

Company Name : GHL Systems Berhad
Date : 16 October 2014
Source : The Edge Financial Daily

GHL expects slower net profit growth in 3Q

BY SUPRIYA SURENDRAN

KUALA LUMPUR: Payment solutions provider GHL Systems Bhd expects to see slower net profit growth for the third financial quarter ended Sept 30, 2014 (3QFY14), as profits return to normal levels after the completion of acquisition of e-pay Asia Ltd in February.

Its executive vice-chairman Simon Loh said the growth in net profit for 3QFY14 will not be as good as the first two quarters, but he expects business to be steady for the group.

"We completed the acquisition of e-pay Asia in February, and we have done a lot of integration activities (since then). The synergies from these integration activities would probably bear fruit by the

end of the year, and it would [generate a] steady number [in terms of profitability]," he told reporters after the group's extraordinary general meeting yesterday.

GH L saw a 93.5% jump in net profit to RM3.04 million for 2QFY14 from RM1.57 million a year ago, mainly due to the full contribution from e-pay Asia, an Australia-listed electronic payment service provider that it had acquired in February.

Loh said the financial year ending Dec 31, 2014 (FY14) will be a year of adjustment of the businesses within the group, with full contribution from the integration of e-pay Asia's business and GH L to be recognised next year.

Nevertheless, Loh is confident of GH L securing a "significant" transaction payment acquisition

(TPA) contract this year, which will contribute to the group's recurring income base.

"We will make an announcement soon on the deal. What I can share now is that it will involve a partnership with an entity which is related to the government, and it will be a significant contract which will contribute to our recurring income base for many years to come," he said.

Apart from TPA activities, which refers to the direct contractual relationship with merchants for the provision of payment services and encompasses over 50% of the group's business, GH L provides shared services such as consulting services for banks on card issuance projects, and solutions services such as the supply of payment network solutions de-

vice and software sales.

Besides Malaysia, GH L is now present in Thailand, the Philippines and Indonesia.

The group earlier this year, after it launched its TPA services in Thailand with Thanachart Bank, said it was targeting to service up to 1,000 to 2,000 merchants in Thailand within this year.

However, Loh said the political unrest in Thailand has hindered the group's efforts to reach that target, which will most likely be unattainable.

"In terms of [overseas] growth to our top line and bottom line as well as market share, it will come from our Philippine operations, and we expect contributions from there to double in FY15 and FY16," said Loh.