

PROSPECTUS



AKN MESSAGING TECHNOLOGIES BERHAD

(formerly known as AKN Messaging Technologies Sdn Bhd)

(Company No.: 482772-D)

(Incorporated in Malaysia under the Companies Act, 1965)

ISSUE OF 22,500,000 NEW ORDINARY SHARES OF RM0.10 EACH AT AN ISSUE PRICE OF RM0.45 PER SHARE BY WAY OF PRIVATE PLACEMENT AND PUBLIC ISSUE PAYABLE IN FULL ON APPLICATION COMPRISING:-

- 20,000,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR PLACEMENT TO SELECTED INVESTORS; AND
- 2,500,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR APPLICATION BY THE PUBLIC

Adviser, Sponsor, Managing Underwriter and Placement Agent



AmMerchant Bank Berhad

(Formerly known as Arab-Malaysian Merchant Bank Berhad) (23742-V)
A member of the AmBank Group

LISTING SOUGHT:- KUALA LUMPUR STOCK EXCHANGE MESDAQ MARKET

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS,
SEE "RISK FACTORS" COMMENCING ON PAGE 22 HEREOF

THIS PROSPECTUS IS DATED 24 DECEMBER 2002

This Prospectus has been seen and approved by the directors and promoters of the Company and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

The Adviser acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Issue.

Approval has been obtained from the KLSE for admission to the Official List of the MESDAQ Market and the SC for the Issue. Nevertheless, the approval of the KLSE and the SC shall not be taken to indicate that the KLSE or the SC recommends the Issue which is the subject of this Prospectus and neither shall admission to the Official List of the MESDAQ Market be taken as an indication of the merits of the Company or the Issue Shares. The KLSE and the SC shall not be liable for any non-disclosure on the part of the Company and assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. INVESTORS SHOULD THEREFORE RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

The Issue Price was entirely determined and agreed upon by the Company, the Adviser and the Underwriters based on various relevant factors. Investors should form their own views on the valuation of the Issue Shares and the reasonableness of the bases used.

A copy of this Prospectus has been registered by the SC and lodged with the Companies Commission of Malaysia who takes no responsibility for its contents.

This Prospectus can also be viewed or downloaded from the KLSE's website at www.klse.com.my.

Indicative Timetable

Date of Prospectus	24 December 2002
Opening and closing of Application List for the Issue Shares.....	8 January 2003
Despatch of Notices of Allotment to successful applicants.....	21 January 2003
Tentative listing date	27 January 2003

DEFINITIONS

Unless otherwise indicated, the following definitions apply throughout this Prospectus:-

3G	:	Third generation digital wireless communications system which uses packet switching technology and offers faster data transmission rates (between 144 kbps to 2 Mbps) than available under existing technology
Act	:	Communications and Multimedia Act, 1998
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
AKN MTech or Company	:	AKN Messaging Technologies Berhad (formerly known as AKN Messaging Technologies Sdn Bhd) (482772-D)
AmMerchant Bank	:	AmMerchant Bank Berhad (formerly known as Arab-Malaysian Merchant Bank Berhad) (23742-V)
ASP	:	Applications Service Provider
ASP Class Licence	:	Applications Service Provider Class Licence issued by the MCMC
CDS	:	Central Depository System
Celcom	:	Celcom (Malaysia) Berhad (167469-A)
DiGi	:	DiGi.Com Berhad (425190-X)
GDP	:	Gross domestic product
EMS	:	Enhanced Messaging Services
EPS	:	Earnings per Share
ESOS	:	The employee share option scheme of up to 10% of the issued and paid-up share capital of the Company
GPRS	:	General Packet Radio Services
GSM	:	Global System for Mobile Communications
IMP	:	Intelligent Messaging Platform
Issue	:	The issue of 22,500,000 Shares by the Company at the Issue Price
Issue Price	:	RM0.45 for each Issue Share
Issue Shares	:	The 22,500,000 Shares in the capital of the Company to be issued pursuant to the Issue
Issuing House	:	Malaysian Issuing House Sdn. Bhd. (258345-X)
IVR	:	Interactive Voice Response
kbps	:	Kilobytes per second
KLSE or Exchange	:	Kuala Lumpur Stock Exchange (30632-P)

DEFINITIONS (Cont'd)

Listing Requirements	:	The Listing Requirements of the KLSE for the MESDAQ Market
M@ds	:	AKN MTech's brandname for its mobile advertising services
m-business	:	The performance of business transactions using mobile devices
Maxis	:	Maxis Mobile Sdn. Bhd. (229892-M)
MCD	:	Malaysian Central Depository Sdn. Bhd. (165570-W)
MCMC	:	Malaysian Communications and Multimedia Commission
MDC	:	Multimedia Development Corporation Sdn. Bhd. (389346-D)
MESDAQ Market	:	The MESDAQ Market of the KLSE
Ministry	:	Ministry of Energy, Communications and Multimedia
MMS	:	Multimedia Messaging Services
MSC	:	Multimedia Super Corridor
MYNIC	:	Malaysian Network Information Centre, a division of MIMOS Berhad, which acts as the registry and administrator for the ".my" top level domain
NAV	:	Net asset value
NTA	:	Net tangible assets
Option	:	The right to subscribe for new Shares of the Company upon acceptance of an offer under the ESOS
PAT	:	Profit after tax
PBT	:	Profit before tax
PE Multiple	:	Price earnings multiple
Placement Agent	:	AmMerchant Bank
Promoters	:	AKN Capital Sdn Bhd (328327-T), Lim Seng Boon, Lim Eng Thong and Ooi Boon Leong collectively
R & D	:	Research and development
RM and Sen	:	Ringgit Malaysia and Sen respectively
SC	:	Securities Commission
Shares	:	Ordinary shares of RM0.10 each in the capital of AKN MTech
SMS	:	Short Messaging Services
TM Touch	:	Telekom Cellular Sdn Bhd (27910-A)
TIMECel	:	TIMECel Sdn Bhd (73315-V)
WAP	:	Wireless Application Protocol

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Designation	Nationality
Datuk Dr. Awang Adek bin Hussin	78, Jalan Tropicana Utama Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Independent Non-Executive Chairman	Malaysian
Dato' Ahmad Kabeer bin Mohamed Nagoor	No. 32, Jalan Murni Satu Taman Desa Murni Penang	Non-Executive Deputy Chairman	Malaysian
Datuk Haji Hasan bin Malek	29, Lorong Seri Meranti Taman Bukit Chedang 70300 Seremban Negeri Sembilan	Independent Non-Executive Director	Malaysian
Lim Seng Boon	No. 35 Jalan Westlands 10400 Georgetown Penang	Managing Director	Malaysian
Krishnan C K Menon	8B-3-3 Belvedere Condominium Jalan 1/63, Off Jalan Tunku 50480 Kuala Lumpur	Non-Executive Director	Malaysian
Lim Eng Thong	No. 43, Lorong Aminuddin Baki 4 Taman Tun Dr. Ismail 60000 Kuala Lumpur	Executive Director	Malaysian
Lee Kok Khee	No. 22A, Jalan USJ19/5C 47630 Subang Jaya Selangor Darul Ehsan	Executive Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Datuk Haji Hasan bin Malek	Chairman	Independent Non-Executive Director
Datuk Dr. Awang Adek bin Hussin	Member	Independent Non-Executive Chairman
Lim Eng Thong	Member	Executive Director

- COMPANY SECRETARIES** : Chan Bee Fang (MAICSA 7032385)
W3-01-09, Goodyear Court 9
Jalan Persiaran Mulia
47620 Subang Jaya
Selangor Darul Ehsan
- Tea Sor Hua (LS 005985)
34 Jalan 20/12
Paramount Garden
43600 Petaling Jaya
Selangor Darul Ehsan
- REGISTERED OFFICE** : Third Floor, No. 79 (Room A)
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7728 4778
Fax: 03-7722 3668
- HEAD OFFICE** : Suite 123, 2nd Floor
Block 2301, Century Square
63000 Cyberjaya
Selangor Darul Ehsan
Tel.: 03-8319 1101
Fax: 03-8318 4188
- CORPORATE OFFICE** : Unit 810, Block A
Pusat Dagangan Phileo II
15, Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan
Tel.: 03-7660 2516
Fax: 03-7660 2520
- OPERATIONS OFFICE** : Unit 1007, Block A
Pusat Dagangan Phileo II
15, Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan
Tel.: 03-7956 7130
Fax: 03-7665 1121
Website: www.gsm.com.my
e-mail: info@gsm.com.my
- REGISTRARS AND TRANSFER OFFICE** : Securities Services (Holdings) Sdn Bhd
Suite 18.05, MWE Plaza
No. 8, Lebuhr Farquhar
10200 Penang

- AUDITORS AND REPORTING ACCOUNTANTS** : Ernst & Young
21st Floor, MWE Plaza
No. 8, Lebuhr Farquhar
10200 Penang
- SOLICITORS FOR THE LISTING EXERCISE** : Raslan Loong
Advocates & Solicitors
SERLAH Level 3A
Menara John Hancock
6 Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur
- PRINCIPAL BANKER** : Bumiputra-Commerce Bank Berhad
Damansara Town Centre
Level 1, Lot A4, Block A
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
- ADVISER, SPONSOR AND PLACEMENT AGENT** : AmMerchant Bank Berhad
(formerly known as Arab-Malaysian Merchant Bank Berhad)
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
- MANAGING UNDERWRITER** : AmMerchant Bank Berhad
(formerly known as Arab-Malaysian Merchant Bank Berhad)
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
- UNDERWRITERS** : AmMerchant Bank Berhad
(formerly known as Arab-Malaysian Merchant Bank Berhad)
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
- AmSecurities Sdn Bhd
(formerly known as Arab-Malaysian Securities Sdn Bhd)
15th Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
- ISSUING HOUSE** : Malaysian Issuing House Sdn. Bhd.
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
- LISTING SOUGHT** : KLSE MESDAQ Market

2. PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information, including the Accountants' Report and Notes thereto, included elsewhere in this Prospectus. This Prospectus contains certain statements of a forward-looking nature relating to future events or the future financial performance of the Company. Prospective investors are cautioned that such statements are only predictions and that actual results or events when materialised may differ materially from those disclosed in this Prospectus. Therefore, in evaluating such statements, prospective investors should carefully consider the various factors identified in this Prospectus, including the matters set forth under the heading "Risk Factors."

2.1. History and Principal Activities

AKN MTech was incorporated in Malaysia on 6 May 1999 under the Companies Act, 1965 as a private limited company with the name of Messaging Technologies Sdn Bhd. The Company changed its name to AKN Messaging Technologies Sdn Bhd on 31 May 2002 and it was subsequently converted to a public limited company on 20 June 2002 under the name of AKN Messaging Technologies Berhad.

On 24 October 2000, AKN MTech was accorded the MSC status by MDC. AKN MTech had obtained an ASP Class Licence from the MCMC on 18 December 2000 to provide "mobile-internet" messaging solutions using Short Messaging Services ("SMS") and Wireless Application Protocol ("WAP") technology. AKN MTech develops and provides both enabling technology as well as contents for messaging solutions.

AKN MTech's most recent achievement was being awarded the Gold Kacip Award for year 2001/2002 for the Ericsson Mobility World cum Kacip@Cut-Edge Awards for its SMS *eBuzz* portal on 16 May 2002. The Ericsson Mobility World award is offered worldwide with the objective of providing cutting edge technology, guidance and expertise to its members, most of whom are applications developers and providers creating home-grown wireless applications.

The launch of AKN MTech's pioneer products and services was the result of nearly one (1) year of R & D, persistent negotiations with the local mobile network operators, and also extensive marketing and promotional activities. AKN MTech's first product was designed for the consumer retail market. This product is called *eBuzz* and was launched on 15 March 2000. The product has since grown from only eight (8) SMS and WAP applications to a comprehensive suite of over 30 innovative SMS and WAP applications. As at 10 December 2002, there were a total of approximately 128,000 *eBuzz* subscribers.

Besides selling content and services via *eBuzz*, AKN MTech has formed partnerships with the mobile network operators to provide content for their customers on a revenue sharing basis, which are referred to as "smart partnerships". These partnerships are win-win combinations as they accord AKN MTech with indirect access to the operators' subscribers while providing the operators with more value-added contents and services for their respective subscribers. As at the date of this Prospectus, AKN MTech has forged partnerships with the operators of TM Touch, Celcom, DiGi, Maxis and TIMECel.

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In May 2000, AKN MTech launched its eCast solution specifically catering to corporations. This is an enabling technology that allows corporates to “push” information or alerts to their respective customers. AKN MTech serves as a gateway linking the information system of the corporate customer to all the mobile network operators. This allows high volume broadcasts of information or alerts pre-set by the corporation to its customers’ mobile phones. Corporations such as banks, stockbroking firms and insurance companies can use AKN MTech’s gateway to send reminders, stock alerts and recommendations to their selected clients. Currently, AKN MTech has more than 20 corporate customers that include HSBC Bank Malaysia Berhad, Hwang-DBS Securities Berhad and Hong Leong Assurance Berhad. This gateway also allows AKN MTech to carry out mobile advertising and currently the Company’s advertising clients include Sony Malaysia Sdn Bhd and Ericsson Sdn Bhd.

AKN MTech has successfully upgraded its eCast solution into an Intelligent Messaging Platform (“IMP”). The IMP allows interactive mobile services via a tripartite arrangement between the corporation, AKN MTech and the mobile network operator.

End-users can access and request for information from the corporation using SMS through the mobile phone. The charges will be included in their mobile phone bills and AKN MTech will collect its share of revenue from the mobile network operators, similar to the smart partnerships with the mobile network operators for content services for the consumer market. The Company believes that the IMP will be the backbone infrastructure for mobile commerce in line with the current technology trend.

In seeking to expand the Company’s business network, the Company has on 15 June 2002 entered into a Technology Transfer and Technical Assistance Agreement with Messaging Technologies (H.K.) Limited (“**MTech HK**”), a company incorporated in Hong Kong. The Company subsequently entered into a Supplemental Agreement dated 26 June 2002 with MTech HK to clarify their position and respective rights and obligations under the Technology Transfer and Technical Assistance Agreement.

Under the Technology Transfer and Technical Assistance Agreement (as amended by the terms of the Supplemental Agreement), the Company has agreed to grant the rights to use certain processes, know-how and technical knowledge which the Company possesses, to MTech HK to enable it to provide similar content and services as the Company provides in Malaysia, in the People’s Republic of China, including the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the Republic of China (Taiwan). AKN MTech has invested extensively in its development and is now poised to capture a sizeable market both domestically and regionally.

Further information on AKN MTech is disclosed in the “Business Overview” and “Statutory Information” sections of this Prospectus.

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2.3. Intellectual Property

The Company has applied for the registration of two (2) *eBuzz* logos as servicemarks under Class 38. The Company has also registered the following domain names which it uses in connection with its business, with the MYNIC:-

- (a) wcdma.com.my;
- (b) 3g.com.my;
- (c) smsmail.com.my;
- (d) indocyber.com.my;
- (e) result.com.my;
- (f) results.com.my;
- (g) oldschoollmates.com.my;
- (h) oldschoollmate.com.my;
- (i) smsfax.com.my;
- (j) wapmail.com.my;
- (k) gprs.com.my;
- (l) smsetext.com.my;
- (m) mtech.com.my;
- (n) gsm.com.my;
- (o) gsmmobiles.com.my;
- (p) ebuzz.com.my;
- (q) www.moodswingers.com.my; and
- (r) www.moodswinger.com.my.

2.4. Business Activities

AKN MTech's business activities can be broadly classified into two (2) distinct categories, namely SMS content and service provider and SMS technology enabler.

2.4.1. SMS Content and Service Provider

AKN MTech develops content and services based on SMS and WAP technology to cater mainly to the retail market. The SMS content and services are currently provided by AKN MTech via the *eBuzz* prepaid package and partnerships with mobile network operators.

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eBuzz is the brandname for AKN MTEch's content and services offered through prepaid packs marketed by dealers. As at the date of this Prospectus, the main content and services offered through *eBuzz* are as follows:-

Content / Services	Function / Features
Instant eBuzz	Sends messages directly from the web to any local GSM mobile phone
eBuzz Active WebMail	A one-stop e-mail centre
eBuzz Active Mail Box	Sends e-mail alerts and forwards e-mails to your mobile phone without internet access through the Company's software
eBuzz Instant Dial-up	Sends messages without internet access through the Company's software
eBuzz Virtual Mail	Use your e-mail account to send SMS
eBuzz Messenger	Send e-mail from your mobile phone via SMS
eBuzz WAP	Access your mailbox and other WAP services with your WAP phone
eBuzz NetMon	Be alerted when your server experiences a failure
eBuzz Active Info	A range of value-added, updated information sent to your mobile phone at pre-set times
eBuzz Greeting	Send instant SMS greetings to recipients' mobile phones on specific dates pre-set by you
eBuzz Diary	Be alerted/reminded on your mobile phone of pre-set appointments
eBuzz Inter-Operator	Send inter-operator SMS locally and/or internationally.
eBuzz Solat	Solat time updates and alerts directly to your mobile phone
eBuzz Chat	Provides an alternative for individuals to "chat" with numerous other new friends simultaneously in "virtual chat rooms"
eBuzz International	Send SMS from the web to over 170 mobile networks worldwide
eBuzz Conference	SMS conference with multiple users in a virtual private room
eBuzz Active Phonebook	Send SMS to a single/multiple recipients or to a dedicated group simultaneously from your mobile phone
eBuzz Event	Latest event updates directly to your mobile phone. This includes soccer, Formula One and basketball results etc.
eBuzz Active Messenger	Send e-mail to a single/multiple recipients or to a dedicated group simultaneously via your mobile phone
eBuzz Fax 2 Email	Receive faxes from anyone routed to your e-mail account
eBuzz SMS 2 Fax	Send faxes via SMS using your mobile phone
eBuzz Ring Tone Downloads and Dedications	Download ring tones and dedications
eBuzz Operator Logos	Downloads and dedications to other compatible mobile devices
eBuzz Picture Messages	Download pictures and dedications
eBuzz Enhanced SMS	Multiple SMS and also "flashing" and "blinking" SMS services
eBuzz KLSE	KLSE "live" information and alerts

Under its partnership programs with the mobile network operators in Malaysia, AKN MTEch's content and services are provided to the subscribers of the respective mobile network operators. AKN MTEch gets a share of the revenue generated from the usage of the content and services by the mobile network operators' subscribers.

2.4.2. SMS Technology Enabler

As a SMS technology enabler, AKN MTEch acts as a gateway for corporations to transmit information to their customers. The services offered to corporations are branded under eCast, IMP and M@ds.

(a) eCast

The eCast solution allows corporations to send SMS alerts for loan repayment reminders, stock transactions, insurance policy updates, etc. Such information is automatically generated from the corporation's information systems and transported to AKN MTEch's gateway server via leased lines or the internet. The information is then sent out via SMS from AKN MTEch's gateway to the relevant mobile network operator's SMS centre and thereafter broadcast to the mobile phones of the respective recipients.

(b) IMP

The IMP solution is an interactive mobile service and it is a tripartite arrangement between AKN MTEch's corporate customers, AKN MTEch and the mobile network operators. End-users can access and request for information from the corporation using SMS through their mobile phones. Billing will be charged to their phone bills and AKN MTEch will collect its share of revenue from the mobile network operators. This arrangement is similar to the smart partnerships with the mobile network operators for the consumer content services market.

(c) M@ds

The M@ds solution allows corporations or advertisers to send advertisements through SMS to targeted customers. The corporations or advertisers will be charged a premium rate for the SMS sent.

2.5. Research and Development Capabilities

AKN MTEch will continue to invest in R & D activities in both technology enabling applications and content. The IMP is an example of AKN MTEch's efforts in the development of technology enabling applications. As for content development, AKN MTEch collaborates closely with the mobile phone manufacturers to keep abreast with their developments. As at todate, AKN MTEch is an independent provider that is capable of offering ring tone downloads for all major makes of mobile phones.

AKN MTEch is a member of Ericsson's Malaysia Focal (formerly known as Malaysia WAP Focal) and Forum Nokia, initiatives by two (2) of the world's largest manufacturers of mobile communications devices, which provide a global network of knowledge sharing and business opportunities for their members.

For example, as a member of the Malaysia Focal, AKN MTEch receives advance information about Ericsson products and access to pre-release development tools, prototype handsets, as well as Ericsson's physical test laboratory in Kelana Jaya, Selangor Darul Ehsan. Members of the Malaysia Focal are also invited to join Ericsson in marketing activities such as conferences and exhibitions. The Malaysia Focal also provides AKN MTEch with an end-to-end physical test bed for it to run its applications.

Forum Nokia is a program which brings together professional developers working with technologies and platforms supported by Nokia mobile devices and provides the Company with information needed to develop applications using the technologies supported by Nokia's products. Forum Nokia also provides a business-to-business marketplace which connects applications developers to service providers and operators, thereby making it easier to trade mobile applications and content.

AKN MTech's R & D team consists of 12 software programmers / developers. All the aforesaid personnel are local graduates who constantly undergo various in-house and external training courses to continuously update their knowledge and skill in the area of telecommunications technology.

Please see "Business Overview – Research and Development" for further information.

2.6. Pro-forma Historical Financial Record

The financial highlights of the Company pertaining to the financial period from 6 May 1999 to 30 June 2000 and the two (2) years ended 30 June 2002, reproduced from the Accountants' Report which was extracted from the audited accounts of the Company, are as follows:-

	6.5.1999 to 30.6.2000 RM'000	Year ended 2001 RM'000	Year ended 2002 RM'000
Revenue ^(a)	77	950	4,228
(Loss) / profit before interest, depreciation, amortisation and tax	(651)	(1,139)	1,508
Interest expense ^(b)	(5)	(3)	(3)
Depreciation	(72)	(731)	(783)
Amortisation ^(c)	(7)	(47)	(85)
(Loss) / profit before tax	(735)	(1,920)	637
Taxation	-	-	-
(Loss) / profit after tax	(735)	(1,920)	637
Weighted average number of ordinary shares in issue ('000)	350	450	^(d) 7,434
Net (loss) / earnings per share (RM) ^(e)	(2.10)	(4.27)	0.09

Notes:-

- (a) The analysis of revenue is set out in the Accountants' Report in Section 11 of this Prospectus.
- (b) Interest expense is in relation to interest charges on the hire purchase financing of a motor vehicle.
- (c) Amortisation charges are in relation to the amortisation of the product development expenditure capitalised by the Company. The product development expenditure is amortised at 15% per annum.
- (d) On 12 June 2002, the authorised and issued and paid-up ordinary capital of the Company was subdivided in such manner that every existing one (1) ordinary share of RM1.00 each was subdivided into ten (10) ordinary shares of RM0.10 each.
- (e) The net loss / earnings per share has been calculated based on the loss / profit after tax and the weighted average number of shares in the paid-up capital of the Company.

- (f) *There were no extraordinary items or minority interests in any of the periods under review.*

An extract of the Pro-forma Balance Sheets of the Company, based on the Company's audited balance sheet as at 30 June 2002, is shown below.

	The Company as at 30.6.2002 RM'000	Pro-forma (I) RM'000	Pro-forma (II) RM'000
Plant and Equipment	5,781	5,781	5,781
Intangible Assets	576	576	576
Current Assets	3,245	12,245	16,295
Current Liabilities	(4,859)	(4,859)	(4,859)
Net Current (Liabilities) / Assets	(1,614)	7,386	11,436
	4,743	13,743	17,793
Share Capital	6,750	9,000	9,900
Reserves	(2,018)	4,732	7,882
Shareholders' Funds	4,732	13,732	17,782
Hire Purchase Creditors	11	11	11
	4,743	13,743	17,793
No. of Shares ('000)	67,500	90,000	99,000
Net Tangible Assets Per Share (RM)	0.06	0.15	0.17

Notes:-

- (a) *Pro-forma (I) incorporates the issuance of 22,500,000 new Shares at an Issue Price of RM0.45 per Share and has not been adjusted to reflect the utilisation of proceeds raised from the Issue except for the estimated listing expenses. The estimated listing expenses of RM1.125 million have been set-off against the share premium account.*
- (b) *Pro-forma (II) incorporates the transactions in Pro-forma (I), and assumes that the ESOS is fully exercised at an exercise price equivalent to the Issue Price of RM0.45 per Share.*

The ESOS is not expected to have any effect on the NTA per Share of the Company until such time as the Options granted under the ESOS are exercised. Any potential effect of the ESOS on the NTA of the Company in the future would depend on the number of Options granted and exercised at any point in time as well as the price payable upon the exercise of the Options.

Barring unforeseen circumstances, on the date of listing of AKN MTech on the MESDAQ Market, the Board of Directors of AKN MTech proposes to grant up to 6,500,000 Options to executive directors and employees of the Company, of which 1,750,000 Options are proposed to be granted to the executive directors of the Company. The exercise price for such Options shall be the Issue Price.

For illustrative purposes only, assuming full exercise of the aforesaid Options as at 30 June 2002 and at an assumed exercise price of RM0.45 per Share, being the Issue Price, the Board of Directors of AKN MTech estimates that the pro-forma NTA per Share of the Company will increase from RM0.15 per Share (upon completion of the Issue) to RM0.17 per Share.

There were no audit qualifications for the periods under review.

2.7. Risk Factors

Prospective investors, prior to making an investment in the Company, should carefully consider the risk factors inherent in and affecting the business of the Company and this offering. In addition, the discussion in this Prospectus contains forward-looking statements that involve risks and uncertainties. The Company's actual results when materialised could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to those discussed in the "Risk Factors" section, and also include those discussed throughout this Prospectus.

The key risk factors that may affect the Company's future profitability are not limited to financial risks, market risks and industry risks. Risk factors include operating risks, the validity of AKN MTech's ASP Class Licence, market acceptance and development of SMS contents and applications, competition, continuing demand for the Company's products and services, changes in technology and products / services, protection of intellectual property rights, dependence on directors and key personnel and the need to hire additional personnel for future growth, maintenance and reliability of the telecommunications network infrastructure and security risks, dependence on third party telecommunications infrastructure / vendors, change or loss of MSC status, achievability of the proposed five-year business development plan, acquisitions and joint ventures, future capital injections, past non-tradability of Shares and possible volatility of Share price, continued control of the Company by existing shareholders, political and economic conditions, foreign exchange risk and forward-looking statements.

Details of the aforementioned risks are provided in the "Risk Factors" section of this Prospectus.

If you are unsure about any of the information contained in the section on "Risk Factors", you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

2.8. Prospects and Outlook

The increase in the number of mobile phone users over the past few years and the years to come will fuel the growth in mobile users' communications using SMS. In addition to that, the ever-increasing content and value-added services offered for consumer applications will become key drivers for the success of SMS. AKN MTech intends to capitalise on this phenomenal growth and position itself as the premier SMS content provider and technology enabler in the local and regional mobile messaging market.

A wide variety of SMS content and applications has been developed by AKN MTech and the Company is currently developing content and applications for the EMS and MMS mode of text / data communication. In order to obtain market acceptance and ensure compatibility of its content and applications, AKN MTech is collaborating closely with mobile phone manufacturers such as Ericsson, Alcatel and Nokia.

SMS is available through almost any mobile phone and it does not cost much to communicate through SMS. These factors in themselves are expected to spur SMS to become the preferred communication tool surpassing other forms of communication. With the advent of more sophisticated mobile phone hardware allowing richer content to be developed and sent via the mobile phone, new forms of usage for SMS will be unveiled. With these new capabilities, SMS can be used as an m-business tool to provide transactional services or dual-way communication between corporations and their customers.

AKN MTech's R & D team is constantly formulating new avenues to use SMS in the business environment. The introduction of the eCast and IMP applications is a first step for the Company towards achieving this goal. With the funds raised from the Issue, the Company will be able to expand its R & D activities to develop more SMS content and applications.

There are a lot of opportunities created in the mobile messaging market. Innovation and speed to market are the main factors for success in this industry. Therefore, AKN MTech, being one of the first players in the industry, is positioning itself to become the premier SMS content provider and technology enabler both locally and regionally.

2.9. Principal Statistics Relating to the Issue

The following statistics relating to the Issue are derived from the full text of this Prospectus and should be read in conjunction with that text.

Share Capital

Authorised share capital:	RM
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
Issued and fully paid-up share capital:	
67,500,000 ordinary shares of RM0.10 each	6,750,000
To be issued pursuant to the Issue:	
22,500,000 ordinary shares of RM0.10 each	2,250,000
Enlarged capital upon listing	
90,000,000 ordinary shares of RM0.10 each	<u><u>9,000,000</u></u>
To be issued pursuant to full exercise of ESOS Options:	
9,000,000 ordinary shares of RM0.10 each	900,000
Enlarged capital upon full exercise of ESOS Options	
99,000,000 ordinary shares of RM0.10 each	<u><u>9,900,000</u></u>
Issue Price per ordinary share of RM0.10 each	RM0.45
Market capitalisation upon listing based on Issue Price of RM0.45 per ordinary share of RM0.10 each	RM40,500,000

The Issue shall be by way of private placement for investors, both domestic and foreign, and public offering for members of the Malaysian public.

There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each. The Issue Shares shall rank pari passu in all respects with the existing issued Shares of the Company, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Pro-forma NAV based on the Pro-forma Balance Sheet as at 30 June 2002:-

Pro-forma NAV upon listing	RM13,732,000
Pro-forma NAV per Share upon listing (sen)	15.26 sen

Pro-forma NTA based on the Pro-forma Balance Sheet as at 30 June 2002:-

Pro-forma NTA upon listing	RM13,156,000
Pro-forma NTA per Share upon listing (sen)	14.62 sen

The Company's revenue and operating results are difficult to forecast and could be adversely affected by many factors such as, but not limited to, those discussed in Section 4 of this Prospectus. As such, the forecast and projections of the Company are not disclosed in this Prospectus.

2.10. Proceeds of Issue and Proposed Utilisation

Based on an Issue Price of RM0.45 per Share, the Company expects the gross proceeds of the Issue of RM10,125,000 to accrue to the Company. This amount is expected to be utilised in the manner specified in the "Utilisation of Proceeds" section.

2.11. Material Litigation, Commitments and Contingent Liabilities

As at 10 December 2002, being the latest practicable date prior to the printing of this Prospectus, there does not exist any material litigation, capital commitment or contingent liability which may materially affect the Company.

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