

AKN MTECH one of the most profitable counters on Mesdaq

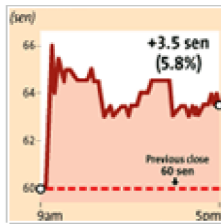
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THE free fall in the share price of mobile content provider AKN Messaging Technologies Bhd (AKN MTECH) was arrested yesterday after it reported fourth quarter (Q4) earnings that met analysts' expectations.

Since early last month, the stock has dropped from the 90 sen level to 60 sen on Wednesday.

That trend was reversed when its share price gained 3.5 sen, or 5.8%, to 63.5 sen yesterday, after reporting a net profit of RM4.9mil for its Q4 ended June 30.

The stock was actively traded, with 2.3 million shares changing hands. This was its highest turnover in the last two months.



AKN MTECH's net profit totalled RM16.6mil or earnings per share of 10 sen, a growth of 14% for the year ended June 30.

Its price/earnings ratio of 6.4 times is one of the lowest on the Mesdaq market.

The earnings make it one of the most profitable companies in Mesdaq. In terms of historical earnings, it is probably more profitable than JobStreet Corp Bhd, which posted a net profit of RM7.6mil in the first half of its current financial year (FY).

There is confidence, however, that JobStreet, a popular stock with fund managers, is charting a growth path.

There is less certainty as to whether AKN MTECH can continue to achieve double-digit growth.

The company itself issued a cautionary note in its results statement. It said that over the last 12 months, mobile operators in Malaysia, China and Pakistan introduced new guidelines that mobile content providers are required to comply with. These guidelines may cause a reduction in consumption.

For the FY just ended, AKN MTECH remained debt-free and it generated an operating cashflow of RM18mil.

After expenditure such as RM10mil for an acquisition and dividend payment of RM4.9mil, it ended the year with an increase of RM1.5mil cash, which raised its cash reserves to RM12mil.

The company proposed a final net dividend of 1 sen per share, after having earlier paid an interim net dividend of 1 sen and a special net dividend of 1 sen.