



The Board of Directors of the Company ("the Board") 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.

## 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 programme 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 eight (8) members; comprising one (1) Independent Non-Executive Chairman, two (2) Independent Non-Executive Directors, two (2) Non-Executive Directors and three (3) 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) Non-Executive Directors and two (2) Executive Directors. On 20 February 2004, two additional Independent Non-Executive Directors were appointed to the Nomination Committee.

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.



The summary of attendance at the Board Meetings held for the financial year ended 31 December 2004 is as follows:

Directors	Number of Board Meetings	
	Held	Attended
Tunku Dato' A. Malek Bin Tunku Kassim	6	6
Tay Beng Lock	6	6
Yeng Fook Hoo	6	6
Chin Fook Kheong	6	6
Goh Kuan Ho	6	5
Mohamad Isa Bin Abdullah	6	5
Chong Teck Foh	6	2
Yen Siw Kuin	6	6

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 specialised 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) Non-Executive Directors. On 20 February 2004, the Nomination Committee has appointed one (1) Independent Non-Executive Director as an additional member of the RC. 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 2004, a total sum of RM 1,403,984 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:-

	Executive	Non-Executive	Total
Fee	RM72,000	RM144,000	RM216,000
Salaries & Benefits-in-Kind	RM1,060,700	-	RM1,060,700
Employee Provident Fund	RM127,284	-	RM127,284
Allowances & Bonus	-	-	-
	<b>RM1,259,984</b>	<b>RM144,000</b>	<b>RM1,403,984</b>

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

vii) **Number of Directorships in Other Public Companies**

None of the Directors of the Company has held directorships in other public companies except the following:-

Name of Director	Name of Company
Tunku Dato' Abdul Malek Bin Tunku Kassim	Commerce Life Assurance Berhad UBB (Malaysia) Trustee Berhad ( formerly known as BSNC Trustee Berhad)
Mohamad Isa Bin Abdullah	Global Carriers Berhad
Yen Siw Kuin	Khee San 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.

During the year, all the directors had completed the Mandatory Accreditation Program and attended the Continuing Education Program (CEP) prescribed by Bursa Malaysia Securities Bhd.

**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 on pages 24 to 25 of this Annual Report.

**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 on 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 Malaysian Code on Corporate Governance 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. The Company would like to disclose that it has yet to fulfill this requirement and will endeavor to comply with the Code in the future.

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

The ESOS Committee comprises the Group Managing Director, the Deputy Group Managing 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;

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

- 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.

## ACCOUNTABILITY AND AUDIT

i) **Internal Control**

Details of the Internal Control system are stated in the Statement of Internal Control on page 26.

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 MESDAQ market, the Board aims to ensure 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.

iv) **Relationship with Auditors**

The Board through the establishment of an Audit Committee maintains an active, transparent and professional relationship with the company's Internal and External Auditors, and has been conferred with the authority to interface directly with both the External and Internal Auditors of the Group.



## 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](http://www.bursamalaysia.com)), as well as via the Investor Relations Channel of the Company's corporate website ([www.ghl.com](http://www.ghl.com)). Investors are encouraged to sign up 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 MESDAQ market, the Company aims to ensure 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.

## EMPLOYEE SHARE OPTION SCHEME (ESOS) COMMITTEE

During the financial year ended 31 December 2003, the Company has offered ESOS options to the eligible directors and eligible employees of the Group, on 31 March 2003 (19,830,000 ESOS options granted at an exercise price of RM0.20 per share), on 31 May 2003 (2,960,000 ESOS options granted at an exercise price of RM0.205 per share), on 22 December 2003 (3,730,000 ESOS options granted at an exercise price of RM0.475 per share), on 5 July 2004 (1,410,000 ESOS options granted at an exercise price of RM0.375 per share), and on 28 December 2004 (1,539,000 ESOS options granted at an exercise price of RM0.305 per share).

As a consequence of the Bonus Issue on 15 June 2004, on the basis of one (1) new ordinary share of RM0.10 each for every four (4) existing ordinary share of RM0.10 each, the number of unexercised ESOS options was adjusted by 2,196,375 in accordance with Bye-Laws 15 of the GHL Systems Berhad – ESOS Bye Laws.

As at 31 March 2005, being the expiry date of the ESOS scheme, out of the accepted ESOS options, 23,247,750 options had been exercised and 10,551,625 options had lapsed.

### Term of Reference

#### 1. Constitution

The Board resolved to establish a committee of the Board to be known as the ESOS Committee on 11 February 2003. The ESOS shall be in force for a duration of two (2) years from 31 March 2003 to 30 March 2005.

#### 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 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.



**EMPLOYEE SHARE OPTION SCHEME (ESOS) COMMITTEE (cont'd)****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 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, 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 the Group;
- (iii) His/Her Maximum Entitlement (as described in Bye-Law 6); and
- (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.

**6. Grant of Options**

- 6.1 No offer shall be made to any Executive Director of the Company unless such offer and the related allotment of shares have previously been approved by the shareholders of the Company 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.



## **EMPLOYEE SHARE OPTION SCHEME (ESOS) COMMITTEE (cont'd)**

### **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 the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.

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.

## **MATERIAL CONTRACT**

Save as disclosed below, neither the Company nor any of its subsidiary companies had entered into any material contract, which involved Directors' interests, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year:-

Two letters of award dated 21 April 2004 and 14 May 2004 respectively to supply to Bank Simpanan Nasional ("BSN") EMV chip-based cards and/or data preparation and personalization of chip-based cards, and to install Electronic Draft Capture terminals to all BSN branches.



**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 11th February 2003.

**2. Composition**

The Audit Committee shall be appointed by the Board with at least three (3) members of which the majority shall comprise Independent Directors.

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

- A 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, 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 in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the 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;
- (d) The effectiveness of the internal control and management information systems;
- (e) The financial statements of the Company 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

**TERMS OF REFERENCE (cont'd)****5. Duties, Responsibilities and Rights (cont'd)**

- (h) Any letter of resignation from the Group's external auditors;
- (i) The assistance given by the Company'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.

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 Managing Director and the Finance Director;
- (e) Have direct communication channels with the external auditors and internal auditors;
- (f) Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Group;
- (g) Be able to invite outsiders with relevant experience to attend its meetings if necessary; and
- (h) Monitor and ensure that any transactions entered into between the Group and parties or companies connected to the promoters, directors and substantial shareholders of the Group are at arm's length and not on terms that are detrimental to the Group. The Directors of the Company are required to report such transactions in the annual report of the Company every year.

The 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.

The Group Finance director, the internal auditor and a representative of the external auditors shall attend Audit Committee meetings. The Audit Committee shall meet at least once a year with external auditors without the presence of executive board members .

**6. Rights of Auditors**

The external auditors and internal auditors 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, 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 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 Company so that a replacement may be appointed before he leaves. In the event of any vacancy in the Audit Committee, the Company shall fill the vacancy within two (2) months, but in any case not later than three (3) months.

The Audit Committee has verified that the allocation of ESOS Options to the eligible directors and employees of the Group is in accordance with the ESOS Bye-Laws.



## INTRODUCTION

In keeping with paragraph 15.27(b) of the Bursa Malaysia Listing Requirements, the Board of GHL Systems Berhad is pleased to provide the following statement on the state of internal control of the Group for the financial year ended 31 December 2004, which has been prepared in accordance with the "Statement on Internal Control-Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia.

## RESPONSIBILITY

The Board acknowledges its stewardship responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity to safeguard shareholder's investment and the Company's assets. The Board recognizes that reviewing of the Company's system of internal controls is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. The internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss. Furthermore, because of the changing circumstances and conditions, the effectiveness of an internal control system may vary over time. The system of the internal controls is to enable the Group to achieve its corporate objectives within an acceptable risk profile and costs and cannot be expected to eliminate all risks.

## INTERNAL CONTROL SYSTEMS

The principal features of the Group's system of internal control can be summarized as follow:

- Definition of authorization procedures and clear line of accountability, with strict authorization, responsibility levels, approval and control procedures within which management operates. Well-documented Group wide policies, procedures and standards are currently being established to bolster the internal controls environment, and kept updated in accordance with changes in operating environment.
- Comprehensive management development plan that includes formal training both inside and outside the Group;
- Quarterly and interim financial results are review by Audit committee and approved by the Board upon recommendation of the Audit Committee before release to Bursa Malaysia. The full year financial results and analyses of the Group's state of affairs are disclosed to shareholders after review and audit by the external auditor;
- Monitoring of compliance with the internal financial controls through management reviews and reports which are internally reviewed by key personnel. Updates of internal policies and procedures are undertaken to reflect changing risks or resolve operational deficiencies.
- Regular reporting of financial, legal and environmental developments to the Board by all divisions of the Group.

## RISK MANAGEMENT FRAMEWORK

The Board recognises its responsibility over the principal risks of various aspects of the Group's business. The risk assessment process involved risk identification, prioritization and formulation of action plans to enhance the internal control system and better controls through formulation of action plans to be implemented and championed by identified members of the management. The risk assessment has assisted the management in developing a formalized risk management framework for the Group to facilitate the management of high impact at various levels within the Group. The risk management framework facilitates the continuous identification of significant risks and that instituted controls are appropriately applied by the management to achieve the risk exposures level acceptable to the Board.

## 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 business units. The result of the risk assessment workshops held for the Group provided a baseline to determine new audit areas for the Group. The identified audit areas had been incorporated into risk based internal audit plan and were approved by the Audit Committee. In particular, Internal Audit appraise and contribute towards improving the Group's risk management and control systems and reports to the Audit Committee on a quarter basis.

## INTERNAL CONTROL ISSUES

As the development of sound system of internal control is an ongoing process, the Board and the Management maintain an ongoing commitment and continue to take appropriate measures to strengthen the internal control environment of the Group to safeguard shareholders' investments and the Group's assets.

This statement is made in accordance with a resolution of the Board of Directors dated 12 April 2005.



# Financial Statements

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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 2004.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are those of developing and selling in-house software programmes. The principal activities of the subsidiary companies are stated in Note 4 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	7,793,405	7,032,615
Taxation	(317,401)	(41,470)
Profit after taxation	7,476,004	6,991,145
Minority shareholders' interest	175,955	-
Net profit for the financial year	<u>7,651,959</u>	<u>6,991,145</u>

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.

There has not arisen during the financial year nor 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.

## DIVIDENDS

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

## RESERVES AND PROVISIONS

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

## SHARE CAPITAL

During the financial year, the Company increased its issued and paid-up share capital from RM25,850,378 to RM33,650,285 by issuance of:

- (a) 6,724,000 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad Employee Share Option Scheme (ESOS) at the option price of RM0.20 each;
- (b) 1,540,000 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.205 each;

**SHARE CAPITAL (CONT'D)**

- (c) 1,118,500 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.475 each;
- (d) 1,479,500 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.16 each;
- (e) 62,500 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.164 each;
- (f) 53,000 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.38 each;
- (g) 50,000 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.375 each; and
- (h) 66,971,570 new ordinary shares of RM0.10 each pursuant to bonus issue by utilisation of the share premium account and retained earnings.

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

**EMPLOYEE SHARE OPTION SCHEME**

The GHL Systems Berhad Employee Share Option Scheme (ESOS) was approved by shareholders at the Extraordinary General Meeting on 11 February 2003.

The main features of the ESOS are as follows:

- (a) Eligible employees comprise confirmed full time employees, including executive directors of the Company to its eligible subsidiary companies, subject to meet 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;
  - (iv) If an employee is employed by a subsidiary of the Company, the employee's period of employment in the Group, for purposes of determining the minimum period of continuous service as stipulated in paragraph (iii) above, shall be deemed to commence from the date on which the employee commenced employment with the subsidiary, or the date on which such company became a subsidiary of the Company, whichever is later; and

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 currently implemented by any company within the Group.
- (c) The maximum number of new ordinary shares which may be available under the ESOS shall not exceed 10% of the total issued and paid-up share capital of the Company at the point in time during the tenure of the ESOS.
- (d) The ESOS shall come into force for duration of two (2) years from effective date, 31 March 2003 subject however to any extension of the ESOS for a further period of up to eight (8) years at the discretion of the Board upon the recommendation of the Option Committee. The date of expiry of the ESOS shall be at the end of the two (2) years from the effective date or, if the ESOS shall be extended, shall be the date of expiry as so extended.



**EMPLOYEE SHARE OPTION SCHEME (CONT'D)**

- (e) The option price which is made subsequent to the Company's listing on the MESDAQ Market of the KLSE, the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer with a discount of not more than ten per centum (10%).
- (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.

The movements of options over unissued shares of the Company granted under the ESOS during the financial year are as follows:

← Number of share options →							
At 1.1.2004	Granted	Bonus Issue	Exercised	Lapsed	At 31.12.2004	Subscription price per ordinary share	Exercise period
11,058,000	-	1,496,000	8,203,500	618,750	3,731,750	RM0.160 (adjusted exercise price)	31.3.2003 to 31.3.2005
1,630,000	-	47,500	1,602,500	25,000	50,000	RM0.160 (adjusted exercise price)	31.5.2003 to 31.3.2005
3,730,000	-	652,875	1,171,500	943,750	2,267,625	RM0.380 (adjusted exercise price)	22.12.2003 to 31.3.2005
-	1,410,000	-	50,000	50,000	1,310,000	RM0.375	5.7.2003 to 31.3.2005
-	1,539,000	-	-	-	1,539,000	RM0.305	28.12.2003 to 31.3.2005
<u>16,418,000</u>	<u>2,949,000</u>	<u>2,196,375</u>	<u>11,027,500</u>	<u>1,637,500</u>	<u>8,898,375</u>		

**DIRECTORS**

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

- Goh Kuan Ho
- Tay Beng Lock
- Yeng Fook Hoo
- Tunku Dato' A Malek Bin Tunku Kassim
- Mohamad Isa Bin Abdullah
- Yen Siew Kuin
- Chong Teck Foh
- Chin Fook Kheong



## DIRECTORS' INTERESTS

Details of holdings in the share capital and options of the Company and 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 →			
	At 1.1.2004	Acquired	Disposed	At 31.12.2004
<b>GHL Systems Berhad</b>				
Direct interest -				
Goh Kuan Ho	49,415,460	12,353,865	-	61,769,325
Tay Beng Lock	13,207,070	4,932,517	(1,500,000)	16,639,587
Yeng Fook Hoo	8,225,100	1,993,775	(250,000)	9,968,875
Chin Fook Kheong	-	437,500	-	437,500
Tunku Dato' A Malek Bin Tunku Kassim	-	10,000	-	10,000

	← No. of options over ordinary shares of RM0.10 each (ESOS) →				
	At 1.1.2004	Bonus Issue	Exercised	Lapsed	At 31.12.2004
<b>GHL Systems Berhad</b>					
Tay Beng Lock	1,000,000	-	(1,000,000)	-	-
Yeng Fook Hoo	1,000,000	250,000	-	-	1,250,000
Chin Fook Kheong	350,000	87,500	(437,500)	-	-

By virtue of their interest in the share capital of the Company, Goh Kuan Ho, Tay Beng Lock and Yeng Fook Hoo are also deemed to have interest in the shares of the 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 and 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 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 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:



**OTHER STATUTORY INFORMATION (CONT'D)**

- (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 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 except as disclosed in Note 29 to the financial statements.

**SIGNIFICANT EVENTS**

The significant events are disclosed in Note 28 to the financial statements.

**SUBSEQUENT EVENTS**

The subsequent events are disclosed in Note 29 to the financial statements.

**STAFF INFORMATION**

The total number of employees of the Group and of the Company (excluding directors) at the end of the financial year were 194 and 63 (2003 : 164 and 61) respectively.

**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



# 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 35 to 60 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 2004 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

KUALA LUMPUR

\_\_\_\_\_  
YENG FOOK HOO

## Statutory Declaration

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

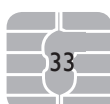
I, **TAY BENG LOCK**, being the director primarily responsible for the financial management of **GHL SYSTEMS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 35 to 60 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously 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 )

\_\_\_\_\_  
TAY BENG LOCK

Before me,

\_\_\_\_\_  
COMMISSIONER FOR OATHS



## Members of GHL Systems Berhad

We have audited the financial statements set out on pages 35 to 60 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 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 2004 and of their results 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.

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

KUALA LUMPUR

**TEE GUAN PIAN**

Approved Number: 1886/05/06 (J/PH)

Partner of Firm



# Balance Sheets

As at 31 December 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>Non-Current Assets</b>					
Property, plant and equipment	3	23,570,945	14,136,007	6,877,609	6,512,628
Investment in subsidiary companies	4	-	-	4,400,000	4,400,000
Investment in associated company	5	-	22,575	-	-
Goodwill on consolidation	6	1,743,593	1,623,556	-	-
		<u>25,314,538</u>	<u>15,782,138</u>	<u>11,277,609</u>	<u>10,912,628</u>
<b>Current Assets</b>					
Inventories	7	4,223,169	2,612,557	-	2,136,128
Trade receivables	8	28,770,853	14,338,288	14,005,296	4,797,508
Other receivables	9	3,613,136	383,012	3,391,297	161,309
Amount owing by subsidiary companies	10	-	-	25,485,632	13,706,245
Amount owing by associated company		-	1,066,760	-	1,066,760
Tax recoverable		11,955	-	8,989	-
Short term funds		-	3,034,124	-	3,034,124
Fixed deposits placed with licensed banks	11	4,444,813	6,475,706	4,014,087	6,062,455
Cash and bank balances		3,473,525	2,822,900	1,428,745	1,586,670
		<u>44,537,451</u>	<u>30,733,347</u>	<u>48,334,046</u>	<u>32,551,199</u>
<b>Current Liabilities</b>					
Trade payables	12	12,464,950	1,953,953	6,304,127	1,852,826
Other payables	13	3,197,535	3,086,931	320,279	407,697
Hire purchase and lease payables	14	694,416	79,252	694,416	79,252
Bank borrowing	15	1,500,000	-	1,500,000	-
Taxation		1,184	16,243	-	14,291
		<u>17,858,085</u>	<u>5,136,379</u>	<u>8,818,822</u>	<u>2,354,066</u>
Net current assets		<u>26,679,366</u>	<u>25,596,968</u>	<u>39,515,224</u>	<u>30,197,133</u>
		<u>51,993,904</u>	<u>41,379,106</u>	<u>50,792,833</u>	<u>41,109,761</u>
<b>Financed By:</b>					
Share capital	16	33,650,285	25,850,378	33,650,285	25,850,378
Share premium	17	391,384	5,912,788	391,384	5,912,788
Retained profits		16,573,895	8,921,936	16,337,740	9,346,595
		<u>50,615,564</u>	<u>40,685,102</u>	<u>50,379,409</u>	<u>41,109,761</u>
<b>Non-Current Liabilities</b>					
Hire purchase and lease payables	14	413,424	-	413,424	-
Deferred taxation	18	964,916	694,004	-	-
		<u>1,378,340</u>	<u>694,004</u>	<u>413,424</u>	<u>-</u>
		<u>51,993,904</u>	<u>41,379,106</u>	<u>50,792,833</u>	<u>41,109,761</u>

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



## Income Statements

For the Financial Year ended 31 December 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	19	64,172,248	63,267,977	41,947,191	50,708,345
Cost of sales		(36,293,536)	(35,403,714)	(22,990,366)	(30,953,965)
Gross profit		27,878,712	27,864,263	18,956,825	19,754,380
Other operating income	20	522,611	433,746	438,806	1,424,505
Operating expenses		(20,552,089)	(21,715,732)	(12,329,762)	(14,781,523)
Profit from operations	21	7,849,234	6,582,277	7,065,869	6,397,362
Finance costs	22	(33,254)	(19,900)	(33,254)	(19,900)
Share of loss in associated company		(22,575)	(335,296)	-	-
Profit before taxation		7,793,405	6,227,081	7,032,615	6,377,462
Taxation	23	(317,401)	(223,795)	(41,470)	(63,455)
Profit after taxation		7,476,004	6,003,286	6,991,145	6,314,007
Minority shareholders' interest		175,955	-	-	-
Net profit for the financial year		7,651,959	6,003,286	6,991,145	6,314,007
Earnings per share (sen)					
Basic	24(a)	2.30	1.98		
Diluted	24(b)	2.28	1.68		

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


**Statements of Changes in Equity**

For the Financial Year Ended 31 December 2004

Group	Share Capital RM	Share Premium RM	Retained Profits RM	Total RM
Balance at 1 January 2003				
- As previously stated	18,715,178	-	3,462,879	22,178,057
- Prior year adjustment	-	-	(544,229)	(544,229)
- As restated	18,715,178	-	2,918,650	21,633,828
Issue of shares	6,300,000	5,071,438	-	11,371,438
Issue of shares pursuant to ESOS	835,200	841,350	-	1,676,550
Net profit for the financial year	-	-	6,003,286	6,003,286
Balance at 31 December 2003	25,850,378	5,912,788	8,921,936	40,685,102
Balance at 1 January 2004	25,850,378	5,912,788	8,921,936	40,685,102
Bonus Issue	6,697,157	(6,697,157)	-	-
Issue of shares pursuant to ESOS	1,102,750	1,175,753	-	2,278,503
Net profit for the financial year	-	-	7,651,959	7,651,959
Balance at 31 December 2004	33,650,285	391,384	16,573,895	50,615,564

Company	Share Capital RM	Share Premium RM	Retained Profits RM	Total RM
Balance at 1 January 2003	18,715,178	-	3,032,588	21,747,766
Issue of shares	6,300,000	5,071,438	-	11,371,438
Issue of shares pursuant to ESOS	835,200	841,350	-	1,676,550
Net profit for the financial year	-	-	6,314,007	6,314,007
Balance at 31 December 2003	25,850,378	5,912,788	9,346,595	41,109,761
Balance at 1 January 2004	25,850,378	5,912,788	9,346,595	41,109,761
Bonus issue	6,697,157	(6,697,157)	-	-
Issue of shares pursuant to ESOS	1,102,750	1,175,753	-	2,278,503
Net profit for the financial year	-	-	6,991,145	6,991,145
Balance at 31 December 2004	33,650,285	391,384	16,337,740	50,379,409

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



## Cash Flow Statements

For the Financial Year ended 31 December 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Cash Flows From Operating Activities</b>				
Profit before taxation	7,793,405	6,227,081	7,032,615	6,377,462
Adjustment for:				
Depreciation of property, plant and equipment	4,048,602	3,665,661	1,378,773	1,047,339
Impairment losses	-	3,478,000	-	3,478,000
(Gain)/Loss on disposal of property, plant and equipment	(233,683)	34,016	(180,938)	-
Share of loss in associated company	22,575	335,296	-	-
Loss on deemed disposal of associated company	-	32,661	-	-
Property, plant and equipment written off	-	2,685	-	-
Interest income	(180,292)	(213,614)	(151,192)	(190,324)
Dividend income	(81,676)	(34,181)	(81,676)	(34,181)
Interest expense	33,254	19,900	33,254	19,900
<b>Operating profit before working capital changes</b>	<b>11,402,185</b>	<b>13,547,505</b>	<b>8,030,836</b>	<b>10,698,196</b>
(Increase)/Decrease in working capital				
Inventories	(1,610,612)	(754,662)	2,136,128	(1,028,814)
Receivables	(17,554,696)	(5,647,921)	(12,437,777)	(3,475,418)
Payables	9,219,066	(2,374,943)	4,363,883	1,094,600
Amount owing by/(to) subsidiary companies	-	-	(11,779,387)	(4,961,398)
Amount owing by/(to) associated companies	1,066,760	(1,066,760)	1,066,760	(1,066,760)
	<b>(8,879,482)</b>	<b>(9,844,286)</b>	<b>(16,650,393)</b>	<b>(9,437,790)</b>
<b>Cash generated from/(used in) operations</b>	<b>2,522,703</b>	<b>3,703,219</b>	<b>(8,619,557)</b>	<b>1,260,406</b>
Interest received	180,292	213,614	151,193	190,324
Interest paid	(33,254)	(19,900)	(33,254)	(19,900)
Dividend received	81,676	34,181	81,676	34,181
Tax paid	(73,502)	(57,777)	(64,750)	(49,165)
	<b>155,212</b>	<b>170,118</b>	<b>134,865</b>	<b>155,440</b>
<b>Net cash from/(used in) operating activities</b>	<b>2,677,915</b>	<b>3,873,337</b>	<b>(8,484,692)</b>	<b>1,415,846</b>


**Cash Flow Statements**

For the Financial Year ended 31 December 2004 (cont'd)

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>Cash Flows From Investing Activities</b>					
Purchase of property, plant and equipment	25	(13,573,814)	(7,258,350)	(2,502,496)	(5,448,940)
Proceeds from disposal of property, plant and equipment		2,867,968	6,450	2,333,680	-
Net cash inflow on acquisition of subsidiary company		200,448	-	-	-
<b>Net cash used in investing activities</b>		<b>(10,505,398)</b>	<b>(7,251,900)</b>	<b>(168,816)</b>	<b>(5,448,940)</b>
<b>Cash Flows From Financing Activities</b>					
Repayment of hire purchase and lease payables		(365,412)	(238,604)	(365,412)	(238,604)
Increase in fixed deposits pledged		(4,100,000)	-	(2,800,000)	(900,000)
Drawdown of bank borrowing		-	-	1,500,000	-
Proceeds from issue of shares		2,278,503	13,047,988	2,278,503	13,047,988
<b>Net cash (used in)/from financing activities</b>		<b>(2,186,909)</b>	<b>12,809,384</b>	<b>613,091</b>	<b>11,909,384</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(10,014,392)</b>	<b>9,430,821</b>	<b>(8,040,417)</b>	<b>7,876,290</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>12,332,730</b>	<b>2,901,909</b>	<b>9,783,249</b>	<b>1,906,959</b>
<b>Cash and cash equivalents at end of financial year</b>		<b>2,318,338</b>	<b>12,332,730</b>	<b>1,742,832</b>	<b>9,783,249</b>
<b>Cash and cash equivalents at end of year comprises:</b>					
Cash and bank balances		3,473,525	2,822,900	1,428,745	1,586,670
Fixed deposits placed with licensed banks		4,444,813	6,475,706	4,014,087	6,062,455
Bank overdraft		(1,500,000)	-	-	-
Short term funds		-	3,034,124	-	3,034,124
		6,418,338	12,332,730	5,442,832	10,683,249
Less : Fixed deposits pledged to licensed banks		(4,100,000)	-	(3,700,000)	(900,000)
		2,318,338	12,332,730	1,742,832	9,783,249

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. The principal activities of the subsidiary companies are stated in Note 4 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 the Malaysian Exchange of Securities Dealing & Automated Quotation.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of accounting

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

During the financial year ended 31 December 2004, the following new standards are issued by the Malaysian Accounting Standards Board (MASB) which became effective in the current financial year:-

MASB 31	Accounting for Government Grants and Disclosure of Government Assistance
MASB 32	Property Development Activities

However, MASB 31 and MASB 32 are not adopted as they are not applicable to the Group and to the Company.

### (b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are consolidated using the acquisition method of accounting. Companies acquired or disposed of are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

All inter-company transactions, balances and unrealised surpluses and deficits on transactions with and between subsidiary companies are eliminated.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

### (c) Goodwill on consolidation

Goodwill arising on consolidation represents the excess of the acquisition cost over the fair value of the net assets of the subsidiary companies at the date of acquisition.

Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

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 unamortised balance of goodwill which were not previously recognised in the consolidated income statement.


**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**
**(d) Subsidiary companies**

A subsidiary company is a company in which the Group owns, directly or indirectly, more than 50% of the equity share capital and has control over its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies is stated at cost unless, in the opinion of the directors, a permanent diminution in value of the investments has arisen.

**(e) Property, plant and equipment**

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

All other property, plant and equipment are depreciated on a straight line method at rates calculated to write off the cost of the assets to its residual value over their estimated useful lives at the following annual rates:

Computer equipment	33%
EDC equipment	20%
Computer software	10%
Motor vehicles	20%
Furniture, fittings and office equipment	10%
Renovation	50%

Gains or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in the income statements.

**(f) Inventories**

Inventories are valued at the lower of cost and net realisable value and is 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.

**(g) Receivables**

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. Doubtful debts are provided based on specific review of the receivables.

**(h) 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.

**(i) 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 or the Company's incremental borrowing rate is used.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Leases and hire purchase (cont'd)**

Lease 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.

**(j) Impairment**

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statements immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statements, a reversal of that impairment loss is recognised as income in the income statements.

**(k) Cash and cash equivalents**

Cash and cash equivalent 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.

**(l) Provisions for liabilities and contingent liabilities**

Provisions for liabilities are recognised when the Group and the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote except for cases where the amount involved is material and the Directors are of the opinion that disclosure is appropriate.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(m) Foreign currencies**

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the rates of exchange ruling at that date and exchange differences are taken to the income statements. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statements.

The closing exchange rate used by the Group and the Company for the main foreign currency is USD1 = RM3.83 (2003 : USD1 = RM3.83).

**(n) 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 performance of services, net of sales taxes and discounts.

**(ii) Rental income/Interest income**

Rental income and interest income are recognised on an accrual basis unless ability to collect is in doubt.

**(o) Income tax**

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 assets or liabilities 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 in 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.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(p) 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 contributed plans**

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statements as incurred.

**(iii) Employee share option scheme**

GHL Systems Bhd's Employee Share Option Scheme allows the Company's employees to subscribe for shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

**(q) 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

Group	Computer equipment RM	EDC equipment RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
<b>Cost</b>							
At 1.1.2004	1,665,579	11,723,396	9,978,000	885,500	373,220	686,848	25,312,543
Additions	713,954	10,677,302	1,512,000	1,748,294	21,765	201,960	14,875,275
Acquisition of subsidiary company	416,929	-	615,200	-	6,533	322,840	1,361,502
Disposals/Write-off	(470,182)	(1,380,216)	(4,978,000)	(650,000)	(680)	(960)	(7,480,038)
At 31.12.2004	<u>2,326,280</u>	<u>21,020,482</u>	<u>7,127,200</u>	<u>1,983,794</u>	<u>400,838</u>	<u>1,210,688</u>	<u>34,069,282</u>
<b>Accumulated depreciation and impairment losses</b>							
Accumulated depreciation	995,854	4,552,326	1,250,000	337,041	59,275	504,040	7,698,536
Accumulated impairment losses	-	-	3,478,000	-	-	-	3,478,000
At 1.1.2004	995,854	4,552,326	4,728,000	337,041	59,275	504,040	11,176,536
Acquisition of subsidiary company	83,712	-	65,053	-	13,042	53,819	215,626
Charge for the financial year	549,334	2,167,854	712,020	302,980	39,661	232,823	4,004,672
Disposals/Write-off	(134,787)	(952,232)	(3,478,000)	(333,333)	-	(145)	(4,898,497)
Other movements	-	(171)	-	-	-	171	-
At 31.12.2004	<u>1,494,113</u>	<u>5,767,777</u>	<u>2,027,073</u>	<u>306,688</u>	<u>111,978</u>	<u>790,708</u>	<u>10,498,337</u>
<b>Carrying amount</b>							
At 31.12.2004	<u>832,167</u>	<u>15,252,705</u>	<u>5,100,127</u>	<u>1,677,106</u>	<u>288,860</u>	<u>419,980</u>	<u>23,570,945</u>
At 31.12.2003	<u>669,725</u>	<u>7,171,070</u>	<u>5,250,000</u>	<u>548,459</u>	<u>313,945</u>	<u>182,808</u>	<u>14,136,007</u>
<b>Depreciation charge for the financial year ended 31.12.2003</b>	<u>344,594</u>	<u>2,266,576</u>	<u>500,000</u>	<u>177,100</u>	<u>22,554</u>	<u>354,837</u>	<u>3,665,661</u>



## 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Computer equipment RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
<b>Cost</b>						
At 1.1.2004	1,246,666	9,978,000	870,000	134,430	284,348	12,513,444
Additions	634,256	1,500,000	1,748,294	13,946	-	3,896,496
Disposals/Write-off	(470,182)	(4,978,000)	(650,000)	(680)	-	(6,098,862)
<b>At 31.12.2004</b>	<b>1,410,740</b>	<b>6,500,000</b>	<b>1,968,294</b>	<b>147,696</b>	<b>284,348</b>	<b>10,311,078</b>
<b>Accumulated depreciation and impairment losses</b>						
Accumulated depreciation	755,993	1,250,000	328,000	32,603	156,220	2,522,816
Accumulated impairment losses	-	3,478,000	-	-	-	3,478,000
<b>At 1.1.2004</b>	<b>755,993</b>	<b>4,728,000</b>	<b>328,000</b>	<b>32,603</b>	<b>156,220</b>	<b>6,000,816</b>
Charge for the financial year	287,286	650,000	299,880	14,640	126,967	1,378,773
Disposals/Write-off	(134,787)	(3,478,000)	(333,333)	-	-	(3,946,120)
<b>At 31.12.2004</b>	<b>908,492</b>	<b>1,900,000</b>	<b>294,547</b>	<b>47,243</b>	<b>283,187</b>	<b>3,433,469</b>
<b>Carrying amount</b>						
At 31.12.2004	502,248	4,600,000	1,673,747	100,453	1,161	6,877,609
At 31.12.2003	490,673	5,250,000	542,000	101,827	128,128	6,512,628
Depreciation charge for the financial year ended 31.12.2003	220,360	500,000	174,000	11,966	141,013	1,047,339

Property, plant and equipment acquired under hire purchase and lease stated at carrying amount are as follows:

	Group/Company	
	2004 RM	2003 RM
Motor vehicles	1,567,414	542,000

## 4. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2004 RM	2003 RM
(a) Unquoted shares, at cost	4,400,000	4,400,000

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

Name of company	Country of incorporation	Equity interest		Principal activities
		2004 %	2003 %	
Direct holding -				
GHL Transact Sdn. Bhd.	Malaysia	100	100	Sale and rental of Electronic Data Capture (EDC) equipment and related services.
GHL Payments Sdn. Bhd.	Malaysia	100	100	Sale and rental of Electronic Data Capture (EDC) equipment and related services.
GHL Eftpos Sdn. Bhd.	Malaysia	100	100	Sale and rental of Electronic Data Capture (EDC) equipment and related services.
PaymentOne Sdn. Bhd.	Malaysia	100	100	Investment holding.
Indirect holding -				
Subsidiary company of PaymentOne Sdn. Bhd.				
Card Pay Sdn. Bhd	Malaysia	52	-	Third party acquirer for e-debit and MEPS CASH transactions.

(c) Acquisition of subsidiary companies

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

	Group 2004 RM
Revenue	184,309
Cost of sales	(8,810)
Gross profit	175,499
Administrative expenses	(733,537)
Minority interests	119,967
Loss for the financial period	(438,071)

## 4. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

## (c) Acquisition of subsidiary companies (cont'd)

The summary of effects of the acquisition on the financial position of the Group as at 31 December 2004 is as follows-

	Group 2004 RM
Goodwill on consolidation	120,037
Property, plant and equipment	1,113,733
Trade and other receivables	46,889
Cash and bank balances	123,520
Trade and other payables	(1,592,250)
	<hr/>
Group net liabilities	<u>(188,071)</u>

The fair value of the assets acquired and liabilities assumed from the acquisition of subsidiary company is as follows-

	Group 2004 RM
Net assets acquired:-	
Goodwill on consolidation	120,037
Property, plant and equipment	1,145,877
Trade and other receivables	107,993
Cash and bank balances	450,448
Trade and other payables	(1,454,388)
Minority interest	(119,967)
	<hr/>
Cash outflow on acquisition of subsidiary company	250,000
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired	(450,448)
	<hr/>
Cash inflow on acquisition of subsidiary company	<u>(200,448)</u>

## 5. INVESTMENT IN ASSOCIATED COMPANY

	Group	
	2004 RM	2003 RM
Unquoted shares - at cost	-	400,000
Share of post acquisition losses	-	(344,764)
	-	55,236
Loss on deemed disposal of associated company shares	-	(32,661)
	-	22,575
The Groups' investment in associated companies is represented by:		
Share of net assets	-	46,628
Reserve on acquisition	-	(24,053)
	-	22,575

The associated company and shareholding therein is as follows:

Name of company	Country of incorporation	Effective interest		Principal activities
		2004 %	2003 %	
Card Pay Sdn. Bhd.	Malaysia	-	40	Third party acquirer for e-debit and MEPS CASH transactions

During the financial year, Card Pay Sdn. Bhd. became the subsidiary company of PaymentOne Sdn. Bhd., which is a subsidiary company of GHL Systems Berhad.

## 6. GOODWILL ON CONSOLIDATION

	Group	
	2004 RM	2003 RM
At 1 January	1,623,556	1,623,556
Acquisition of subsidiary company	120,037	-
At 31 December	1,743,593	1,623,556

## 7. INVENTORIES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At cost				
Whoops	-	2,136,128	-	2,136,128
EDC equipment	3,854,775	342,247	-	-
Others	368,394	134,182	-	-
	4,223,169	2,612,557	-	2,136,128

**8. TRADE RECEIVABLES**

The Group's and the Company's normal trade credit terms range from 30 to 60 days (2003 : 30 to 60 days).

**9. OTHER RECEIVABLES**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other receivables	259,720	75,128	214,594	5,000
Deposits	1,162,765	150,558	1,134,126	124,619
Prepayments	2,190,651	157,326	2,042,577	31,690
	<u>3,613,136</u>	<u>383,012</u>	<u>3,391,297</u>	<u>161,309</u>

**10. AMOUNT OWING BY SUBSIDIARY COMPANIES**

This represents unsecured interest free advances with no fixed term of repayment except for an amount of RM23,109,035 (2003 : RM11,444,959) which is made up of trade transactions.

**11. FIXED DEPOSITS PLACED WITH LICENSED BANKS**

Included in the above is an amount of RM4,100,000 (2003 : RM1,300,000) and RM3,700,000 (2003 : RM900,000) pledged to licensed banks as security for banking facilities granted to the Group and the Company respectively.

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest rates (%)	<u>2.75 - 4</u>	<u>2.2 - 4</u>	<u>2.75 - 3.7</u>	<u>2.2 - 3</u>
Maturities (days)	<u>30 - 365</u>	<u>30 - 365</u>	<u>30 - 365</u>	<u>30 - 365</u>

**12. TRADE PAYABLES**

The Group's and the Company's normal trade credit terms range from 30 to 60 days (2003 : 30 to 60 days).

**13. OTHER PAYABLES**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other payables	59,657	470,626	46,330	105,199
Deposits	2,678,740	2,170,290	-	-
Accruals	459,138	446,015	273,949	302,498
	<u>3,197,535</u>	<u>3,086,931</u>	<u>320,279</u>	<u>407,697</u>



**14. LEASE AND HIRE PURCHASE PAYABLES**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) Minimum hire purchase and lease payments				
Not later than 1 year	739,548	80,202	739,548	80,202
Later than 1 year and not after than 5 years	421,278	-	421,278	-
	<u>1,160,826</u>	<u>80,202</u>	<u>1,160,826</u>	<u>80,202</u>
Less: Finance charges	(52,986)	(950)	(52,986)	(950)
	<u><u>1,107,840</u></u>	<u><u>79,252</u></u>	<u><u>1,107,840</u></u>	<u><u>79,252</u></u>
(b) Present value of hire purchase and finance lease liabilities				
Not later than 1 year	694,416	79,252	694,416	79,252
Later than 1 year and not later than 5 years	413,424	-	413,424	-
	<u>1,107,840</u>	<u>79,252</u>	<u>1,107,840</u>	<u>79,252</u>

**15. BANK BORROWING - SECURED**

	Group/Company	
	2004 RM	2003 RM
Revolving credit	<u>1,500,000</u>	<u>-</u>
<b>Repayable within twelve months</b>		
Revolving credit	<u>1,500,000</u>	<u>-</u>

The above credit facility is obtained from a licensed bank and is secured by way of a pledge of fixed deposits of the Company amounting to RM3,000,000.

The revolving credit is repayable within three months on the maturity of each drawdown.

Maturity of borrowings is as follows:-

	Group/Company	
	2004 RM	2003 RM
Within one year	<u>1,500,000</u>	<u>-</u>

Weighted average of interest rates is as follows:

	Group/Company	
	2004 %	2003 %
Revolving credit	<u>6.5</u>	<u>-</u>



## 16. SHARE CAPITAL

	Group/Company	
	2004 RM	2003 RM
Ordinary shares of RM0.10 each:		
<b>Authorised</b>	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued and fully paid</b>		
Ordinary shares of RM0.10 each		
At 1 January	25,850,378	18,715,178
Issue of shares pursuant to ESOS	1,102,750	-
Bonus issue	6,697,157	-
	<u>33,650,285</u>	<u>18,715,178</u>
Upon sub-division		-
Issued during the financial year	-	6,300,000
ESOS exercised	-	835,200
	<u>33,650,285</u>	<u>25,850,378</u>
At 31 December		

During the financial year, the Company increased its issued and paid-up share capital from RM25,850,378 to RM33,650,285 by issuance of:

- 6,724,000 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad Employee Share Option Scheme (ESOS) at the option price of RM0.20 each;
- 1,540,000 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.205 each;
- 1,118,500 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.475 each;
- 1,479,500 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.16 each;
- 62,500 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.164 each;
- 53,000 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.38 each;
- 50,000 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.375 each; and
- 66,971,570 new ordinary shares of RM0.10 each pursuant to bonus issue by utilisation of the share premium account and retained earnings.



**17. SHARE PREMIUM**

	Group/Company	
	2004 RM	2003 RM
At 1 January	5,912,788	-
Arising in respect of public issue and private placement	-	5,071,438
Arising in respect of ESOS	1,374,897	841,350
Utilisation for bonus issue	(6,697,157)	-
Direct attributable costs pertaining to ESOS and bonus issue	(199,144)	-
At 31 December	<u>391,384</u>	<u>5,912,78</u>

**18. DEFERRED TAX ASSETS/LIABILITIES**

	Group	
	2004 RM	2003 RM
At 1 January	694,004	-
Prior years adjustment	-	544,229
As restated	694,004	544,229
Recognised in income statement	270,912	149,775
At 31 December	<u>964,916</u>	<u>694,004</u>
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	3,122,539	1,874,860
Deferred tax assets	(2,157,563)	(1,180,856)
	<u>964,916</u>	<u>694,004</u>

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

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Total RM
At 1 January 2004	1,874,860	1,874,860
Recognised in income statement	1,247,679	1,247,679
At 31 December 2004	<u>3,122,539</u>	<u>3,122,539</u>



## 18. DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

Deferred tax assets of the Group:

	Accelerated capital allowances RM	Total RM
At 1 January 2004	(1,180,856)	(1,180,856)
Recognised in income statement	(976,767)	(976,767)
At 31 December 2004	<u>(2,157,623)</u>	<u>(2,157,623)</u>

## 19. REVENUE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Whoops	21,367,908	33,644,427	21,367,908	33,644,427
Rental	13,732,022	9,872,641	-	-
Solutions	29,072,318	19,750,909	20,579,283	17,063,918
	<u>64,172,248</u>	<u>63,267,977</u>	<u>41,947,191</u>	<u>50,708,345</u>

## 20. OTHER OPERATING INCOME

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Fixed deposit interest	180,291	213,614	151,192	190,324
Gain on foreign exchange	728	28,435	-	-
Dividend income	81,676	34,181	81,676	34,181
Gain on disposal of property, plant and equipment	233,683	-	180,938	-
Management fees received from subsidiary company	-	-	-	1,200,000
Others	26,233	157,516	25,000	-
	<u>522,611</u>	<u>433,746</u>	<u>438,806</u>	<u>1,424,505</u>


**21. PROFIT FROM OPERATIONS**

Profit from operations is derived after charging:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Auditors' remuneration	28,000	26,000	10,000	10,000
Directors' remuneration	1,403,984	1,206,246	1,403,984	1,206,246
Depreciation of property, plant and equipment	4,048,602	3,665,661	1,378,773	1,047,339
Realised loss on foreign exchange	46,885	2,063	20,913	2,063
Rental of premises	709,956	684,058	390,556	365,458
Impairment losses	-	3,478,000	-	3,478,000
Property, plant and equipment written off	-	2,685	-	-
Loss on disposal of property, plant and equipment	-	34,016	-	-
Loss on deemed disposal of associated company shares	-	32,661	-	-

**Directors' remuneration**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Executive Directors</b>				
Fees	72,000	64,000	72,000	64,000
Salaries and other emoluments	1,060,700	891,292	1,060,700	891,292
EPF	127,284	106,954	127,284	106,954
<b>Non-Executive Directors</b>				
Fees	144,000	144,000	144,000	144,000
Total directors' remuneration	<u>1,403,984</u>	<u>1,206,246</u>	<u>1,403,984</u>	<u>1,206,246</u>

**22. FINANCE COSTS**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Hire purchase interest	<u>33,254</u>	<u>19,900</u>	<u>33,254</u>	<u>19,900</u>



## 23. TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax expense for the financial year:				
Current tax provision	49,960	59,743	43,000	53,141
(Over)/Under provision in prior financial year	(3,472)	14,277	(1,530)	10,314
	<u>46,488</u>	<u>74,020</u>	<u>41,470</u>	<u>63,455</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	387,356	149,775	-	-
Over provision in prior financial year	(116,443)	-	-	-
	<u>317,401</u>	<u>223,795</u>	<u>41,470</u>	<u>63,455</u>

Income tax is calculated at the statutory rate of 28% on chargeable income of the estimated assessable profit for the financial year.

During the financial year, the Company has been granted an extension of Pioneer Status for another five years effective from 1 June 2004.

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 are as follows:

## Group

	2004 RM	2003 RM
Profit before taxation	<u>7,793,405</u>	<u>6,227,081</u>
Taxation at statutory tax rate of 28% (2003 : 28%)	2,182,153	1,743,583
Tax incentive	(2,458,459)	(1,824,712)
Expenses not deductible for tax purposes	564,572	176,342
Income not subject to tax	(160)	-
Deferred tax assets not recognised	160,745	120,565
Tax incentive for small and medium scale companies at 20% tax rate	(11,535)	(2,297)
(Over)/Under provision of current taxation in prior financial year	(3,472)	10,314
Over provision of deferred taxation in prior financial year	(116,443)	-
	<u>317,401</u>	<u>223,795</u>

## Company

	2004 RM	2003 RM
Profit before taxation	<u>7,032,615</u>	<u>6,377,462</u>
Taxation at statutory tax rate of 28% (2003 : 28%)	1,969,132	1,785,689
Tax incentive	(2,458,459)	(1,824,712)
Expenses not deductible for tax purposes	532,327	92,164
(Over)/Under provision of current taxation in respect of prior financial year	(1,530)	10,314
	<u>41,470</u>	<u>63,455</u>


**24. EARNINGS PER SHARE**
**(a) Basic earnings per share**

The earnings per share has been calculated based on the consolidated profit after taxation of RM7,651,959 (2003 : RM6,003,286) for the Group and the weighted average number of ordinary shares in issue during the financial year of 332,597,763 (2003 : 303,584,514\*).

**(b) Fully diluted earnings per share**

Fully diluted earnings per share has been calculated based on the consolidated profit after taxation of RM7,671,959 (2003: RM6,003,286) for the Group and the adjusted weighted average number of ordinary shares issued and issuable of 336,042,454 (2003: 358,040,963\*) shares. The adjusted weighted average number of ordinary shares issued and issuable has been arrived at based on the assumption that all the ESOS are converted to ordinary shares on 31 December 2004.

\* Being the weighted average number or adjusted weighted average number of ordinary shares of RM0.10 each in issue after adjusting for the bonus issue of 66,971,570 ordinary shares of RM0.10 each.

**25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Aggregate cost	4,295,612	7,258,350	3,896,496	5,488,940
Less: Hire purchase financing	(1,394,000)	-	(1,394,000)	-
Other payables	(4,500)	-	-	-
	2,897,112	7,258,350	2,502,496	5,488,940

**26. STAFF INFORMATION**

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Staff costs (excluding directors)	8,086,773	10,602,953	5,520,655	3,373,346

Included in the staff costs (excluding directors) are contributions made to the Employees Provident Fund under a defined contribution plan of the Group and the Company amounting to RM773,510 and RM403,054 (2003 : RM719,797 and RM401,275) respectively.

The total number of employees of the Group and of the Company at the end of the financial year were 194 and 63 (2003 : 164 and 61) respectively.



## 27. SIGNIFICANT RELATED PARTIES TRANSACTIONS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Sales to subsidiary companies				
GHL Transact Sdn Bhd	-	-	5,238,560	5,074,720
GHL Payments Sdn Bhd	-	-	451,520	39,520
GHL Eftpos Sdn Bhd	-	-	1,112,480	606,040
PaymentOne Sdn Bhd	-	-	550,000	-
Management fee received from subsidiary company				
GHL Transact Sdn Bhd	-	-	-	1,200,000
Maintenance fee received from subsidiary company				
Card Pay Sdn Bhd	-	-	240,000	-
Purchase of IT Equipment from a related company,				
GHL Transact Sdn Bhd	-	-	288,418	-
Rental and maintenance charges paid to GHL Enterprise Sdn Bhd, a company in which Goh Kuan Ho, a director of the Company, has substantial financial interest	492,000	492,000	196,800	196,800

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.

## 28. SIGNIFICANT EVENTS

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

- (a) GHL Systems Berhad (the Company)
- (i) On 27 May 2004, the Company entered into an agreement with CME Media and Rentak Arena to purchase 3 units of 4 1/2 storey shop office for a total cash consideration of RM4,875,000.
  - (ii) On 30 June 2004, the Company entered into a Sale and Purchase of Assets Agreement with Whoops Sdn Bhd to sell the application software known as "Mobile Commerce" for a cash consideration of RM3,800,000.
  - (iii) On 9 September 2004, the Company signed a Memorandum of Understanding ("MOU") with Thai Smart Card Co.Ltd. ("TSC") to jointly conduct a payment solution project in Thailand ("JV").

The project will undertake to jointly study, invest, and operate the payment related business in Thailand including the deployment of Point-of-Sales ("POS") terminals, communication networking, service and maintenance transactions, marketing activities, and other related activities.

- (b) On 27 February 2004, PaymentOne Sdn. Bhd. subscribed for 250,000 ordinary shares of RM1 each representing 12% of the issued and paid-up share capital of Card Pay Sdn. Bhd. for a purchase consideration of RM250,000. As a result, PaymentOne Sdn. Bhd.'s equity interest in Card Pay Sdn. Bhd. increased from 40% to 52% and consequently became its holding company.


**29. SUBSEQUENT EVENTS**

- (a) On 25 January 2005, the Company agreed to provide a Corporate Guarantee to AmBank Berhad in consideration of them granting banking facilities totalling RM3,100,000 to a subsidiary company, GHL Transact Sdn. Bhd.
- (b) The Company increased its issued and paid-up share capital from RM33,650,285 to RM33,815,685 by issuance of :
- (i) 1,505,000 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad Employee Share Option Scheme (ESOS) at the option price of RM0.16 each;
  - (ii) 50,000 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.164 each; and
  - (iii) 99,000 new ordinary shares of RM0.10 each pursuant to the exercise of option granted under GHL Systems Berhad ESOS at the option price of RM0.305 each.

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

**30. CONTINGENT LIABILITIES**

	Group/Company	
	2004	2003
	RM	RM
<b>Limit of guarantees</b>		
Banker's guarantee in favour of third parties		
- secured	2,200,000	450,000
- unsecured	1,197,678	450,000
	3,397,678	900,000
<b>Amount utilised</b>		
Banker's guarantee in favour of third parties		
- secured	250,000	150,000
- unsecured	150,000	150,000
	400,000	300,000

**31. CAPITAL COMMITMENT**

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Authorised and contracted for	3,900,000	-	3,900,000	-

**32. FINANCIAL INSTRUMENTS**

- (a) Financial risk management objectives and policies

The Group's/Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's/Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk. The Company operates within clearly defined guidelines that are approved by the Board and the Group's/Company's policy is not to engage in speculative transactions.



**32. FINANCIAL INSTRUMENTS (CONT'D)**

## (b) Interest Rate Risk

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

## (c) Foreign Exchange Risk

The Group/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 United States Dollar, Singapore Dollar and Indonesian Rupiah. The Group/Company maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs. As most foreign currency transactions are in United States Dollar and as Ringgit Malaysia is pegged against United States Dollar, the Directors are of the view that the foreign exchange risk is minimal.

## (d) Credit Risk

The Group's/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 Company is the carrying amount of the financial assets shown in the balance sheet.

## (e) Liquidity and Cash Flow Risks

The Group/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 Company's ability to repay and/or refinance.

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

## (f) Fair Values

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings are carried at their approximate fair values due to the relatively short term maturity of these financial instruments.

**33. SEGMENTAL REPORTING**

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

**34. DATE OF AUTHORISATION FOR ISSUE**

The financial statements of the Group and of the Company for the financial year ended 31 December 2004 were authorised for issue in accordance with a resolution of the Board of Directors on 22 February 2005.



# Shareholding Statistics

## AS AT 1 APRIL 2005

Authorised Capital	:	RM50,000,000.00
Issued And Fully Paid-up Capital	:	RM34,037,110.00
Class of Shares	:	Ordinary shares of 10 sen each fully paid
Voting Rights	:	One vote per 10 sen share

## BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	121	2.55	5,863	0.00
100 – 999	64	1.35	24,513	0.01
1000 – 4,999	1,168	24.61	2,897,550	0.85
5,000 – 10,000	1,485	31.28	10,354,550	3.04
10,001 – 100,000	1,691	35.62	48,948,325	14.38
100,001 – 1,000,000	192	4.04	52,317,925	15.37
Above 1,000,000	26	0.55	225,822,374	66.35
<b>Total</b>	<b>4,747</b>	<b>100.00</b>	<b>340,371,100</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

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

Substantial Shareholders	No. of shares Held			
	Direct Interest	%	Indirect Interest	%
Goh Kuan Ho	61,769,325	18.15	-	-
Maybank Nominees (Tempatan) Sdn Bhd JMF Asset Management Sdn Bhd (for BSNC Corporation Berhad)	57,912,562	17.01	-	-

## DIRECTORS' SHAREHOLDINGS AS AT 1 APRIL 2005

Name of Directors	No. of shares Held			
	Direct Interest	%	Indirect Interest	%
Goh Kuan Ho	61,769,325	18.15	-	-
Tay Beng Lock	16,672,187	4.90	-	-
Yeng Fook Hoo	10,718,875	3.15	-	-
Chin Fook Kheong	437,500	0.13	-	-
Tunku Dato' Abdul Malek Bin Tunku Kassim	25,000	0.01	-	-



**STATEMENT OF SHAREHOLDINGS  
THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 1 APRIL 2005**

No.	Name of Shareholder	No. of Shares	%
1.	Maybank Nominees (Tempatan) Sdn Bhd	57,912,562	17.01
2.	Goh Kuan Ho	61,769,325	18.15
3.	HSBC Nominees (Tempatan) Sdn Bhd	23,618,500	6.94
4.	Tay Beng Lock	16,672,187	4.90
5.	Yeng Fook Hoo	10,718,875	3.15
6.	Joshua Tan Siew Meng	7,287,625	2.14
7.	Ang Kok Seong	5,719,875	1.68
8.	Carbatan Nominees (Tempatan) Sdn Bhd	5,611,500	1.65
9.	Amanah Raya Nominees (Tempatan) Sdn Bhd	5,609,350	1.65
10.	BHLB Trustee Berhad	4,901,050	1.44
11.	Teh Cheong Hua	4,630,000	1.36
12.	GHS Strategic Holdings Sdn Bhd	4,125,000	1.21
13.	Goh Heng Loo	2,767,200	0.81
14.	Perbadanan Nasional Berhad	1,963,525	0.58
15.	Mayban Securities Nominees (Tempatan) Sdn Bhd	1,875,725	0.55
16.	Go Lee Bin	1,651,900	0.49
17.	Lim Chai Ong	1,500,000	0.44
18.	Jerneh Asia Capital Sdn Bhd	1,458,250	0.43
19.	TA Nominees (Tempatan) Sdn Bhd	1,090,450	0.32
20.	Perbadanan Nasional Berhad	986,750	0.29
21.	Public Nominees (Tempatan) Sdn Bhd	961,225	0.28
22.	HDM Nominees (Asing) Sdn Bhd	950,000	0.28
23.	Phua Kim Sim	950,000	0.28
24.	Yap Ke Lip	937,500	0.28
25.	Citicorp Nominees (Tempatan) Sdn Bhd	914,250	0.27
26.	HLG Nominee (Asing) Sdn Bhd	890,625	0.26
27.	Kenanga Nominees (Tempatan) Sdn Bhd	804,750	0.24
28.	Wong Y- Mi	767,500	0.23
29.	Affin Nominees (Tempatan) Sdn Bhd	765,025	0.22
30.	Tey Kok Tai	762,250	0.22

# Proxy Form

I/We, \_\_\_\_\_

NRIC No./Passport No./Company No. \_\_\_\_\_

of \_\_\_\_\_

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

\_\_\_\_\_

NRIC No./Passport No./Company No. \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my / our proxy, to vote for me / us on my / our behalf at the Eleventh Annual General Meeting of the Company to be held at Cempaka Room, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur on 30 May 2005, Monday, at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	To receive and adopt the Financial Statements and Reports.		
2.	To re-elect Tunku Dato' A Malek bin Tunku Kassim as Director.		
3.	To re-elect En. Mohamad Isa bin Abdullah as Director.		
4.	To re-elect Ms. Yen Siw Kuin as Director.		
5.	To re-elect Mr. Chong Teck Foh as Director.		
6.	To approve the payment of Directors' fees of RM216,000.00		
7.	To re-appoint Messrs Anuarul Azizan Chew & Co., as Auditors of the Company.		
8.	As special business, 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 \_\_\_\_\_, 2005

Signature : \_\_\_\_\_

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

NUMBER OF SHARES HELD	
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## NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint one or up to a maximum of two proxies or in the case of a corporation, to appoint a representative to attend and vote in his place. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 ("Act") shall not apply to the Company.
2. 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.
3. 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.
4. 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 and complies with Section 149(1)(c) of the Act.
5. The Form of Proxy or other instruments of appointment must be deposited with the Registrar of the Company, Symphony Share Registrars Sdn Bhd (formerly known as Malaysian Share Registration Services Sdn Bhd) at 26th Floor, Menara Multi-Purpose, Capital Square, No. 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.



Staple here to seal

Fold Here

Please affix  
postage stamp  
here

The Registrar of GHL SYSTEMS BERHAD (293040-D)

## **SYMPHONY SHARE REGISTRARS SDN BHD**

*(formerly known as Malaysian Share Registration Services Sdn Bhd)*

Level 26, Menara Multi-Purpose, Capital Square,  
No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur.

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