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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	CURRENT YEAR QUARTER 31/12/2011	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2010	CURRENT YEAR TO DATE 31/12/2011	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2010
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	11,268	22,159	62,680	63,988
Cost of sales		(1,389)	(11,987)	(17,742)	(23,816)
Gross profit		**9,879**	**10,172**	**44,938**	**40,172**
Other income		(569)	2,194	942	3,176
Administration expenses		(10,148)	(13,473)	(42,541)	(43,248)
Distribution expenses		(998)	(4,002)	(3,744)	(7,390)
Other operating expenses		(22,664)	(6,636)	(23,180)	(7,176)
Finance cost		(113)	(56)	(264)	(199)
Loss before taxation		**(24,613)**	**(11,801)**	**(23,849)**	**(14,665)**
Income tax expense		(104)	493	(104)	489
Loss for the period		**(24,717)**	**(11,308)**	**(23,953)**	**(14,176)**
Attributable to:					
Equity holders of the parent		(24,717)	(11,308)	(23,953)	(14,176)
		(24,717)	**(11,308)**	**(23,953)**	**(14,176)**
Weighted average number of ordinary shares in issue ('000)		151,994	151,994	151,994	142,280
Nominal value per share		RM 0.50	RM 0.50	RM 0.50	RM 0.50
Loss Per Ordinary Share					
- Basic (sen)	B13	(16.26)	(7.44)	(15.76)	(9.96)
- Diluted (sen)	B13	(16.26)	(7.44)	(15.76)	(9.96)
Loss for the period		(24,717)	(11,308)	(23,953)	(14,176)
Other comprehensive loss, net of tax					
foreign currency translation differences		(52)	(278)	(198)	(505)
Total comprehensive loss for the period		**(24,769)**	**(11,586)**	**(24,151)**	**(14,681)**
Total comprehensive loss attributable to:					
Equity holders of the parent		(24,769)	(11,586)	(24,151)	(14,681)
		(24,769)	**(11,586)**	**(24,151)**	**(14,681)**

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

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

	Note	AS AT CURRENT YEAR 31/12/2011 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2010 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		22,677	45,154
Goodwill on consolidation		1,096	1,096
		23,773	46,250
Current assets			
Inventories		5,625	6,538
Trade receivables		9,116	13,174
Other receivables		4,145	5,773
Tax recoverable		258	129
Fixed deposits placed with licensed banks		2,705	2,121
Cash and bank balances		18,181	10,572
		40,030	38,307
TOTAL ASSETS		63,803	84,557
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		72,901	72,901
Reserves		(34,919)	(10,768)
Treasury Shares		(638)	(638)
Total equity		37,344	61,495
Non-current liabilities			
Hire purchase payables	B8	1,184	44
Bank borrowings	B8	2,155	2,618
		3,339	2,662
Current liabilities			
Trade payables		696	5,246
Other payables		21,051	14,443
Hire purchase payables	B8	739	528
Bank borrowings	B8	391	183
Tax Payable		243	-
		23,120	20,400
Total liabilities		26,459	23,062
TOTAL EQUITY AND LIABILITIES		63,803	84,557
Number of ordinary shares ('000)		145,802	145,802
NA per share (sen)		25.61	42.18

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

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

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 31/12/2011	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2010
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before taxation	(23,849)	(14,665)
Adjustment for :-		
Allowance for doubtful debts	1,941	1,036
Bad debts written off	7	2,381
Depreciation of property, plant and equipment	6,356	8,047
Amortisation of prepaid land lease payments	-	-
Impairment loss of property, plant and equipment	20,862	5,760
Impairment loss on goodwill on consolidation	-	817
Interest expenses	264	199
Interest income	(202)	(174)
Inventories written off	31	96
Loss/(Gain) on disposal of property, plant and equipment	961	(170)
Gain on disposal of other investment	-	(17)
Intangible asset written off	-	1,292
Property, plant and equipment written off	1,651	450
Property, plant and equipment written back	(6)	(31)
Reversal of allowance for doubtful debts no longer required	(218)	(1,964)
Share based payment	-	223
Unrealised loss on foreign exchange	123	529
Operating profit before working capital changes	7,921	3,809
(Increase)/ Decrease in working capital		
Inventories	881	94
Trade and other receivables	3,398	(2,651)
Trade and other payables	2,015	3,430
	6,294	873
Cash generated from operations	14,215	4,682
Interest paid	(264)	(199)
Interest received	202	174
Tax paid	(233)	(93)
Tax refund	-	97
Exchange fluctuation adjustment	(198)	(265)
	(493)	(286)
Net cash generated from operating activities	13,722	4,396
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(8,247)	(5,462)
Proceeds from disposal of property, plant and equipment	1,623	367
Proceeds from disposal of other investment	-	17
Net cash used in investing activities	(6,624)	(5,078)

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

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE 31/12/2011	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2010
	RM'000	RM'000
Cash Flows from Financing Activities		
Repurchase of shares	-	(637)
Drawndown of hire purchase	2,159	-
Repayment of borrowings	(254)	(257)
Repayment of hire purchase payables	(809)	(464)
Increase/(decrease) in fixed deposit pledged	535	(847)
Net cash generated from/(used in) financing activities	1,631	(2,205)
Net increase/(decrease) in cash and cash equivalents	8,729	(2,887)
Cash and cash equivalents at beginning of financial year	10,729	13,616
Cash and cash equivalents at end of financial year	19,458	10,729
Cash and cash equivalents at end of period comprises:		
Cash and bank balances	18,181	10,572
Fixed deposits with licensed banks	2,705	2,121
	20,886	12,693
Less: Fixed deposits pledged to licensed banks	(1,428)	(1,964)
	19,458	10,729

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

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GHL SYSTEMS BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011
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 Shareholders' Equity RM'000
At 1 January 2010	69,431	(750)	35	(1)	7,875	76,590
Arising from acquisition of shares in subsidiary company						
Foreign exchange differences, representing net loss not recognised in income statement	-	(505)	-	-	-	(505)
Issue of shares pursuant to ESOS						
Bonus Issue	3,470	-	-	-	(3,470)	-
Dividend						
Shares purchased during the financial year held as treasury shares	-	-	-	(637)	-	(637)
Dividend						
Net loss for the financial period	-	-	-	-	(14,176)	(14,176)
Share based payment	-	-	223	-	-	223
At 31 December 2010	72,901	(1,255)	258	(638)	(9,771)	61,495
At 1 January 2011	72,901	(1,255)	258	(638)	(9,771)	61,495
Total comprehensive income for the financial period	-	(198)	-	-	(23,953)	(24,151)
At 31 December 2011	72,901	(1,453)	258	(638)	(33,724)	37,344

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

GHL SYSTEMS BERHAD
(Company No: 293040-D)

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

A. EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

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

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

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

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

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

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated & Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

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

There is no early adoption by the Group and the Company on the following new FRSs, revised FRSs, amendments to FRSs and IC Interpretations, which have been issued as at the date of authorisation of these financial statements and will be effective for the financial periods as stated below:

		Effective date for financial periods beginning on or after
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011
FRS 124	Related Party Disclosures	1 January 2012

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012. However, entities which fall within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including their parents, significant investors and ventures (herein referred as Transitioning Entities) will be allowed to defer adoption of the new MFRS Framework for an additional year. Therefore, the MFRS Framework will be applicable for Transitioning Entities for the annual period beginning on 1 January 2013.

The Company will be required to prepare financial statements using the MFRS Framework in its firsts MFRS financial statements for the year ending 31 December 2012. The Directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 would not be significantly different if prepared under the MFRS Framework.

A2. Audit Report

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

A3. Seasonal or Cyclical Factors

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

A4. Unusual Items

There were no items or events that arose and affected the assets, liabilities, equity, net income or cash flows of the Group, to the effect that is of unusual nature, size or incidence other than followings:

	Current Quarter 31.12.11 RM'000	Preceding Year Corresponding Quarter 31.12.10 RM'000	Current Year To Date 31.12.11 RM'000	Preceding Year Corresponding Period 31.12.10 RM'000
Included in administration and other operating expenses:				
Allowance for doubtful debts	1,120	2,331	1,941	1,036
Impairment loss of property, plant and equipment	20,862	5,760	20,862	5,760
Property, plant and equipment written off	1,649	450	1,651	450
(Gain)/Loss on disposal of property, plant and equipment	430	31	961	(170)

A5. Change in estimates

There were no changes in estimates of amounts reported in the previous quarter that have a material effect on the results of the Group for the financial year ended 31 December 2011, other than the following:-

The Board was in the opinion that there should not be any residual value of EDC terminals after reassessed the marketability, changes in technology and replacement cost of EDC terminals. The effect on the accounts of this change of estimates is an impairment of property, plant and equipment of RM20.9 millions.

A6. Changes in Debts and Equity Securities

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

A7. Dividend Paid

There were no dividends paid during the quarter under review.

A8. Segmental Reporting

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

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

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

Performance is measured based on segmental profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the management of GHL. Segmental 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.

Individual Quarter	Malaysia		Singapore		Hong Kong		Philippines		Thailand		China		Adjustment and elimination		Consolidated	
31 December	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
	'000	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**
REVENUE																
External sales	7,775	12,830	-	-	-	-	1,971	1,307	284	1,348	1,238	6,674	-	-	11,268	22,159
Inter-segment sales	3,962	3,307	-	-	-	-	123	1,583	791	68	-	398	(4,876)	(5,356)	-	-
Total revenue	11,737	16,137	-	-	-	-	2,094	2,890	1,075	1,416	1,238	7,072	(4,876)	(5,356)	11,268	22,159
RESULTS																
Segment results	(21,117)	(17,163)	108	(31)	-	(16)	835	254	(179)	(1,079)	(5,490)	(1,274)	1,279	7,511	(24,564)	(11,798)
Interest income															64	53
Interest expense															(113)	(56)
Loss before taxation															(24,613)	(11,801)
Taxation															(104)	493
Net loss for the financial year															(24,717)	(11,308)
Asset:																
Additions to non-current assets	2,103	3,231	-	-	-	-	4,141	1,785	199	(154)	39	757	-	-	6,482	5,619
Segment assets	44,431	57,174	-	26	-	20	11,974	8,938	4,847	6,080	2,546	11,223	5	1,096	63,803	84,557
Segment liabilities	18,323	14,007	-	17	-	4	2,959	1,612	3,983	999	4,140	6,401	(2,946)	22	26,459	23,062

OTHER INFORMATION																
Allowance for doubtful debts	10,742	1,713	-	-	-	-	210	-	416	618	1,103	-	(11,351)	-	1,120	2,331
Impairment loss on goodwill on consolidation	-	691	-	-	-	-	-	-	-	-	-	126	-	-	-	817
Bad debts written off	14	871	-	-	-	-	-	-	-	-	7	-	(56)	-	(35)	871
Depreciation of property, plant and equipment	(2,984)	183	-	-	-	-	300	173	185	247	340	242	-	-	(2,159)	845

Individual Quarter	Malaysia		Singapore		Hong Kong		Philippines		Thailand		China		Adjustment and elimination		Consolidated	
31 December	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
(Gain)/Loss on disposal of property, plant and equipment	37	30	-	-	-	-	-	-	(57)	1	450	-	-	-	430	31
Share based payment	-	223	-	-	-	-	-	-	-	-	-	-	-	-	-	223
Inventory written off	30	146	-	-	-	-	-	-	-	-	(1)	-	-	-	29	146
Impairment loss on property, plant and equipment	20,862	5,760	-	-	-	-	-	-	-	-	-	-	-	-	20,862	5,760
Gain on disposal of other investments	19	-	-	-	-	-	-	-	-	-	-	-	(19)	-	-	-
Unrealised Loss/(Gain) on foreign exchange	287	900	-	8	-	111	29	5	(70)	(23)	-	(205)	127	231	373	1,027
Intangible assets written off	-	-	-	-	-	-	-	-	-	-	-	1,292	-	-	-	1,292
Property, plant and equipment written off	0	450	-	-	-	-	-	-	-	-	1,649	-	-	-	1,649	450
Property, plant and equipment written back	(2)	(31)	-	-	-	-	-	-	-	-	-	-	-	-	(2)	(31)
Reversal of allowance for doubtful debts no longer required	(407)	(670)	-	-	-	-	-	-	-	-	(28)	-	1,691	-	1,256	(670)
Inventories recovery	3	50	-	-	-	-	-	-	-	-	(2)	-	-	-	1	50
Waiver of debts	14	-	(173)	-	(57)	-	-	-	-	-	-	-	216	-	-	-

Cumulative Quarter	Malaysia		Singapore		Hong Kong		Philippines		Thailand		China		Adjustment and elimination		Consolidated	
31 December	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
REVENUE																
External sales	43,861	39,870	-	-	-	-	9,696	5,913	3,381	4,480	5,742	13,725			62,680	63,988
Inter-segment sales	17,217	15,405	-	-			133	1,583	1,642	68	-	403	(18,992)	(17,459)	-	-
Total revenue	61,078	55,275	-	-	-	-	9,829	7,496	5,023	4,548	5,742	14,128	(18,992)	(17,459)	62,680	63,988
RESULTS																
Segment results	(32,215)	(31,045)	141	(40)	47	(19)	443	216	(1,100)	(2,176)	(6,446)	(961)	15,343	19,385	(23,787)	(14,640)
Interest income															202	174
Interest expense															(264)	(199)
Loss before taxation															(23,849)	(14,665)
Taxation															(104)	489
Net loss for the financial year															(23,953)	(14,176)
Asset:																
Additions to non-current assets	3,634	3,825	-	-	-	-	4,254	1,854	320	56	39	757	-	-	8,247	6,492
Segment assets	44,431	57,174	-	26	-	20	11,974	8,938	4,847	6,080	2,546	11,223	5	1,096	63,803	84,557
Segment liabilities	18,323	14,007	-	17	-	4	2,959	1,612	3,983	999	4,140	6,401	(2,946)	22	26,459	23,062
OTHER INFORMATION																
Allowance for doubtful debts	11,563	418	-	-	-	-	210		416	618	1,103		(11,351)		1,941	1,036
Impairment loss on goodwill on consolidation	-	691	-	-	-	-	-		-	-	-	126	-		-	817
Bad debts written off	33	2,381	21	-	-	-	-	-	-	-	9	-	(56)	-	7	2,381
Depreciation of property, plant and equipment	3,265	5,508	-	-	-	-	942	644	882	961	1,267	934	-	-	6,356	8,047

Cumulative Quarter	Malaysia		Singapore		Hong Kong		Philippines		Thailand		China		Adjustment and elimination		Consolidated	
31 December	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
(Gain)/Loss on disposal of property, plant and equipment	619	(157)	-	-	-	-	-	-	(103)	(13)	445	-	-	-	961	(170)
Share based payment	-	223	-	-	-	-	-	-	-	-	-	-	-		-	223
Inventory written off	30	96	-	-	-	-	-	-	-	-	1	-	-		31	96
Impairment loss on property, plant and equipment	20,862	5,760	-	-	-	-	-	-	-	-	-	-	-		20,862	5,760
Gain on disposal of other investments	19	(17)	-	-	-	-	-	-	-	-	-	-	(19)	-	-	(17)
Unrealised Loss/(Gain) on foreign exchange	91	682	-	8	1	111	1	7	(96)	(74)	52	(205)	74	-	123	529
Intangible assets written off	-	-	-	-	-	-	-	-	-	-	-	1,292		-	-	1,292
Property, plant and equipment written off	2	450	-	-	-	-	-	-	-	-	1,649	-	-	-	1,651	450
Property, plant and equipment written back	(6)	(31)	-	-	-	-	-	-	-	-	-	-	-	-	(6)	(31)
Reversal of allowance for doubtful debts no longer required	(1,881)	(1,964)	-	-	-	-	-	-	-	-	(28)	-	1,691	-	(218)	(1,964)
Inventories recovery	(57)	(15)	-	-	-	-	-	-	-	-	-	-	-	-	(57)	(15)
Waiver of debts	14	-	(173)	-	(57)	-	-	-	-	-	-	-	216	-	-	-

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A9. Valuation of Property, Plant and Equipment

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

A10. Material Events Subsequent to 31 December 2011

There are no material events subsequent to the end of the quarter under review that have not been reflected in this report, other than the following:-

On 8 February 2012, the company has granted 8,056,400 ordinary shares to the Directors and employees at exercise price of RM0.50 per share. The vesting period of the options is up to 2 November 2012.

Details of share options granted to Directors of listed issuer and Directors of subsidiaries are as follows:-

Name	Designation	Shares Offered
Kanagaraj Lorenz	Chief Executive Officer of GHL Systems Berhad	1,500,000
Ng King Kau	Executive Director of GHL Systems Berhad	1,000,000
Herve Jean Alfieri	Executive Director of GHL Systems Philippines, Inc	395,000
Chumacera, Rey Maria Receno	Executive Director of GHL Systems Philippines, Inc	210,700
Fong Seow Kee, David	Independent Non-Executive Director of GHL Systems Berhad	1,000,000
Goh Kuan Ho	Non-Independent Non-Executive Director of GHL Systems Berhad	1,000,000

A11. Changes in the Composition of the Group

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

A12. Contingent Liabilities

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

(a)	Banker's guarantee in favour of third parties	RM'000
	- Secured	238

A13. Capital commitment

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

A14. Significant related party transactions

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

Related Party:	**Current Year Quarter 31.12.2011 RM'000**	**Current Year To Date 31.12.2011 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") *	1,216	3,135
# 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") *	631	631

^ *GHL Systems Berhad Executive 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.*

GHL Systems Berhad Non Executive Director and major shareholder Goh Kuan Ho is currently General Manager of Microtree.

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

GHL SYSTEMS BERHAD
(Company No. 293040-D)

Quarterly report on consolidated results for the third quarter ended 31 December 2011

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

B1. Review of Performance

Operating Segment Review

(a) Q4 2011 vs. Q4 2010

For the quarter ended 31 December 2011 (Q4 2011), the Group recorded revenues of RM11.3 million representing a decline of 49% from RM22.2 million the corresponding quarter ended 31 December 2010 (Q4 2010). In the same quarter, the Group incurred a Loss Before Tax (LBT) of RM24.7 million, a 119% increase from the LBT of RM11.3 million in Q4 2010. The increased loss was principally as a result of exceptional charges arising from our China operations (RM5.5 million) as well as the diminution in value of certain EDC terminal assets (RM20.9 million) in Malaysia. Both these matters are described more fully below.

The Company had announced on 9 December, 2011 that it had engaged Crowe Horwath, Certified Public Accountants, to undertake an independent investigative audit into the possible business transaction irregularities involving its wholly owned subsidiary GHL (Beijing) Co. Ltd ("GHL Beijing"). Following the completion of the investigative audit, a provision of RM5.5 million has been made in the books of GHL Beijing to cover potential losses arising from these irregular transactions.

As part of the management review of the Group's business, management is of the view that tougher global market conditions coupled with greater supplier competition has eroded the selling price of new and used EDC terminals. Furthermore, advances in security standards and technology have rendered older EDC terminal models obsolete. Given these developments, management has caused a review of the residual value of EDC terminals, which form a significant portion of "Property Plant and Equipment" in the Balance Sheet. Based on the review, a charge of RM20.9 million was provided for in the Q4 2011 results to write down these assets to reflect their effective residual value.

Principal Operating Subsidiaries and Core Business Activities

The Company's principal operating subsidiaries are located in Malaysia, Philippines, Thailand and China. The core businesses of the Group comprises; Shared Services, Solutions Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:-

Shared Services comprises mainly revenue derived from the provision of support and other outsourced sales services to banks and merchants. The principal activities comprise; EDC terminal rental and maintenance, sale of EDC Terminals, sale of credit card payment services to merchants on behalf of banks under "Affiliation Programmes" and the production of Credit/Debit, ATM and loyalty cards for banks and merchants.

Solutions Services comprises mainly revenue derived from the provision of value-added services to merchants and banks. The principal activities comprise; network device and software sales and rentals in respect of payment network solutions, consumer loyalty products, prepaid solutions, internet payment processing and, the development of various special purpose, back-end merchant applications.

Transaction Payment Acquisition ("TPA") comprises mainly revenue derived from the provision of non-credit card payment processing services to merchants. In Malaysia, the company provides e-Debit services (an ATM PIN based payment) to merchants under a contractual arrangement with Malaysian Electronic Clearing Corporation Sdn Bhd ("MyClear"), the owner and operator of the service.

(i) Analysis of Revenues (by country)

Total Group revenues for Q4 2011 were RM11.3 million, a decreased of 49% from RM22.2 million in Q4 2010.

Malaysia - Revenues declined RM5 million as compared between Q4 2011 and Q4 2010 due a decline in Shared Services revenue caused by timing differences in the recognition of certain EDC sales and a decline in card production sales.

Philippines - Revenues grew RM0.7 million from Q4 2010 to Q4 2011 due to increases in Shared Services annuity business, principally, EDC terminal rental and maintenance as well as some hardware sales.

Thailand - Revenues declined RM1 million between Q4 2010 and Q4 2011 due to the severe flooding in Thailand.

China - Revenues declined RM5.4 million between Q4 2010 and Q4 2011 due to significant disruption to business caused by irregularities as explained above.

(ii) Analysis of Results (by country)

Total LBT for Q4 2011 were RM24.7 million, a significant increase of 119% from RM11.3 million in Q4 2010.

Malaysia – Following a review by management of the residual values of EDC terminals, a charge of RM20.9 million was provided for in the Q4 2011 results to write down these assets to reflect their effective residual value.

China – Following the completion of an investigation audit into GHL Beijing, a provision of RM5.5 million was made to cover, inter alia, the write down of fixed assets and certain receivables. In addition, provisions were made to cover legal and other professional fees incurred in the investigation audit.

Philippines and Thailand showed improvement in their segment results by RM0.6 million and RM0.9 million respectively, when comparing Q4 2011 versus Q4 2010. In both cases, the improvement was mainly attributable to the growth of their Shared Services annuity income.

b) FY2011 vs. FY2010

For the financial year ended 31 December 2011 (FY 2011), the Group recorded revenues of RM62.7 million representing an increased of 2% from the previous financial year ended 31 December 2010 of RM64.0 million (FY 2010), an analysis of which is shown below. The Group however, incurred a Loss Before Tax (LBT) of RM23.9 million, a 69% increase from the LBT of RM14.1 million in FY 2010. As explained earlier, the increased loss was principally due to large, non-recurring charges incurred arising from our China operations (RM5.5 million) as well as the diminution in value of certain EDC terminal assets (RM20.9 million) in Malaysia.

(i) Analysis of Revenues (by country)

Malaysia - Revenues grew RM4.0million (10%) year on year principally due to increases in Shared Services (1%), Solutions Services (42%) and TPA (20%). Shared Services growth was moderate because the increase in EDC Terminal Rental and Maintenance (4%) was balanced with a decline in Card Production (24%).

Philippines - Revenues grew RM3.8 million (64%) year on year, principally due to increases in Shared Services Revenue of which, EDC terminals rentals and EDC terminals sales were the largest contributors.

Thailand - Revenues declined RM1.1 million (25%) year on year principally due to a decline in Shared Services revenue of which, EDC terminals rentals and EDC terminals sales were the main contributors. This was caused by the re-pricing arrangements on some long term contracts with banks as well as the effects of floods in the Q4 2011.

China - Revenues declined RM8.0 million (58%) year on year due to the effects of the disruption caused to the business in the 3rd and 4th quarters as explained earlier.

(ii) Analysis of Results (by country)

While at an operating level, Malaysia's results showed significant improvement, these were nevertheless offset by the non-recurring charge in respect of asset impairment that was made in Q4 2011. China results were also adversely affected by the provisions that were taken as explained above. Philippines and Thailand segment results showed improvement in year on year results (105% and 49%, respectively) reflecting the build-up of their recurring annuity revenue streams.

B2. Current Year's Prospects

While the Groups results for FY 2011 were adversely impacted by the provisions for our China business and write down of asset values in Malaysia, these provisions and write downs do not affect the Group in terms of its cash flows or forward revenue generation capability.

The annuity revenue streams from our underlying core businesses of Shared Services, Solutions Services and TPA, continue to remain fundamentally strong as reflected in the Groups revenues for FY 2011 which were only marginally down from FY 2010.

We expect the Shared Services business to grow moderately in FY2012.This is a well-established business predicated on scale and service level delivery. In this regard, the Company is by far the largest operator in Malaysia. In addition, it already has substantial scale of operations in emerging Asian economies such as Philippines and Thailand where the payment industry remains at a nascent stage, thereby offering substantial opportunities to the Group. We continue to invest in the appropriate infrastructure to enable us to deliver the highest service levels at competitive prices. The rapidly deteriorating Global market condition is likely to further encourage our bank and merchant customers to outsource their non-core activities. In this regard, we are well placed to deliver value to this segment given our large scale operations and tested capabilities.

The Solutions Services segment, a higher value-added business, is expected to grow rapidly. Some of our largest initiatives in Philippines, Thailand and Australia are expected to see full deployment by Q2 of 2012 and will start generating new revenue streams from these initiatives. In addition, we have put greater focus on cross-selling our value-added solutions into our existing regional customer base through the use of product specialist working in tandem with the sales organisation.

The TPA business is also expected to grow rapidly. Across the region, PIN based debit payments are still relatively small in absolute terms when compared to signature based credit card payments. In Malaysia we are already working in close partnership with the Regulators and banks to rapidly increase growth in this segment. As the size of cash-based payments in Malaysia is many times higher than the existing total electronic payments, the opportunity to convert this cash-based segment into PIN based debit payments is potentially very large.

B3. Profit Forecast and Profit Guarantee

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

B4. Taxation

	Current Quarter 31.12.11 RM'000	Preceding Year Corresponding Quarter 31.12.10 RM'000	Current Year To Date 31.12.11 RM'000	Preceding Year Corresponding Period 31.12.10 RM'000
Tax expenses	104	(493)	104	(489)

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.

B5. 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

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

B8. Group Borrowings and Debt Securities

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

(a) **Bank Borrowings**

	Total Secured Term Loan RM'000
Repayable within twelve months	391
Repayable more than twelve months	2,155
	2,546

The secured term loan from a local financial institution is to finance the purchase of three (3) units of 4 ½ storey shop offices. The term loan bears an interest of 5.0% per annum ("pa") on monthly rest for the first three (3) years and thereafter Base Lending Rate ("BLR") + 0.60% pa and is repayable over fifteen (15) years. The loan is expected to be fully repaid by year 2019. The term loan interest rate was revised at BLR + 0.00% pa based on letter dated 21 December 2007. Subsequently, the term loan interest rate was revised at BLR – 1.00% pa based on letter dated 23 February 2010 and 26 April 2010. The BLR as at 13 May 2011 is 6.60% pa.

The Group's banking facilities are secured by the 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 December 2011.

(b) **Hire Purchase**

	Total Hire Purchase RM
Repayable within twelve months	739
Repayable more than twelve months	1,184
	1,923

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

B9. Realised and Unrealised Profits/(Losses)

	Current Quarter As at 31.12.2011	**Immediate Preceding Quarter As at 30.09.11**
	RM'000	RM'000
Total accumulated losses of the Company and subsidiaries:-		
- Realised	(67,439)	(27,469)
- Unrealised	(488)	(398)
	(67,927)	(27,867)
Less: Consolidation adjustment	34,203	18,860
Total group retained	**(33,724)**	**(9,007)**

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

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

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

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

2006 issued by GHL Lawyers to Privilege Lawyers and that GHLI remained open to meeting with PT MAM to resolve matters amicably.

As the matter has yet to proceed to Court, the GHL Entities and GHL Representatives hope to negotiate with Privilege and/or PT MAM to settle the matter amicably. The GHL Lawyers had expressed that they were not aware of any doctrine of intended beneficiary under Indonesian law in respect of the PT MAM Threat. The GHL Lawyers are of the view that there are legal grounds for the GHL Entities to defend both the Privilege Threat and the PT MAM Threat in the event that litigation is commenced in the Courts of the Republic of Indonesia. However, the GHL Lawyers have qualified all such views by expressing that the Indonesian judiciary is sometimes unpredictable in its decision-making process and that a decision may not necessarily be based on the merits of a case. However, as no calculation of a claim for damages has been submitted by Privilege or its Indonesian lawyers and the PT MAM's claim for USD3 million was not quantified, the 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 save other than in the course of the joint venture; and

(v) Payment of the sum of RM2,500.00 being the cost of the letter of demand.

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

The Board is of the view that the 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.

(b) Payment Processing Corporation ("PPC" or "Plaintiff") had entered into a Memorandum of Agreement ("MOA") with GHLSYS Philippines, Inc. ("GHLP" or "Defendant") wherein the former sold and transferred to the latter its merchant acquiring business and the management of its merchant portfolio, the purchase price of which is to be paid in 48 equal monthly installments every 15th of the month through a revenue-sharing scheme. PPC claims that payments are delayed, there were unauthorized deductions such as withholding tax and value added tax and there was unreported revenue which caused it to loose substantial income.

A Writ of Summons ("Summons") dated 25 April 2011 filed by PPC was served to the GHLP's office address at the 16th Floor, BA Lepanto Condominium, 8747 Paseo de Roxas Avenue, Makati City on 10 May 2011.

PPC prays for the compliance with the MOA as indicated in (i) to (vii) below and the payment of the amount as indicated in (viii) to (x) below:

(i) pay PPC the correct amount of share in the revenues (within 15 days of the following month of the transaction) based on the formula under the MOA;

(ii) refund to PPC the witholding tax of Peso 602,860.81;

(iii) include manual transactions of merchants belonging to the Merchant Portfolio in computing for PPC's share in the Revenues;

(iv) provide PPC with the correct accounting of revenues derived from the Merchant Portfolio;

(v) stop making unauthorised deductions from PPC share in revenues such as withholding taxes, value added taxes and other tax penalties;

(vi) pay PPC the stipulated late payment of PPC share in revenue as of 3 March 2011 of Peso 86,577.85;

(vii) pay PPC the stipulated overdue interest from unreported share in revenues at the rate of 12% from due date of payment;

(viii) to pay PPC additional exemplary damages of Peso 500,000.00;

(ix) to pay PPC's attorney's fees of Peso 250,000.00; and

(x) to pay PPC's litigation expenses of Peso 100,000.00.

GHLP is given fifteen (15) days within which to file its Answer to the Complaint wherein defenses will be raised. In the Answer, counter claims may also be filed if it is proven that PPC filed this case merely to harass.

GHLP's lawyers had subsequently on 2 June 2011 filed an Omnibus Motion ("Omnibus") asking the Court to issue an Order:

a) Requiring PPC to file with the Court and to furnish GHLP copies of page 7 of Annex C-1 and page 3 of Annex E-1 of the Complaint; and

b) Ordering PPC to file or submit a bill of particulars or a more definite statement of its claim.

The Omnibus was heard on 8 June 2011 and PPC was given fifteen (15) days within which to answer said pleading. While PPC addressed the first item requested in its comment, it opposed the motion for bill of particulars in its opposition (to Motion for Bill of Particulars) with Compliance (re Mission Page) dated 23 June 2011.

GHLP's lawyers had filed its Answer to the Complaint filed by PPC against GHLP on 3 November 2011 with the Regional Trial Court of Makati, Branch 58. A copy of the Answer was likewise furnished the counsel for Plaintiff.

GHLP raised as defenses to the claims of Plaintiff the following:

a) 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;

b) In accepting payments from Defendant, Plaintiff condoned the delay;

c) No unauthorized deductions made by Defendant of Plaintiff's share in the revenue;

d) Plaintiff has not shown that it is entitled to revenue from manual transactions;

e) Plaintiff has not shown that it is entitled to exemplary damages; and

f) 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.

On 29 November 2011, GHLP, through its counsel, received the Reply dated 24 November 2011 (to the Answer dated 3 November 2011) filed by PPC. In its Reply, PPC claims the following:

a) GHLP's defense of delay due to the act of third person is without merit.
b) GHLP failed to exercise the required diligence in managing its affairs.
c) There was a belated request to amend the terms of the Memorandum of Agreement.
d) GHLP is not required to withhold taxes from Plaintiff's share.
e) GHLP, regardless of profit, is required to pay Plaintiff the value of the Merchant Portfolio.

These matters will be addressed during the trial proper.

In view of the filing of the Reply, the Plaintiff filed an Ex Parte Motion to Set Case for Pre-Trial dated 29 November 2011, a copy of which GHLP's counsel received on 6 December 2011.

On 11 January 2012, a copy of the Notice of Pre-Trial Conference dated 7 December 2012 was sent to GHLP. The pre-trial conference was scheduled on 6 February 2012 at 8:30 a.m. The partieswere required to file with the Court and serve upon the other party their respective pre-trial briefs which shall contain, among others:

a) A statement of their willingness to enter into an amicable settlement indicating their desired terms thereof or to submit the case to any of the alternative modes of dispute resolution;

b) A summary of admitted facts and proposed stipulation of facts;
c) The issues to be tried or resolved;
d) The documents or exhibits to be presented, stating the purpose thereof;
e) A manifestation of their having availed of their intention to avail themselves of interrogatories and request for admission by adverse party or at their discretion to make use of depositions and other measures provided for under the Rules of Court within five (5) days from the filing of the Answer or referral to commissioners; and
f) The number and names of the witnesses, the substance of their testimonies, and the approximate number of hours that they will be required by the parties for the presentation of their respective witnesses.

On 3 February 2012, GHLP, through counsel, filed its pre-trial brief. On 6 February 2012, GHLP's key officers as well as its legal counsel attended the scheduled pre-trial conference. While the hearing was scheduled for the pre-trial conference, in view of the court-mandated referral to the Philippine Mediation Center (PMC), the hearing was postponed until mediation is terminated. This referral to mediation gives the parties an opportunity to amicably settle so as to avoid prolonged litigation.

Both the parties attended the mediation proceedings before the PMC with Mr. Donato Jaucian as mediator. PPC was represented by its counsel, Atty. Lovely E. Lim and its President, Mr. Max Oppacher. GHLP, on the other hand, was represented by its General Manager Mr. Herve Alfieri, together with Mr. Rey Chumacera, Ms. Czareenah Amiscaray, and Ms. Maureen Javier. Also present were the counsel for GHLP.

PPC presented the following demands:

a) For GHLP to pay interest on alleged delayed payments;
b) Restoration of all Value-Added Tax (VAT) deductions made by GHLP and remitted to the Bureau of Internal Revenue (BIR);
c) Restoration of all Expanded Withholding Tax (EWT) deductions made by GHLP as withholding agent and remitted to the BIR ;
d) Inclusion of manual transactions in the computation of revenue shares;
e) Transparency in all transactions, that is, submission of bank reports by GHLP to PPC; and
f) Strict compliance with the terms of the Memorandum of Agreement dated 1 March 2009.

The parties agreed to re-set the mediation proceedings to 23 February 2012 at 10:00 a.m. so that GHLP may confer with its officers in Kuala Lumpur. GHLP's counsel and representatives will attend the scheduled mediation to see if settlement is possible.

On 23 February 2012, the parties met before the PMC. GHLP gave its settlement proposal, as follows:

a) Peso86,577 plus 12% interest – Approximately Peso100,000
b) Attorney's fees – Peso100,000
c) Litigation expenses – Reimburse actual receipts.
d) Mutual pre-termination subject to payment of termination fee of Peso500,000

PPC acknowledged and asked that the proposal be sent in writing. PPC will send their written proposal upon receipt of GHLP's. While PPC seemed open to an amicable settlement, they are adamant about claiming the VAT and EWT withheld and remitted to the BIR. PPC also intimated that they will be asking more than Peso500,000 for the termination of the contract.

The Board will announce further development on the above matters as and when necessary.

(c) GHL (Thailand) Co. Ltd. ("GHLT or "Plaintiff"") had served on Global Icare Corporation Co. Ltd. ("Global or "Defendant"), a Statement of Claim and Writ of Summons on 22 May 2011 to claim the following:-

(i) The Defendant shall pay the amount of 16,824,394.41 Baht and the interest calculated from the date of filling onward at 15% from principal amount of 16,367,469.24 Baht per year, until the Defendant complete the payment requested by the Plaintiff; and

(ii) The Defendant shall be responsible for all the court fees and attorney fees.

On 4 August 2011, GHLT had signed a binding agreement ("Agreement") and reached a settlement of the Summons between GHLT and Global ("Parties") before hearing from the Court on 19 August 2011. The Parties agreed to withdraw all legal action against each other when the Agreement is signed between the Parties and the following conditions are met:-

(i) Global agreed to pay 1,000,000 Baht within three (3) business days upon signing the Agreement and to pay the remaining balance of 3,930,750 Baht within ninety (90) days from the date of signing the Agreement. The total amount of 4,930,750 Baht is for the 275 units of terminals and X-10 installed at the post offices and 206 units of terminals installed at the non-post office merchants.

(ii) GHLT agreed to retrieve the remaining terminals at post offices and issue a credit note to Global.

Following the due performance by the Parties of the terms of Agreement, the Summons will be discontinued and further announcement will be made upon its fulfilment. However, if the performance by the Parties are not duly fulfilled, GHLT will proceed with Summons (or court hearing date on 19 August 2011).

On 19 August 2011, GHLT had through its solicitor filed a Petition to withdraw the GHLT's legal action against Global.

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.

Basic		**Current Quarter 31.12.11**	**Preceding Year Corresponding Quarter 31.12.10**	**Current Year To Date 31.12.11**	**Preceding Year Corresponding Period 31.12.10**
Net loss attributable to equity holders of the parent	(RM'000)	(24,717)	(11,308)	(23,953)	(14,176)
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	151,994	151,994	151,994	142,280
Basic loss per share	(Sen)	(16.26)	(7.44)	(15.76)	(9.96)

Diluted		**Current Quarter 31.12.11**	**Preceding Year Corresponding Quarter 31.12.10**	**Current Year To Date 31.12.11**	**Preceding Year Corresponding Period 31.12.10**
Net loss attributable to equity holders of the parent	(RM'000)	(24,717)	(11,308)	(23,953)	(14,176)
*Weighted average number of ordinary shares in issue and issuable	(Unit'000)	151,994	151,994	151,994	142,280
Diluted loss per share	(Sen)	(16.26)	(7.44)	(15.76)	(9.96)

*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.

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

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

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