RM'000
Total accumulated losses of the Company and subsidiaries:-		
- Realised	(32,683)	(46,230)
- Unrealised	4	(11)
	(32,679)	(46,241)
Less: Consolidation adjustment	3,753	15,305
Total group retained	**(28,926)**	**(30,936)**

GHL

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

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

(a) As disclosed in our 2012 annual report, claims had been made by Privilege Investment Holdings Pte Ltd ("Privilege") against several GHL group companies for alleged breach of contract and other legal obligations in relation to a Shareholders Agreement that was signed between GHL International Sdn Bhd, GHLSYS Singapore Pte Ltd and Privilege in 2005 ("Shareholders Agreement"). The abovementioned parties mutually agreed to terminate the Shareholders Agreement via a termination agreement in 2006. Since then, the matter has yet to proceed to Court. The Board of Directors is of the opinion that the allegations are unfounded and that the company will vigorously defend its position if required to do so.

B12. Dividend Proposed

There was no dividend declared during the quarter under review.

B13. Earnings Per Share

a) Basic earnings per share

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

b) Diluted earnings per share

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

GHL

B13. Earnings Per Share (Continued)

Basic		**Current Quarter 31/03/2013**	**Preceding Year Corresponding Quarter 31/03/2012**	**Current Year To Date 31/03/2013**	**Preceding Year Corresponding Period 31/03/2012**
Net profit attributable to owners of the parent	(RM'000)	2,010	1,111	2,010	1,111
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	145,386	144,386	145,386	144,386
Basic earnings per share	(Sen)	1.38	0.77	1.38	0.77

Diluted		**Current Quarter 31/03/2013**	**Preceding Year Corresponding Quarter 31/03/2012**	**Current Year To Date 31/03/2013**	**Preceding Year Corresponding Period 31/03/2012**
Net profit attributable to owners of the parent	(RM'000)	2,010	1,111	2,010	1,111
*Weighted average number of ordinary shares in issue and issuable	(Unit'000)	145,386	144,386	145,386	144,386
Diluted earnings per share	(Sen)	1.38	0.77	1.38	0.77

* 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.

GHL

Registered Office
Level 18
The Gardens North Tower
Mid Valley City,
Lingkaran Syed Putra
59200 Kuala Lumpur

21 JUN 2013

The Shareholders of **GHL SYSTEMS BERHAD ("GHL")**

Dear Sir / Madam,

On behalf of the Board of Directors of GHL ("**Board**"), I wish to report, after making due enquiries in relation to the interval between 31 December 2012 (being the date to which the last audited consolidated financial statements of GHL and its subsidiaries ("**GHL Group**") have been made up) and the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

(i) the business of the GHL Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstance has arisen since the last audited consolidated financial statements of the GHL Group which has adversely affected the trading or the value of the assets of the GHL Group.

(iii) the current assets of the GHL Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in this Abridged Prospectus, there are no contingent liabilities which has arisen by reason of any guarantee or indemnity given by the GHL Group;

(v) since the last audited consolidated financial statements of the GHL Group, there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings of the GHL Group; and

(vi) save as disclosed in this Abridged Prospectus, there has been no material change in the published reserves or any unusual factor affecting the profits of the GHL Group since the last audited consolidated financial statements of the GHL Group.

Yours faithfully,
For and on behalf of the Board of
GHL SYSTEMS BERHAD (293040-D)

Kanagaraj Lorenz
Group CEO

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1. SHARE CAPITAL

(i) No securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of issuance of this Abridged Prospectus.

(ii) Following the completion of Capital Reduction on 18 June 2013, the Company only has one (1) class of shares, namely ordinary shares of RM0.20 each, all of which rank *pari passu* with one another.

(iii) Save as disclosed in Section 2 of Appendix II, no shares of the Company have been issued or proposed or intended to be issued as fully or partly paid-up in cash or otherwise than in cash within two (2) years preceding the date of this Abridged Prospectus.

(iv) Save as disclosed below, no person has been or is entitled to be granted an option to subscribe for any shares of the Company as at the date of this Abridged Prospectus:-

(a) The Rights Shares to be issued pursuant to the Rights Issue, which are the subject of this Abridged Prospectus; and

(b) The Executives' Share Scheme which involves the granting of either or/ a combination of shares or options of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme. The Executives' Share Scheme shall be in force for a period of five (5) years, commencing from the effective date on which the last of the approvals and/or conditions stipulated in the By-Laws have been obtained and/or complied with. However, the Board shall have the discretion upon recommendation of the ESS Committee to extend the tenure of the Executives' Share Scheme for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years.

2. DIRECTORS

(i) There is no shareholding qualification for Directors.

(ii) The provisions in the Company's Articles of Association in relation to the remuneration of the Directors of GHL are as follows:-

Article 109 – Remuneration

Subject to these Articles, the remuneration of the Directors shall from time to time be determined by the Company in general meeting provided always:-

(1) directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;

(2) salaries payable to Directors holding any executive office in the Company may not include a commission on or a percentage of turnover;

(3) all fees payable to Directors shall be deemed to accrue from day to day;

(4) fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

(5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

Article 110 – Expenses

The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.

Article 111 – Special Remuneration

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:-

(1) render any special or extra services to the Company; or

(2) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

Such special remuneration may be paid to such Directors in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (including contracts not in writing), not being contracts in the ordinary course of business which have been entered into by the Group within two (2) years preceding the date of this Abridged Prospectus:-

(i) On 12 April 2012, GHL APL and HK New Huang Pu Finance Holdings Limited ("**HK New Huang Pu Finance**") had entered into a conditional share sale agreement, wherein GHLAPL agreed to dispose and HK New Huang Pu Finance agreed to acquire 1,560,000 ordinary shares in GHL (China) Company Limited ("**GHLCCL**"), representing the entire shareholdings for a total consideration of Hong Kong Dollar ("**HKD**") 10.00, which shall be satisfied by a payment of cash to GHLAPL.

On 27 April 2012, the disposal of 1,560,000 ordinary shares in GHLCCL has been completed.

(ii) On 8 August 2012, GHLAPL, GHLTCL, Warrapot Hirunpiwong ("**WH**"), Yuttakit Hirunpiwong ("**YH**") and Pensri Sarakum ("**PS**") (WH, YH and PS collectively shall hereinafter be referred to as the "**CODCL Vendors**") had entered into a conditional share sale agreement ("**Share Sale Agreement**"), wherein GHLTCL agreed to acquire and the CODCL Vendors agreed to dispose of 10,000 ordinary shares in CODCL ("**CODCL Shares**"), representing the entire issued and paid-up share capital of CODCL, for a total consideration of 5,000,000.00 Baht, which shall be satisfied by a payment of cash to WH and/or his nominee and ten percent (10%) of the share capital in GHLTCL, which shall be transferred to WH and/or his nominee.

In conjunction with the Share Sale Agreement, the following agreements were also entered into on 8 August 2012:

(a) Option agreement between GHLAPL, WH and Jensen Universal Capital Inc. ("**JUCI**") ("**Option Agreement**") wherein WH and JUCI shall grant to GHLAPL a call option to require WH and JUCI to dispose and sell all the shares in GHLTCL then held by JUCI to GHLAPL upon or after the occurrence of any of the events set out in the Option Agreement at the purchase price of 10.00 Baht;

(b) Deed of release between CODCL, WH, YH and PS, wherein WH, YH and PS agreed to release and discharge CODCL from all loans, advances and sums due to them howsoever arising directly or indirectly, excluding the balance sum of shareholders advances up until the month of July 2012 as set out in the management accounts of CODCL, provided that the July account receivables are collected in full; and

(c) Deed of participation between GHLAPL and WH, wherein WH agreed to (amongst others) pre-emption provisions relating to transfer of its shares in GHLTCL, non-competition and non-solicitation provisions, as set out in such deed.

On 21 September 2012, the acquisition of the CODCL shares was completed.

4. MATERIAL LITIGATIONS

Save as disclosed below, as at the LPD, the GHL Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board has no knowledge of any proceeding pending or threatened against the GHL Group or of any facts likely to give rise to any proceeding which may materially affect the financial position or business of the GHL Group:-

(i) On 31 October 2005, GISB, GHLSYS Singapore Pte Ltd ("**GHLSYS**") and Privilege Investment Holdings Pte Ltd ("**PIHPL**") had entered into a shareholders agreement for purposes of a proposed joint venture ("**Shareholders Agreement**"). Subsequently, in 2006, the said shareholders agreement was terminated by the parties and the proposed joint venture did not take place. Following the said termination, PIHPL had made (amongst others) the following allegations against GHL, GISB and GHLSYS (collectively referred to as the "**GHL Entities**") and several representatives of the GHL Entities ("**GHL Representatives**"):

(a) fraud and misrepresentation in respect of the termination of the Shareholders Agreement;

(b) unlawful repudiation of obligations under the Shareholders Agreement;

(c) violation of various Indonesian laws and regulations as specified in the Shareholders Agreement; and

(d) defamation.

The GHL Entities and the GHL Representatives had denied the aforesaid allegations made against them. Subsequently, PT Multi Adiprakarsa Manunggal ("**PT MAM**") had, on 13 February 2007 vide letter addressed to the GHL Entities and the GHL Representatives, alleged (amongst others) that:

(a) it was an intended beneficiary of the Shareholders Agreement and a direct contracting party to all contracts arising out of the Shareholders Agreement; and

(b) it was injured by the unlawful conduct of the GHL Entities.

PT MAM also demanded that an amount of USD3,000,000.00 in damages be paid to it by 20 February 2007, failing which PT MAM shall deem itself to be free to file a legal proceeding in Malaysia, Singapore and/or Indonesia. On 21 February 2007, GISB had vide letter informed PT MAM of the GHL Entities' and the GHL Representatives' denial of the aforesaid allegations made against them and that GISB remained open to resolve the dispute with PT MAM amicably.

On 13 May 2009, PIHPL had vide its solicitors, demanded from GISB the following items:

(a) payment of USD3,009,700.00 as general damages suffered by PIHPL, following GISB's failure to perform its obligations under the Shareholders Agreement;

(b) payment of USD43,047.00 as special damages for expenses incurred by PIHPL in setting-up PT MAM and GHLSYS for the proposed joint venture;

(c) return of all confidential information, trade secrets and/ or any other proprietary information belonging to PIHPL which remained in GISB's and/ or any other related party's custody;

(d) a written undertaking from GISB that it does not have any confidential information, trade secrets and/ or proprietary information belonging to PIHPL other than those information which was returned, and that GISB has not and will not utilise the confidential information, trade secrets and/ or proprietary information save other than in the course of the joint venture; and

(e) payment of RM2,500.00 as the cost of the letter of demand.

On 19 May 2009, GISB had vide its solicitors, denied the aforesaid allegations and demands. Since then, there has been no further action brought by the parties to the disputes. The solicitors representing GISB in this matter are of the opinion that should PIHPL pursue the matter further, GISB has a good chance in defending the claim by PIHPL.

(ii) On 23 March 2012, GHLSP filed a legal proceeding at the Regional Trial Court of Makati, Branch 150 ("**RTC Makati**") against 1ABX to claim for actual and exemplary damages and costs, amounting to approximately ₱3,500,000.00 for products leased and services rendered by GHLSP to 1ABX.

On 5 June 2012, GHLSP filed a motion to declare that 1ABX had defaulted in filing a reply to the matter within fifteen (15) days from the service of summons as required under the Rules of Court of the Philippines. On 2 July 2012, 1ABX filed a motion to admit its reply with a counterclaim and its opposition to the motion to declare it in default. In its counterclaim, 1ABX demanded actual, moral and exemplary damages, costs and expenses of litigation amounting to approximately ₱27,250,000.00 ("**Counterclaim**").
On 11 July 2012, GHLSP filed its comment and reply to the motion and opposition filed by 1ABX. On 20 November 2012, GHLSP was informed by the RTC Makati that 1ABX is allowed to participate in the trial and to present its case.

On 8 January 2013, GHLSP has filed a motion to set the case for pre-trial conference at the RTC Makati. The pre-trial conference has been set for 6 March 2013. On 1 March 2013, GHLSP had filed a pre-trial brief at the RTC Makati. During the pre-trial conference, the RTC Makati had, vide an order declared 1ABX as non-suited ("**Order**"), as 1ABX did not file its pre-trial brief and had allowed GHLSP to present its evidence ex-parte on 9 May 2013. On 21 March 2013, 1ABX had filed its motion for reconsideration to the Order ("**Motion for Consideration**") at the RTC Makati. On 15 April 2013, GHLSP had filed its opposition to the Motion for Consideration at the RTC Makati. On 31 May 2013, the RTC Makati had resolved the Motion for Consideration in favour of 1ABX. The matter has been set for pre-trial on 1 August 2013 and the parties have been directed by the RTC Makati to file and serve the judicial affidavits of their witnesses at least five (5) days before the said scheduled date. The solicitors representing GHLSP in this matter are of the view that GHLSP has a fairly good chance in succeeding in its claim against 1ABX, as a valid contract had been entered into between the parties and GHLSP had performed its obligations under the contract. With regard the Counterclaim, the solicitors representing GHLSP in this matter are of the view that the RTC Makati is unlikely to allow 1ABX's claim, on the basis that it is at fault in the matter.

5. GENERAL

(i) The nature of the business and the corporations which are deemed to be related to the Company by virtue of Section 6 of the Act are set out in Appendix II of this Abridged Prospectus.

(ii) The estimated expenses for the Rights Issue will be borne by the Company and is disclosed in Section 5.2 of this Abridged Prospectus.

(iii) Save as disclosed in the Sections 6, 8 and 9 of this Abridged Prospectus, the financial condition and operations of the Group are not likely to be affected by any of the following:-

(a) Known trends or known demands, commitments, events or uncertainties that will result in or that is reasonably likely to result in the Group's liquidity increasing or decreasing in any material way;

(b) Material commitments for capital expenditure;

(c) Unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from the operations; and

(d) Known trends or uncertainties that have had or that the Group reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.

(iv) Save as disclosed in Sections 6, 8 and 9 of this Abridged Prospectus, the Board is not aware of any material information including specific trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Group.

(v) There is no existing or proposed service contract entered or to be entered into by the Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

6. CONSENTS

(i) The written consents of the Principal Adviser, Solicitors, Share Registrar and Principal Bankers for the inclusion in this Abridged Prospectus of their names in the form and context in which such names appear have been given before the issue of this Abridged Prospectus and have not subsequently been withdrawn;

(ii) The written consent of Bloomberg to the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn; and

(iii) The written consent of the Auditors and Reporting Accountants, UHY, for the inclusion in this Abridged Prospectus of their name on the unaudited proforma consolidated statements of financial position of GHL as at 31 December 2012 together with the notes and the Reporting Accountants' letter thereon and the audited consolidated financial statements of GHL for the FYE 31 December 2012 together with the Auditors' report thereon, in the form and context in which such name appear have been given before the issue of this Abridged Prospectus and has not subsequently been withdrawn.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours from Monday to Friday (except public holidays) at the Registered Office of GHL for a period of twelve (12) months from the date of this Abridged Prospectus:-

(i) The Memorandum and Articles of Association of the Company;

(ii) The certified true extract of the ordinary resolutions in respect of the Rights Issue passed at the EGM of GHL, as set out in Appendix I of this Abridged Prospectus;

(iii) The unaudited proforma consolidated statement of financial position of GHL as at 31 December 2012 together with the notes and the Reporting Accountants' letter thereon, as set out in Appendix III of this Abridged Prospectus;

(iv) The audited consolidated financial statements of GHL for the FYE 31 December 2011 and FYE 31 December 2012 as well as the latest unaudited interim financial statements for the three (3)-month FPE 31 March 2013;

(v) The irrevocable undertaking letter by Mr. Loh in relation to the Undertaking referred to in Section 3 of this Abridged Prospectus;

(vi) The Directors' Report as set out in Appendix VI of this Abridged Prospectus;

(vii) The letters of consent referred to in Section 6 above;

(viii) the relevant cause papers in respect of the material litigation referred to in Section 4 of this Appendix; and

(ix) The material contracts referred to in Section 3 above.

8. RESPONSIBILITY STATEMENTS

(i) The Board have seen and approved this Abridged Prospectus together with the accompanying documents and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

(ii) AmInvestment Bank, being the Principal Adviser of this Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.