

05/12/2008 : MyEG makes its case to the govt

(Source - www.theedgedaily.com)

KUALA LUMPUR: Mesdaq Market-listed MY EG Services Bhd has presented its case to the government on reports that three new companies have been chosen to provide electronic transaction services for the Road Transport Department (JPJ).

"We have made our submission to the government in respect of this. We believe with full conviction that the government will be fair to us, especially, taking into consideration the process, procedures and all the elements that took place before the appointment of MyEG as a service provider," its executive chairman Datuk Norraesah Mohamad told the press after its AGM here on Dec 5.

Last month, a local daily reported Transport Minister Datuk Seri Ong Tee Keat as saying that the move was in line with his stand on non-exclusivity. The minister declined to name the companies but said they were "major players" and could roll out their services anytime soon.

Norraesah said she had no knowledge of who these potential new players might be. "There was no reaction from us because we don't know if there will be new players. It was something that was announced but everything remains vague," she said.

It has been reported that two of the three companies are listed companies with experience in providing online financial services.

Asked on its definition of "fair" and its expectations on the government, she said: "It means something that will not tantamount to harming us and creating unfair competition. We have made our presentation to the government and I believe the government will look at all these elements and I believe they would be fair to us."

She also maintained that MyEG was not a monopoly for electronic transactions for the government. "Because we have been extremely competitive, we gain prominence. And once we gain prominence, there is a perception that we are monopoly, which we are not," she said.

For its first quarter ended Sept 30, 2008, MyEG's net profit soared 51.2% year-on-year to RM4.2 million from RM2.8 million previously. Revenue rose 35.7% to RM12.2 million. The increase was due to higher transaction volume from its launch of the Online Road Tax Renewal service in April and higher revenue from JPJ related services for theory test taking during 1QFY09.

Norraesah said the online road tax renewal service contributed 10% to its revenue and it would grow this segment by 40%-50% for FY09.

Meanwhile, the company was set to transfer its listing to the Main Board next month after receiving shareholders' approval. Norraesah did not see it as bad timing for the transfer as it believed that the situation would improve.

On its overseas expansion, Norraesah noted that it had received many queries on its business especially from the Gulf States.

"Government authorities over there, like Dubai, Bahrain and Abu Dhabi, have sought to have discussions with us. We see huge potential in these countries. But we have to be cautious, due diligence must be conducted," she said.

For the year ended June 30, 2008, its net profit doubled to RM14.8 million from RM7 million on the back of higher revenue of RM49.28 million, up 93% from RM25.45 million previously.

Despite the potential competition and slow economy, Norraesah was positive on the outlook of the company. "We are cautious but we remain extremely gung-ho because whatever happens, people will still need e-services," she said.