

AKN MTECH Pays Attractive Dividends

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TO say that investors' interest towards mobile content provider AKN Messaging Technologies Bhd (AKN MTECH) has waned would appear to be an understatement.

The company was, a couple of years ago, among the top performers on the Mesdaq market. On the back of that flavour, its shares rose from 30 sen to over RM3 making AKN MTECH one of the favourite picks on Mesdaq. Since then, however, the stock has consistently slid and is currently trading at its 52-week low of 38 sen.

An analyst says: "The initial interest surrounding the company has tapered off. The share price has not been performing too well, news flow about AKN MTECH has not been very positive as well. There was a lot of promise and interest initially, but much of it has waned," says an analyst from a local research outfit.

When the company was listed on Bursa Malaysia in early 2003, investors scooped up its shares on the back of earnings potential from its ambitious expansion plans in Thailand, China, Pakistan and Indonesia, where the mobile phone frenzy had just started and penetration rates were low.

It appears, however, that many of these ventures are taking time to bear fruit while others have yet to take off.

In July this year, a proposal for a joint venture between AKN MTECH and Beijing Chinawind Chuang Tou Science and Technology Co Ltd and Xiamen Yu Xin Jie Science and Technology Co Ltd fell through as the condition precedents to the proposed acquisition were not met within the stipulated time frame, AKN MTECH says in an announcement to Bursa Malaysia. This development was a major dampener for AKN MTECH.

"AKN MTECH was poised to be a Malaysian multinational. Operations abroad were in place, and dynamic plans to set up businesses in other countries were in the pipeline. But the ventures took time to come through ... investors have become impatient and weary," says an analyst.

Still, the analyst points out that at current levels, AKN MTECH's valuations are attractive. "It has a low PE (price earnings ratio) ... it is a profitable entity, and profits are also bound to improve in line with its earnings from Pakistan and Indonesia. And don't forget, AKN MTECH, unlike most other Mesdaq counterparts, pays dividends," she adds.

For the year ended June 2005, AKN MTECH posted a net profit of RM16.6mil on the back of RM42.3mil in sales, which is an improvement of 14.5% and 32.6% respectively from a year ago.

AKN MTECH says in its notes accompanying its financials: "The increase in turnover and profit before tax were mainly attributable to the positive contribution from its newly acquired subsidiary from Indonesia as well as lower losses incurred by the overseas subsidiaries."

For FY05, AKN MTECH may pay out as much as RM4.8mil in dividends or 3 sen in dividends, which would give it a yield of about 7%.

The company late last month proposed a final tax-exempt dividend of 10% or 1 sen per share, which will be paid on Jan 18 next year. The dividends go ex on Dec 28 while the entitlement date is on Dec 30 this year.