



The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 30 June 2003.

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of mobile-internet messaging solutions using the Short Messaging Services (SMS), General Packet Radio Services (GPRS) and Wireless Application Protocol (WAP) technology.

There has been no significant change in the nature of this activity during the financial year.

RESULTS

	RM
Net profit for the year	<u>5,721,379</u>

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

The amount of dividend paid by the Company since 30 June 2002 were as follows:

	RM
First interim tax exempt dividend of 10% in respect of the financial year ended 30 June 2003, paid on 20 June 2003	<u>900,000</u>

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 June 2003, of 15% (1.5 sen net per share) will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits for the financial year ending 30 June 2004.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Dr. Awang Adek bin Hussin	<i>(appointed on 3 December 2002)</i>
Dato' Ahmad Kabeer bin Mohamed Nagoor	
Datuk Haji Hasan bin Malek	<i>(appointed on 3 December 2002)</i>
Mohamad Najeb bin Ali	<i>(appointed on 2 April 2003)</i>
Ooi Boon Leong	<i>(appointed on 9 July 2003)</i>
Krishnan C K Menon	
Lim Seng Boon	
Lim Eng Thong	
Lee Kok Khee	

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted pursuant to the Employees' Share Options Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Notes 16 and 17 to the financial statements) by reason of a contract made by the Company with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 23 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares of the Company during the financial year were as follows:

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH			
	1 JULY 2002	BOUGHT	SOLD	30 JUNE 2003
Direct				
Mohamad Najeb bin Ali	-	200,000	-	200,000
Krishnan C K Menon	250,000	-	-	250,000
Lim Seng Boon	13,150,000	-	-	13,150,000
Lim Eng Thong	4,500,000	-	1,000,000	3,500,000
Lee Kok Khee	250,000	100,000	-	350,000
Indirect				
Dato' Ahmad Kabeer bin Mohamed Nagoor	26,995,990	-	2,600,000	24,395,990

Dato' Ahmad Kabeer bin Mohamed Nagoor by virtue of his interest in AKN Capital Sdn. Bhd. ("AKNC"), is deemed interested in the shares of the Company to the extent AKNC has an interest.

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.10 EACH				
	OPTIONS GRANTED ON 8.1.2003	EXERCISED	OPTIONS OUTSTANDING AS AT 30.6.2003	SUBSCRIPTION PRICE (RM)	DATE OF EXPIRY
Lim Seng Boon	750,000	-	750,000	0.45	7.1.2007
Lim Eng Thong	500,000	-	500,000	0.45	7.1.2007
Lee Kok Khee	500,000	(100,000)	400,000	0.45	7.1.2007

None of the other directors in office at the end of the financial year has any interest in shares and options in the Company during the financial year.

ISSUE OF SHARES

The Company was listed on the MESDAQ Market of the Kuala Lumpur Stock Exchange ("KLSE") on 27 January 2003.

In conjunction with this, the Company has increased its issued and paid up share capital from RM6,750,000 to RM9,000,000 through the issuance of 22,500,000 ordinary shares of RM0.10 each at an issue price of RM0.45 per share by way of private placement and public issue.

The proceeds from the issuance of the shares are to be used for working capital purposes, repayment of listing expenses, research and development expenses and for expansion of its overseas operations, as disclosed in the prospectus dated 24 December 2002.

The share premium arising after deducting the transaction costs of RM1,106,839, amounted to RM6,768,161 and has been credited to the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

In addition, during the financial year, 390,500 fully paid up ordinary shares of RM0.10 each were issued pursuant to the ESOS at the exercise price of RM0.45 each. The share premium of RM136,675 has been credited to the share premium account.

As a result of the above issuance of shares, the paid up share capital of the Company had increased from RM6,750,000 as at 1 July 2002 to RM9,039,050 as at 30 June 2003.

EMPLOYEES' SHARE OPTIONS SCHEME

The Company's Employees' Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 10 December 2002.

The main features of the ESOS are as follows:

- a) The ESOS shall be in force for a period of five (5) years from 8 January 2003.
- b) Eligible persons are employees of the Company (other than Government employee(s) or representative(s) of the Government) who have been confirmed in writing as an employee on the date of the offer, including Executive Directors. In the case of a non-Malaysian citizen employee, the employee's contribution must be deemed to be vital to the Company and the employee has served the Company on a full time basis for at least one year from the date of offer (where the employee is of executive status) and for more than three years as at the date of offer (where the employee is of non-executive status).
- c) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point in time during the tenure of the ESOS. In addition, not more than 50% of the shares available under the ESOS shall be allocated, in aggregate, to senior management and not more than 25% of the shares available under the ESOS shall be allocated to any individual eligible employee.
- d) Offers made in conjunction with the Company's listing on the MESDAQ would be at the exercise price of RM0.45, which is the initial public offer price. The exercise price for each new ordinary share made subsequent to this may be fixed at a discount not more than 10% of the weighted average market price of the shares for five (5) market days immediately preceding the date of offer.
- e) The number of shares under option and the exercise price may be adjusted as a result of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, consolidation or subdivision or reduction of capital, if any, made by the Company while an option remains unexercised.

As at 30 June 2003, the details of the share options are as follows:

YEAR OF OPTION	EXERCISE PRICE (RM)	OPTIONS GRANTED ON 8.1.2003	EXERCISED	BALANCE AS AT 30.6.2003	DATE OF EXPIRY
2003	0.45	6,500,000	390,500	6,109,500	7.1.2007

Subsequent to the end of the financial year, options relating to 647,500 ordinary shares were exercised at the price of RM0.45 per share.

OTHER STATUTORY INFORMATION

- a) Before the income statement and balance sheet of the Company were made out, the directors took reasonable steps:
- i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - ii. to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render:
- i. the amount written off as bad debts or the amount provided for as doubtful debts inadequate to any substantial extent; and
 - ii. the values attributed to the current assets in the financial statements of the Company misleading.
- c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- e) As at the date of this report, there does not exist:
- i. any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - ii. any contingent liability of the Company which has arisen since the end of the financial year.
- f) In the opinion of the directors:
- i. no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and
 - ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.



SIGNIFICANT EVENTS

The significant events during the financial year are as disclosed in Note 26 to the financial statements.

SUBSEQUENT EVENT

The subsequent event is as disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors

DATO' AHMAD KABEER BIN MOHAMED NAGOOR

LIM SENG BOON

Date : 3 September 2003

**STATEMENT BY DIRECTORS PURSUANT TO
SECTION 169(15) OF THE COMPANIES ACT, 1965**
AKN MESSAGING TECHNOLOGIES BERHAD (482772-D)

We, DATO' AHMAD KABEER BIN MOHAMED NAGOOR and LIM SENG BOON, being two of the directors of AKN MESSAGING TECHNOLOGIES BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 35 to 54 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company as at 30 June 2003 and of the results and the cash flows of the Company for the year then ended.

Signed in accordance with a resolution of the directors

DATO' AHMAD KABEER BIN MOHAMED NAGOOR

LIM SENG BOON

Date : 3 September 2003

**STATUTORY DECLARATION PURSUANT TO
SECTION 169(16) OF THE COMPANIES ACT, 1965**
AKN MESSAGING TECHNOLOGIES BERHAD (482772-D)

I, LIM ENG THONG, being the director primarily responsible for the financial management of AKN MESSAGING TECHNOLOGIES BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 35 to 54 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed LIM ENG THONG)
at Georgetown in the State of Penang)
on 3 September 2003) **LIM ENG THONG**

Before me,

CHAI CHOON KIAT, PJM
No. P073
Commissioner for Oaths

We have audited the accompanying financial statements set out on pages 35 to 54. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - i. the financial position of the Company as at 30 June 2003 and of the results and the cash flows of the Company for the year ended; and
 - ii. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Penang, Malaysia
Date : 3 September 2003

LIM FOO CHEW
No. 1748/01/04(J)
Partner

BALANCE SHEET

AKN MESSAGING TECHNOLOGIES BERHAD (482772-D)

AS AT 30 June 2003

	NOTE	2003 RM	2002 RM
NON-CURRENT ASSETS			
Plant and equipment	3	5,576,451	5,780,839
Intangible assets	4	649,673	576,391
Investment in a subsidiary	5	4	-
		<hr/>	<hr/>
		6,226,128	6,357,230
CURRENT ASSETS			
Other receivables	6	400,288	281,868
Trade receivables	7	9,217,071	2,733,089
Cash and bank balances	8	5,952,142	230,194
		<hr/>	<hr/>
		15,569,501	3,245,151
CURRENT LIABILITIES			
Other payables	9	1,765,606	3,953,834
Due to a director		-	165,590
Trade payables	10	1,279,722	726,169
Tax payable		3,343	-
Hire-purchase payable, current portion	11	-	13,713
		<hr/>	<hr/>
		3,048,671	4,859,306
NET CURRENT ASSETS/(LIABILITIES)			
		<hr/>	<hr/>
		12,520,830	(1,614,155)
		<hr/>	<hr/>
		18,746,958	4,743,075
FINANCED BY :			
Share capital	12	9,039,050	6,750,000
Share premium		6,904,836	-
Retained profit/(Accumulated losses)		2,803,072	(2,018,307)
		<hr/>	<hr/>
Shareholders' equity		18,746,958	4,731,693
Hire-purchase payable	13	-	11,382
		<hr/>	<hr/>
		18,746,958	4,743,075

The accompanying notes form an integral part of the financial statements.



INCOME STATEMENT

AKN MESSAGING TECHNOLOGIES BERHAD (482772-D)

For The Year Ended 30 June 2003

	NOTE	2003 RM	2002 RM
Revenue	14	16,086,585	4,227,966
Cost of sales	15	(2,363,537)	(1,099,639)
Gross profit		13,723,048	3,128,327
Other operating income		64,440	-
Selling and distribution expenses		(4,454,302)	(373,616)
Administrative expenses		(3,589,183)	(2,112,428)
Profit from operations	16	5,744,003	642,283
Finance cost	18	(4,581)	(5,385)
Profit before taxation		5,739,422	636,898
Taxation	19	(18,043)	-
Net profit for the year		5,721,379	636,898
Earnings per share (sen)	20		
Basic		7.4	8.4
Diluted		7.2	

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

AKN MESSAGING TECHNOLOGIES BERHAD (482772-D)

For The Year Ended 30 June 2003

		NON- DISTRIBUTABLE	DISTRIBUTABLE	
	NOTE	SHARE CAPITAL RM	SHARE PREMIUM RM	ACCUMULATED LOSSES/ RETAINED PROFIT RM
				TOTAL RM
At 30 June 2001		450,000	-	(2,655,205)
Issue of shares				
- converted from advances into equity	12	6,300,000	-	-
Net profit for the year		-	-	636,898
		6,750,000	-	(2,018,307)
At 30 June 2002				4,731,693
Issue of shares	12			
- in conjunction with the listing on MESDAQ		2,250,000	7,875,000	-
- exercise of options	12	39,050	136,675	-
Write-off of listing expenses		-	(1,106,839)	-
Net profit for the year		-	-	5,721,379
Dividend	21	-	-	(900,000)
At 30 June 2003		9,039,050	6,904,836	2,803,072
				18,746,958

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENT

AKN MESSAGING TECHNOLOGIES BERHAD (482772-D)

For The Year Ended 30 June 2003

	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,739,422	636,898
Adjustment for:		
Amortisation of product development expenditure	333,171	85,084
Bad debts written off	2,808	3,487
Depreciation	845,989	783,909
Interest expense	2,242	3,362
Interest income	(64,440)	-
Loss on disposal of plant and equipment	2,471	1,172
Provision for doubtful debts	248,593	-
	<hr/>	<hr/>
Operating profit before working capital changes	7,110,256	1,513,912
Increase in receivables	(6,853,803)	(2,753,164)
(Decrease)/Increase in payables	(1,634,675)	1,894,195
(Decrease)/Increase in amount due to a director	(165,590)	114,375
	<hr/>	<hr/>
Cash (used in)/generated from operations	(1,543,812)	769,318
Interest paid	(2,242)	(3,362)
Interest received	64,440	-
Tax paid	(14,700)	-
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(1,496,314)	765,956
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in a subsidiary	(4)	-
Proceeds from disposal of plant and equipment	31,198	1,300
Product development expenditure	(406,453)	(305,877)
Purchase of plant and equipment	(675,270)	(278,528)
	<hr/>	<hr/>
Net cash used in investing activities	(1,050,529)	(583,105)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire-purchase	(25,095)	(9,346)
Proceeds from issuance of shares	10,125,000	-
Payment of listing expenses	(1,106,839)	-
Dividends paid	(900,000)	-
Proceeds from exercise of share options	175,725	-
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	8,268,791	(9,346)
 NET INCREASE IN CASH AND CASH EQUIVALENTS		
	5,721,948	173,505
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	230,194	56,689
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5,952,142	230,194
	<hr/>	<hr/>

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The principal activity of the Company is the provision of mobile-internet messaging solutions using the Short Messaging Services (SMS), General Packet Radio Services (GPRS) and Wireless Application Protocol (WAP) technology.

There has been no significant change in the nature of this activity during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the MESDAQ Market of the Kuala Lumpur Stock Exchange.

The Company operates in two (2) main locations:

- a) 1007, Block A, Pusat Dagangan Phileo 2, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan; and
- b) Part of Level 32, Tower 2, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 September 2003.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the Company have been prepared under the historical cost convention.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 30 June 2003, the Company adopted the following Standards issued by the Malaysian Accounting Standards Board ("MASB") for the first time:

MASB 22 : Segment Reporting
MASB 23 : Impairment of Assets
MASB 24 : Financial Instruments: Disclosure and Presentation
MASB 25 : Income Taxes
MASB 27 : Borrowing Costs

The adoption of MASB 22, MASB 23, MASB 24, MASB 25 and MASB 27 has not given rise to any adjustments to the opening balances of retained profits of the prior and current financial year. Additional disclosures have been made in the financial statements to comply with the disclosure requirements of MASB 24 and MASB 25.

b) Plant and Equipment and Depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation of plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Computers and software	10% - 15%
Furniture, fixtures, fittings and office equipment	15%
Motor vehicle	10%
Renovation	10%

Upon the disposal of an item of plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Intangible Assets

Intangible assets refer to product development expenditure.

Product development expenditure comprised costs incurred in relation to programming and development activities.

With effect from the current financial year, the Company changed the annual amortisation rate for intangible assets from 15% to 33.33% so as to better reflect the estimated period in which future economic benefits are expected to be derived from these costs. The effect on the change in this accounting estimate is an increase in amortisation expense for the year by RM183,230 and a decrease in the net profit after tax by a similar amount.

The carrying value of the product development expenditure and the amortisation period is reviewed annually at each balance sheet date.

d) Investment in a Subsidiary

The Company's investment in a subsidiary is stated at cost less impairment losses, if any.

On the disposal of the investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

The financial statements of the subsidiary have not been consolidated with the financial statements of the Company as in the opinion of the directors, the assets, liabilities and results of this subsidiary are immaterial to the Group.

e) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

f) Leases

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incident to ownership. All other leases are classified as operating leases.

i. Finance leases or hire purchase

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable plant and equipment as described in Note 2(b).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ii. Operating leases

Operating lease payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

g) Provisions for liabilities

Provisions for liabilities are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

h) Income Tax

Income tax on the profit or loss of the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unutilised tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

i) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

i. Sale of products

Revenue from sale of products is recognised net of service taxes and discounts upon the transfer of risks and rewards.

ii. Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

iii. Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Foreign Currency Transactions

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values are determined.

All exchange differences are taken to the income statement.

k) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

l) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

i. Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

ii. Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

iii. Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would have otherwise been avoided.

iv. Derivative Financial Instruments

Derivative financial instruments, including call options to purchase shares, are not recognised in the financial statements on inception.

3. PLANT AND EQUIPMENT

	COMPUTERS AND SOFTWARE RM	FURNITURE, FIXTURES, FITTINGS AND OFFICE EQUIPMENT RM	MOTOR VEHICLE RM	RENOVATION RM	TOTAL RM
Cost					
At 1 July 2002	7,052,173	174,237	53,161	77,689	7,357,260
Additions	471,378	62,109	-	141,783	675,270
Disposals	-	-	(53,161)	-	(53,161)
At 30 June 2003	7,523,551	236,346	-	219,472	7,979,369
Accumulated Depreciation					
At 1 July 2002	1,490,095	55,149	15,948	15,229	1,576,421
Charge for the year	802,186	28,887	3,544	11,372	845,989
Disposals	-	-	(19,492)	-	(19,492)
At 30 June 2003	2,292,281	84,036	-	26,601	2,402,918
Net Book Value					
At 30 June 2003	5,231,270	152,310	-	192,871	5,576,451
At 30 June 2002	5,562,078	119,088	37,213	62,460	5,780,839
Depreciation charge for 2002	745,393	26,137	5,316	7,063	783,909

The motor vehicle which was disposed off in the current year was held under hire purchase.

4. INTANGIBLE ASSETS

Product Development Expenditure

	2003 RM	2002 RM
As at 1 July	715,656	409,779
Incurred during the year	406,453	305,877
Accumulated amortisation	1,122,109 (472,436)	715,656 (139,265)
As at 30 June	649,673	576,391

5. INVESTMENT IN A SUBSIDIARY

	2003 RM	2002 RM
Unquoted shares at cost	4	-

Details of the subsidiary are as follows:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	EQUITY INTEREST HELD		PRINCIPAL ACTIVITIES
		2003 %	2002 %	
AKN Messaging Technologies (S) Pte. Ltd.#	Singapore	100	-	Provision of mobile-internet messaging solutions using the Short Messaging Services (SMS), General Packet Radio Services (GPRS) and Wireless Application Protocol (WAP) technology

Audited by a firm other than Ernst & Young

This subsidiary has yet to commence operations and the assets, liabilities and results of this subsidiary are immaterial to the Group. Thus, the financial statements of the Company would fairly reflect the consolidated financial statements of the Group. Consequently, no separate Group figures have been presented.

In accordance with the requirements of the Companies Act, 1965, the financial statements of the subsidiary have been annexed to the financial statements of the Company.

6. OTHER RECEIVABLES

	2003 RM	2002 RM
Due from a subsidiary	20,463	-
Deposits	175,444	46,120
Prepayments	194,428	42,603
Sundry receivables	9,953	193,145
	400,288	281,868

The amount due from a subsidiary is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

The Company has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

7. TRADE RECEIVABLES

	2003 RM	2002 RM
Trade receivables	9,465,664	2,733,089
Less: Provision for doubtful debts	(248,593)	-
	9,217,071	2,733,089

Included in trade receivables is an amount of RM6,285 (2002: RM141,566) due from Dataco (M) Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia and a company in which a director, Mr.Lim Seng Boon is deemed to be connected by virtue of his family relationship.

Also included in trade receivables is an amount of RM540,000 (2002: RM527,000) due from Messaging Technologies (H.K.) Limited ("MTech (HK)"). The amount due is unsecured, interest free and is repayable in accordance with normal terms of trade.

Pursuant to the Company's sale of the rights to use the SMS gateway server's software and the SMS content and application to MTech (HK) amounting to RM500,000 in January 2002, the Company entered into a technical assistance agreement with MTech (HK) on 15 June 2002 whereby the Company was granted an option to subscribe for 20% of MTech (HK)'s equity interest at RM500,000 within 6 months from the date of agreement.

On 18 October 2002, the parties hereto have agreed to extend the option period to 15 April 2003. The option was further extended for another six months to 15 October 2003.

Subsequently, on 18 June 2003, the Company entered into a Memorandum of Understanding with the existing shareholders of MTech (HK) to acquire the remaining 80% of the equity interest of MTech (HK), to be satisfied by the issuance of new ordinary shares of the Company.

In addition to the amount due from MTech (HK), approximately 86% of the outstanding trade debtors balance as at 30 June 2003 relates to amounts due from various telecommunication companies mainly for the provision of SMS content and services.

The Company's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

8. CASH AND BANK BALANCES

	2003 RM	2002 RM
Cash on hand and at banks	1,952,142	230,194
Deposits with a licensed bank	4,000,000	-
	5,952,142	230,194

The deposits with a licensed bank bear interests ranging from 2.40% to 2.45% (2002: Nil%) per annum and have average maturity periods of 30 (2002: Nil) days.

9. OTHER PAYABLES

	2003 RM	2002 RM
Due to suppliers of computers and software	43,688	2,058,651
Advances from a shareholder	-	1,024,440
Due to Dataco (M) Sdn. Bhd.	-	56,944
Accrued operating expenses	362,904	106,101
Sundry payables	1,359,014	707,698
	<u>1,765,606</u>	<u>3,953,834</u>

The advances from the shareholder and the amount due to Dataco (M) Sdn. Bhd. were unsecured, interest free and have no fixed terms of repayment.

10. TRADE PAYABLES

The normal trade credit term granted to the Company ranges from 30 to 90 days.

11. HIRE-PURCHASE PAYABLE, CURRENT PORTION

	2003 RM	2002 RM
Due within 12 months (Note 13)	-	13,713
	<u>-</u>	<u>13,713</u>

12. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES		AMOUNT	
	2003	2002	2003 RM	2002 RM
a) Authorised:				
At 1 July, at RM0.10 (2002: RM1.00) each	250,000,000	1,000,000	25,000,000	1,000,000
Effect of subdivision of share, at RM0.10 each	-	10,000,000	-	-
Created during the year	-	240,000,000	-	24,000,000
At 30 June, at RM0.10 each	<u>250,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>

12. SHARE CAPITAL (cont'd)

	NUMBER OF ORDINARY SHARES		AMOUNT	
	2003	2002	2003 RM	2002 RM
b) Issued and fully paid:				
At 1 July, at RM0.10 (2002: RM1.00) each	67,500,000	450,000	6,750,000	450,000
Effect of subdivision of share, at RM0.10 each	-	4,500,000	-	-
Issued during the year				
- converted from advances into equity, at RM0.10 each	-	63,000,000	-	6,300,000
- in conjunction with the listing on MESDAQ	22,500,000	-	2,250,000	-
- exercise of options	390,500	-	39,050	-
At 30 June, at RM0.10 each	90,390,500	67,500,000	9,039,050	6,750,000

The Company was listed on the MESDAQ Market of the Kuala Lumpur Stock Exchange ("KLSE") on 27 January 2003.

In conjunction with this, the Company has increased its issued and paid up share capital from RM6,750,000 to RM9,000,000 through the issuance of 22,500,000 ordinary shares of RM0.10 each at an issue price of RM0.45 per share by way of private placement and public issue.

The proceeds from the issuance of the shares are to be used for working capital purposes, repayment of listing expenses, research and development expenses and for expansion of its overseas operations, as disclosed in the prospectus dated 24 December 2002.

The share premium arising after deducting the transaction costs of RM1,106,839, amounted to RM6,768,161 and has been credited to the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

In addition, during the financial year, 390,500 fully paid up ordinary shares of RM0.10 each were issued pursuant to the ESOS at the exercise price of RM0.45 each. The share premium of RM136,675 has been credited to the share premium account.

As a result of the above issuance of shares, the paid up share capital of the Company had increased from RM6,750,000 as at 1 July 2002 to RM9,039,050 as at 30 June 2003.



13. HIRE-PURCHASE PAYABLE

	2003 RM	2002 RM
Minimum lease payments:		
Not later than 1 year	-	13,746
Later than 1 year and not later than 2 years	-	15,878
		<hr/>
Future finance charges	-	29,624
	-	(4,529)
		<hr/>
Present value of finance lease liabilities	-	25,095
		<hr/>
Present value of finance lease liabilities:		
Not later than 1 year	-	13,713
Later than 1 year and not later than 2 years	-	11,382
		<hr/>
Present value of finance lease liabilities	-	25,095
		<hr/>
Analysed as:		
Due within 12 months (Note 11)	-	13,713
Due after 12 months	-	11,382
		<hr/>
	-	25,095
		<hr/>

The hire purchase liability bears interest at 6.2% (2002: 6.2%) per annum. The amount outstanding was fully repaid in the current year upon the disposal of the motor vehicle to which the hire purchase arrangement relates.

14. REVENUE

Revenue consists of invoiced sales of products and services net of service taxes and discounts.

15. COST OF SALES

Cost of sales consists mainly of SMS and leased-line charges, royalty expenses and other incidental costs incurred for the provision of mobile-internet messaging solution using SMS and WAP technology.

16. PROFIT FROM OPERATIONS

Profit from operations is stated:

	2003	2002
	RM	RM
After charging:		
Auditors' remuneration - statutory audits	20,000	15,000
Amortisation of product development expenditure	333,171	85,084
Bad debts written off	2,808	3,487
Depreciation	845,989	783,909
Directors' fees	96,000	-
Loss on disposal of plant and equipment	2,471	1,172
Provision for doubtful debts	248,593	-
Rental of premises	167,169	95,286
	<hr/>	<hr/>
and crediting:		
Interest income from deposits with licensed banks	64,440	-
	<hr/>	<hr/>

17. STAFF COSTS

	2003	2002
	RM	RM
Staff costs	1,459,106	865,028
	<hr/>	<hr/>

Included in staff costs of the Company is the remuneration of an executive director amounting to RM181,485 (2002: RM60,000).

The number of employees in the Company at the end of the year was 58 (2002: 39).

18. FINANCE COST

Included in finance cost is interest expense amounting to RM2,242 (2002: RM3,362).

19. TAXATION

	2003 RM	2002 RM
Tax expense for the year:		
Malaysian income tax	18,043	-

A reconciliation of the statutory income tax rate to the effective income tax rate of the Company has not been presented as there is no tax charge on the business sources of income for the year.

The Company has been accorded Multimedia Super Corridor (MSC) Status and was granted Pioneer Status effective from 24 October 2000, which exempts 100% of the statutory business income from taxation for a period of 5 years, with an option to extend the pioneer period for a further 5 years, subject to fulfilling all the conditions for extension set by the Multimedia Development Corporation.

The tax charge for the current year is in respect of interest income.

Unutilised tax losses and unutilised capital allowances carried forward are analysed as follows:

	2003 RM	2002 RM
Unutilised tax losses carried forward		
- pre-pioneer	1,075,000	1,075,000
- pioneer	-	810,000
Unutilised capital allowances carried forward		
- pioneer	-	843,000

The remaining balances carried forward can be used to offset future taxable profits, subject to agreement with the Inland Revenue Board.

As at 30 June 2003, the Company has tax exempt profits available for distribution of approximately RM3,171,000 (2002: Nil), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt account to frank the payment of dividends out of its entire retained profit as at 30 June 2003.

20. EARNINGS PER SHARE

a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2003	2002
Net profit attributable to shareholders (RM)	5,721,379	636,898
Weighted average number of ordinary shares in issue	77,676,582	7,606,849
Basic earnings per share (sen)	7.4	8.4

20. EARNINGS PER SHARE (cont'd)

b) Diluted

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The Company's dilutive potential ordinary share relates to the ESOS. The maximum number of ordinary shares of RM0.10 each to be issued on the exercise of share options granted, the latest dates for conversion and exercise and their respective prices are mentioned in the directors' report.

	2003
Net profit attributable to shareholders (RM)	5,721,379
Weighted average number of ordinary shares in issue	77,676,582
Adjusted for:	
Assumed conversion of ESOS	1,487,895
Adjusted weighted average number of ordinary shares in issue and issuable	79,164,477
Diluted earnings per share (sen)	7.2

The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumptions that the ESOS (at exercise price of RM0.45) were exercised at the date the ESOS were granted during the current financial year.

Comparative diluted earnings per share has not been presented as there were no potential ordinary shares outstanding during the previous financial year.

21. DIVIDEND

	AMOUNT		NET DIVIDEND PER SHARE	
	2003 RM	2002 RM	2003 SEN	2002 SEN
First interim tax exempt dividend of 10% (2002: Nil%), paid on 20 June 2003	900,000	-	1.0	-

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 June 2003, of 15% (1.5 sen net per share) will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits for the financial year ending 30 June 2004.

22. COMMITMENTS

Operating lease commitments

The lease commitments are in respect of rental of office premises. A summary of the non-cancellable long term commitments are as follows:

	2003 RM	2002 RM
Not later than one year	374,000	94,000
Later than one year and not later than five years	329,000	-
Later than 5 years	91,000	-
	<hr/> 794,000	<hr/> 94,000

23. RELATED PARTY TRANSACTIONS

	2003 RM	2002 RM
Sales to Dataco (M) Sdn. Bhd., a company in which a director, i.e. Mr. Lim Seng Boon is deemed to be connected by virtue of his family relationship	75,172	199,683
Call centre maintenance fees charged by Dataco (M) Sdn. Bhd., a company in which a director i.e. Mr. Lim Seng Boon is deemed to be connected by virtue of his family relationship	98,000	46,500
Lease line rental charged by In-flux Technology (S) Pte. Ltd., a company in which a director, i.e. Dato' Ahmad Kabeer bin Mohamed Nagoor is deemed to have an interest	6,107	28,719

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

24. FINANCIAL INSTRUMENTS

a) Financial Risk Management Objectives and Policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is to not engage in speculative transactions.

b) Interest Rate Risk

The Company does not have any significant interest-bearing debts other than a hire purchase liability, which has been fully repaid, thus, its exposure to interest rate risk is minimal. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes and have been mostly placed in fixed deposits, which yield better returns than cash at bank.

24. FINANCIAL INSTRUMENTS (cont'd)

c) Foreign Exchange Risk

The Company mainly operates in Malaysia and business transactions are denominated in Ringgit Malaysia, thus, the foreign exchange risk is minimal.

d) Liquidity Risk

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

e) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via management reporting procedures.

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than as disclosed in Note 7.

f) Fair Values

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- i. Cash and Cash Equivalents, Trade and Other Receivables/Payables/Due from a subsidiary.
The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.
- ii. Option to acquire 20% equity interest in MTech (HK)
As disclosed in Note 7, the option to acquire 20% of the equity interest in MTech (HK) has been extended to 15 October 2003. This option has not been recognised in the financial statements and it is not practical to estimate the fair value of the call option as it is unquoted.

25. SEGMENTAL INFORMATION

There is no segmental information as the Company's activities for the current and previous financial years fall within one sector of operation and are predominantly carried out in Malaysia.

26. SIGNIFICANT EVENTS

The significant events which took place during the financial year are as follows:

- a) On 8 October 2002 and 15 October 2002, the Company was granted approval by the Securities Commission and Kuala Lumpur Stock Exchange ("KLSE") respectively for its application for admission to the KLSE MESDAQ Market. The Company was listed on the KLSE MESDAQ Market on 27 January 2003.
- b) On 13 June 2003, the Company acquired the entire issued and paid up share capital of AKN Messaging Technologies (S) Pte. Ltd. for a cash consideration of S\$2.
- c) As disclosed in Note 7, on 18 June 2003, the Company entered into a Memorandum of Understanding with the existing shareholders of MTech (HK) to acquire the remaining 80% of the equity interest of MTech (HK), to be satisfied by the issuance of new ordinary shares of the Company.

27. SUBSEQUENT EVENT

Subsequent to the end of the financial year, the Company proposed a bonus issue on the basis of three (3) new ordinary shares for every five (5) existing ordinary shares held. The proposed bonus issue shall be fully capitalised from the share premium account of the Company as at 30 June 2003. The proposal is subject to the approval of the Kuala Lumpur Stock Exchange and the shareholders of the Company.

28. COMPARATIVES

- a) The following balance sheet comparative figures have been reclassified to conform with current year's presentation:

	AS RECLASSIFIED RM	PREVIOUSLYS TATED RM
Other payables	3,953,834	4,162,420
Trade payables	726,169	517,583

- b) Comparatives are not disclosed for certain information relating to financial instruments as permitted by MASB 24 - Financial Instruments: Disclosure and Presentation upon its first application.

29. CURRENCY

All amounts are stated in Ringgit Malaysia (RM), unless otherwise stated.

Share Capital As At 30 September 2003

Authorised Capital	:	RM 25,000,000.00
Issued and Fully Paid-Up Capital	:	RM 91,129,000.00*
Class of Equity Securities	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote per share

* Kindly note that the total issued and paid up capital includes 91,000 new Ordinary Shares issued pursuant to the ESOS exercise, which was only listed on 2 October 2003.

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

No. of Holders	Holdings	Total Shareholdings	%
2	Less than 100	100	0.00
299	100 to 1,000	253,900	0.28
601	1,001 to 10,000	2,954,800	3.24
282	10,001 to 100,000 shares	9,631,900	10.57
73	100,001 to less than 5% of issued shares	31,952,000	35.06
4	5% and above of issued shares	46,336,300	50.85
1,261		91,129,000	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

No.	Name	No. of Shares Held	%
1	AKN Capital Sdn. Bhd.	21,500,000	23.59
2	Lim Seng Boon	13,300,000	14.59
3	Ooi Boon Leong	6,900,000	7.57
4	Mayban Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account For Kumpulan Wang Simpanan Pekerja)</i>	4,636,300	5.09
5	Lim Eng Thong	3,000,000	3.29
6	HSBC Nominees (Asing) Sdn. Bhd. <i>(Pledged Securities Account For Driehaus International Opportunities Fund, L.P.)</i>	2,265,900	2.49

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

No.	Name	No. of Shares Held	%
7	Ong Liang Ching	2,094,900	2.30
8	Allianz Life Insurance Malaysia Berhad	1,781,200	1.95
9	Goh Lee Lang	1,406,900	1.54
10	HDM Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account For Liew Yoke Har)</i>	1,405,800	1.54
11	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account For AKN Capital Sdn. Bhd.)</i>	945,000	1.04
12	Lester Ratnakumar Neil Francis	855,010	0.94
13	Ong Peh Hoon	824,000	0.90
14	RHB Nominees (Tempatan) Sdn. Bhd. (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Kumpulan Wang Simpanan Pekerja)</i>	750,000	0.82
15	Lee Kuan Meng	740,000	0.81
16	HSBC Nominees (Asing) Sdn. Bhd. <i>(Pledged Securities Account For Uni Em Fernost Treuhandkonto, Luxembourg)</i>	723,000	0.79
17	HDM Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account For Chong Soo Peng)</i>	716,100	0.79
18	Cartaban Nominees (Asing) Sdn. Bhd. <i>(Pledged Securities Account For Dreyfus Founders Passport Fund)</i>	678,200	0.74
19	A.A. Assets Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account For Cheah Siew In)</i>	540,800	0.59
20	Malaysia Nominees (Tempatan) Sendirian Berhad <i>(Pledged Securities Account For Great Eastern Life Assurance (Malaysia) Berhad)</i>	508,200	0.56
21	Palladium Capital Sdn. Bhd.	500,000	0.55
22	Mayban Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account For MBF Growth Fund)</i>	500,000	0.55

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

No.	Name	No. of Shares Held	%
23	Universal Trustee (Malaysia) Berhad <i>(Pledged Securities Account For TA Islamic Fund)</i>	500,000	0.55
24	BHLB Trustee Berhad <i>(Pledged Securities Account For Pacific Progressive Fund)</i>	475,000	0.52
25	RHB Nominess (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Kumpulan Wang Simpanan Pekerja)</i>	437,000	0.48
26	Augustus Ralph Marshall	400,000	0.44
27	Malaysia Nominees (Tempatan) Sendirian Berhad <i>(Pledged Securities Account For Great Eastern Life Assurance (Malaysia) Berhad)</i>	400,000	0.44
28	Liew Yeok Cheng	394,400	0.43
29	Nareba Industries Sdn. Bhd.	390,000	0.43
30	Teow Ah Moy	390,000	0.43

SUBSTANTIAL SHAREHOLDERS

(excluding those who are bare trustees pursuant to Section 69 of the Companies Act 1965)

No. of ordinary shares of RM0.10 each beneficially held by the Substantial Shareholders

No.	Shareholder	Direct Interest	%	Indirect Interest	%
1	AKN Capital Sdn. Bhd.	22,445,000	24.63	-	-
2	Lim Seng Boon	13,300,000	14.59	-	-
3	Ooi Boon Leong	7,008,800	7.69	22,445,000*	24.63
4	Kumpulan Wang Simpanan Pekerja	5,828,700	6.40	-	-
5	Dato' Ahmad Kabeer bin Mohamed Nagoor	-	-	22,445,000*	24.63

* By virtue of their interest in AKN Capital Sdn. Bhd. (AKNC), Dato' Ahmad Kabeer bin Mohamed Nagoor and Mr. Ooi Boon Leong are deemed interested in the shares of the Company to the extent that AKNC has an interest.

DIRECTORS' SHAREHOLDING (Direct & Indirect)

No. of ordinary shares of RM0.10 each beneficially held by the Directors

Name Of Directors	Direct Interest	%	Indirect Interest	%
Dato' Ahmad Kabeer bin Mohamed Nagoor	-	-	22,445,000*	24.63
Datuk Dr. Awang Adek bin Hussin	-	-	-	-
Datuk Haji Hasan bin Malek	200,000	0.22	-	-
Krishnan C K Menon	250,000	0.27	-	-
Wong Sik Sim	-	-	-	-
Lim Eng Thong	3,000,000	3.29	-	-
Ooi Boon Leong	7,008,800	7.69	22,445,000*	24.63
Lim Seng Boon	13,300,000	14.59	-	-
Mohamad Najeb bin Ali	-	-	-	-

* By virtue of their interest in AKN Capital Sdn. Bhd. (AKNC), Dato' Ahmad Kabeer bin Mohamed Nagoor and Mr. Ooi Boon Leong are deemed interested in the shares of the Company to the extent that AKNC has an interest.

NOTICE OF ANNUAL GENERAL MEETING

AKN MESSAGING TECHNOLOGIES BERHAD (482772-D)

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of AKN MESSAGING TECHNOLOGIES BERHAD will be held at Boardroom 3, Level 3, Eastin Hotel, No. 13, Jalan 16/11, Pusat Dagangan Seksyen 16, 46350 Petaling Jaya, Selangor on Thursday, 13 November 2003 at 10.30 a.m. to transact the following business:-

A G E N D A

1. To receive and adopt the Director's Report and the Audited Financial Statements for the financial year ended 30 June 2003 together with the Auditors' Report thereon.

Resolution 1

2. To declare a final tax exempt dividend of 15% for the financial year ended 30 June 2003.

Resolution 2

3. To approve the payment of Directors' Fees for the financial year ended 30 June 2003.

Resolution 3

4. To re-elect the following Directors who retire in accordance with the Company's Articles of Association :

Article 104

- a) Dato' Ahmad Kabeer bin Mohamed Nagoor
- b) Mr. Lim Eng Thong

Resolution 4

Resolution 5

Article 110

- a) En. Mohamad Najeb bin Ali
- b) Mr. Ooi Boon Leong
- c) Mr. Wong Sik Sim

Resolution 6

Resolution 7

Resolution 8

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

Resolution 9

As Special Business :

To consider and if thought fit, to pass the following resolution, with or without any modification, as Ordinary Resolution of the Company :-

6. GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval from the Kuala Lumpur Stock Exchange for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 10



NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

AKN MESSAGING TECHNOLOGIES BERHAD (482772-D)

- To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a first and final tax exempt dividend of 15% in respect of the financial year ended 30 June 2003, if approved by the shareholders at the Annual General Meeting, will be paid on 18 December 2003 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 28 November 2003.

A depositor shall qualify for entitlement to the dividend only in respect of :-

- Shares transferred into the depositor's securities account before 4.00 p.m. on 28 November 2003 in respect of ordinary transfers; and
- Shares bought on the Kuala Lumpur Stock Exchange on a cum-entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By order of the Board

TEA SOR HUA
CHAN BEE FANG
Company Secretaries

Petaling Jaya, Selangor
22 October 2003

Notes:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.
- In the case of Corporate member, the instrument appointing a proxy shall be under its Common Seal.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

EXPLANATORY NOTE TO SPECIAL BUSINESS

1. Ordinary Resolution No. 10 under Agenda 6

This proposed Resolution is primarily to give flexibility to the Board of Directors of the Company to allot and issue shares at any time in their absolute discretion without convening a general meeting.

1. **Directors standing for re-election**

The Directors standing for re-election are as follows:-

- i) Dato' Ahmad Kabeer bin Mohamed Nagoor
- ii) Mr. Lim Eng Thong
- iii) En. Mohamad Najeb bin Ali
- iv) Mr. Ooi Boon Leong
- v) Mr. Wong Sik Sim

2. **Details of attendance of Directors at Board Meetings**

A total of two Board Meetings were held during the financial year ended 30 June 2003. Details of attendance of Directors holding office at the end of the financial year are as follows:

NAME OF DIRECTORS		ATTENDANCE
Datuk Dr. Awang Adek bin Hussin		1/2
Dato' Ahmad Kabeer bin Mohamed Nagoor		1/2
Datuk Haji Hasan bin Malek		2/2
Lim Seng Boon		2/2
Krishnan C K Menon		2/2
Lim Eng Thong		2/2
Lee Kok Khee	(resigned on 22.9.2003)	2/2
Mohamad Najeb bin Ali	(appointed on 2.4.2003)	1/1
Ooi Boon Leong	(appointed on 9.7.2003)	N/A
Wong Sik Sim	(appointed on 22.9.2003)	N/A

3. **The place, date and time of the Meeting**

The Fourth Annual General Meeting of AKN MESSAGING TECHNOLOGIES BERHAD will be held at Boardroom 3, Level 3, Eastin Hotel, No. 13, Jalan 16/11, Pusat Dagangan Seksyen 16, 46350 Petaling Jaya, Selangor on Thursday, 13 November 2003 at 10.30 a.m.

4. **Further details of Directors who are standing for re-election**

The further details of the Directors who are standing for re-election are set out in the Directors' Profile Section (pages 3 to 7 of the Annual Report); while their securities holdings (where applicable) are set out in the Analysis of Shareholdings - Directors' Interest in the Company and Related Corporations (pages 55 to 58) of the Annual Report).

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I/We (full name in capital letters) _____ NRIC/Company No. _____
of (full address) _____
being (a) member(s) of AKN MESSAGING TECHNOLOGIES BERHAD hereby appoint (full name in capital letters) _____ NRIC No. _____
of (full address) _____
or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Boardroom 3, Level 3, Eastin Hotel, No. 13, Jalan 16/11, Pusat Dagangan Seksyen 16, 46350 Petaling Jaya, Selangor on Thursday, 13 November 2003 at 10.30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Director's Report and the Audited Financial Statements for the financial year ended 30 June 2003 together with the Auditors' Report thereon.		
2.	To declare a final tax exempt dividend of 15% for the financial year ended 30 June 2003.		
3.	To approve the payment of Directors' Fees for the financial year ended 30 June 2003.		
4.	To re-elect Dato' Ahmad Kabeer bin Mohamed Nagoor as director who retires pursuant to Article No. 104 of the Company's Articles of Association.		
5.	To re-elect Mr. Lim Eng Thong as director who retires pursuant to Article No. 104 of the Company's Articles of Association		
6.	To re-elect En. Mohamad Najeb bin Ali as director who retires pursuant to Article No. 110 of the Company's Articles of Association		
7.	To re-elect Mr. Ooi Boon Leong as director who retires pursuant to Article No. 110 of the Company's Articles of Association		
8.	To re-elect Mr. Wong Sik Sim as director who retires pursuant to Article No. 110 of the Company's Articles of Association		
9.	To re-appoint Messrs Ernst & Young as Auditors of the Company.		
10.	To approve the authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

Dated this _____ day of _____ 2003

NO. OF SHARES HELD

Signature of Member(s)/Common Seal

NOTES:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. In the case of Corporate member, the instrument appointing a proxy shall be under its Common Seal.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.



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Stamp

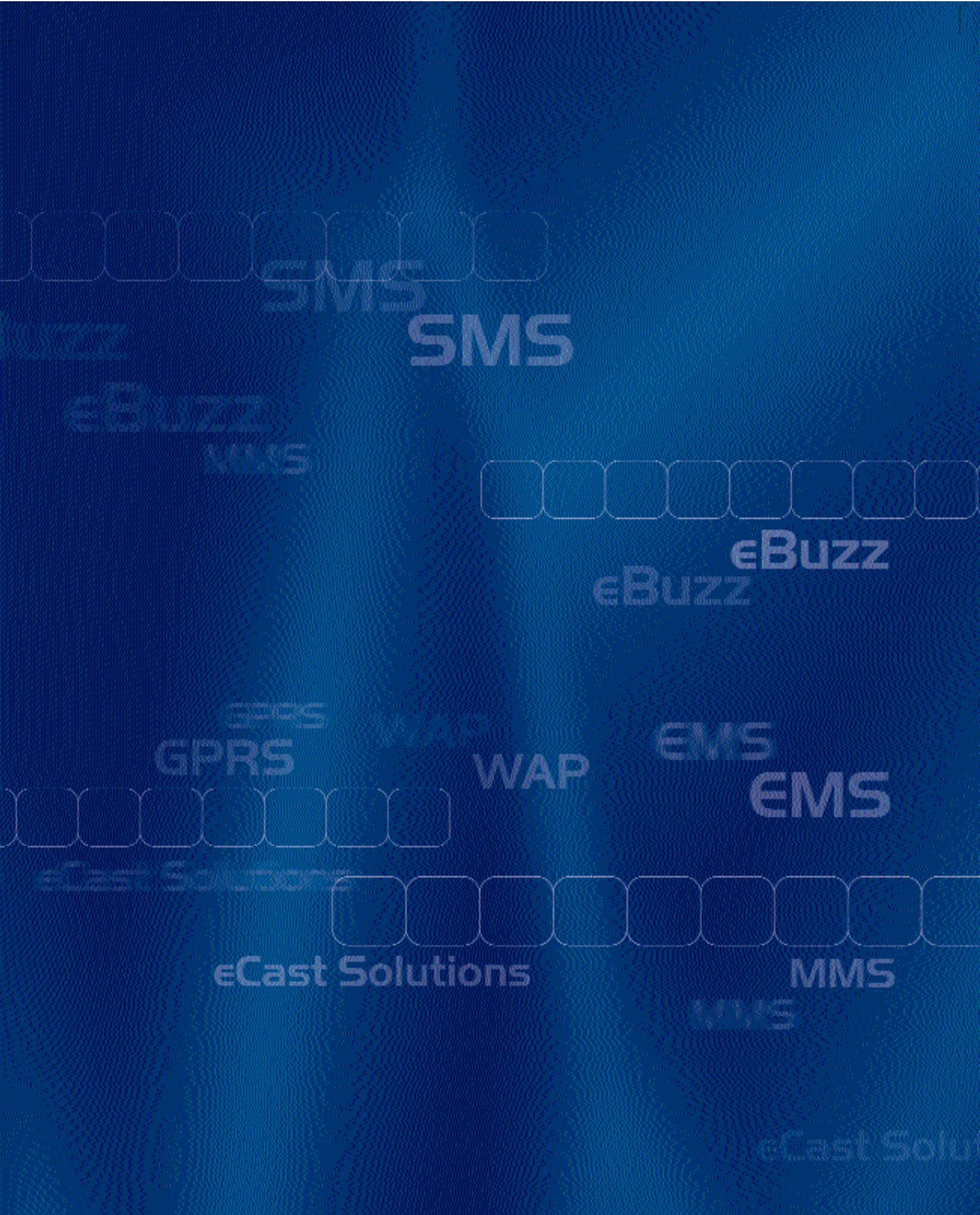
To :



AKN MESSAGING TECHNOLOGIES BERHAD
(482772-D) (Incorporated in Malaysia)

Cospec Management Services Sdn. Bhd.
Third Floor, No. 79 (Room A),
Jalan SS21/60,
Damansara Utama,
47400 Petaling Jaya,
Selangor.

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AKN MESSAGING TECHNOLOGIES BERHAD (482772-D)

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Designed by CT DESIGN SDN.BHD.