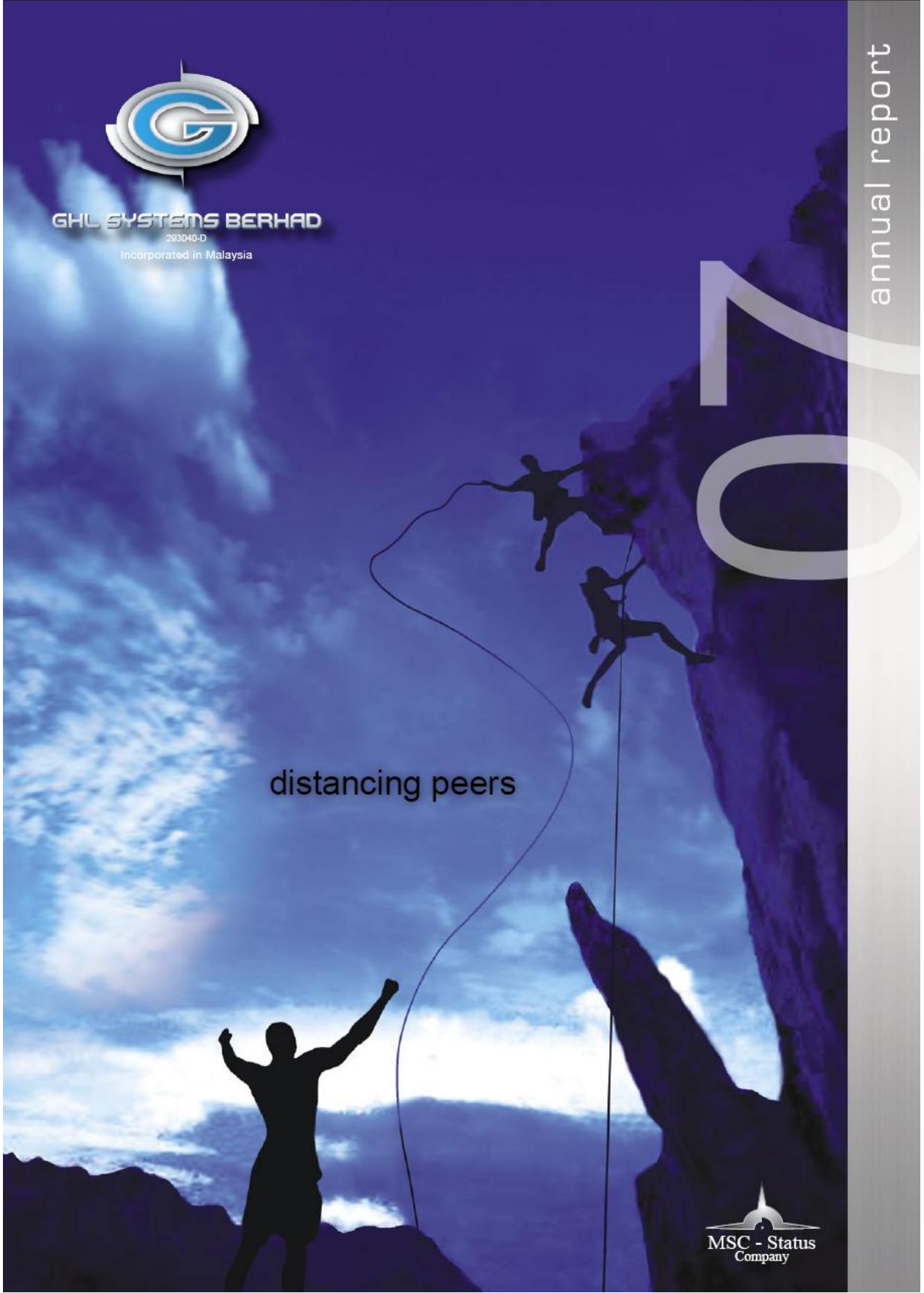
GHL SYSTEMS BERHAD
293040-D
Incorporated in Malaysia
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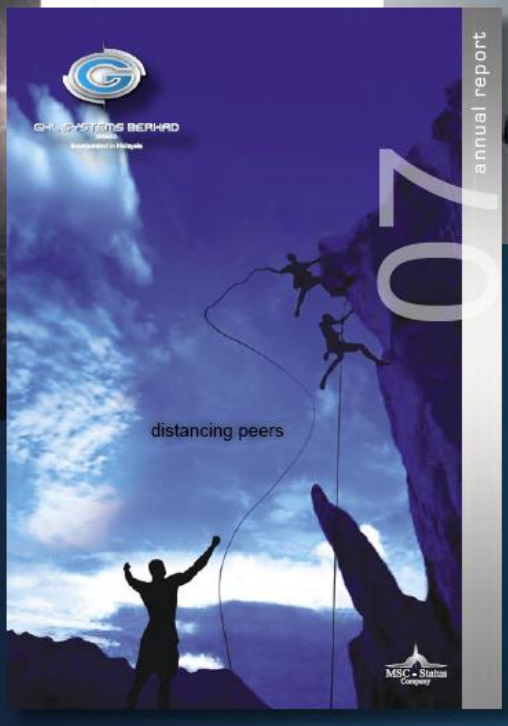
annual report
distancing peers
MSC - Status
Company



cover rationale

"Distancing Peers"

Tenacity and experience are crucial factors in winning any competition. At GHL Systems Berhad, we seek to outperform and outlast our competitors by emphasizing on products and services superiority.

As the pioneer in the integrated end-to-end payment solutions industry, we are leveraging on our wealth of experience accumulated over the years to distance ourselves at least one step ahead of our peers, and grow in strength and value.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

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

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

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

ESOS COMMITTEE
Tay Beng Lock (Chairperson)
Yeng Fook Hoo
Yen Siw Kuin
Chong Tiam Tai

AUDITORS
Anuarul Azizan Chew & Co
18 Jalan 1/64,
Off Jln Kolam Air/ Jln Ipoh,
51200 Kuala Lumpur

PRINCIPAL BANKERS
- Affin Bank Berhad
- Alliance Bank Berhad
- AmBank Berhad
- CIMB Bank Berhad
- KBC Bank N.V.
- Malayan Banking Berhad
- RHB Bank Berhad
- United Overseas Bank (Malaysia) Berhad

LEGAL ADVISORS
Tan Eng Choong & Co
23, Jalan Pudu Lama,
Bukit Mahkamah,
50200 Kuala Lumpur

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

Goh Wong Pereira
Advocates & Solicators
36, Jalan Pipit,
51100 Kuala Lumpur

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

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

Robertsons Solicitors & Notaries
57th Floor, The Center,
99, Queen's Road Central,
Hong Kong

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

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

Fortun Narvasa & Salazar
23F, Multinational
Bancorporation Centre,
6805 Ayala Ave.,
Makati City 1226, Philippines

Chakernchat Law Office Co. Ltd.
10 Floor, Amarin Plaza Building,
496-502, Ploenchit Road,
Lumpini, Phatumwan,
Bangkok 10330, Thailand

REGISTRAR
Symphony Share Registrars S/B
Level 26, Menara Multi Purpose,
Capital Square,
8, Jalan Munshi Abdullah,
50100 Kuala Lumpur

REGISTERED OFFICE
20C, Jalan 1/64,
Off Jalan Kolam Air/Jalan Ipoh,
51200 Kuala Lumpur
Tel : 603-4041 7403
Fax : 603-4043 2309

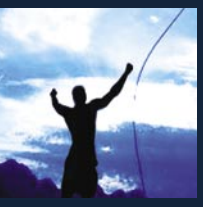
HEAD OFFICE
Unit L8 C-G-15
Block C, Jalan Dataran SD1,
Dataran SD, PJU 9,
Bandar Sri Damansara,
52200 Kuala Lumpur
Tel : 603-6286 3388
Fax : 603-6280 2999
Email : kl@ghl.com

R&D OFFICE
L5-E-7B Enterprise 4
Technology Park Malaysia,
Bukit Jalil,
57000 Kuala Lumpur

STOCK EXCHANGE LISTING
Main Board of Bursa Malaysia
Securities Bhd (BMSB)

BMSB Code: 0021
Reuters Code: GHLS.KL
Bloomberg Code: GHLS MK

Website : www.ghl.com



CORPORATE PROFILE

Main Board-listed GHL Systems Berhad ("GHL Systems") is the leading end-to-end payment services enabler in Asia Pacific that deploys world-class payment infrastructure, services, and technology. GHL Systems' complete portfolio of payment solutions include transaction routers and concentrators, terminal line encryption technologies, loyalty and online payment solutions, smartcard technologies, secure EDC networks and terminals, as well as consulting and professional services.

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

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

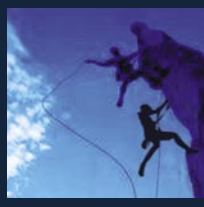
Having successfully forayed beyond Malaysia into Bangladesh, Brunei, China, Hong Kong, Indonesia, Thailand, Pakistan, Philippines, Sri Lanka, and Taiwan, GHL Systems is well positioned to meet the demands of the global economy.

GHL Systems. Payment Solutions, Redefined.

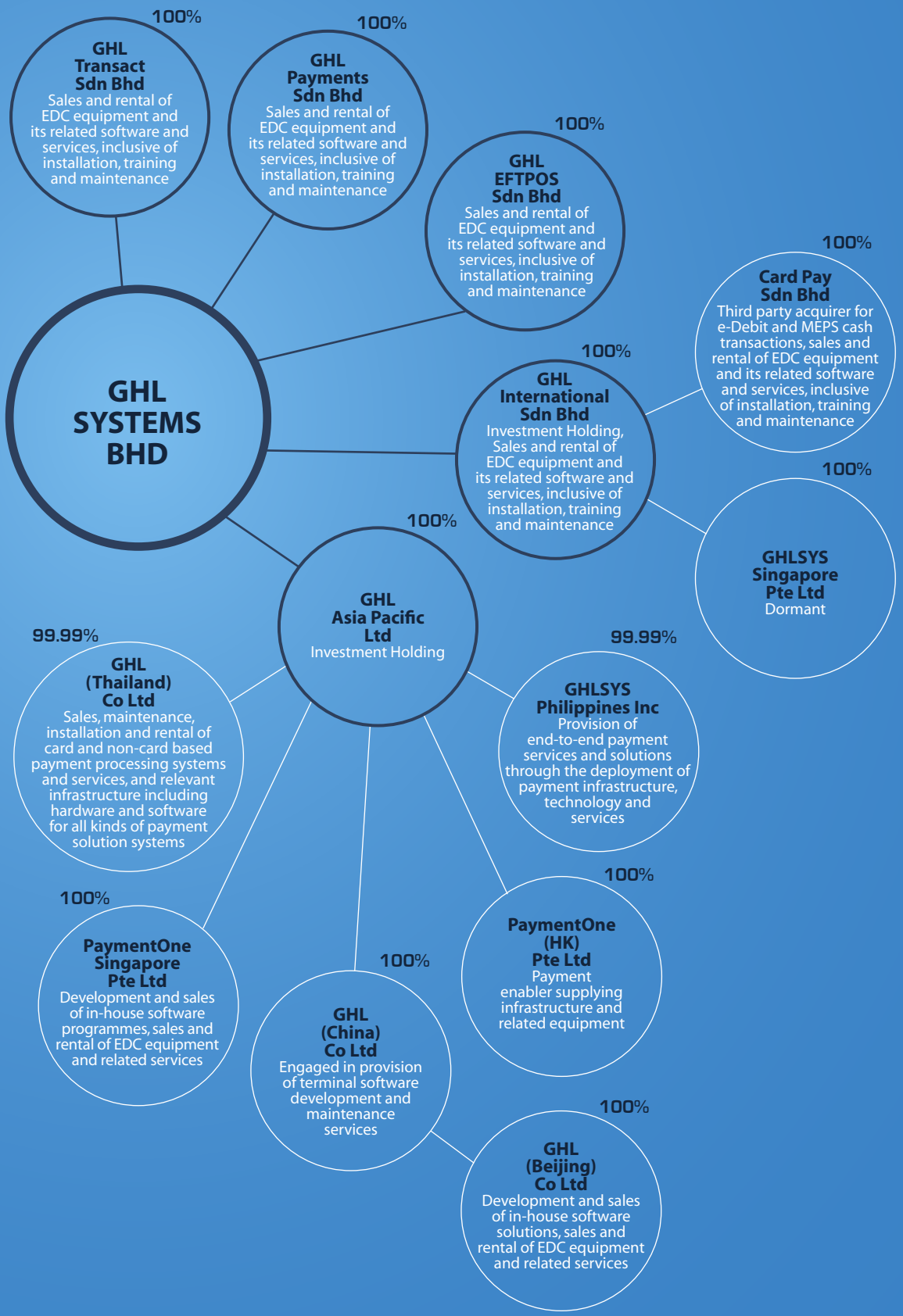
07

VISION AND MISSION

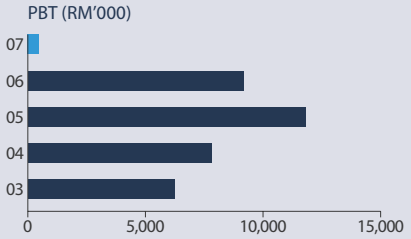
To be the **LEADING** end-to-end payment services enabler by deploying world-class payment infrastructure, technology and services

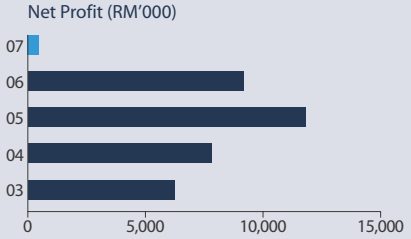


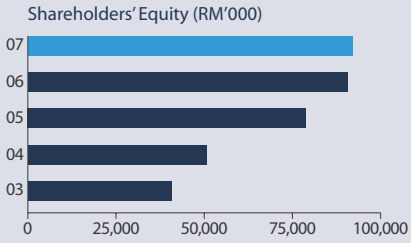
CORPORATE STRUCTURE

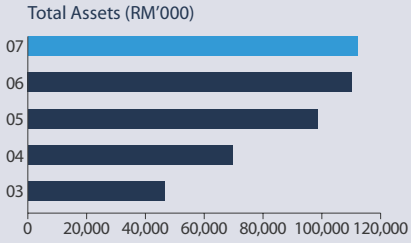


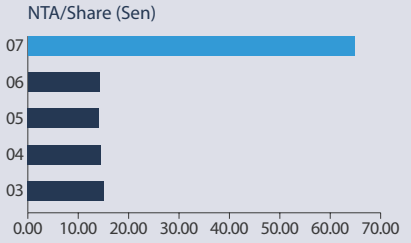
FINANCIAL HIGHLIGHTS











SUMMARIZED GROUP INCOME STATEMENT

Year Ended 31 Dec (RM'000)	2003	2004	2005	2006	2007
Revenue	63,268	65,153	50,992	47,907	**51,340**
EBITDA*	10,248	11,854	17,989	12,501	**8,179**
Operating Profit	6,582	7,849	11,621	8,607	**771**
Profit Before Taxation	6,227	7,793	11,799	9,177	**471**
Net Profit Attributed to Equity Holders	6,003	7,652	11,716	9,074	**849**

* EBITDA = Earnings before Interest, Tax, Depreciation and Amortization

SUMMARIZED GROUP BALANCE SHEET

As At 31 Dec (RM'000)	2003	2004	2005	2006	2007
Fixed Assets & Prepaid Lease Payments	14,136	23,571	40,697	54,203	**51,565**
Investment in an Associated Company	23	-	4,368	5,061	**-**
Other Investment	-	-	-	-	**554**
Goodwill on Consolidation	1,624	1,744	1,744	1,869	**1,913**
	15,782	25,315	46,809	61,134	**54,032**
Current Assets	30,733	44,537	51,785	49,134	**58,150**
Current Liabilities	5,136	17,858	13,359	14,539	**16,408**
Net Current Assets	25,597	26,679	38,426	34,595	**41,742**
	41,379	51,994	85,235	95,729	**95,774**
Financed By:					
Share Capital	25,850	33,650	54,459	62,479	**69,431**
Share Premium	5,913	391	-	-	**-**
Reserves	8,922	16,574	24,338	28,118	**22,496**
Shareholders' Equity	40,685	50,616	78,797	90,596	**91,927**
Minority Interests	-	-	-	2	**10**
Bank Borrowings & Hire Purchase Payables	-	413	5,473	4,143	**3,340**
Deferred Tax Liabilities	694	965	965	988	**498**
	694	1,378	6,438	5,131	**3,838**
	41,379	51,994	85,235	95,729	**95,774**

FINANCIAL ANALYSIS

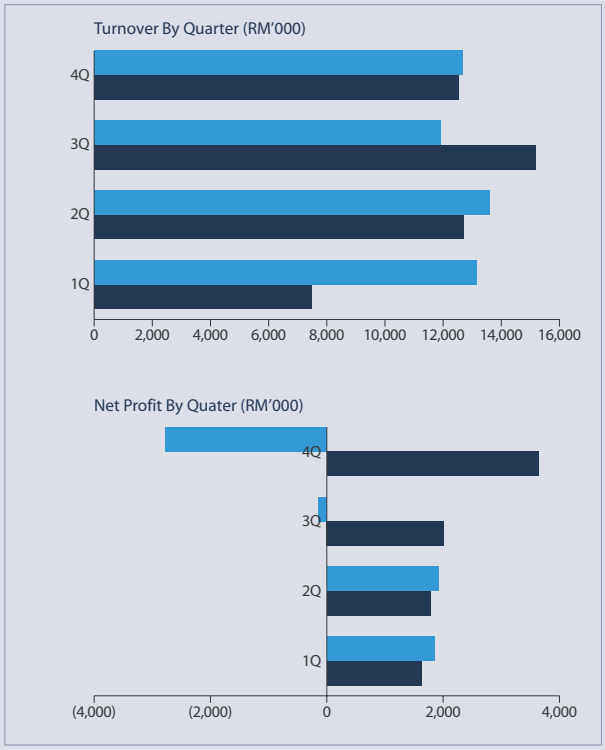
	2003	2004	2005	2006	2007
Turnover Growth	107.1%	3.0%	-21.7%	-6.0%	**7.2%**
Operating Profit Growth	83.1%	19.2%	48.0%	-25.9%	**-91.0%**
Profit Before Tax Growth	93.7%	25.2%	51.4%	-22.2%	**-94.9%**
Net Profit Growth	87.7%	27.5%	53.1%	-22.6%	**-90.6%**
Operating Profit Margin	10.4%	12.0%	22.8%	18.0%	**1.5%**
Pre-tax Profit Margin	9.8%	12.0%	23.1%	19.2%	**0.9%**
Net Profit Margin	9.5%	11.7%	23.0%	18.9%	**1.7%**
Total Assets	46,515	69,852	98,594	110,268	**112,182**
Total Borrowings/ Equity Ratio	Net Cash	Net Cash	Net Cash	Net Cash	**Net Cash**
Cash and Cash Equivalents@	12,333	7,918	20,649	20,637	**25,485**
ROE (Average Equity)	19.3%	16.8%	18.1%	10.7%	**0.9%**
ROA (Average Total Assets)	15.7%	13.2%	13.9%	8.7%	**0.8%**
NTA Per Share (Sen)	15.11	14.52	14.15	14.20	**64.8**
Net Earnings Per Share (Sen)*	2.54	2.30	2.75	7.44	**0.61**
Weighted Avg No. of Shares	236.61#	332.60#	426.17#	121.89^	**138.60^**

* Not adjusted for changes in share capital
\# Ordinary shares of RM0.10 each ('million)
^ Ordinary shares of RM0.50 each ('million)
@ Including cash pledged to banks

FINANCIAL HIGHLIGHTS

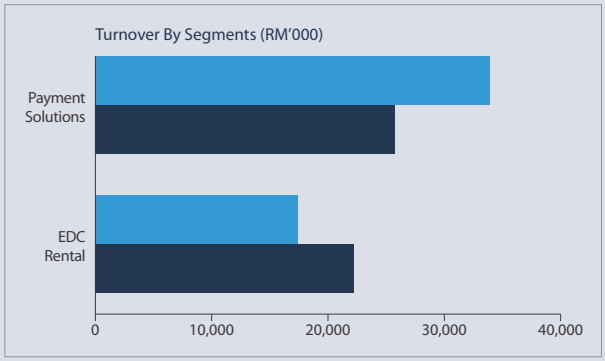
QUARTERLY ANALYSIS

Year Ended 31 Dec (RM'000)	2006	2007	% Chg
Turnover			
1st Quarter	7,466	**13,141**	76.0%
2nd Quarter	12,706	**13,593**	7.0%
3rd Quarter	15,196	**11,918**	-21.6%
4th Quarter	12,539	**12,688**	1.2%
	47,907	**51,340**	7.2%
Net Profit			
1st Quarter	1,630	**1,848**	13.4%
2nd Quarter	1,788	**1,918**	7.3%
3rd Quarter	2,017	**(146)**	-107.3%
4th Quarter	3,639	**(2,771)**	-176.1%
	9,074	**849**	-90.6%



SEGMENTAL ANALYSIS

Year Ended 31 Dec (RM'000)	2006	2007	% Chg
Turnover By Segments			
EDC Rental	22,195	**17,400**	-21.6%
Payment Solutions	25,712	**33,940**	32.0%
	47,907	**51,340**	7.2%

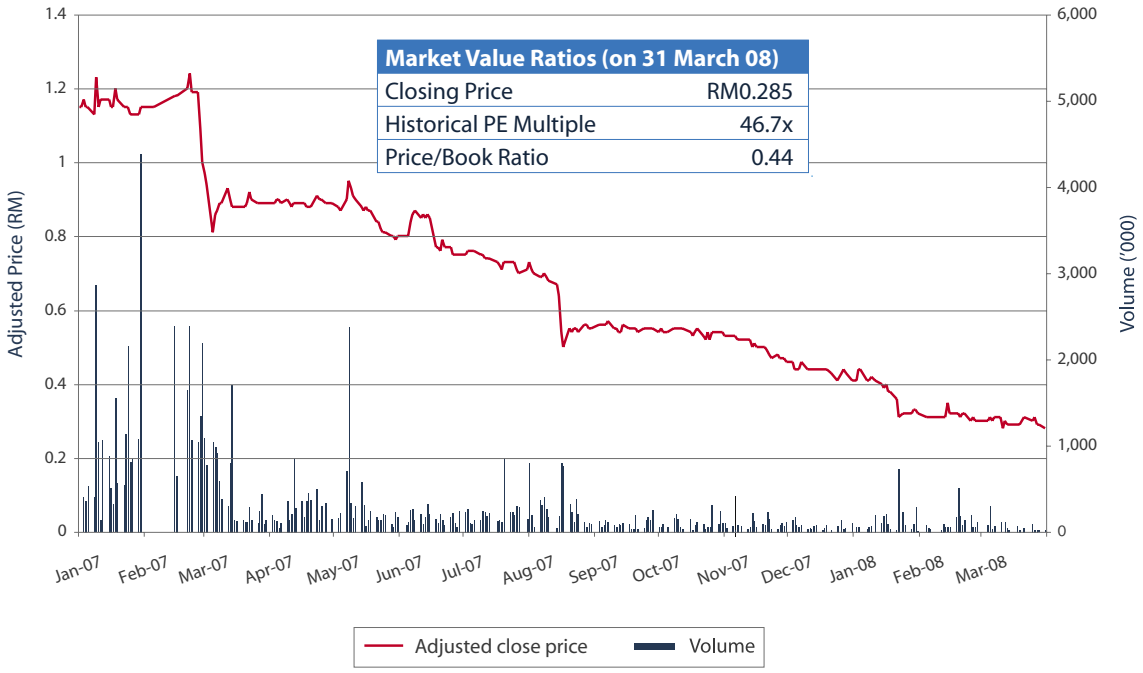


SUMMARIZED GROUP CASH FLOWS

Year Ended (RM'000)	2003	2004	2005	2006	2007
Operating Profit Before Working Capital Changes	13,548	11,575	17,831	16,019	**5,603**
Net Cash Flows From/(Used in) Operating Activities	3,873	3,658	18,450	16,929	**(1,972)**
Net Cash Flows (Used in)/From Investing Activities	(7,252)	(11,486)	(27,303)	(16,470)	**1,567**
Net Cash Flows From/(Used in) Financing Activities	12,809	(687)	22,483	(796)	**5,359**
Net Increase/(Decrease) in Cash and Cash Equivalents	9,431	(8,514)	13,631	(337)	**4,954**
Cash and Cash Equivalents at Beginning of Year	2,902	12,333	3,818	17,449	**17,113**
Cash and Cash Equivalents at End of Year	12,333	3,818	17,449	17,113	**22,067**

SHARE PRICE PERFORMANCE

SHARE PRICE PERFORMANCE FOR THE PERIOD 1 JANUARY 2007 TO 31 MARCH 2008



Adjusted for 5-for-1 consolidation (9 February 2007) and 1-for-10 bonus issue (21 June 2007)

SHARE CAPITAL CHANGES AND DILUTION

Date	Capital Exercise	Change in Number of Shares	Total Number of Shares
19 Jan 2007	ESOS Exercise	3,930,710	628,718,146*
9 Feb 2007	5-for-1 Consolidation	(502,974,517)	125,743,629^
13 Apr 2007	ESOS Exercise	170,712	125,914,341^
21 Jun 2007	1-for-10 Bonus Issue	12,591,434	138,505,775^
17 Jul 2007	ESOS Exercise	164,720	138,670,495^
15 Aug 2007	ESOS Exercise	191,720	138,862,215^

* Par Value of RM0.10
^ Par Value of RM0.50

Dear shareholders,

On behalf of the Board of Directors of GHL Systems Berhad ("GHL Systems"), I am pleased to present to you the 2007 Annual Report and the audited accounts of the Group and Company for the financial year ended 31 December 2007 ("FY2007").

BUSINESS ENVIRONMENT

The year under review was one of global economic uncertainties, brought about by rising prices of commodities and the fear of a possible recession in the USA, the world's largest and most influential economy. On the back of this unfavourable business sentiment worldwide, the global market in effect saw the contraction of liquidity, compounded by the worsening credit crunch faced by major financial institutions. Accordingly, consumers and businesses in the countries where the Group has presence in took on a more cautious outlook on spending towards the later part of the year.

In the domestic scene, the fears of inflation gripped the sentiment of the local consumers. Nevertheless, the economy remained largely robust, with the country's Gross Domestic Product registering a commendable growth rate of 6.0%.

The payment solutions industry saw the entry of numerous local players who engaged in competitive pricing to gain market penetration. However, the industry still saw an increase in terminalisation, with more merchants beginning to offer cashless mode of payment.

TAY BENG LOCK
Interim Chairman and
Group Managing Director

A WORD FROM THE CHAIRMAN

Operating under such **challenging environment**, the Group managed to sustain its **TOP** line…

FINANCIAL PERFORMANCE

Operating under such challenging environment, the Group managed to sustain its top line, with group revenues rising 7.2% to RM51.34 million in FY2007, compared with RM47.91 million previously. The growth is commendable given the stiff competition in the local market and volatile geographical development in the region. It is noteworthy that despite the weaker regional market sentiment, the Group's overseas revenues rose significantly, contributing 38.3% of the Group's revenue in the year under review from 13.9% in the preceding year. Indeed, this creditable initial performance in our overseas operations justifies the Group's move to venture into the region.

In spite of the sustained revenue, the Group turned in net profit of RM0.85 million, compared to RM9.07 million recorded in the previous year. In addition to the higher operating expenses, the Group's bottom line was impacted by the continued investments in our regional operations, in line with building the Group's future income streams.

Shareholders' equity stood at RM91.93 million as at 31 December 2007, compared with RM90.60 million in the previous financial year. Share capital increased to RM69.43 million from RM62.48 million, as a result of the 1-for-10 Bonus Issue undertaken in June last year and the exercise of options under the Employees' Share Options Scheme.

For the year under review, while total borrowings increased to RM9.98 million from RM4.98 million previously, the Group's cash balances stood at a healthy level of RM25.49 million as at end-2007. Accordingly, the Group has sufficient working capital to undertake our growth strategies.

At the forthcoming Annual General Meeting, a final share dividend on the basis of one new ordinary share for every one hundred existing ordinary shares held as at 31 March 2008 in respect of the financial year ended 31 December 2007 by way of utilisation of the retained profits will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend which will be accrued as a liability in the financial year ending 31 December 2008 when approved by shareholders.

STATUS OF UTILIZATION OF PROCEEDS FROM TWO-CALL RIGHTS ISSUE

The Group's Two-Call Rights Issue exercise which was completed in October 2005 raised RM16.34 million in proceeds. As at 31 March 2007, the proceeds had been fully utilized, with RM15.79 million for working capital and RM0.55 million for listing expenses.

CORPORATE DEVELOPMENTS

On 9 October 2007, the Group acquired a 48% stake in Card Pay Sdn Bhd ("Card Pay") for consideration of RM80,000, making it a wholly-owned subsidiary of GHL Systems. As a third party acquirer for MEPS e-Debit, Card Pay enables e-Debit transactions as part of the Group's comprehensive payment services. The Group believes that this segment holds much potential for growth given the initiatives to attract its usage in the country.

In a move to focus on our core business, the Group during the year divested the interest of 3.2 million shares in associated company – MobilityOne Limited, which saw GHL Systems gaining RM2.26 million from the sale.

The year under review also saw the Group continuing its sizable investments into its regional offices in Thailand, Philippines, and China. The Board believes that these investments are necessary to tap into the vast opportunities in these countries. Going forward, the Group looks to establish itself as a leading integrated payment solutions provider in Asia Pacific.

STRATEGIES

Moving forward, we will steer our growth with the following three strategies.

To begin with, the Group will undertake further investments in the overseas markets with a view to create future income streams, having witnessed the initial success of the investments thus far. The Board has decided to continue with this market development strategy to ensure long-term sustainability of the Group. And in due time, the Group aspires for foreign revenue to be equal with that of the local contributions.

Meanwhile, the Group will intensify marketing efforts and campaigns by continuing to participate in global exhibitions and trade activities, to further cement its reputation as a global player. Furthermore, the Group will devote efforts on broadening our customer base through the extension of our distribution channels, and establishment of mutually-beneficial partnerships with other related businesses such as telecommunications players.

Lastly, the Group is committed to Research & Development ("R&D") activities to develop and enhance the range of payment solutions, as well as sustain our pipeline of new and award-winning innovations. We are cognizant that this emphasis on R&D is the key factor in ensuring continual and fundamental growth of the Group, as well as creating the competitive edge to face the increasing competition.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Mindful of the need to be a corporately responsible organization, the Group undertook various steps to play its part in contributing to the welfare of the society via monetary donations to charitable organizations. The Group endeavours to broaden its scope of CSR initiatives over time.

CORPORATE GOVERNANCE

The Board is committed to incorporating good corporate governance practices into the overall business direction and management of the Company and its subsidiaries, in compliance with the Best Practices of the Malaysian Code of Corporate Governance. Such measures are detailed in the Corporate Governance Statement in this Annual Report.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to acknowledge the management team and all our employees at GHL Systems for their dedication to driving the Group forward.

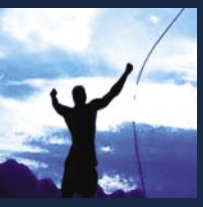
I would like to take this opportunity to welcome Mr. Angus Eugenio Campos, who was appointed as Independent Non-Executive Director on 17 March 2008. We believe that he is adequately proficient to contribute to the Group's business growth in the future.

I would also like to record my appreciation to Tunku Dato' Abdul Malek bin Tunku Kassim, who resigned from his position as Independent Non-Executive Chairman on 30 September 2007, for his years of leadership on the Board. Meanwhile, I am stepping into the capacity of Interim Chairman while the Board continues to search for a suitable candidate for the position.

Our thanks also go to Datuk Tajuddin bin Atan – Non-Independent Non-Executive Director, and his Alternate Director En. Mohd Ariffin bin Marzuki, who resigned on 1 December 2007, as well as En. Che Sab bin Ahmad – Independent and Non-Executive Director, who resigned on 7 January 2008, for their past contributions to the Board.

Finally, I would also like to thank our valued shareholders, clients, business associates, and merchants for their continued support rendered to the Group. We look forward to further collaborations in weathering future challenges in the years ahead.

TAY BENG LOCK,
Interim Chairman and Group Managing Director
8 April 2007



Foreign sales contributed 38.3% to FY2007 group revenues...

For the year under review, sales of the Group's payment solutions performed remarkably, increasing 32.0% to RM33.94 million, compared to RM25.71 million in FY2006. At the same time, revenue from the Electronic Draft Capture ("EDC") terminals segment and its related services declined 21.6% to RM17.40 million, versus RM22.19 million in the previous year. Among the factors contributing to the lower sales is the increasingly competitive environment of the payment industry, as well as the emergence of new market players.

DOMESTIC

The Group's domestic operations contributed 61.7% or RM31.67 million to total revenues in FY2007. The overall local payment solutions industry saw a keener competition in the year under review, with various new players undertaking market penetration strategies aggressively to establish their customer bases. The Group responded with competitive pricing in an effort to maintain our market share in an increasingly saturated local market. As a result, the domestic segment recorded 23.2% decrease in sales for the year under review, versus RM41.23 million achieved in the previous year.

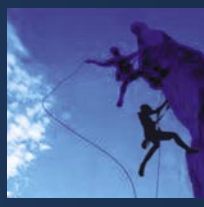
Despite the increased competitive market, the Group continued to win contracts for the supply of Europay, MasterCard, and Visa ("EMV") smartcards to local and foreign banks in the year under review; among them Bank Simpanan Nasional, to whom the Group had so far been contracted to supply RM25.61 million worth of EMV smartcards since 2005. We are pleased that this relationship has continued through the years, and has enabled us to be a part of our customer's growth.

This is true as well for our other valued customers.

In addition, the Group also successfully deployed a range of payment solutions – namely the NetMatrix TLE – reputed to be the industry-leading security and encryption solution, our own brand of Citus EDC terminals, and N3Net managed payment network.

Under the EDCNet merchant recruitment services, the Group has successfully expanded our geographical reach within the country by expanding our distribution channels, consisting of both outsourced agencies and direct marketers. This expansion in effect resulted in an increase of new clientele in FY2007 and helped to underscore our market leadership position in the local market.

The Group's Bankcard e-Debit payment initiative, through CardPay, continued to demonstrate an encouraging year-on-year improvement, with 3,521 terminals deployed during the year under review. Since the inception, our recruitment services in the Bankcard e-Debit segment have brought in a total of 9,451 terminals as of 2007. We are optimistic that the growth momentum will continue and turn in profits in FY2008.



MANAGEMENT REVIEW

FOREIGN

In tandem with the Group's target of achieving further foreign revenue contribution, one of our priorities in the year under review was to undertake continued investment in our regional sales offices. As of end-2007, we successfully made our presence felt in the following countries: China, Hong Kong, Philippines, Thailand, Romania and Singapore.

GHL Systems further stamped its reputation as the Asia-Pacific region's leading end-to-end payment solutions provider, with sales more than doubled to RM19.67 million for the year under review, from RM6.68 million previously. Foreign sales contributed 38.3% to FY2007 group revenues, compared to 13.9% contribution in FY2006. This performance has indeed given a vote of confidence to our products and services in meeting the demands of the global marketplace and to compete effectively with other more established global players at the same time.

GHL Thailand Co. Ltd ("GHL Thailand") made significant progress in FY2007 despite the country's volatile political scenario, securing multiple large contracts to end the year well. Following our success in implementing the EDC terminal rental programme for Krungthai Card Limited last year, GHL Thailand was further awarded a 3-year rental contract worth THB33.44 million in the year under review, bringing the total deployment to 5,150 EDC terminals thus far. Other notable contracts from the Thai banking sector include a THB25.68 million deal to supply payment solutions to Kasikornbank Public Company Ltd.

GHL Thailand also deployed 1,300 EDC terminals in an industry-first pilot project - the Private Vehicle Registration insurance cover note sales programme, with the potential to roll out our solutions to over 10,000 insurance agents throughout the country. Indeed, with the remarkable growth of the Thailand operations, the Group further invested THB18.0 million into GHL Thailand to expand our operation support, as well as set up satellite offices throughout the country.

GHLSYS Philippines, Inc. ("GHLSYS Philippines") continued its excellent track record by securing yet another deal worth USD2.6 million with the Philippines' largest acquirer, the Bank of Philippine Islands, to deploy an additional 8,000 EDC terminals, thereby bringing the total number of terminals deployed to 11,000 units in less than a year. This by far is believed to be among the biggest EDC terminal deployment deals in the Asia Pacific region. Cementing its position further, GHLSYS Philippines also won the contract to supply EDC wired and wireless terminals to RCBC-Bankcard, another large acquirer in the country.

Other significant milestones for GHLSYS Philippines include its appointment by two major acquirers to outsource recruitment of merchants on a nationwide scale, as well as the initiation of the EDC rental programme. We believe that these milestones not only speak volumes of the commendable efforts of the 50-strong team, but also bode well for GHLSYS Philippines in realizing its vision of becoming the largest end-to-end payment solutions provider in the Philippines. Accordingly, the Group to date had disbursed investments of P28.04 million to broaden the scope of its existing operations.

The Group also made headway in China, where GHL Beijing Co. Ltd. ("GHL Beijing") was commissioned by two large banks to undertake EDC and merchant recruitment programmes in the year under review, and subsequently deployed 1,200 terminals in Beijing thus far. These terminals now process approximately RMB100 million in transactions every month. With this initial breakthrough that is anticipated to open doors to greater opportunities in this large market, the Group has allocated investments of RMB3.79 million to increase the scalability of the operations of GHL Beijing.

GHL China Company Ltd. ("GHL China") too enjoyed similar success in the region, deploying 1,110 units of EDC terminals in Hong Kong and 5,000 units of its class-leading contactless reader, the VersaRead VR-300 to countries such as Taiwan. Since securing its first contract in 2006, GHL China has gone on to deploy more than 10,000 units of EDC terminals and VersaRead VR-300 readers to date, further adding to the Group's regional success. This achievement is further accentuated by the fact that GHL China commands over 40% of the Taiwanese contactless market today, despite the presence of most contactless reader manufacturers in Taiwan.

All in all, the numerous achievements, continued progress and steady growth of the Group's overseas operations are indeed laudable, and the Group remains highly optimistic of our prospects in the regional operations.

To sustain profitability, competitive edge and market leadership...

PRODUCT INNOVATION & INDUSTRY ACCOLADES

We at GHL Systems understand that the key to sustain profitability, competitive edge and market leadership lie in continuous product development and innovation. With that in mind, we continued to push ourselves to deliver the best quality in our products and services.

We successfully launched two new products in the year under review – the NetAccess L-100, a payment router with wireless GPRS connectivity, and NetAccess X-10, an entry-level network extender. Both of these networking devices are designed for standalone or small merchants, and support up to 4 payment terminals at one time. With these devices, merchants no longer need to migrate their existing populations of EDC terminals to keep up with the latest payment or telecommunications technologies. Such innovations allow our clients to circumvent the costs of adopting new technology such as wireless communications and contactless payments, as well as provide them with new possibilities in terminal deployment.

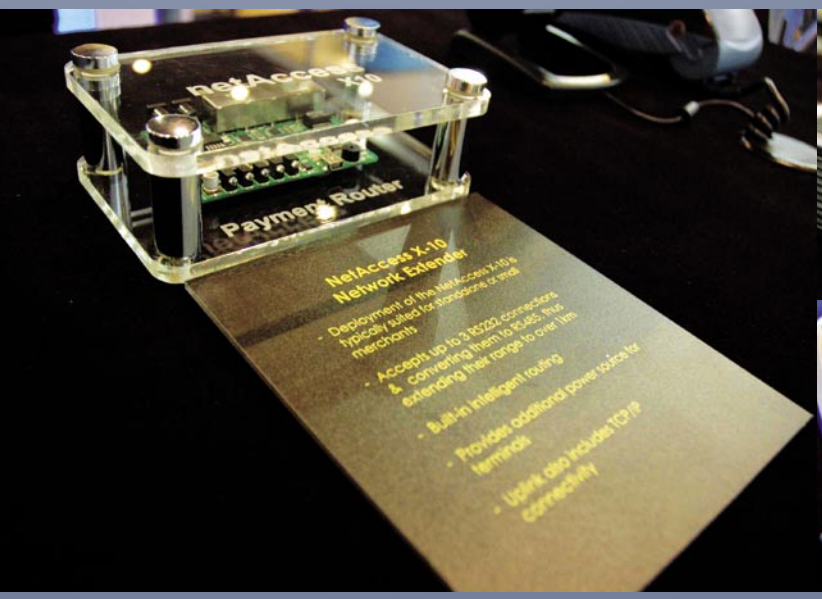
Further enhancements have also been made to our proven products such as the NetAccess L-300 payment router in our efforts to improve and increase its connectivity features, such as the introduction of GPRS, EDGE and HSDPA wireless connectivity.

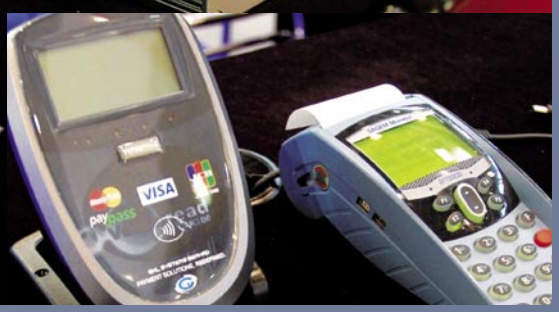
With such innovations we are able to solidify our position to meet the needs of a wider range of businesses.

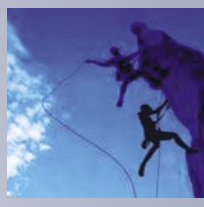
At the same time, we continuously sought to improve our existing products such as our VersaRead VR-300 Contactless Reader - the world's first contactless reader to be certified for JCB, MasterCard and Visa contactless payment schemes, all residing in the same reader. The VersaRead VR-300 was also a nominee in the global SESAMES 2007 Hardware Awards and has also been certified CE/CB compliant, thus fulfilling the standard requirement to penetrate the European markets.

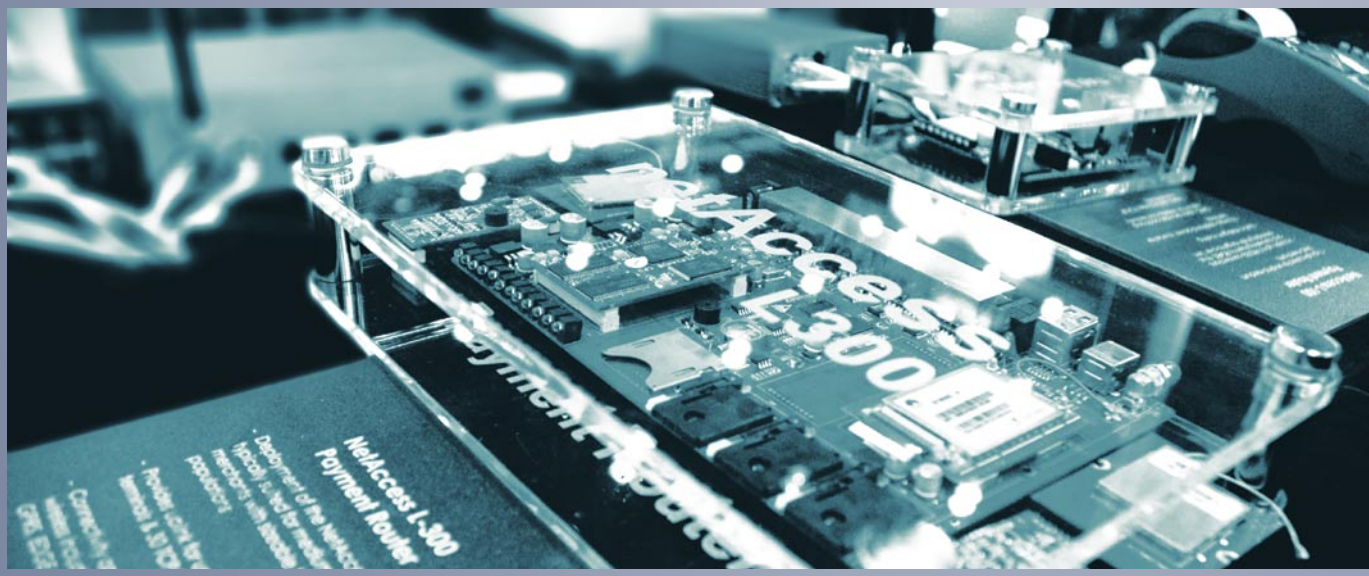
Additionally, this contactless innovation has also led to opportunities for collaboration with foreign payment hardware vendors, resulting in the VersaRead VR-300 to be produced or featured in other form factors such as the EDC terminal-and-contactless reader integration and other OEM projects. Certainly, the VersaRead VR-300 is poised to penetrate global markets of Australia, the Middle East, Europe and other parts of Asia Pacific in FY2008.

In FY2007, GHL Systems was further acclaimed by its peers with the presentation of the Innovation Award by Verifone Asia, and appointment as Sagem-Monetel's offcial OEM partner in the South East Asian region. Not only do these accolades further strengthen our position in the payment solutions industry, but also elevate GHL Systems to a level on par with global players.









PROSPECTS

The prospects for the rest of the year are expected to be a challenging one for the Group, in the face of global financial uncertainty and inflationary pressures. Moreover, the current unfavourable market sentiment is expected to continue in light of the effects of the US recession. However, we remain confident that our footholds in the local and regional fronts place us in a favourable position to chart decent growth ahead.

To begin with, the Group will embark on a slew of new marketing strategies to broaden our market reach as well as offer quality services with unparalleled innovations. One such initiative is GHL's recent partnership with a prominent telecommunications company for the provision of wireless payment solutions in Malaysia. This collaboration was the result of our development of the NetAccess L-100 and L-300 payment network devices, as well as our brand of Citus wireless EDC terminals. We are optimistic that this partnership will likely extend to the marketing of other products and services in the current year. The Group will also look to collaborate with service providers and foreign vendors to explore the possibilities of extending our reach to untapped markets within a shorter time frame.

Meanwhile, the Group will also focus our efforts on introducing new distribution channels in new markets to ensure shorter time-to-market and broaden our range of solutions and services provided to new customers.

In addition, the Group aims to embark on several strategic projects to generate new revenue streams, as well as to penetrate other local market segments with new and improved products and services resulting from our relentless R&D efforts. The NetAccess X-10 and L-100 are expected to gain wide acceptance given the low-entry cost and features to meet payment transaction requirements of small merchants. Moreover, our N3Net managed payment network services - a nationwide payments network - is also expected to contribute positively to the Group.

We will also be introducing the next generation transaction routers and network access controllers (NACs) under the NetAccess series – the NetAccess W-1000 and N-1000 – as the mainstay of the Group's products. Together with the rest of the NetAccess family of devices and the VersaRead VR-300 contactless reader, the Group's comprehensive product line-up is poised to compete with other more-established players in the international scene.

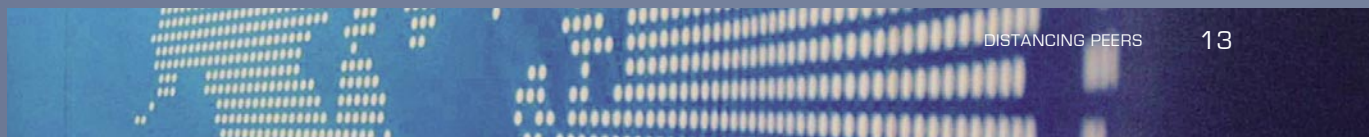
At the same time, the Group will continue to promote our Bankcard e-Debit payment services concept by increasing its value-added services to merchants and consumers alike.

Lastly, the Group's investments and initiatives in our overseas expansion have suitably positioned us to seize the growth opportunities in those targeted countries in the longer term.

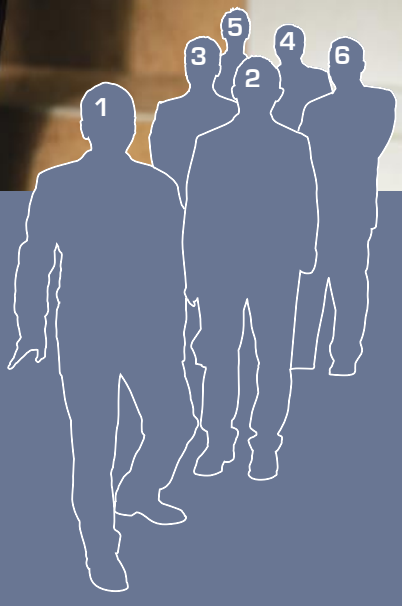
The payment solutions landscape in Thailand will see further innovations in the current year, with GHL Thailand piloting a project with the largest chain of petrol kiosks to use WiFi-enabled EDC terminals, while exploring other new possibilities with local telecommunications players to consider terminal-based bill payments and counter services, amongst other opportunities.

Similarly, GHLSYS Philippines is also optimistic of its future prospects, brought on by efforts to expand its customer base, as well as the targeted commencement of profit-sharing schemes with various corporations which are expected to contribute positively to its overall performance. Whereas in China, our latest collaborations with major banks open up the prospects of terminalisation with large merchants, and enable us to broaden our reach across various provinces.

With these successes, we wholeheartedly believe that these milestones will lay the foundation needed for GHL Systems to establish a distinctive brand name in the region and in the global marketplace.



DIRECTORS' PROFILE



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

TAY BENG LOCK

Interim Chairman and Group Managing Director, Executive Director

Tay Beng Lock, a Malaysian aged 47, was appointed to the Board on 26 January 1999. He is the Chairperson of the ESOS Committee. He obtained his Bachelor Degree in Electrical Engineering with distinction from Carleton University, Canada, in 1984 and a Master Degree in Business Administration with distinction from Middlesex University, United Kingdom, in 1996. He was appointed the Group Managing Director of the Company on 26 January 1999. He began his career in 1984 with Mecomb Malaysia Sdn Bhd as a Sales Engineer specialized in electronic test and measurement instruments. He later joined Hewlett-Packard Sales (Malaysia) Sdn Bhd ("HP") in 1986 as a Staff Field Engineer and rose through the ranks over the six years there to a Business Manager position, overseeing HP's Test and Measurement division (which is now part of Agilent Technologies, Inc).

In1992, he joined Delteq (M) Sdn Bhd, a regional systems integrator, as the General Manager responsible for the management of the company's operations. He left Delteq in 1996 to join GHL Automation Sdn Bhd as the General Manager, and subsequently in late 1997 were seconded to GHL Technologies Sdn Bhd ("GHL Technologies"). He later became the Managing Director of GHL Technologies, as well as GHL Transact Sdn Bhd and GHL Payments Sdn Bhd.

One of his notable achievements at the GHL Group was the restructuring of the group's businesses by divesting the computer retail business and by realigning the group's business focus in the payment space. With about 23 years of corporate and marketing experience, he is well placed to lead the Group to greater heights.

YENG FOOK HOO

Deputy Group Managing Director, Executive Director

Yeng Fook Hoo, a Malaysian aged 51, was appointed to the Board on 26 January 1999. He is a member of the ESOS Committees of the Company. He is also directly responsible for the planning and implementation of Group's Asia Pacific expansion, namely in Thailand, Phillipines, Hong Kong and China. In addition, he manages the sales of GHL line of NetAccess products and other payment solutions in Indonesia, Sri Lanka, Pakistan and Romania.

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

He started his career with Pacific Bank Berhad as a Trainee Officer in 1981. In 1984, he was promoted to the Branch Manager, managing 3 branches in Rengit, Batu Pahat and Johor Bahru. In1988, he advanced to the position of Senior Manager of Operations/ Information Technology ("IT"). His achievement included creating and implementing the first integrated bank-in slip to streamline and simplify the bank-in process for Pacific Bank Berhad's customers. He was also responsible for conceiving, designing, creating and implementing the first "instant" ATM card that allowed customers to use their new and replacement ATM cards instantly at the point of registration. In addition, he was instrumental in co-developing and overseeing the migration effort of Pacific Bank Berhad's retail backend banking system from the legacy Honeywell System to the new Tandem System. This extensive exercise was completed within nine (9) months. He left Pacific Bank Berhad in 1994 to join Hong Leong Bank Berhad.

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

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

DIRECTORS' PROFILE

CHIN FOOK KHEONG

Group Finance Director, Executive Director

Chin Fook Kheong, a Malaysian aged 44, was appointed to the Board on 31 May 2003. In 1992, he is admitted as a Fellow member of the Chartered Institute of Management Accountant (CIMA) and later as a Chartered Accountant of the Malaysian Institute of Accountants (MIA). In 2004, he obtained his Master's degree in Business Administration (MBA) from the University of Nottingham, United Kingdom. In 2008, he has been admitted as an Associate member of The Institute of Chartered Accountants in England and Wales (ICAEW), United Kingdom.

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

In 1990, he joined Mulpha International Berhad, a company listed on the Main Board of Bursa Malaysia. As a Divisional Manager, he managed Mulpha's sports and cosmetics trading divisions for Hong Kong, Macau, Malaysia, Singapore, Brunei and Indonesia, and was also responsible for the management of Mulpha's corporate affairs. In 1994, he left Mulpha and joined Forsixten Sdn Bhd, a company specializing in manufacture of bags and belts, as its General Manager. He re-joined Nanyang in 1995 as its Group Financial Controller and was responsible for managing its group financial matters, corporate affairs and large-scale development and construction projects.

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

GOH KUAN HO

Non-Independent Non-Executive Director

Goh Kuan Ho, a Malaysian aged 44, was appointed to the Board on 29 March 1994. She is also the Chairperson of the Nomination Committee and member of the Audit and Remuneration Committee of the Company. She started her career as an Administrator with Nortek Computer Sdn Bhd in 1984. In 1988, she joined GHL Automation (a sole proprietorship) as an administrator, and left in 1991 to join GHL Automation Sdn. Bhd. as a Customer Service Manager. She was later appointed to the Board of Directors of GHL Automation Sdn Bhd. In late 1991, she was appointed to the Board of Directors of Info Era Sdn Bhd ("Info Era") and also assumed the position of Retail Manager of Info Era. She resigned as a director of GHL Automation Sdn Bhd and Info Era in April 1999 and April 2001 respectively.

In1997, she was appointed to the Board of Directors of GHL Technologies Sdn Bhd ("GHL Technologies") and also assumed the position of Corporate Business manager of GHL Technologies. She resigned from all her positions in GHL technologies and joined Jardine OneSolution (2001) Sdn Bhd ("Jardine OneSolution") as a Corporate Account Manager in July 2000. In February 2004, she left Jardine OneSolution and took up her current position of General Manager with Microtree Sdn Bhd.

YEN SIW KUIN

Independent Non-Executive Director

Yen Siw Kuin, a Malaysian aged 51, was appointed to the Board on 15 January 2003. She is also Chairperson of the Audit Committee and Remuneration Committee and a member of the Nomination and ESOS Committees of the Company. She graduated with a Bachelor of Science (Economics) degree in Accounting and Finance from the London School of Economics and Political Science, University of London, United Kingdom in 1980. Prior to joining the Khee San Berhad Group of Companies in 1989 as its Group Financial Controller, she was attached to the international accounting firms of Touche Ross in the United Kingdom as an Audit Executive from 1981 to 1983 and as a Tax Executive from 1983 to 1985, and Price Waterhouse in Malaysia as a Tax Manager from 1985 to 1989.

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

ANGUS EUGENIO CAMPOS

Independent Non-Executive Director

Angus Eugenio Campos, a Malaysian aged 36, was appointed to the Board on 17 March 2008. He sits in the Audit, Remuneration and Nomination Committee of the Company. He graduated with a double Major in Economics and Marketing from the Curtin University of Technology, Australia in 1995, and in the same year started his career with Alliance Bank in the Treasury Department, dealing with Swaps and Derivatives. He was subsequently promoted to Senior Officer a year later.

In 2001, he was appointed the Director of Operations of Smarten Asia Sdn Bhd, an Italy-based company, to head their Asian office in Malaysia, where he was responsible for providing customer care and billing solutions to the country's major telecommunications players. In 2003, he joined property developer Duta Sentosa Sdn Bhd as an Executive Director, which is most noted for the development of land in Taman Duta.

REGIONAL MANAGEMENT TEAMS

The team of GHL Systems Malaysia

Front row from left:
Albert Ling Hung Kwong *(Senior Software Development Manager)*, Leong Wing Kong *(Admin Manager)*, Kenny Lim Ken Yew *(Business Manager-Merchant Sales,Central Region)*, Chan Chun Fee *(Chief Operating Officer)*, Chow Chin Wah *(Business Manager-Corp Sales)*, Wong Kim Loong *(Senior Manager-Product Management)*, Lau Weng Tat *(Software Development Manager)*, Ng Yin Hing *(Senior General Manager-Enterprise Operations)*

Back row from left:
Yeong Siew Lee *(Finance Manager)*, Yoong May Hoh *(AR Manager)*, Chong Tiam Tai *(PA to Group MD & Senior HR Manager)*, Pui Siew Foon *(Senior Software Development Manager)*, Chong Siow Yee *(Operations Manager)*, Chung Heuy Fen (*Assistant General Manager)*, Nordin bin Samud *(Service Manager)*, Chong Kah Leek *(Finance Manager)*, Tan Lan Chiew *(Manager-EDC Customer Service)*, Ng Chin Keong *(General Manager-Smart Card & Devices)*, Chien Yik Hoong *(Vice President-International Sales)*, Aw Eng Park *(Systems Consultant)*, Phua Kia Teck Jason *(Vice President-Product Marketing)*, Adrian Yoon Chi Leong *(Manager-NetAccess Engineering)*, Seah Chong Kai *(General Manager-Customer Services)*, Lee Kean Fook *(General Manager-EMV)*

The team of GHL Thailand

From Left to Right:
Mr. Songsak Danubumrungsart *(Head of Merchant Admin)*, Mr. Paphat Matthayanpol *(Head of Customer Services)*, Mr. Tanavut Asavavallop *(Head of Merchant Sales)*, Ms. Laddawan Sangmart *(Corporate Admin/ HR)*, Mr. Albert Mah *(General Manager)*, Mr. Amphol Suwantherangkoon *(Deputy General Manager)*, Ms. Sasima Aimwongsri *(Head of Finance and Admin)*, Mr. Apichart Wichaya *(Senior Account Manager – Corp Sales)*

REGIONAL MANAGEMENT TEAMS

The team of GHL Beijing

Front row from left:
Yang Tingting *(Executive HR)*, Yu Xiaohui *(Executive Merchant Admin)*, Liu Haijiao *(Executive Finance)*

Back row from left:
Su Ning *(Executive Merchant Sales Admin)*, Ni Jinsong *(Team Leader Merchant Sales)*, Huang Shitian *(GM Corporate Sales & Finance & HR)*, Ng Andy *(GM Customer Service & Operations)*, Wang Peng *(Manager Operations)*

The team of GHL China

From Left to Right:
Chang Yue Ming Eric *(Service Operation Supervisor)*, Chan Wai Fan Celia *(Administration Manager)*, Lai Kwok Fai Patrick *(Service Operation Manager)*

The team of GHL Philippines

From left to right:
Herve Alfieri *(General Manager)*, Jayson Roque *(Service & Technical Head)*, Ivy Aquino *(Merchant Sales Head)*, Maurine Javier *(Merchant Admin Manager)*, Czareenah Amiscaray *(Finance Head)*, Rachelle Perez *(HR Assistant)*

PAYMENT SOLUTIONS,
REDEFINED

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

A. THE BOARD OF DIRECTORS

i) Duties

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

The Board is responsible for the following:-

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

ii) Composition

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

iii) Appointments of the Board and Re-election

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

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

iv) Board Meeting and Supply of Information

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

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

A. THE BOARD OF DIRECTORS (Cont'd)

iv) Board Meeting and Supply of Information (cont'd)

The summary of attendance at the Board Meetings held for the financial year ended 31 December 2007 is as follows:

Directors	Number of Board Meetings Held	Attended
Tunku Dato' Abdul Malek Bin Tunku Kassim (resigned with effect from 30 September 2007)	3	3
Tay Beng Lock	4	4
Yeng Fook Hoo	4	4
Chin Fook Kheong	4	4
Goh Kuan Ho	4	3
Yen Siw Kuin	4	4
Datuk Tajuddin bin Atan (resigned with effect from 1 December 2007)	4	2
Mohd Ariffin bin Marzuki (Alternate Director to Datuk Tajuddin bin Atan) (resigned with effect from 1 December 2007)	4	1
Che Sab Bin Ahmad (appointed with effect from 2 October 2007 and resigned with effect from 7 January 2008)	1	1
Angus Eugenio Campos (appointed with effect from 17 March 2008)	N/A	N/A

v) Directors' Access to Information and Advice

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

vi) Remuneration of Directors

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

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

For the financial year ended 31 December 2007, a total sum of RM2,030,590 was paid to the Directors of the Company. The breakdown of the directors' remuneration and the number of directors in the remuneration bands are as follows:-

	Salary	Fees	*Other Emoluments	Grand Total
Executive Directors				
Tay Beng Lock	RM573,600	RM36,000	RM141,132	RM723,732
Yeng Fook Hoo	RM536,400	RM36,000	RM108,655	RM681,055
Chin Fook Kheong	RM350,400	RM36,000	RM80,403	RM466,803
Sub-Total	RM1,460,400	RM108,000	RM303,190	RM1,871,590

A. THE BOARD OF DIRECTORS (Cont'd)

vi) Remuneration of Directors (cont'd)

	Salary	Fees	*Other Emoluments	Grand Total
Non-Executive Directors				
Tunku Dato' Abdul Malek Bin Tunku Kassim	-	RM45,000	-	RM45,000
Goh Kuan Ho	-	RM36,000	-	RM36,000
Yen Siw Kuin	-	RM36,000	-	RM36,000
Datuk Tajuddin Bin Atan	-	RM33,000	-	RM33,000
Che Sab Bin Ahmad	-	RM9,000	-	RM9,000
Sub-Total	-	RM159,000	-	RM159,000
Total	RM1,460,400	RM267,000	RM303,190	RM2,030,590

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

	Number of Directors	
Remuneration Band (RM)	**Executive**	**Non-Executive**
0 - 50,000	-	5
50,001 - 200,000	-	-
200,001 - 300,000	-	-
300,001 - 400,000	-	-
400,001 - 500,000	1	-
500,001 - 600,000	-	-
600,001 - 700,000	-	-
700,001 - 800,000	2	-

vii) Number of Directorships in Other Public Companies

None of the Directors of the Company has held directorships in other public companies as at the year ended 31 December 2007 except the following:-

Name of Director	Name of Company
Tunku Dato' Abdul Malek bin Tunku Kassim (resigned with effect from 30 September 2007)	UBB (Malaysia) Trustee Berhad
Datuk Tajuddin bin Atan (resigned with effect from 1 December 2007)	BSNC Corporation Berhad Global Carriers Berhad Permodalan BSN Berhad Prudential BSN Takaful Berhad
Mohamad Arrifin bin Marzuki (Alternate director to Datuk Tajuddin bin Atan) (resigned with effect from 1 December 2007)	Global Carriers Berhad

viii) Directors' Training and Continuing Education Program

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

B. BOARD COMMITTEES

The Board has established the following committees:-

i) The Audit Committee

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

B. BOARD COMMITTEES (Cont'd)

ii) The Remuneration Committee

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

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

iii) The Nomination Committee

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

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

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

iv) The Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee comprises the Group Managing Director, the Deputy Group Managing Director, one (1) Independent Non-Executive Director and one (1) senior management personnel of the Company. Meetings shall be held not less than four (4) times a year.

The ESOS Committee's responsibilities are as follows:-

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

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

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

C. ACCOUNTABILITY AND AUDIT

i) Internal Audit

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

C. ACCOUNTABILITY AND AUDIT (Cont'd)

ii) Financial Reporting

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

iii) Directors' Responsibility Statement with Respect to the Preparation of the Audited Financial Statements

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

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

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

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

D. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

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

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

The Annual General Meeting

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

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

E. EMPLOYEE SHARE OPTION SCHEME (ESOS) COMMITTEE

On 28 October 2005, the Company has offered 69,807,200 ESOS options at an exercise price of RM0.10 per share to eligible directors and eligible employees of the Group. On 8 November 2006, the Company has offered 15,723,000 ESOS options at an exercise price of RM0.21 per share to employees of the Group. On 9 February 2007, the Company had undertaken a Share Consolidation Exercise to consolidate five (5) ordinary shares of RM0.10 each into one (1) ordinary share of RM0.50 each and the ESOS options exercise prices were adjusted accordingly. On 25 June 2007, the Company has offered 1,496,500 ESOS options at an exercise price of RM0.775 per share to employees of the Group. These ESOS options will expire on 5 September 2008.

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

Terms of Reference

1. Constitution

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

2. Composition

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

a) Members of the Committee will only be entitled to hold office during the period of their service with the Company.

b) Where the Members of the Committee are reduced to less than three (3) for any reasons whatsoever, the Board shall, as soon as practicable thereafter, appoint such additional number of Members as may be required to make up the minimum of three (3). Unless the minimum number of three (3) Members are appointed, the Committee shall not be entitled to exercise any discretion under the ESOS Bye-Laws.

c) The Board may, from time to time and in its absolute discretion, revise the composition of the Committee and the roles and responsibilities of the Committee.

3. Chairman of the ESOS Committee

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

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

4. Meetings of the ESOS Committee

- **Frequency**
  Meetings shall be held not less than one (1) time a year. In addition, the Chairman shall call for a meeting of the Committee if requested to do so by any Member of the Committee, the Board, the senior management or the internal or external auditors. Prior notice shall be given for the Committee's meetings.

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

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

5. Authority of the ESOS Committee

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

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

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

Terms of Reference (cont'd)

6. Grant of Options

6.1 No offer shall be made to any Executive Director of GHL Systems Berhad unless such offer and the related allotment of shares have previously been approved by the shareholders of GHL Systems Berhad in a general meeting.

6.2 The Committee may grant Options at anytime within the duration of the ESOS, provided always that no Member of the Committee shall participate in any deliberation or decision in respect of Options to be granted to himself.

6.3 The Committee may in its absolute discretion make more than one (1) offer to an eligible employee provided that the aggregate number of Options offered to an eligible employee throughout the entire duration of the ESOS does not exceed the eligible employee's Maximum Entitlement as set out in Bye-Law 6. The Committee shall not be obliged in any way to offer to an eligible employee all of the specified Maximum Entitlement. The decision of the Committee shall be final and binding.

6.4 In exercising its discretion, in determining the number of Options to be offered to an eligible employee, the Committee shall take into consideration the seniority and length of service of each eligible employee.

6.5 The grant of Options to any Eligible Employee by the Committee shall be made by the issuance of a Letter of Offer to an eligible employee on the date of offer.

7. Acceptance of the Offer

7.1 A written offer made by the Committee to an eligible employee in the manner provided in Bye-Law 7 ("Offer") shall be valid for a period of fourteen (14) days from the date of Offer ("Offer Period").

7.2 An Offer shall be accepted by an eligible employee within the Offer Period by written notice to GHL Systems Berhad accompanied by a payment to GHL Systems Berhad of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.

7.3 If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon expiry of the Offer Period. The number of Options offered in the lapsed Offer shall be deducted from the Maximum Entitlement or the balance of the Maximum Entitlement of the eligible employee, and the eligible employee shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future.

8. Responsibility

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

9. Duties And Scope Of Work

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

9.1 To monitor the progress of the ESOS;

9.2 To review and report to the Board on a regular basis to ensure compliance with the ESOS Bye-Laws; and

9.3 Without limiting the generality of Bye-Law 21.1, the Committee may, for the purpose of administering the ESOS, do all acts and things, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the ESOS as it may in its discretion consider to be necessary or desirable for giving effect to the ESOS.

10. Decision Making

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

AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

1. Constitution

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

2. Composition

The Audit Committee shall be appointed by the Board of Directors from amongst its directors and shall consist of no less than three (3) members, the majority shall comprise Independent Non-Executive Directors.

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

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

3. Chairman of the Audit Committee

The Committee shall elect a Chairman from among its members and the elected Chairman shall be an Independent Director.

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

4. Meetings of the Audit Committee

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

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

Secretary of the Audit Committee
The Company Secretary shall be the secretary of the Committee.

5. Duties, Responsibilities and Rights

The Audit Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of GHL Systems Berhad and its subsidiaries ("GHL Systems Group") and the sufficiency of auditing relating thereto.

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

(a) the nomination of external auditors;
(b) the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
(c) the effectiveness of the internal audit function (if any);
(d) the effectiveness of the internal control and management information systems;
(e) the financial statements of GHL Systems Berhad with both the external auditors and management;
(f) the external auditors' audit report;
(g) any management letter sent by the external auditors to the Company and the management's response to such letter;
(h) any letter of resignation from the GHL Systems Group's external auditors;

5. Duties, Responsibilities and Rights (Cont'd)

The duties of the Audit Committee shall include a review of:- (cont'd)

(i) the assistance given by GHL Systems Berhad's officers to the external auditors;
(j) all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
(k) all related-party transactions and potential conflict of interest situations; and
(l) all other matters delegated by the Board of Directors.

The Audit Committee shall:-

(a) have explicit authority to investigate any matters within its terms of reference;
(b) have the resources which it needs to perform its duties;
(c) have full access to any information which it requires in the course of performing its duties;
(d) have unrestricted access to the Group Managing Director and the Group Finance Director;
(e) have direct communication channels with the external auditors and internal auditors (if any), the Audit Committee shall meet at least twice a year with external auditors without the presence of executive board members;
(f) be able to obtain independent professional or other advice in the performance of its duties at the cost of the GHL Systems Group;
(g) be able to invite outsiders with relevant experience to attend its meetings if necessary;
(h) monitor and ensure that any transactions entered into between the GHL Systems Group and parties or companies connected to the promoters, directors and substantial shareholders of the GHL Systems Group are at arm's length and not on terms that are detrimental to the GHL Systems Group. The Directors of GHL Systems Berhad are required to report such transactions in the annual report of GHL Systems Berhad every year; and
(i) verify the allocation of Employee Share Option Scheme ("ESOS") options to the eligible directors and employees of GHL Systems Group are in accordance with the ESOS By-Laws.

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

6. Rights of Auditors

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

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

7. Functional Independence

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

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

8. Retirement and Resignation

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

STATEMENT OF INTERNAL CONTROL

The Board recognizes the importance of a sound internal control and risk management practices to good corporate governance and acknowledges its responsibility for establishing an efficient and effective system of internal control covering not only financial control but also controls relating to operational, compliance and risk management to safeguard shareholders' investment and the Group's assets.

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's ("Bursa Securities") Revamped Listing Requirements require directors of public listed companies to include a statement in their annual reports on the state of their internal controls. The Bursa Securities' Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. Set out below is the Board's Statement on Internal Control, which has been prepared in accordance with the Guidance.

RESPONSIBILITY OF THE BOARD

The Board recognises the importance of a sound system of internal controls for good corporate governance and acknowledges its primary responsibility to ensure that principal risks in the Group are identified, measured and managed with appropriate system of internal controls, and to ensure that the effectiveness, adequacy and integrity of the internal control systems are reviewed on an ongoing basis. The Board also acknowledges that a sound system of internal controls reduces, but cannot eliminate, the possibility of poor judgments in decision-making; human error; breakdown in internal control due to collusion; control processes being deliberately circumvented by employees and others; management overriding controls and occurrence of unforeseeable circumstances. A sound system of internal control therefore provides reasonable, but not absolute, assurance that the Group will not be hindered in achieving its business objectives.

RISK MANAGEMENT FRAMEWORK

Risk-Based-Auditing approach which begins with risk identification, risk evaluation and mapping of controls has been introduced and implemented. In addition, the Risk Management framework of the Company develops and maintains sound risk management policies and procedures for the respective business units and subsidiaries and ensures that risk exposures are being measured and monitored.

KEY ELEMENTS OF INTERNAL CONTROL

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

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

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent internal audit service provider to review the adequacy and integrity of the internal control systems of the Group and its business units. These include independent reviews of the risk identification procedures and control processes implemented by management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit provides assurance over the operation and validity of the system of internal control in relation to the level of risk involved using Risk-Based-Auditing methodology; and

CONCLUSION

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

This statement is made in accordance with a resolution of the Board of Directors dated 7 April 2008.

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FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

Principal Activities

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

The principal activities of the subsidiary companies are stated 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
Profit before taxation	470,899	4,397,880
Taxation	387,636	(25,061)
Net profit for the financial year	858,535	4,372,819
Attributable to:		
Equity holders of the parent	848,916	4,372,819
Minority interests	9,619	-
	858,535	4,372,819

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from the changes in accounting policies due to the adoption of the revised Financial Reporting Standards ("FRSs") as disclosed in Note 41 to the financial statements.

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 Group and of the Company for the current financial year.

Dividend

During the financial year, a final tax-exempt dividend of 1% on 125,915,200 ordinary shares of RM0.50 each, amounting to RM629,576 in respect of the previous financial year was paid on 15 June 2007.

At the forthcoming Annual General Meeting, a final share dividend on the basis of one new ordinary share for every one hundred existing ordinary shares hold as at 31 March 2008 in respect of the financial year ended 31 December 2007 by way of utilisation of the retained profits will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend which will be accrued as a liability in the financial year ending 31 December 2008 when approved by shareholders.

Reserves and Provisions

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

Issue of Shares and Debentures

On 9 February 2007, the Company consolidated every five (5) ordinary shares of RM0.10 each held in the Company into one (1) ordinary share of RM0.50 each.

During the financial year, the issued and paid-up share capital of the Company was increased from RM62,478,744 to RM69,431,108 by way of the issuance of:-

(a) 3,609,010 new ordinary shares of RM0.10 each for cash pursuant to the Company's Employee Share Option Scheme at an exercise price of RM0.10 per ordinary share;

(b) 321,700 new ordinary shares of RM0.10 each for cash pursuant to the Company's Employee Share Option Scheme at an exercise price of RM0.21 per ordinary share;

(c) 527,152 new ordinary shares of RM0.50 each for cash pursuant to the Company's Employee Share Option Scheme at an exercise price of RM0.21 per ordinary share; and

(d) 12,591,434 new ordinary shares of RM0.50 each through a bonus issue on the basis of one new ordinary share for every one existing ordinary share held.

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

There were no issue of debentures during the financial year under review.

Options Granted Over Unissued Shares

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

Employee Share Option Scheme

The GHL Systems Berhad Employees' Share Option Scheme ("ESOS") was approved by shareholders at the Extraordinary General Meeting on 30 May 2005 and became effective on 6 September 2005 for a period of 3 years, and shall lapse on 5 September 2008.

The salient features and other terms of the ESOS are disclosed in Note 31 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 100,000 ordinary shares of RM0.50 each.

The list of employees granted options to subscribe for more than 100,000 ordinary shares of RM0.50 each during the financial year are as follows:-

	Option price	Number of share options			
	RM	At 1.1.2007	Granted	Lapsed	At 31.12.2007
Chan Chun Fee	0.775	-	187,600	-	187,600
Stanley Lee Ting Wah	0.775	-	116,000	116,000	-

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

Directors

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

Tay Beng Lock	
Yeng Fook Hoo	
Chin Fook Kheong	
Goh Kuan Ho	
Yen Siw Kuin	
Angus Eugenio Campos	(appointed on 17.3.2008)
Che Sab bin Ahmad	(appointed on 2.10.2007 and resigned on 7.1.2008)
Tunku Dato' A Malek Bin Tunku Kassim	(resigned on 30.9.2007)
Datuk Tajuddin Bin Atan	(resigned on 1.12.2007)
Mohd Ariffin Bin Marzuki	(alternate Director to Datuk Tajuddin Bin Atan and resigned on 1.12.2007))

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 RM0.10 each			No. of ordinary shares of RM0.50 each		
	At 1.1.2007	Acquired	Disposed	Effect of Consolidation	Bonus Issue	At 31.12.2007
GHL Systems Berhad						
Direct interest:						
Goh Kuan Ho	79,014,012	-	-	63,211,210	1,580,279	17,383,081
Tay Beng Lock	27,735,393	-	-	22,188,314	554,721	6,101,800
Yeng Fook Hoo	14,685,220	-	-	11,748,176	293,704	3,230,748
Chin Fook Kheong	-	1,904,000	1,904,000	-	-	-

	No. of options over ordinary shares of RM0.10 each (ESOS)		No. of options over ordinary shares of RM0.50 each (ESOS)			
	At 1.1.2007	Exercised	Effect of Consolidation	Bonus Issue	Exercised	At 31.12.2007
GHL Systems Berhad						
Tay Beng Lock	5,896,110	-	4,716,888	117,922	-	1,297,144
Yeng Fook Hoo	8,800,110	-	7,040,088	176,002	-	1,936,024
Chin Fook Kheong	4,896,110	1,904,000	2,393,688	59,842	-	658,264

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

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

Directors' Benefits

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

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

Other Statutory Information

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:-

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:-

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

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

(iii) any amount stated in the financial statements of the Group and of the Company misleading; and

(iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) No contingent or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.

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

(i) any charge on the assets of the Company and its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liability in respect of the Company and its subsidiary companies which has arisen since the end of the financial year.

Significant Events

The significant events during the financial year are disclosed in Note 34 to the financial statements.

Subsequent Events

The subsequent events after the financial year are disclosed in Note 35 to the financial statements.

Auditors

The auditors, Anuarul Azizan Chew & Co., have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.

TAY BENG LOCK

YENG FOOK HOO

KUALA LUMPUR
7 April 2008

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

We, TAY BENG LOCK and YENG FOOK HOO, being two of the Directors of GHL SYSTEMS BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 32 to 82 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors.

TAY BENG LOCK

YENG FOOK HOO

KUALA LUMPUR
7 April 2008

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

I, TAY BENG LOCK, being the Director primarily responsible for the financial management of GHL SYSTEMS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 32 to 82 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed TAY BENG LOCK)
at KUALA LUMPUR in the Federal)
Territory this 7 April 2008)

TAY BENG LOCK

Before me,

PESURUHJAYA SUMPAH MALAYSIA
No. W 181
MAISHARAH
BINTI ABU HASAN

COMMISSIONER FOR OATHS

Tingkat Bawah Wisma P.K.N.S.
Jalan Raja Laut,
50653 KUALA LUMPUR.
TEL: 03-27323218

REPORT OF THE AUDITORS TO THE MEMBERS OF GHL SYSTEMS BERHAD

We have audited the financial statements set out on pages 32 to 82 of GHL Systems Berhad.

The financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

(a) the financial statements are properly drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:-

  (i) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 5 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

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

TEE GUAN PIAN
Approved Number: 1886/05/08 (J/PH)
Partner of Firm

KUALA LUMPUR
7 April 2008

BALANCE SHEETS AS AT 31 DECEMBER 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Non-Current Assets					
Property, plant and equipment	3	49,973,480	52,594,779	16,522,713	16,583,291
Prepaid lease payments	4	1,592,172	1,608,586	1,592,172	1,608,586
Investment in subsidiary companies	5	-	-	14,859,995	4,400,007
Investment in an associated company	6	-	5,060,989	-	3,515,000
Other investment	7	553,688	-	553,688	-
Goodwill on consolidation	8	1,913,105	1,869,146	-	-
		54,032,445	61,133,500	33,528,568	26,106,884
Current Assets					
Inventories	9	9,557,780	5,296,870	1,935,839	1,439,375
Trade receivables	10	18,986,414	19,040,227	7,033,812	9,631,937
Other receivables	11	3,978,157	4,088,925	1,547,598	3,328,542
Amount owing by subsidiary companies	12	-	-	53,734,426	53,648,096
Tax recoverable		142,003	71,116	36,195	47,222
Marketable securities	13	591,685	16,259	510,705	-
Fixed deposits with licensed banks	14	13,486,240	10,340,015	3,217,063	3,282,087
Cash and bank balances		11,407,540	10,280,757	1,439,874	1,994,964
		58,149,819	49,134,169	69,455,512	73,372,223
Current Liabilities					
Trade payables	15	2,197,127	7,212,751	403,656	4,644,104
Other payables	16	7,572,950	6,477,836	1,020,071	706,106
Hire purchase payables	17	130,203	41,357	-	-
Bank borrowings	18	6,507,840	797,103	3,208,163	191,571
Tax payables		-	9,794	-	-
		16,408,120	14,538,841	4,631,890	5,541,781
Net current assets		41,741,699	34,595,328	64,823,622	67,830,442
		95,774,144	95,728,828	98,352,190	93,937,326
Financed By:					
Share capital	19	69,431,108	62,478,744	69,431,108	62,478,744
Reserves	20	22,495,536	28,117,750	25,672,823	27,992,743
Equity attributable to equity holders of the parent		91,926,644	90,596,494	95,103,931	90,471,487
Minority interests		9,653	1,618	-	-
Total equity		91,936,297	90,598,112	95,103,931	90,471,487
Non-Current Liabilities					
Hire purchase payables	17	92,131	5,398	-	-
Bank borrowings	18	3,248,259	4,137,507	3,248,259	3,465,839
Deferred taxation	21	497,457	987,811	-	-
		3,837,847	5,130,716	3,248,259	3,465,839
		95,774,144	95,728,828	98,352,190	93,937,326

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

INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Revenue	22	51,340,232	47,906,902	21,505,214	31,202,249
Cost of sales		(18,396,265)	(11,689,473)	(6,383,104)	(9,179,014)
Gross profit		32,943,967	36,217,429	15,122,110	22,023,235
Other operating income	23	4,949,415	1,116,665	5,187,526	373,822
Administration expenses		(33,725,068)	(25,018,328)	(13,784,813)	(10,876,626)
Distribution costs		(2,484,548)	(3,113,594)	(1,362,825)	(1,570,942)
Other operating expenses		(912,328)	(595,325)	(569,999)	(399,838)
Finance costs	24	(300,539)	(409,845)	(194,119)	(238,277)
Share of profit in an associated company		-	979,508	-	-
Profit before taxation	25	470,899	9,176,510	4,397,880	9,311,374
Taxation	26	387,636	(94,024)	(25,061)	(19,592)
Net profit for the financial year		858,535	9,082,486	4,372,819	9,291,782
Net profit for the financial year attributable to:					
Equity holders of the parent		848,916	9,073,677		
Minority interests		9,619	8,809		
		858,535	9,082,486		
Earning per share attributable to equity holders of the parent (sen):					
Basic	27(a)	0.61	7.44		
Fully diluted	27(b)	0.60	7.17		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Attributable to Equity Holders of the Parent						
	< -- Non-Distributable-->			Distributable			
Group	Share capital RM	Foreign exchange reserve RM	ESOS reserve RM	Retained profits RM	Total RM	Minority interests RM	Total equity RM
At 1 January 2006							
- As previously stated	54,459,376	-	-	24,337,524	78,796,900	-	78,796,900
- effect of adopting FRS 2	-	-	43,752	(43,752)	-	-	-
- As restated	54,459,376	-	43,752	24,293,772	78,796,900	-	78,796,900
Arising from acquisition of subsidiary companies	-	-	-	-	-	(7,191)	(7,191)
Foreign exchange differences, representing net gains not recognised in income statement	-	20,334	-	-	20,334	-	20,334
Issue of shares pursuant to ESOS	2,405,368	-	-	-	2,405,368	-	2,405,368
Bonus issue	5,614,000	-	-	(5,614,000)	-	-	-
Net profit for the financial year	-	-	-	9,073,677	9,073,677	8,809	9,082,486
Share based payment	-	-	300,215	-	300,215	-	300,215
At 31 December 2006	62,478,744	20,334	343,967	27,753,449	90,596,494	1,618	90,598,112

		Attributable to Equity Holders of the Parent						
		< -- Non-Distributable-->			Distributable			
Group	Note	Share capital RM	Foreign exchange reserve RM	ESOS reserve RM	Retained profits RM	Total RM	Minority interests RM	Total equity RM
At 1 January 2007		62,478,744	20,334	343,967	27,753,449	90,596,494	1,618	90,598,112
Arising from acquisition of subsidiary companies from minority interests		-	-	-	-	-	(1,584)	(1,584)
Foreign exchange differences, representing net gains not recognised in income statement		-	221,609	-	-	221,609	-	221,609
Dividends	28	-	-	-	(629,576)	(629,576)	-	(629,576)
Issue of shares pursuant to ESOS		656,647	-	-		656,647	-	656,647
Bonus issue		6,295,717	-	-	(6,295,717)	-	-	-
Net profit for the financial year		-	-	-	848,916	848,916	9,619	858,535
Share based payment		-	-	232,554	-	232,554	-	232,554
At 31 December 2007		69,431,108	241,943	576,521	21,677,072	91,926,644	9,653	91,936,297

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

		Non-Distributable	Distributable	
	Share capital	ESOS reserve	Retained profits	Total equity
Company	**Note**	**RM**	**RM**	**RM**	**RM**
At 1 January 2006					
- As previously stated		54,459,376	-	24,014,746	78,474,122
- effect of adopting FRS 2		-	43,752	(43,752)	-
- As restated		54,459,376	43,752	23,970,994	78,474,122
Issue of shares pursuant to ESOS		2,405,368	-	-	2,405,368
Bonus issue		5,614,000	-	(5,614,000)	-
Net profit for the financial year		-	-	9,291,782	9,291,782
Share based payment		-	300,215	-	300,215
At 31 December 2006		62,478,744	343,967	27,648,776	90,471,487
At 1 January 2007		62,478,744	343,967	27,648,776	90,471,487
Dividends	28	-	-	(629,576)	(629,576)
Issue of shares pursuant to ESOS		656,647	-	-	656,647
Bonus issue		6,295,717	-	(6,295,717)	-
Net profit for the financial year		-	-	4,372,819	4,372,819
Share based payment		-	232,554	-	232,554
At 31 December 2007		69,431,108	576,521	25,096,302	95,103,931

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

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Profit before taxation	470,899	9,176,510	4,397,880	9,311,374
Adjustment for:				
Allowance for doubtful debts	-	3,756,569	-	1,662,828
Allowance for doubtful debts no longer required	(88,696)	-	(882,696)	-
Amortisation of prepaid lease payments	16,414	16,414	16,414	16,414
Bad debts written-off	908,404	-	882,696	-
Depreciation of property, plant and equipment	7,391,113	3,877,852	2,525,158	2,028,906
Gain on disposal of an associated company	(2,522,699)	(159,650)	(4,068,688)	(285,000)
Impairment loss of goodwill	342,329	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	71,440	(6,722)	(15,000)	1,592
Interest income	(499,109)	(400,010)	(199,994)	(72,059)
Interest expense	300,539	409,845	194,119	238,277
Property, plant and equipment written off	6,387	39,312	-	-
Reserves on consolidation written off	-	(65,157)	-	-
Share based payment	232,554	300,215	232,554	300,215
Share of profit in an associated company	-	(979,508)	-	-
Unrealised (gain)/loss on foreign exchange	(232,501)	53,457	-	121,433
Operating profit before working capital changes	5,603,074	16,019,127	3,082,443	13,323,980
Decrease/(Increase) in working capital				
Inventories	(4,260,910)	(4,531,059)	(496,464)	(1,439,375)
Trade and other receivables	371,374	3,182,559	4,379,069	1,728,489
Trade and other payables	(3,920,510)	2,172,441	(3,926,482)	1,142,298
Amount owing by/(to) subsidiary companies	-	-	(86,330)	(14,079,286)
Amount owing by an associated company	-	220,538	-	220,538
	(7,810,046)	1,044,479	(130,207)	(12,427,336)
Cash (used in)/generated from operations	(2,206,972)	17,063,606	2,952,236	896,644
Interest received	499,109	400,010	199,994	72,059
Interest paid	(300,539)	(409,845)	(194,119)	(238,277)
Tax paid	(105,719)	(145,015)	(14,034)	(40,358)
Exchange fluctuation adjustment	142,357	20,348	-	-
	235,208	(134,502)	(8,159)	(206,576)
Net (used in)/from operating activities	(1,971,764)	16,929,104	2,944,077	690,068

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

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	29	(10,073,125)	(17,447,350)	(2,464,580)	(5,575,460)
Purchase of other investment		-	-	(553,688)	-
Purchase of marketable securities		(575,426)	(16,259)	(510,705)	-
Proceeds from disposal of property, plant and equipment		5,573,459	36,600	15,000	7,750
Acquisition of subsidiary companies		(387,872)	-	(10,459,988)	(7)
Proceeds from disposal of an associated company		7,030,000	570,000	7,583,688	570,000
Net cash inflow on acquisition of subsidiary companies	4(d)	-	387,458	-	-
Net cash from/(used in) investing activities		1,567,036	(16,469,551)	(6,390,273)	(4,997,717)
Cash Flows From Financing Activities					
Proceeds from issue of shares		656,647	2,405,368	656,647	2,405,368
Dividends paid	28	(629,576)	-	(629,576)	-
Decrease/(Increase) in fixed deposits pledged		681,590	(307,928)	700,000	(250,000)
Net change in letter of credit		5,695,503	-	-	-
Drawdown of borrowings		-	-	3,005,825	-
Repayment of hire purchase payables		(170,824)	(465,929)	-	(413,424)
Repayment of bank borrowings		(874,014)	(2,427,588)	(206,814)	(154,788)
Net cash from/(used in) financing activities		5,359,326	(796,077)	3,526,082	1,587,156
Net increase/(decrease) in cash and cash equivalents		4,954,598	(336,524)	79,886	(2,720,493)
Cash and cash equivalents at beginning of financial year		17,112,844	17,449,368	2,327,051	5,047,544
Cash and cash equivalents at end of financial year		22,067,442	17,112,844	2,406,937	2,327,051
Cash and cash equivalents at end of financial year comprises:					
Cash and bank balances		11,407,540	10,280,757	1,439,874	1,994,964
Fixed deposits with licensed banks		13,486,240	10,340,015	3,217,063	3,282,087
		24,893,780	20,620,772	4,656,937	5,277,051
Less : Fixed deposits pledged to licensed banks		(2,826,338)	(3,507,928)	(2,250,000)	(2,950,000)
		22,067,442	17,112,844	2,406,937	2,327,051

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

1. Corporate Information

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

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

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

The registered office of the Company is located at 20C, Jalan 1/64, Off Jalan Kolam Air/Jalan Ipoh, 51200 Kuala Lumpur.

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

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

During the financial year, the Company has adopted the following applicable Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board that are mandatory for current financial year:-

FRS 117	Leases
FRS 124	Related Party Disclosures

The Directors of the Company anticipate that the application of the above FRSs do not have any significant impact on the financial statements of the Group and of the Company except as disclosed in Note 41 to the financial statements.

The Directors of the Group and of the Company anticipate that the application of the following amendment FRS and revised FRSs which are mandatory and effective for financial periods as stated below will have no material impact on the financial statements of the Group and of the Company:-

		Effective date for financial periods beginning on or after
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 119	Employee Benefits	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 126	Accounting and Reporting by Retirement Benefit Plans	1 July 2007
FRS 129	Financial Reporting in Hyperinflationary Economies	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

(b) Functional and presentation currency

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

2. Basis of Preparation and Significant Accounting Policies (Cont'd)

(c) Significant accounting estimates and judgements

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

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

(i) Depreciation of property, plant and equipment

The costs of property, plant and equipment of the Group and of the Company are depreciated on a straight-line basis over the useful lives of the assets. Management estimates the useful lives of the plant and equipment as disclosed in Note 2(e)(iii). These are common life expectancies applied in the industry. Changes in the expected level of usage could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's and of the Company's plant and equipment at 31 December 2007 is disclosed in Note 3 to the financial statements.

(ii) Amortisation of prepaid lease payments

The costs of prepaid lease payments of the Group and of the Company are amortised on a straight-line basis over the useful lives of the assets. These are common life expectancies applied in the industry. Changes in the expected level of usage could impact the useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amount of the Group's and of the Company's prepaid lease payments at 31 December 2007 is disclosed in Note 4 to the financial statements.

(iii) Estimation of fair value of properties

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

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; or

(b) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

(iv) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy disclosed in Note 2(n). This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill on consolidation at 31 December 2007 is disclosed in Note 8 to the financial statements.

(v) Income taxes

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

(vi) Employee Share Option Scheme

The fair value of share options granted during the financial year was estimated by the management using the Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The fair value of share options was measured at Grant Date. The principal assumption used in the fair value estimation is disclosed in Note 31 to the financial statements.

2. Basis of Preparation and Significant Accounting Policies (Cont'd)

(d) Basis of consolidation

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

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

(i) Subsidiary companies

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

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

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

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

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

(ii) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting. Investments in associated companies include goodwill identified on acquisition, net of any accumulated impairment loss in accordance with Note 2(n).

Equity accounting involves recording investments in associated companies initially at cost, and recognising the Group's share of its associated companies' post-acquisition results and its share of post-acquisition movements in reserves against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

(iii) Changes in Group composition

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

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

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

2. Basis of Preparation and Significant Accounting Policies (Cont'd)

(e) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

The depreciable amount is determined after deducting the residual value.

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

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

(f) Prepaid lease payments

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

(g) Other investments

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

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

2. Basis of Preparation and Significant Accounting Policies (Cont'd)

(h) Goodwill on consolidation

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

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

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

(i) Marketable securities

Marketable securities comprise quoted unit trusts in Malaysia. Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived using the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statements. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statements.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value and are determined on the first-in-first-out method.

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

(k) Trade and other receivables

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

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

(l) Trade and other payables

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

(m) Leases and hire purchase

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

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

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

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

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

2. Basis of Preparation and Significant Accounting Policies (Cont'd)

(n) Impairment of assets

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

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

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

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

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

(o) Borrowing costs

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

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

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

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

(p) Cash and cash equivalents

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

2. Basis of Preparation and Significant Accounting Policies (Cont'd)

(q) Foreign currencies

(i) Foreign currency transactions and balances

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

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

(ii) Foreign operations

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

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statements are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised as a separate component of equity.

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

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

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

	2007 RM	2006 RM
Hong Kong Dollar (HK$)	0.4392	0.4709
United States Dollar (US$)	3.3115	3.5500
Singapore Dollar (S$)	2.2817	2.3124
Thailand Baht (THB)	0.0996	0.0970
Chinese Yuan Renminbi (RMB)	0.4518	0.4597
Philippines Peso (PHP)	0.0748	0.0715
British Pound	6.8650	6.9204
Euro (EUR)	4.8711	4.6404

2. Basis of Preparation and Significant Accounting Policies (Cont'd)

(r) Revenue recognition

(i) Goods sold and services rendered

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

(ii) Rental income

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

(iii) Interest income

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

(s) Income taxes

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

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

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

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

(t) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

2. Basis of Preparation and Significant Accounting Policies (Cont'd)

(t) Employee benefits (cont'd)

(iii) Employee Share Option Scheme

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

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statements, 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.

(u) Financial instruments

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

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

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

3. Property, Plant and Equipment

	Long term leasehold buildings	Computer equipments	EDC equipments	Computer software	Motor vehicles	Furniture, fittings and office equipments	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
Cost								
At 1.1.2007								
- As previously stated	4,875,000	4,095,164	43,009,003	14,800,183	2,199,614	2,545,323	1,884,360	73,408,647
- Effect of adopting FRS 117	(1,625,000)	-	-	-	-	-	-	(1,625,000)
- As restated	3,250,000	4,095,164	43,009,003	14,800,183	2,199,614	2,545,323	1,884,360	71,783,647
Additions	-	1,202,375	5,317,397	2,233,495	382,778	1,138,097	145,386	10,419,528
Disposals	-	(495)	(5,817,417)	-	(220,000)	(5,500)	(2,940)	(6,046,352)
Written off	-	(5,126)	-	-	-	(4,580)	(2,908)	(12,614)
Exchange difference	-	1,572	-	-	-	-	-	1,572
At 31.12.2007	3,250,000	5,293,490	42,508,983	17,033,678	2,362,392	3,673,340	2,023,898	76,145,781
Accumulated depreciation								
At 1.1.2007								
- As previously stated	49,242	2,764,822	9,795,793	3,899,289	1,138,204	391,523	1,166,409	19,205,282
- Effect of adopting FRS 117	(16,414)	-	-	-	-	-	-	(16,414)
- As restated	32,828	2,764,822	9,795,793	3,899,289	1,138,204	391,523	1,166,409	19,188,868
Charge for the financial year	32,828	675,366	3,836,968	1,679,478	464,038	385,523	316,912	7,391,113
Disposals	-	(172)	(179,988)	-	(220,000)	-	(1,293)	(401,453)
Written off	-	(1,922)	-	-	-	(3,142)	(1,163)	(6,227)
At 31.12.2007	65,656	3,438,094	13,452,773	5,578,767	1,382,242	773,904	1,480,865	26,172,301
Group								
Carrying amount								
At 31.12.2007	3,184,344	1,855,396	29,056,210	11,454,911	980,150	2,899,436	543,033	49,973,480
At 31.12.2006								
- As previously stated	4,825,758	1,330,342	33,213,210	10,900,894	1,061,410	2,153,800	717,951	54,203,365
- Effect on adopting FRS117	(1,608,586)	-	-	-	-	-	-	(1,608,586)
- As restated	3,217,172	1,330,342	33,213,210	10,900,894	1,061,410	2,153,800	717,951	52,594,779
Depreciation charge for the financial year ended 31.12.2006								
- As previously stated	49,242	688,302	1,120,298	1,145,762	430,624	224,873	235,165	3,894,266
- Effect of adopting FRS 117	(16,414)	-	-	-	-	-	-	(16,414)
- As restated	32,828	688,302	1,120,298	1,145,762	430,624	224,873	235,165	3,877,852

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

	Long term leasehold buildings	Computer equipments	Computer software	Motor vehicles	Furniture, fittings and office equipments	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM
Company							
Cost							
At 1.1.2007							
- As previously stated	4,875,000	2,016,100	14,123,483	2,045,768	1,631,669	384,676	25,076,696
- Effect of adopting FRS 117	(1,625,000)	-	-	-	-	-	(1,625,000)
- As restated	3,250,000	2,016,100	14,123,483	2,045,768	1,631,669	384,676	23,451,696
Additions	-	198,558	2,209,500		56,522	-	2,464,580
Disposal	-	-	-	(220,000)	-	-	(220,000)
At 31.12.2007	3,250,000	2,214,658	16,332,983	1,825,768	1,688,191	384,676	25,696,276
Accumulated depreciation							
At 1.1.2007							
- As previously stated	49,242	1,539,504	3,644,383	1,090,902	230,746	330,042	6,884,819
- Effect of adopting FRS 117	(16,414)	-	-	-	-	-	(16,414)
- As restated	32,828	1,539,504	3,644,383	1,090,902	230,746	330,042	6,868,405
Charge for the financial year	32,828	281,829	1,611,738	383,487	166,724	48,552	2,525,158
Disposal	-	-	-	(220,000)	-	-	(220,000)
At 31.12.2007	65,656	1,821,333	5,256,121	1,254,389	397,470	378,594	9,173,563
Company							
Carrying amount							
At 31.12.2007	3,184,344	393,325	11,076,862	571,379	1,290,721	6,082	16,522,713
At 31.12.2006							
- As previously stated	4,825,758	476,596	10,479,100	954,866	1,400,923	54,634	18,191,877
- Effect of adopting FRS 117	(1,608,586)	-	-	-	-	-	(1,608,586)
- As restated	3,217,172	476,596	10,479,100	954,866	1,400,923	54,634	16,583,291
Depreciation charge for the financial year ended 31.12.2006							
- As previously stated	49,242	313,651	1,080,725	402,697	154,922	44,083	2,045,320
- Effect of adopting FRS 117	(16,414)	-	-	-	-	-	(16,414)
- As restated	32,828	313,651	1,080,725	402,697	154,922	44,083	2,028,906

(a) Included in the property, plant and equipment of the Group are motor vehicles acquired under hire purchase with carrying amounts of RM408,771 (2006: RM106,543).

(b) The long term leasehold buildings of the Group and of the Company have been pledged to a licensed bank for term loan facility granted to the Company as disclosed in Note 18 to the financial statements.

The remaining period of the long term leasehold buildings is 95 years (2006: 96 years).

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

(c) Included in the computer software of the Group and of the Company are staff costs and directors' remuneration capitalised during the financial year as follows:-

		Group		Company	
		2007	2006	2007	2006
	Note	RM	RM	RM	RM
Staff costs	32	1,200,000	3,044,965	1,200,000	3,044,965
Directors' remuneration	25	-	555,035	-	555,035
		1,200,000	3,600,000	1,200,000	3,600,000

4. Prepaid Lease Payments

	Group/Company	
	2007	2006
	RM	RM
Cost		
At 1 January/31 December		
- As previously stated	-	-
- Effect on adopting FRS 117	1,625,000	1,625,000
- As restated	1,625,000	1,625,000
Accumulated amortisation		
At 1 January		
- As previously stated	-	-
- Effect on adopting FRS 117	16,414	-
- As restated	16,414	-
Charge for the financial year	16,414	16,414
At 31 December	32,828	16,414
Carrying amount	1,592,172	1,608,586

(a) The remaining period of lease term is 95 years (2006: 96 years).

(b) The prepaid lease payments have been pledged to licensed bank as security for banking facilities granted to the Company as disclosed in Note 18 to the financial statements.

5. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company	
	2007	2006
	RM	RM
Unquoted shares, at cost		
In Malaysia	4,400,000	4,400,000
Outside Malaysia	10,459,995	7
	14,859,995	4,400,007

5. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Country of incorporation	Effective interest 2007 %	Effective interest 2006 %	Principal activities
Direct holding:				
GHL Transact Sdn. Bhd.	Malaysia	100	100	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance
GHL Payments Sdn. Bhd.	Malaysia	100	100	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance
GHL Eftpos Sdn. Bhd.	Malaysia	100	100	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance
GHL International Sdn. Bhd.	Malaysia	100	100	Investment holding, sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance
GHL Asia Pacific Ltd.	Labuan	100	100	Investment holding
Indirect holding:				
Subsidiary company of GHL International Sdn. Bhd.				
Card Pay Sdn. Bhd.	Malaysia	100	52	Third party acquirer for e-Debit and MEPS cash transactions, sales and rental of EDC equipment and its related software & services, inclusive of installation, training and maintenance
* GHLSYS Singapore Pte. Ltd.	Singapore	100	100	Dormant
PaymentOne (HK) Pte. Ltd.	Hong Kong	-	100	Payment enabler supplying infrastructure and related equipment
* PaymentOne Singapore Pte. Ltd.	Singapore	-	100	Development and sales of in-house software programmes, sale and rental of EDC equipment and related services
* GHLSYS Philippines Inc.	Philippines	-	99.99	Provision of end-to-end payment services and solutions through the deployment of payment infrastructure, technology and services

5. Investment in Subsidiary Companies (Cont'd)

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

Name of company	Country of incorporation	Effective interest 2007 %	Effective interest 2006 %	Principal activities
Indirect holding: (cont'd)				
* GHL (Thailand) Co. Ltd.	Thailand	-	49^	Sale, maintenance, installation and rental of card and non-card based payment processing systems and services, and relevant infrastructure including hardware and software for all kinds of payment solution systems
* GHL (China) Co. Ltd.	Hong Kong	-	51.25	Engaged in provision of terminal software development and maintenance services
Subsidiary company of GHL (China) Company Limited				
* GHL Beijing Co. Ltd.	People's Republic of China	-	51.25	Development and sales of in-house software solutions, and sale and rental of EDC equipment and related services
Subsidiary company of GHL Asia Pacific Limited				
* PaymentOne (HK) Pte. Ltd.	Hong Kong	100	-	Payment enabler supplying infrastructure and related equipment
* PaymentOne Singapore Pte. Ltd.	Singapore	100	-	Development and sales of in-house software programmes, sale and rental of EDC equipment and related services
* GHLSYS Philippines Inc.	Philippines	99.99	-	Provision of end-to-end payment services and solutions through the deployment of payment infrastructure, technology and services
* GHL (Thailand) Co. Ltd.	Thailand	99.99	-	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 (China) Co. Ltd.	Hong Kong	100	-	Engaged in provision of terminal software development and maintenance services
Subsidiary company of GHL (China) Company Limited				
* GHL (Beijing) Co. Ltd.	People's Republic of China	100	-	Development and sales of in-house software solutions, and sale and rental of EDC equipment and related services

* Subsidiary company not audited by Anuarul Azizan Chew & Co.

^ Preferred shares with 99.99% of voting rights.

5. Investment in Subsidiary Companies (Cont'd)

(c) Acquisition of subsidiary companies

The effect of the acquisition on the financial results of the Group during the financial year is as follows:-

	Group	
	2007 RM	2006 RM
Turnover	-	6,679,498
Cost of sales	-	(5,686,915)
Gross profit	-	992,583
Other operating income	-	261,911
Operating expenses	-	(1,877,065)
Finance costs	-	(10,041)
Loss before taxation	-	(632,612)
Taxation	-	(2,945)
Loss after taxation	-	(635,557)
Minority interests	-	(8,809)
Net loss for the financial year	-	(644,366)

The summary of effects of the acquisition on the financial position of the Group is as follows:-

	Group	
	2007 RM	2006 RM
Property, plant and equipment	-	6,708,549
Inventories	-	455,192
Trade and other receivables	-	2,047,765
Cash and bank balances	-	5,599,105
Trade and other payables	-	(14,515,637)
Deferred tax liabilities	-	(2,959)
Foreign exchange reserves	-	(20,334)
Goodwill on consolidation	-	125,553
Minority interest	-	(1,618)
	-	395,616

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary companies are as follows:-

	Group	
	2007 RM	2006 RM
Net assets acquired:		
Property, plant and equipment	-	22,177
Cash and bank balances	-	1,427,440
Trade and other payables	-	(601,316)
Reserve on consolidation	-	(65,157)
Goodwill on consolidation	-	125,553
Minority interests	-	7,191
	-	915,888
Investment in an associated company	-	124,094
Discharged by cash	-	1,039,982
Cash and cash equivalents acquired	-	(1,427,440)
Cash inflow on acquisition of subsidiary companies	-	(387,458)

If the acquisition had occurred on 1 January 2007, the contribution to the Group's turnover and net loss for the financial year would have been Nil and Nil (2006: RM7,290,689 and RM1,117,014) respectively.

6. Investment in an Associated Company

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unquoted shares, at cost	-	3,515,000	-	3,515,000
Share of post acquisition profit	-	1,671,339	-	-
		5,186,339	-	3,515,000
Effect on disposal of an associated company	-	(125,350)	-	-
	-	5,060,989	-	3,515,000

(a) The associated company and shareholding therein are as follows:-

Name of company	Country of incorporation	Effective interest 2007 %	Effective interest 2006 %	Principal activities
Direct holding:				
MobilityOne Sdn. Bhd.	Malaysia	-	27.25	Provision of e-Channel product and services, technology managed services and solution sales and consultancy.

(b) The summarised financial information of the associated company is as follows:-

	Group	
	2007 RM	2006 RM
Assets and liabilities		
Non-current assets	-	15,800,193
Current assets	-	15,584,668
Total assets	-	31,384,861
Non-current liabilities	-	7,798,559
Current liabilities	-	1,061,076
Total liabilities	-	8,859,635
Results		
Revenue	-	61,239,494
Net profit for the financial year	-	4,216,485

7. Other Investments

	Group/Company	
	2007 RM	2006 RM
At cost:		
Quoted shares outside Malaysia	553,688	-
At market value:		
Quoted shares outside Malaysia	1,201,154	-

8. Goodwill on consolidation

	Group	
	2007	2006
	RM	RM
Cost		
At 1 January	1,869,146	1,743,593
Acquisition of subsidiary companies	386,288	125,553
At 31 December	2,255,434	1,869,146
Accumulated impairment loss		
At 1 January	-	-
Impairment loss during the financial year	342,329	-
At 31 December	342,329	-
Goodwill on consolidation	1,913,105	1,869,146

(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 management covering a five-year period. A pre-tax discount rate of 15.73% per annum was applied to the cash flow projections, after taking into consideration the Group's cost of borrowings, the expected rate of return and various risks relating to the CGU.

(c) Impairment loss recognised during the financial year

The Group recognised an impairment loss of RM342,329 (2006: Nil) during the financial year in respect of the goodwill arising on consolidation. As no further other significant revenue generating activities is expected from the subsidiary companies, Card Pay Sdn. Bhd. and GHL (China) Co. Ltd., the related goodwill has been impaired accordingly. The recoverable amount was based on value-in-use and was determined at the CGU which is the Group's goodwill on consolidation. In determining value-in-use for the CGU, the cash flows were discounted at a rate of 10% on a pre-tax basis. The impairment loss is included in "other operating expenses" as disclosed in Note 25 to the financial statements.

9. Inventories

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
EDC equipments	6,197,095	3,539,338	-	-
Others	3,360,685	1,757,532	1,935,839	1,439,375
	9,557,780	5,296,870	1,935,839	1,439,375

10. Trade Receivables

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables				
- Related party	-	948,146	-	948,146
- Third parties	21,378,264	21,848,650	7,799,251	10,346,619
	21,378,264	22,796,796	7,799,251	11,294,765
Allowance for doubtful debts	(2,391,850)	(3,756,569)	(765,439)	(1,662,828)
	18,986,414	19,040,227	7,033,812	9,631,937

The Group's and the Company's normal trade credit terms range from 30 to 180 days and 30 to 60 days (2006: 30 to 180 days and 30 to 60 days) respectively. Other credit terms are assessed and approved on a case to case basis.

Movements in allowance for doubtful debts are as follows:-

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 January	3,756,569	-	1,662,828	-
(Written back)/Allowance made	(882,696)	3,756,569	(882,696)	1,662,828
Bad debts recovered	(482,023)	-	(14,693)	-
At 31 December	2,391,850	3,756,569	765,439	1,662,828

11. Other Receivables

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	955,255	947,149	698,498	701,964
Deposits	728,767	1,514,251	467,462	1,242,369
Prepayments	2,294,135	1,627,525	381,638	1,384,209
	3,978,157	4,088,925	1,547,598	3,328,542

12. Amount Owing by Subsidiary Companies

The amount owing by subsidiary companies represents unsecured interest free advances with no fixed term of repayment except for an amount of RM39,205,927 (2006: RM36,018,993) which is represents trade transactions.

13. Marketable Securities

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At cost:				
Quoted unit trusts in Malaysia	591,685	16,259	510,705	-
At market value:				
Quoted unit trusts in Malaysia	591,685	16,259	510,705	-

The recoverable amount of the marketable securities is based on its fair value less cost to sell by reference to its market price at balance sheet date. This marketable securities are held principally protected as refer to the letter from AmInvestment Services Berhad dated on 30 October 2007.

The market value of the quoted unit trusts is disclosed in Note 40 to the financial statements.

14. Fixed Deposits with Licensed Banks

Included in the above is an amount of RM576,338 and RM2,250,000 (2006: RM3,507,928 and RM2,950,000) pledged to licensed banks as securities for credit facilities granted to the subsidiary company and the Company respectively as disclosed in Note 18 to the financial statements.

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

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Interest rates (%)	2.56 – 3.5	2.28 - 3.50	2.56	2.28
Maturities (days)	30 - 365	30 - 365	30 - 365	30 - 365

15. Trade Payables

The Group's and the Company's normal trade credit terms range from 30 to 90 days and 30 to 60 days (2006: 30 to 90 days and 30 to 60 days) respectively. Other credit terms are assessed and approved on a case to case basis.

16. Other Payables

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Other payables	2,002,516	1,660,915	335,879	146,829
Deposits	3,853,654	3,688,966	1,879	1,879
Accruals	1,716,780	1,127,955	682,313	557,398
	7,572,950	6,477,836	1,020,071	706,106

17. Hire Purchase Payables

		Group	
		2007	2006
		RM	RM
(a)	Minimum hire purchase payments		
	Within one year	126,945	43,878
	Between one and five years	140,931	5,727
		267,876	49,605
	Less: Future finance charges	(45,542)	(2,850)
	Present value of hire purchase liabilities	222,334	46,755
(b)	Present value of hire purchase liabilities		
	Within one year	130,203	41,357
	Between one and five years	92,131	5,398
		222,334	46,755
	Analyse as:		
	Repayable within twelve months	130,203	41,357
	Repayable after twelve months	92,131	5,398
		222,334	46,755

The weighted average effective interest rate of the Group at the balance sheet date is 4.5% (2006: 5.6%) per annum.

18. Bank Borrowings

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Secured				
Term loans	3,450,596	3,657,410	3,450,597	3,657,410
Letter of credit	5,695,503	-	3,005,825	-
	9,146,099	3,657,410	6,456,422	3,657,410
Unsecured				
Term loans	610,000	1,277,200	-	-
	9,756,099	4,934,610	6,456,422	3,657,410
Analysed as:				
Repayable within twelve months				
Term loans	812,337	797,103	202,338	191,571
Letter of credit	5,695,503	-	3,005,825	-
	6,507,840	797,103	3,208,163	191,571
Repayable after twelve months				
Term loans	3,248,259	4,137,507	3,248,259	3,465,839
	9,756,099	4,934,610	6,456,422	3,657,410

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

(a) fixed charge over the Company's long term leasehold land and buildings; and

(b) pledge of fixed deposits of the Company and its subsidiary companies

The term loans are repayable by monthly instalment over 13 years.

The weighted average effective interest rate of the Group and of the Company for the above facilities are 5.6% and 5.5% (2006: 6.7% and 6.1%) per annum respectively.

The maturity of borrowings is as follows:-

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Within one year	6,507,840	797,103	3,208,163	191,571
Between one and two years	202,161	873,041	202,161	201,373
Between two and five years	829,405	571,025	829,405	571,025
After five years	2,216,693	2,693,441	2,216,693	2,693,441
	9,756,099	4,934,610	6,456,422	3,657,410

19. Share Capital

	Group/Company	
	2007	2006
	RM	RM
Ordinary shares of RM0.50 each:		
Authorised	100,000,000	100,000,000
Issued and fully paid		
At 1 January	62,478,744	54,459,376
Issue of shares pursuant to ESOS	656,647	2,405,368
Bonus issue	6,295,717	5,614,000
At 31 December	69,431,108	62,478,744

On 9 February 2007, the Company consolidated every five (5) ordinary shares of RM0.10 each held in the Company into one (1) ordinary share of RM0.50 each.

During the financial year, the Company increased its issued and paid-up share capital from RM62,478,744 to RM69,431,108 by issuance of :-

(a) 3,609,010 new ordinary shares of RM0.10 each for cash pursuant to the Company's Employee Share Option Scheme at an exercised price of RM0.10 per ordinary share;

(b) 321,700 new ordinary shares of RM0.10 each for cash pursuant to the Company's Employee Share Option Scheme at an exercised price of RM0.21 per ordinary share;

(c) 527,152 new ordinary shares of RM0.50 each for cash pursuant to the Company's Employee Share Option Scheme at an exercised price of RM0.21 per ordinary share; and

(d) 12,591,434 new ordinary shares of RM0.50 each through a bonus issue on the basis of one new ordinary share for every one existing ordinary share held.

All new shares issued rank pari passu in all respects with the existing issued shares of the Company.

20. Reserves

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Non-distributable:				
ESOS reserves	576,521	343,967	576,521	343,967
Foreign exchange reserves	241,943	20,334	-	-
Distributable:				
Retained profits	21,677,072	27,753,449	25,096,302	27,648,776
	22,495,536	28,117,750	25,672,823	27,992,743

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

21. Deferred Taxation

	Group	
	2007	2006
	RM	RM
At 1 January	987,811	964,557
Recognised in income statement	(468,972)	53,793
Relating to change of tax rate	(18,423)	(34,667)
(Over)/Under provision in prior year	(3,080)	4,114
Exchange difference	121	14
At 31 December	497,457	987,811
Presented after appropriate offsetting as follows:-		
Deferred tax liabilities	6,298,857	6,743,341
Deferred tax assets	(5,801,400)	(5,755,530)
	497,457	987,811

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

Deferred tax liabilities of the Group:-

	Accelerated capital allowances	Total
	RM	RM
At 1 January 2007	6,743,341	6,743,341
Recognised in income statement	(441,525)	(441,525)
Over provision in prior financial year	(3,080)	(3,080)
Exchange difference	121	121
At 31 December 2007	6,298,857	6,298,857
At 1 January 2006	5,234,657	5,234,657
Recognised in income statement	1,504,306	1,504,306
Under provision in prior year	4,364	4,364
Exchange difference	14	14
At 31 December 2006	6,743,341	6,743,341

Deferred tax assets of the Group:-

	Unutilised capital allowances	Total
	RM	RM
At 1 January 2007	(5,755,530)	(5,755,530)
Recognised in income statement	(45,870)	(45,870)
At 31 December 2007	(5,801,400)	(5,801,400)
At 1 January 2006	(4,270,100)	(4,270,100)
Recognised in income statement	(1,485,430)	(1,485,430)
At 31 December 2006	(5,755,530)	(5,755,530)

21. Deferred Taxation (Cont'd)

Deferred tax assets/(liabilities) have not been recognised in respect of the following temporary differences:-

	Group	
	2007	2006
	RM	RM
Unused tax losses	2,176,495	2,665,636
Unutilised capital allowances	1,780,030	1,886,820
Accelerated capital allowances	(587,414)	(694,422)
	3,369,111	3,858,034

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

22. Revenue

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Rental of EDC equipment	17,400,401	22,194,668	-	7,500
Sales of software solutions	33,939,831	25,712,234	21,505,214	31,194,749
	51,340,232	47,906,902	21,505,214	31,202,249

23. Other Operating Income

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Allowance for doubtful debts no longer required	882,696	-	882,696	-
Bad debts recovered	482,023	-	14,693	-
Fixed deposit interest	374,068	349,103	108,271	72,059
Other interest income	125,041	50,907	91,723	-
Gain on foreign exchange				
- Realised	259,702	276,634	-	16,763
- Unrealised	232,501	205,354	-	-
Gain on disposal of an associated company	2,522,699	159,650	4,068,688	285,000
Gain on disposal of property, plant and equipment	15,000	8,314	15,000	-
Reserves on consolidation written off	-	65,157	-	-
Others	55,685	1,546	6,455	-
	4,949,415	1,116,665	5,187,526	373,822

24. Finance Costs

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Term loan interest	253,964	397,397	194,119	228,949
Hire purchase interest	36,645	12,406	-	9,328
Bank overdraft interest	9,930	42	-	-
	300,539	409,845	194,119	238,277

25. Profit before Taxation

Profit before taxation is derived after charging:-

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Auditors' remuneration				
- Current year	74,956	86,653	15,000	17,000
- Over provision for prior year	(2,000)	-	(2,000)	-
Allowance for doubtful debts	-	3,756,569	-	1,662,828
Amortisation of prepaid lease payments	16,414	16,414	16,414	16,414
Bad debts written-off	908,404	-	882,696	-
Directors' remuneration	2,452,064	1,471,599	2,030,590	1,360,970
Depreciation of property, plant and equipment	7,391,113	3,877,852	2,525,158	2,028,906
Impairment loss of goodwill	342,329	-	-	-
Loss on disposal of property, plant and equipment	86,440	1,592	-	1,592
Loss on foreign exchange				
- Realised	420,012	5,040	407,525	-
- Unrealised	-	258,811	-	121,433
Property, plant and equipment written off	6,387	39,312	-	-
Rental of premises	993,035	384,684	301,887	251,656
Share based payment	232,554	300,215	232,554	300,215

Directors' remuneration

	Note	Group		Company	
		2007	2006	2007	2006
		RM	RM	RM	RM
Company's Directors					
Executive Directors					
Fees		108,000	72,000	108,000	72,000
Salaries and other emoluments		1,574,700	1,524,817	1,574,700	1,524,817
EPF		188,890	181,188	188,890	181,188
Non Executive Directors					
Fees		159,000	138,000	159,000	138,000
		2,030,590	1,916,005	2,030,590	1,916,005
Capitalised in property plant and equipment	3(c)	-	(555,035)	-	(555,035)
		2,030,590	1,360,970	2,030,590	1,360,970
Other Directors					
Salaries and other emoluments		421,474	110,629	-	-
		2,452,064	1,471,599	2,030,590	1,360,970

26. Taxation

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax provision				
- Malaysia income tax	25,000	75,631	25,000	20,200
- Foreign tax	77,801	-	-	-
	102,801	75,631	25,000	20,200
Under/(Over) provision in prior year	38	(4,847)	61	(608)
	102,839	70,784	25,061	19,592
Deferred tax:				
Relating to origination and reversal of temporary differences	(468,972)	53,793	-	-
Relating to change in tax rate	(18,423)	(34,667)	-	-
(Over)/Under provision in prior financial years	(3,080)	4,114	-	-
	(490,475)	23,240	-	-
	(387,636)	94,024	25,061	19,592

Domestic income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the financial year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27% effective from year of assessment 2008. Therefore, the computation of deferred tax as at 31 December 2007 has reflected these changes. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit 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	
	2007 RM	2006 RM
Profit before taxation	470,899	9,176,510
Taxation at statutory tax rate of 27% (2006: 28%)	127,143	2,569,423
Tax incentive for small and medium scale companies at 20% tax rate	-	(22,296)
Effect of different tax rates in other countries	-	602
Reduction in income tax rate	(18,423)	(34,667)
Pioneer status tax incentive	(1,588,366)	(3,162,961)
Expenses not deductible for tax purposes	959,509	529,111
Income not subject to tax	(42,367)	(333,436)
Deferred tax assets not recognised	177,910	548,981
Under/(Over) provision of taxation in respect of prior year	38	(4,847)
(Over)/Under provision of deferred taxation in respect of prior year	(3,080)	4,114
	(387,636)	94,024

26. Taxation (Cont'd)

	Company	
	2007	2006
	RM	RM
Profit before taxation	4,397,880	9,311,374
Taxation at statutory tax rate of 27% (2006: 28%)	1,187,428	2,607,185
Pioneer status tax incentive	(1,588,366)	(3,162,961)
Expenses not deductible for tax purposes	425,938	575,976
Under/(Over) provision of taxation in respect of prior year	61	(608)
	25,061	19,592

The Group has unused tax losses and unutilised capital allowances amounting to approximately RM2,176,495 and RM1,780,030 (2006: RM2,665,636 and RM1,886,820) respectively available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

The Company was granted Pioneer Status by the relevant authorities for a period of five years effective from 1 June 2004 to 31 August 2009.

27. Earnings Per Share

(a) Basic earnings per share

The earnings per share has been calculated based on the consolidated profit after taxation for the financial year attributable to equity holders of the parent of RM848,916 (2006: RM9,073,677) for the Group and the adjusted weighted average number of ordinary shares in issue during the financial year of 138,598,898 (2006: 121,891,686).

	Group	
	2007	2006
	RM	RM
Net profit for the financial year attributable to the equity holders of the parent	848,916	9,073,677
Weighted number of ordinary shares issue	138,598,898	553,318,435
Adjusted for :		
Share consolidation in financial year 2007	-	(487,566,745)
Bonus issue	-	56,139,996
	138,598,898	121,891,686

(b) Fully diluted earnings per share

Fully diluted earnings per share has been calculated based on the consolidated profit after taxation for the financial year attributable to equity holders of the parent of RM848,916 (2006: RM9,073,677) for the Group and the adjusted weighted average number of ordinary shares issued and issuable of 140,922,540 (2006: 126,521,225) shares.

	Group	
	2007	2006
	RM	RM
Net profit for the financial year	848,916	9,073,677
Weighted number of ordinary shares issue	138,598,898	553,068,026
Adjusted for :		
Share consolidation in financial year 2007	-	(506,084,900)
Bonus issue	-	56,139,996
Assumed exercise of ESOS at no consideration	2,323,642	23,398,103
	140,922,540	126,521,225

28. Dividends

	Group/Company	
	2007	2006
	RM	RM
Final tax-exempt dividend of 1% on 125,915,200 ordinary shares of RM0.50 each in respect of the financial year ended 31 December 2006	629,576	-

At the forthcoming Annual General Meeting, a final share dividend on the basis of one new ordinary share for every one hundred existing ordinary shares hold as at 31 March 2008 in respect of the financial year ended 31 December 2007 by way of utilisation of the retained profits will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend which will be accrued as a liability in the financial year ending 31 December 2008 when approved by shareholders.

29. Purchase of Property, Plant and Equipment

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Aggregate cost	10,419,528	17,447,350	2,464,580	5,575,460
Less: Hire purchase financing	(346,403)	-	-	-
Cash payment	10,073,125	17,447,350	2,464,580	5,575,460

30. Section 108 Tax Credit and Tax Exempt Income

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income under Promotion of Investments Act, 1986 to frank the payment of dividends out of all its retained profits as at 31 December 2007.

31. Employee Share Option Scheme

The GHL Systems Berhad ESOS was approved by shareholders at the EGM on 30 May 2005 and became effective on 6 September 2005 for a period of 3 years, and shall lapse on 5 September 2008.

The salient features of the ESOS are as follows:-

(a) Eligible employees comprise confirmed full time employees, including executive Directors of the Company and its eligible subsidiary companies, subject to the following conditions:-

  (i) An employee must be at least eighteen (18) years of age on the date of offer;

  (ii) An employee must fall under one of the categories of employee listed in GHL Systems Berhad ESOS Bye-Law 6.1 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.

31. Employee Share Option Scheme (Cont'd)

(d) The ESOS shall come into force for duration of three (3) years from effective date, 28 October 2005 subject however to any extension of the ESOS for a further period of up to seven (7) years at the discretion of the Option Committee. The date of expiry of the ESOS shall be at the end of the three (3) years from the effective date or, if the ESOS shall be extended, shall be the date of expiry as so extended.

(e) The option price is based on the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer on which the shares were traded, with a discount of not more than ten per centum (10%) or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time during the duration of the ESOS.

(f) A Grantee shall exercise his options by notice in writing to the Company in the prescribed form stating the number of options exercised, the number of shares relating thereto and the Grantee's individual/nominee CDS account number. The options shall be exercised in multiples of and not less than one hundred (100) options. The exercise by a Grantee of some but not all of the options which have been offered to and accepted by him shall not preclude the Grantee from subsequently exercising any other options which have been or will be offered to and accepted by him, during the option period.

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

	No. of Share Option							
	<----------Movement during the financial year ---------- >							
	Outstanding at 1 January	Effect of consolidation	Granted	Bonus issue	Exercised	Lapsed	Outstanding at 31 December	Exercisable at 31 December
2007								
Sixth Grant	43,371,070	34,696,856	-	931,842	1,248,954	869,813	7,487,289	7,487,289
Seventh Grant	15,723,000	12,578,400	-	308,026	64,340	1,158,872	2,229,414	2,229,414
Eighth Grant	-	-	1,496,500	-	-	340,700	1,155,800	1,155,800
Total	59,094,070	47,275,256	1,496,500	1,239,868	1,313,294	2,369,385	10,872,503	10,872,503
WAEP	0.13	-	0.78	-	0.53	0.81	0.64	0.64
2006								
Sixth Grant	69,807,200	-	-	5,941,530	24,053,680	8,323,980	43,371,070	20,969,680
Seventh Grant	-	-	15,723,000	-	-	-	15,723,000	7,726,100
Total	69,807,200	-	15,723,000	5,941,530	24,053,680	8,323,980	59,094,070	28,695,780
WAEP	0.10	-	0.21	-	0.10	0.10	0.13	0.13

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

Share Options	Exercise prices RM	Exercise Period
2007		
Sixth Grant	* 0.500	28.10.2005 - 05.09.2008
Seventh Grant	* 1.050	08.11.2006 - 05.09.2008
Eighth Grant	0.775	25.06.2007 - 05.09.2008
2006		
Sixth Grant	0.100	28.10.2005 - 05.09.2008
Seventh Grant	0.210	08.11.2006 - 05.09.2008

31. Employee Share Option Scheme (Cont'd)

Fair value of share options granted during the financial year:-

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

Grant dates	25.06.2007	08.11.2006	28.10.2005
Fair value of share options (RM)	0.118	* 0.220	* 0.095
Weighted average share price (RM)	0.770	* 1.075	* 0.455
Weighted average exercise price (RM)	0.775	* 1.050	* 0.500
Expected volatility	29%	29%	29%
Expected option life (years)	1.352	1.973	3.000
Risk-free interest rate, p.a.	3.88%	3.88%	4.17%
Expected dividend yield (%)	-	-	-

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.

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

32. Staff Costs

		Group		Company	
		2007	2006	2007	2006
	Note	RM	RM	RM	RM
Staff costs (excluding Directors) comprise:					
Charged to income statements		11,645,962	9,642,971	3,018,223	2,990,388
Capitalised in property, plant and equipment	3	1,200,000	3,044,965	1,200,000	3,044,965
Total staff costs for the financial year		12,845,962	12,687,936	4,218,223	6,035,353

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 RM733,060 and RM505,814 (2006 : RM1,052,290 and RM540,426) respectively.

33. Segmental Reporting

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

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

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

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

(a) Business segments

The principal business of the Group are those of dealing with EDC equipments and its related services, developing and selling software programmes which are substantially within a single business segment. As such, business segmental reporting is deemed not necessary.

33. Segmental Reporting (Cont'd)

(b) Geographical segments

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

(i) Revenue by geographical market

	2007 RM	2006 RM
Malaysia	31,673,470	41,227,404
Philippines	7,912,030	4,875,239
Thailand	7,310,123	1,367,694
Hong Kong	818,548	436,565
Singapore	965,298	-
China	1,253,603	-
Sri Lanka	59,120	-
Nepal	71,832	-
Indonesia	2,520	-
Taiwan	941,546	-
Japan	101,454	-
Brunei	230,688	-
	51,340,232	47,906,902

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

	Segment assets		Additions to capital expenditure	
	2007 RM	2006 RM	2007 RM	2006 RM
Malaysia	80,632,119	95,457,058	6,504,575	10,660,375
Philippines	9,027,483	5,465,287	1,050,508	241,270
Thailand	9,561,770	3,416,829	2,175,629	1,488,643
Hong Kong	4,781,543	1,108,916	688,816	260,509
Labuan	7,995,042	4,796,560	-	4,796,553
Singapore	184,307	23,019	-	-
	112,182,264	110,267,669	10,419,528	17,447,350

34. Significant Events

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

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

(i) On 4 January 2007, GHL International has submited for approval to subscribe for 6,195 ordinary shares representing 1.24% voting rights in GHL Thailand, a private limited company incorporated in Thailand for a purchase consideration of 619,500 Baht, subject to the approval from the Board of Investment in Thailand. This transaction was completed on 13 February 2007.

(ii) On 9 February 2007, the Company consolidated every five (5) ordinary shares of RM0.10 each held in the Company into one (1) ordinary share of RM0.50 each.

34. Significant Events (Cont'd)

(iii) On 15 February 2007, the Company has successfully transferred the listing of and quotation for the entire issued and paid-up share capital of RM62,871,814.50 comprising 125,743,629 ordinary shares of RM0.50 each from the MESDAQ Market to the Main Board of Bursa Malaysia Securities Berhad.

(iv) On 30 March 2007, GHL Asia Pacific Limited ("GHL AP") increased its issued and paid-up capital from GBP1 to GBP1,524,701 by the issue of 15,247,000 ordinary shares of GBP0.10 each at par for cash. Accordingly, the Company has subscribed for the issued and paid-up share capital of GHL AP.

(v) On 7 May 2007, the Company has obtained the following approvals:-

(a) Proposed bonus issue of up to 13,900,829 Bonus Shares on the basis of one Bonus Share for every ten existing ordinary shares of RM0.50 each held in the Company;

(b) Proposed renewal of shareholders' mandate for recurrent related party transaction of a revenue or trading nature;

(c) Proposed authority for the purchase by the Company of its own shares; and

(d) Proposed subscription of shares in GHL AP by the Directors of the Company.

(vi) On 24 May 2007, the Company has entered into a Share Sales Agreement with Thornbeam Limited to dispose 35,150,000 ordinary shares of RM0.10 each in MobilityOne Sdn Bhd ("MobilityOne") for cash consideration of RM7,030,000 and consequently the Company's shareholding in MobilityOne has reduced from 19.66% to approximately 3.42%. Thereafter, this shareholding increased to approximately 4.06% when MobilityOne undertook a share buy back in 15 January 2008 for cancellation and removed from trading on AIM as per regulatory announcement dated on 17 January 2008.

(b) GHL International Sdn Bhd ("GHL Int")

On 8 October 2007, a wholly owned subsidiary company of the Company, GHL Int has entered into a Share Purchase Agreement to acquire additional 600,000 ordinary shares of RM1.00 each representing 48% equity interest in Card Pay Sdn Bhd ("CardPay") for a cash consideration of RM80,000. Consequently, the shareholding in CardPay has increased from 52% to 100%.

(c) GHL Asia Pacific Limited ("GHL AP")

(i) On 13 March 2007, GHL AP has entered into a Sale and Purchase of Shares Agreement with GHL Int, a wholly owned subsidiary of the Company to acquire the shares of PaymentOne Singapore Pte. Ltd., GHL (China) Co. Ltd., PaymentOne (HK) Pte. Ltd., GHL (Thailand) Co. Ltd. and GHLSYS Philippines, Inc for a purchase consideration of USD341,020.

(ii) On 15 March 2007, GHL AP has entered into a Share Purchase Agreement to acquire additional 3,999 ordinary shares of 100 Baht each representing 20% equity interest in GHL Thailand, a private limited company incorporated in Thailand for a purchase consideration of 399,990 Baht. Consequently, the shareholding in GHL Thailand has increased from 79.97% to 99.97%.

(iii) On 15 March 2007, GHL AP has entered into a Share Purchase Agreement to acquire additional 585,000 ordinary shares of HKD1 each representing 48.75% equity interest in GHL China, a private limited company incorporated in Hong Kong for a purchase consideration of HKD585,000. Consequently, the shareholding in GHL China has increased from 51.25% to 100.00%.

(iv) On 21 December 2007, GHL Thailand increased its issued and paid-up capital from 980,000 Baht to 18,980,000 Baht by the issue of 180,000 preferred shares of 100 Baht each at par for cash. Accordingly, the Company has subscribed for the issued and paid-up share capital of GHL Thailand. One preferred share carried Fifty voting rights and fifty times of dividend payment whereas one ordinary share carried one voting rights and one time of dividend payment. Therefore, GHL AP has 97.99% of voting rights in GHL Thailand.

35. Subsequent Events

Subsequent to the financial year end, the following subsequent events took place for the Company and its subsidiary company:-

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

The Company had purchased a total of 541,300 ordinary shares of its issued and paid-up share capital from the open market at a total cost of RM175,632. The price paid for the shares purchased was ranged from RM0.295 to RM0.325 per share.

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.

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

On 25 January 2008, GHL Philippines increased its issued and paid-up capital from P10,628,000 to P38,666,300 by the issue of 386,663 ordinary shares of P100 each at par for cash. Accordingly, the Company has subscribed for the issued and paid-up share capital of GHL Philippines.

36. Contingent Liabilities

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Limit of guarantees				
Corporate guarantees given to licensed banks for credit facilities granted to				
- subsidiary companies	-	-	5,900,000	4,500,000
- associated company	-	1,050,000	-	1,050,000
	-	1,050,000	5,900,000	5,550,000
Amount utilised				
Banker's guarantee in favour of third parties				
- secured	-	100,000	-	100,000
	-	100,000	-	100,000
Corporate guarantees given to licensed banks for term loans facility granted to				
- subsidiary companies	-	-	610,000	1,277,200
- associated company	-	1,050,000	-	1,050,000
	-	1,050,000	610,000	2,327,200
	-	1,150,000	610,000	2,427,200

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

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

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

36. Contingent Liabilities (Cont'd)

(ii) A claim for refund of RM520,000 being payment made to GHL Systems for the installation of lightning arrestors and voltage regulators on MobilityOne's EDC terminals. MobilityOne claimed that they have not requested for the services and the services were never rendered. The Directors of GHL Systems are of the view that the Company has a good defence because MobilityOne recognised this contract in their Admission Document for listing in AIM of the London Stock Exchange. GHL Systems's record showed the services were rendered.

(iii) A claim for refund of interest paid to GHL Systems from year 2005 to 2007 amounting to RM269,330. MobilityOne paid interests to GHL Systems for loan advanced. MobilityOne claimed that interest payments were unlawful and illegal. The Directors of GHL Systems are of the view that the Company has a good defence because MobilityOne had earlier recognised the payment of interest and had never disputed the payment.

As of to date, GHL Systems and GHL Transact (collectively "GHL") has not been served with any writ of summons or originating process that indicate MobilityOne has commenced legal proceedings on the three claims.

Meanwhile representatives of both GHL and MobilityOne had met on several occasions to attempt to resolve the matters amicably. However, no settlement has been achieved as at to date. Due to the ongoing settlement negotiations, GHL has withheld legal proceedings for the remainder sum that MobilityOne has not paid to GHL.

37. Non-Cancellable Operating Lease Commitments

	Group	
	2007	2006
	RM	RM
Future minimum rentals payables:		
Within one year	332,150	278,362
Between one and five years	237,945	355,865
	570,095	634,227

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

38. Related Party Disclosures

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

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Subsidiary Companies:				
* Sales of EDC Equipment	-	-	1,362,528	3,231,955
* Sales of software	-	-	-	1,132,200
* Rental and license fee	-	-	9,447,800	8,624,360
* Hosting services	-	-	249,600	243,000
Settlement of liabilities by the Company on behalf of the subsidiary companies	-	-	7,230,313	1,115,116
Settlement of liabilities by the subsidiary companies on behalf of the Company	-	-	284,861	1,094,193
Related Party:				
* Supply of EuroPay - MasterCard-Visa chip-based cards and/or data preparation and personalisation of chip-based cards and installation of EDC equipment to Bank Simpanan Nasional^ ("BSN")	3,538,485	6,422,994	3,538,485	6,422,994

38. Related Party Disclosures (Cont'd)

^ BSN is a substantial shareholder of BSNC Corporation Berhad ("BSNC") and BSNC is a substantial shareholder of the Company. In addition, Datuk Tajuddin Bin Atan, a Director of the Company is the Chief Executive Officer of BSN and a Director of BSNC while En. Mohd Ariffin Bin Marzuki, a Director of the Company is the Chief Operating Officer of BSNC.

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

(b) Information regarding outstanding balances arising from related party transactions as at 31 December 2007 is disclosed in Notes 10 and 12 to the financial statements.

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

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Short-term employee benefits	5,247,027	3,895,049	4,292,505	3,406,744
Share based payments	110,993	144,316	110,993	144,316

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

	No. of Share Option							
	< ----------Movement during the financial year ---------- >							
	Outstanding at 1 January	Effect of consolidation	Granted	Bonus issue	Exercised	Lapsed	Outstanding at 31 December	Exercisable at 31 December
2007								
Sixth Grant	27,820,620	22,256,496	-	485,943	1,055,102	191,962	4,803,003	4,803,003
Seventh Grant	586,400	469,120	-	11,728	-	-	129,008	129,008
Eighth Grant	-	-	327,500	-	-	70,300	257,200	257,200
Total	28,407,020	22,725,616	327,500	497,671	1,055,102	262,262	5,189,211	5,189,211
WAEP	0.10	-	0.78	0.51	0.50	0.57	0.53	0.53
2006								
Sixth Grant	34,972,100	-	-	2,606,430	8,547,600	1,210,310	27,820,620	23,997,160
Seventh Grant	-	-	586,400	-	-	-	586,400	288,700
Total	34,972,100	-	586,400	2,606,430	8,547,600	1,210,310	28,407,020	24,285,860
WAEP	0.10	-	0.21	0.10	0.10	0.10	0.10	0.10

The share options were granted on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 31 to the financial statements.

39. Material Litigation

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

39. Material Litigation (Cont'd)

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

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

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

40. Financial Instruments

(a) Financial risk management objectives and policies

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

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

(b) Interest Rate Risk

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

(c) Credit Risk

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

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

(d) Liquidity and Cash Flow Risks

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

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

(e) Foreign currency exchange risk

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

40. Financial Instruments (Cont'd)

(e) Foreign currency exchange risk (cont'd)

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

	Net Financial Assets/(Liabilities) Held in Non-Functional Currency						
Functional Currency	United States Dollar	British Pound	Singapore Dollar	Thailand Baht	Hong Kong Dollar	Yuan Renminbi	Total
	RM	RM	RM	RM	RM	RM	RM
Group							
2007							
Inventories							
British Pound	1,390,444	-	-	-	-	-	1,390,444
Trade receivables							
Ringgit Malaysia	1,432,997	-	20,170	-	-	127,260	1,580,427
Other receivables							
Ringgit Malaysia	-	-	-	-	-	33,165	33,165
Philippines Peso	808	-	-	-	-	-	808
Cash and bank balances							
Philippines Peso	3,391	-	-	-	-	-	3,391
Trade payables							
Ringgit Malaysia	5,896,888	-	-	2,056,114	-	-	7,953,002
Thailand Baht	2,926,135	-	-	-	-	-	2,926,135
Other payables							
Ringgit Malaysia	-	6,068	13,416	-	5,094	-	24,578
British Pound	935,908	-	-	-	-	-	935,908
Company							
2007							
Trade receivables							
Ringgit Malaysia	174,914	-	-	-	-	-	174,914
Amount owing by related companies							
Ringgit Malaysia	1,001,860	-	-	-	-	-	1,001,860

40. Financial Instruments (Cont'd)

(e) Foreign currency exchange risk (cont'd)

Functional Currency	Net Financial Assets/(Liabilities) Held in Non-Functional Currency							
	United States Dollar	Euro	British Pound	Singapore Dollar	Thailand Baht	Philippines Peso	Hong Kong Dollar	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
2006								
Trade receivables								
Ringgit Malaysia	2,270,277	-	-	-	-	-	-	2,270,277
Trade payables								
Ringgit Malaysia	1,197,524	141,401	-	-	-	-	-	1,338,925
Thailand Baht	157,530	-	-	-	-	-	-	157,530
Company								
2006								
Trade receivables								
Ringgit Malaysia	2,270,277	-	-	-	-	-	-	2,270,277
Trade payables								
Ringgit Malaysia	1,197,524	141,401	-	-	-	-	-	1,338,925
Amount owing by related companies								
Ringgit Malaysia	-	-	-	-	-	-	9,841,881	9,841,881
Amount owing to related companies								
Ringgit Malaysia	-	-	4,796,553	-	3,257,799	4,603,261	11,088,827	23,746,440
Amount owing to holding company								
Ringgit Malaysia	-	-	-	21,574	-	-	22,648	44,222

40. Financial Instruments (Cont'd)

(f) Fair Values

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

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

	2007		2006	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial assets				
Marketable securities	591,685	591,685	16,259	16,259
Financial liabilities				
Hire purchase payables	92,131	88,978	5,398	5,125
Borrowings	3,248,259	2,691,881	4,137,507	3,873,744
Contingent liabilities	-	-	1,150,000	@
Company				
Financial assets				
Marketable securities	510,705	510,705	-	-
Financial liabilities				
Borrowings	3,248,259	2,691,881	3,465,839	3,247,438
Contingent liabilities	610,000	@	2,427,200	@

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

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

(i) The carrying amounts of cash and cash equivalents, trade and other receivables/payables and short term borrowings approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) The fair value of quoted unit trusts are determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

41. Effect on Adoption of Revised FRSs

The effects on adoption of the following revised FRSs in financial year 2007 are set out below:-

(a) FRS 117: Leases

This FRS requires that leases of land and buildings to be classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease.

41. Effect on Adoption of Revised FRSs (Cont'd)

(a) FRS 117: Leases (cont'd))

Prior to 1 January 2007, leasehold land and building held for own use was classified as property, plant and equipment. Following the adoption of FRS 117, the Group and the Company reclassified upfront payments of leasehold land as prepaid lease payments. These payments are amortised on a straight line basis over the lease period.

The Group and the Company have applied the change in accounting policy in respect of the leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised carrying amount of leasehold land is classified as prepaid lease payments. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively. Certain comparative figures of the balance sheets of the Group and the Company have been restated. There was no impact on the income statements of the Group and of the Company for the financial year ended 31 December 2006.

(b) FRS 124: Related Party Disclosures

FRS 124 has no material financial impact on the Group's and the Company's accounting policies. This standard affects the identification of related parties and has resulted in additional related party disclosures presented in the financial statements.

42. Comparative Figures

The audited financial statements for the financial year ended 31 December 2007 was prepared in accordance with the then effective applicable approved accounting standards in Malaysia. With the adoption of the revised FRS 117 as disclosed in Note 41 to the financial statements, certain comparative figures as at 31 December 2006 have been reclassified as follows:-

	As previously stated RM	Effect of adopting FRS 117 RM	As restated RM
Group			
Balance Sheet			
Property, plant and equipment	54,203,365	(1,608,586)	52,594,779
Prepaid lease payments	-	1,608,586	1,608,586
Cash Flow Statement			
Operating profit before working capital changes			
Depreciation of property, plant and equipment	3,894,266	(16,414)	3,877,852
Amortisation of prepaid lease payments	-	16,414	16,414
Company			
Balance Sheet			
Property, plant and equipment	18,191,877	(1,608,586)	16,583,291
Prepaid lease payments	-	1,608,586	1,608,586
Cash Flow Statement			
Operating profit before working capital changes			
Depreciation of property, plant and equipment	2,045,320	(16,414)	2,028,906
Amortisation of prepaid lease payments	-	16,414	16,414

43. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2007 were authorised for issue in accordance with a resolution of the Board of Directors on 7 April 2008.

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

BREAKDOWN OF SHAREHOLDINGS

Size Of Holdings	No of Holders	%	No. Of Shares	%
Less than 100	934	11.25	27,344	0.02
100 to 1,000 shares	1,035	12.47	562,644	0.41
1,001 to 10,000 shares	4,619	55.64	17,131,984	12.33
10,001 to 100,000 shares	1,591	19.17	40,473,695	29.15
100,001 to less than 5% of issued shares	120	1.45	49,100,333	35.36
5% and above of issued shares	2	0.02	31,566,215	22.73
Total	8,301	100	138,862,215	100

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2008

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

	No. Of Shares Held			
Substantial Shareholders	Direct Interest	%	Indirect Interest	%
Maybank Nominees (Tempatan) Sdn Bhd Amanah – JMF Asset Management Sdn Bhd (for BSNC Corporation Berhad)	17,583,744	12.66	-	-
Goh Kuan Ho	17,383,081	12.52	-	-

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2008

		No. Of Shares Held			
Name of Directors	Note	Direct Interest	%	Indirect Interest	%
GOH KUAN HO	1	17,383,081	12.56	-	-
TAY BENG LOCK		6,101,800	4.41	-	-
YENG FOOK HOO	2	3,230,748	2.33	-	-
CHIN FOOK KHEONG	3	152,000	0.11	-	-

Notes:

1) 3,400,610 held under Bumiputra- Commerce Nominees (Tempatan) Sdn Bhd
2) 1,556,381 held under Bumiputra- Commerce Nominees (Tempatan) Sdn Bhd
3) 152,000 held under BHLB-Trustee Bhd

SHAREHOLDINGS STATISTICS AS AT 31 MARCH 2008

STATEMENT OF SHAREHOLDINGS
THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 31 MARCH 2008

No	Shareholders	Holdings	%
1	Mayban Nominees (Tempatan) Sdn Bhd Amanahraya-JMF Asset Management Sdn Bhd for BSNC Corporation Berhad	17,583,744	12.66
2	Goh Kuan Ho	13,982,471	10.07
3	Tay Beng Lock	6,101,800	4.41
4	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Goh Kuan Ho	3,400,610	2.45
5	Ambank (M) Berhad Pledged Securities Account for Fang Kok Leong @ Phang Soon Fook	2,774,700	2.00
6	Citigroup Nominees (Asing) Sdn Bhd PLL for Robotti Global Fund LLC	2,195,700	1.58
7	Goh Heng Loo	2,036,776	1.47
8	Yeng Fook Hoo	1,674,367	1.21
9	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeng Fook Hoo	1,556,381	1.12
10	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yee Hui	1,348,000	0.97
11	Ong Seng Sze	1,319,442	0.95
12	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Susy Ding	1,210,000	0.87
13	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Loh Wee Hian	1,200,000	0.86
14	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Hoo Kui	1,159,919	0.84
15	Ong Boey Hwa	700,000	0.50
16	Lim Peng Kwee	664,000	0.48
17	Ang Kok Seong	614,500	0.44
18	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sii Lik Kung	580,700	0.42
19	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse	572,000	0.41
20	Jerneh Asia Capital Sdn Bhd	564,634	0.41
21	Chew Chee Seng	523,600	0.38
22	Lim Chai Ong	515,900	0.37
23	GHL Systems Berhad	505,600	0.36
24	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Asbi Dana Al-Mubin	399,275	0.29
25	Associated Abrasives Sdn Bhd	359,300	0.26
26	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Chu Boon	349,700	0.25
27	Ng Bee Yean	333,520	0.24
28	Chin Lin Thai	330,000	0.24
29	Ho Peng Chong	329,590	0.24
30	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Choong Kong	329,300	0.24

LIST OF PROPERTIES

Title/Location	Description/ Existing Use	Registered Owner	Age of Building (Years)	Land Area	Tenure	Net Book Value as at 31.12.2007 (RM)	Original Cost (RM)
4 1/2-storey shop office at Unit L 7, 8 & 9, C-G-15, Block C, Jalan Dataran SD1Dataran SD, PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur	Office space	GHL Systems Berhad	3	570 sq m	Leasehold Expired on 27 Aug 2102	4,776,516	4,875,000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be held at Ballroom II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on 15 May 2008, Thursday, at 9.00 a.m. for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To approve a first and final Share Dividend of 1% for the financial year ended 31 December 2007. (Resolution 2)

3. To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association:-

   (a) Ms. Goh Kuan Ho (Resolution 3)

   (b) Ms. Yen Siw Kuin (Resolution 4)

4. To re-elect Mr. Angus Eugenio Campos as a Director of the Company in accordance with Section 132 of the Companies Act, 1965. (Resolution 5)

5. To approve the payment of Directors' fees of RM267,000 for the year ended 31 December 2007. (Resolution 6)

6. To re-appoint Messrs. Anuarul Azizan Chew & Co. as Auditors of the Company and to authorize the Directors to fix their remuneration. (Resolution 7)

7. **As Special Business:**
   To consider and, if thought fit, to pass the following Ordinary Resolutions:

7.1 **Authority to Directors to Allot and Issue Shares** (Resolution 8)

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

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Fourteenth Annual General Meeting of the Company, the Share Dividend of 1% for the financial year ended 31 December 2007 will be payable on 14 July 2008 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 16 June 2008.

A Depositor shall qualify for entitlement only in respect of :-

(a) shares transferred into the Depositors' Securities Account before 4.00 p.m. on 16 june 2008 in respect of ordinary transfers; and

(b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

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

Kuala Lumpur
Date: 23 April 2008

NOTICE OF ANNUAL GENERAL MEETING

NOTES ON APPOINTMENT OF PROXY

1. A member entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia.

2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

3. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

5. The Form of Proxy or other instruments of appointment must be deposited with the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur at least 48 hours before the time fixed for holding the meeting or any adjournment thereof, or in the case of a poll, at least 24 hours before the time appointed for the taking of the poll.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 8: Authority to Directors to Allot and Issue Shares

The Proposed Resolution 7, if passed, would enable the Directors to issue shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

Ms. Goh Kuan Ho	Article 127	(Resolution 3)
Ms. Yen Siw Kuin	Article 127	(Resolution 4)
Mr. Angus Eugenio Campos	Article 132	(Resolution 5)

The profile of the above Directors are set out on page 14 to 17 of the Annual Report 2007. The details of the interest of the above Directors in the securities of the Company or its related corporations are disclosed in the Directors report on page 32 to page 35 of the aforesaid Annual Report.

The details of the Directors' attendance for Board Meetings are disclosed in the Corporate Governance Statement on page 21 to 22 of the Annual Report 2007.

PROXY FORM

I/We, _____

NRIC No. /Passport No. /Company No._____

of_____

being a member /members of **GHL SYSTEMS BERHAD**, hereby appoint

_____NRIC No. _____

Of_____

and/or _____ _____ NRIC No. _____

of_____

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Ballroom II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on 15 May 2008, Thursday, at 9.00 a.m. and at any adjournment thereof, in the manner indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
	As Ordinary Business		
1.	To receive the Financial Statements and Reports for the financial year ended 31 December 2007.		
2.	To approve a first and final Share Dividend of 1% for the financial year ended 31 December 2007.		
3.	To re-elect Ms. Goh Kuan Ho as Director.		
4.	To re-elect Ms. Yen Siw Kuin as Director.		
5.	To re-elect Mr. Angus Eugenio Campos as Director.		
6.	To approve the payment of Directors' fees for the financial year ended 31 December 2007.		
7.	To re-appoint Messrs Anuarul Azizan Chew & Co. as Auditors of the Company.		
	As special business		
8.	To approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed this _____ day of _____, 2008.

Signature : _____

(If shareholder is a corporation, this part should be executed under seal)

NUMBER OF SHARES HELD	

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares : .....
Percentage : .....%

Second Proxy
No. of Shares : .....
Percentage : .....%

NOTES

1. *A member entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia.*
2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
3. *The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.*
4. *If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.*
5. *The Form of Proxy or other instruments of appointment must be deposited with the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur at least 48 hours before the time fixed for holding the meeting or any adjournment thereof, or in the case of a poll, at least 24 hours before the time appointed for the taking of the poll.*

Fold here

Please affix
postage stamp
here

The Registrar of
GHL SYSTEMS BERHAD (293040-D)
SYMPHONY SHARE REGISTRARS SDN BHD
Level 26, Menara Multi Purpose
Capital Square, 8 Jalan Munshi Abdullah
50100 Kuala Lumpur

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GHL SYSTEMS BERHAD
293040-D

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