
4. INFORMATION ON THE GROUP (Cont'd)

- **Wireless Messaging**

- i. Development and deployment of SMSC/MMSC
- ii. Messaging Gateways and Applications
- iii. Roamer Messaging

Airocom's wireless messaging solutions include SMSC, which provides message exchange between mobile subscribers and service providers' applications. It is reliable due to the technology on high availability hardware platform and efficient as a result of high volume message processing capability.

AiroGate™ messaging gateway provides an Open Architecture SMS application deployment platform for digital cellular mobile networks such as GSM and CDMA.

AiroGate™ enables mobile network subscribers to access various SMS value-added services such as stock price updates, weather forecast, flight schedules, ringtones, pictograms, e-mails and other SMS-enabled applications. Its client-server architecture provides a single service access point for mobile subscribers and enables simultaneous connections from multiple value-added messaging applications. AiroGate™ generates messaging transaction record for billing and analysis purposes.

AiroGate™ MMS Service Adapter ("MSA") provides service extension to the mobile operator's MMS offerings. The MSA allows multimedia traffic to be sent and received regardless of the bearer service. Content Providers simply connect their MMS-enabled applications via the MSA and AiroGate™ will ensure an optimal media conversion and deliver the message to the recipient terminal.

- **Wireless Broadband Solutions**

- i. Providing hardware systems and peripherals
- ii. Wireless host network equipment and software
- iii. Wireless client network equipment and software
- iv. Systems software, application software, database systems
- v. Software development tools
- vi. Physical infrastructure to house the wireless broadband systems

Airocom provides end-to-end solutions that encompass setting-up of infrastructure, internal/ external IP connectivity, commissioning and other support services. Apart from the setting-up of data centre Airocom also manage the service provisioning which include billing, management systems, connector/adaptors and others.

Airocom's ISP facility and services set-up for customers is based on the Hi-speed Microwave and WiMAX infrastructure set-up. WiMAX can be used for a number of applications, including "last mile" broadband connections, hotspots and cellular backhaul, and high-speed enterprise connectivity for business. WiMAX systems are able to cover a large geographical area of up to 50 km and to deliver significant bandwidth to end-users up to 72 Mbps.

4. INFORMATION ON THE GROUP (Cont'd)

The set-up is expected to give our customers approximately 5 Mbit/s symmetrical connectivity. It would also use the native IPv4 and IPv6 over a single transmission infrastructure.

The infrastructure will be based on a modular set-up, which does not require large-scale deployment of the system. It could be added and enhanced according to the demand and network topology. Each modular set-up shall comprise of the following components: -

- Metro-Ethernet point-to-point WiMAX base transmission station
- Wireless Metro-Ethernet Connection
- WiMAX Transmission

The expansion of the hi-speed microwave infrastructure will be based on demand basis. The network planning team will evaluate the coverage area versus the consumer density.

The above component will be monitored by the Network Operation Centre ("NOC"), which, will also house the switching and other backbone connectivity infrastructure.

- **Wireless Broadcast Solutions**

The proliferation of Internet protocol and cellular technologies into the terrestrial broadcast television ("TV") and IPTV over UHF broadcast makes interactive and reality programmes possible. This brings a broader market horizon for Airocom to take advantage of, as more and more TV viewers and radio listeners are actively using their mobile phones and mobile terminals to participate interactively to the programmes. With 3G technologies, streaming TV programs and videos on mobile will soon become lifestyle products. Airocom is positioning itself to become one (1) of the technologies and value added services providers in these areas of wireless broadcast by providing the following services:

- i. Supply and provisioning of content, infrastructure and systems (Interactive TV, Voting and Instant Messaging)
- ii. Provision of Value Added Services (content hosting, e-payment gateway, Mobile customer services subscription and services)
- iii. Maintenance Services

- **Prepaid Platforms**

- i. IN Prepaid Mobile
- ii. Calling Card
- iii. Home Prepaid

Airocom developed the application for IN prepaid system which connects, controls and monitors calls, and/or manages prepaid operations, provides customisable charging and tariff options and supports various value-added services.

4. INFORMATION ON THE GROUP (Cont'd)

Prepaid system implements core prepaid services including account provisioning, billing and supervision. It provides operator services such as prepaid subscriber management, account management, subscriber history, multiple top-up methods, flexible product definition and voucher management.

Fixed line Prepaid Calling System is an account-based service for home phone and fixed line caller, particularly for people to have a complete control over their telephone expenses. With Airocom's fixed line Prepaid Calling System, there is no need for operators to perform credit checks, generate billing or use collection services.

- **Operations Support Systems ("OSS") and Business Support Systems ("BSS")**
 - i. Service Provisioning
 - ii. Billing Mediation
 - iii. Alarm Monitoring and Management

Airocom's OSS solutions help MNO and MVNO to optimise their inventory and service provisioning. Currently its services span varying aspects of network management, service fulfilment, billing system and customer care.

AiroPath™ Mediation Server developed by Airocom provides the processing and the delivering information between the telecommunication network and operator's business support system, such as customer care and billing systems, fraud management systems, data warehousing, interconnect billing and administration and others. It collects content services and/or data from the network and processes them into a form that can be easily utilised by these applications.

AiroPath™ can support services in 2G, 2.5G or 3G and can access content services in either WAP or Internet services.

- **Billing and Customer Care System**

Billing and Customer Care System provides a real-time and scalable billing and collection system. The operator can easily add or delete accounts, view payment histories, and print reports. The system offers fixed and variable rate setups, allowing for multi-tiered rate plans, weekday and weekend rates, discount periods, after-hours rates and billing by time or by data usage.

- (ii) Airocom >*m*enterprise™

This category is targeted at the enterprises, including public or private sectors that require mobile capability in their corporate applications. Some of the solutions are as follows:

- **Mobile Logistics**

Airocom AiroTrac is a J2ME application designed for prime mover delivery activities that allows the prime mover driver to receive instructions from the service centre to complete his work, deliver or collect the goods, report his progress and receive another instruction – all from the mobile devices. Runs on Java enabled mobiles devices, it communicates with dispatch server via HTTP protocol through GPRS communication.

4. INFORMATION ON THE GROUP (Cont'd)

- **Mobile Enforcement**

A wireless system which enables the mobile personnel of an enforcement agency to check the status of subject at hand anywhere within the mobile network coverage. Airocom developed such system for local enforcement authorities. An example is the application for Jabatan Pengangkutan Jalan ("JPJ") where its enforcement will be able to download information from its central database about vehicle and driver information to a handheld device.

- **Mobile Messaging**

- AiroMail – Airocom developed mobile phones services to enable a mobile phone subscriber to access his/her email account
- Corporate Messenger – an application to send bulk messages through the Internet, such as announcements, notifications and others.

- **Mobile Reservation**

Airocom's *mobileHOTELME* is a J2ME application that allows customers to make mobile reservation, view hotel description/image and contact information, change or cancel reservations or finding hotel directions/map from their mobile devices, anytime and anywhere within GSM network coverage. It runs on Java enabled mobile devices with GPRS connection and communicates with the back-end server via HTTP protocol.

mobileHOTELME wirelessly enables hotels and hospitality services to extend their database and booking engine to mobile devices. This ensures the latest up-to-date information is received. Besides, Airocom is also developing similar service for transportation and entertainment mobile reservation.

- **Mobile Alerts**

- Notification – alerts the mobile phone users when some events are triggered, such as stock price alert and incoming e-mail notification.

(iii) **Airocom >mlifestyle™**

Airocom provides contents and applications to the mobile consumers, via partnerships with the service providers, with solutions they can directly access by using their mobile devices. Airocom's products under this section are marketed under the brand names MetaMobile (a joint venture with Metadome), mobifrenz™, Eelis.com, MobileHotel and redsarong™ for various segments of the consumer market. Beginning January 2004, Airocom ceased to use the brand name MetaMobile as it wanted to focus on its own brands.

Some of the >mlifestyle™ applications and services are as follows:

- **Information On Demand**

- (a) Directory information, news, traffic reports, jokes etc
- (b) Interactive media via television and radio
- (c) Polling and voting
- (d) Mobile chat
- (e) Mobile email

4. INFORMATION ON THE GROUP (Cont'd)

- **Content download**

- (a) Ringtones, operator logos and picture messages downloads
- (b) Games, contests and quizzes

In delivering these products to its users, Airocom usually packages them with the following services to ensure smooth and successful implementation of the project: -

- i. Consulting
- ii. Content and Subject Matter Experts with partners i.e. associating the Company with people or companies that have strength in a specific areas that would help up Airocom's value.
- iii. Information Design
- iv. Development
- v. Customisation

4.2.3 Technology Used

Technologies currently used by the Group are listed as follows: -

- i. **Hardware and Operating System**

Airocom has the technical capability to develop its applications and services on various types of hardware platforms and operating systems such as Windows, UNIX and Linux. Airocom has the knowledge, experience and know-how in analysis, design, development and deployment of telecommunication network systems, which the Company believes that it has a technological edge over other local players.

Frost & Sullivan, in its market research report, mentioned that Airocom is currently the only local player with a wide portfolio of OSS/BSS focus products. A key-differentiating factor is that virtually all of Airocom's products are developed in-house to suit the market trends in the industry with the expertise to work on almost all other platforms.

- ii. **Development Toolkit, Programming Language, Scripting Language, Software Engineering Standards**

Airocom will continue to exploit new technologies to further improve its internal business processes, its products and services and/or for the development of new products and services. Many of the latest system development toolkits, a software tool that provides a development environment in which developers can write, test and de-bug certain application, have been used, enabling Airocom to develop its products and services efficiently and effectively. ANSI C, C++, Visual Basic, XML, WAP, J2ME, Python, PERL, WML, SOAP, ASN.1, amongst others, are some development toolkits, programming and scripting languages and/or software engineering standards used by Airocom.

Airocom also adopt Open Architecture development methodology to allow maximum interoperability of its products and services.

4. INFORMATION ON THE GROUP (Cont'd)

4.2.4 Approvals, Major Licences and Permits Obtained

Details of the approvals obtained by the Company for the Listing from the MESDAQ of Bursa Securities and SC together with the conditions imposed by these authorities and status of compliance are set out in Section 6.1 of this Prospectus.

The major licences and permits obtained by the Group are as follows: -

Authority	Description	Major Conditions Imposed	Status of Compliance
MDC	MSC Status*	Airocom must be located at MSC-designated Cybercities	Complied. Airocom currently operates its R&D centre at Technology Park Malaysia, an MSC-designated area
MCMC	ASP Class License	Not allowed to operate service in respect of Voice-over-Internet Protocol (VoIP)	Complied.
MCMC	ASP Class License	SMS based applications only	Complied.

Note: -

* The Company was granted MSC status by the Government of Malaysia on 29 December 2000. However the Company's MSC Pioneer Status in relation to the 100% exemption on the taxable statutory income for the initial period of five (5) years had expired on 29 December 2005, and the Company had submitted its application for the extension of the tax relief period pioneer status on 28 December 2005.

4.2.5 Brand Names, Patents, Trade Marks, Licences, Technical Assistance Agreements, Franchises And Other Intellectual Property Rights

Save for Airocom – Get Unwired™ which is pending registration under Class 42 (design and development of computer software) and Class 16 (printed materials/forms) and pending approvals for Class 9 (computer programs and software), and, the Group has also applied for the registration of the following trade marks under Class 42 (computer software) and Class 16 (printed materials/forms) which it uses in connection with its business, namely: -

- (i) AiroGate™;
- (ii) AiroGalN™;
- (iii) Airoport™;
- (iv) AiroWAP™;
- (v) AiroWeb™;
- (vi) Airoamer™;
- (vii) AiroBACC™;
- (viii) >mlifestyle™;
- (ix) >menterprise™;
- (x) >mtelecomm™;
- (xi) mobifrenz™;
- (xii) redsarong™, and
- (xiii) AiroMAX™.

One of the Group's core products i.e. AiroGate™ was acquired from Zainal Aman Bin Shaari, the author and proprietor of AiroGate™ on 16 March 2004 pursuant to the Deed of Assignment for a consideration of RM3.75 million, which was fully satisfied by the issuance of 3.75 million new ordinary shares of RM1.00 each in the Company at par to Zainal Aman Bin Shaari.

4. INFORMATION ON THE GROUP (Cont'd)

The purchase consideration was based on a willing buyer and willing seller basis after taking into consideration the valuation of AiroGate™ by Compass, the Independent IP Valuer, dated 15 March 2004. Further information on the valuation is set out in Section 10 of this Prospectus.

An impairment review on AiroGate™ was conducted by Compass to review the carrying value of AiroGate™ as at 31 December 2004, in view of the audited performance of the Company as at 31 December 2004 and the change in the shareholders in Eminent Access, a substantial shareholder and directors of the Company. The review concluded that the carrying value of RM3.7 million was not impaired as it fell within the higher range of the recoverable amount of between RM3.4 million and RM3.7 million.

The Group is allowed to resell AiroGate™ in any form or price and the Group can make any changes or enhancements to the source programme. Compass has estimated AiroGate™ to have an useful economic life of five (5) to seven (7) years. However, the Directors of Airocom are of the opinion that AiroGate™ has an estimated useful economic life of ten (10) years. The difference is due to different basis used by the Independent IP Valuer and the Company in estimating the useful economic life of AiroGate™. The basis used by the Company to estimate the useful economic life of AiroGate™ is as follows: -

- (i) technology capability, flexibility and scalability of AiroGate™;
- (ii) deployment of AiroGate™ in less developed countries; and
- (iii) economic life.

Please refer to Accountants' Report as set out in Section 9 of the Prospectus for further details.

Intellectual properties forms an integral part of the Airocom Group's current business and future drive. Currently, the Group has applied for registration for its brand name, logo and tagline as listed above.

Moreover, the Group's products have been conferred protection against infringing activities under the Malaysian copyright law. The Group has also put in place several security measures to protect its proprietary technology, including not disclosing the source codes of the Group's software to its customers to whom the software is sold. The nature of the Group's wireless and communication solutions also acts as a barrier against illegal usage as specialised knowledge and familiarisation with the hardware and software are required to make it work, and most of its software, hardware and infrastructure designs requires special training and domain knowledge to develop or customise; hence, such solution is often sold to customers together with the Group's professional services.

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4. INFORMATION ON THE GROUP (Cont'd)

4.2.6 Operating Mechanism

Airocom will continue to add new solutions and accompanying services to its portfolio of solutions to address new opportunities in the wireless marketplace.

Airocom will ensure that all solutions developed will follow standards adopted globally, fitting a more appropriate playing field. Nevertheless, Airocom strives to ensure that its solutions would be continuously improved in functionality, presentation and marketing.

The following diagram explains Airocom product development process.

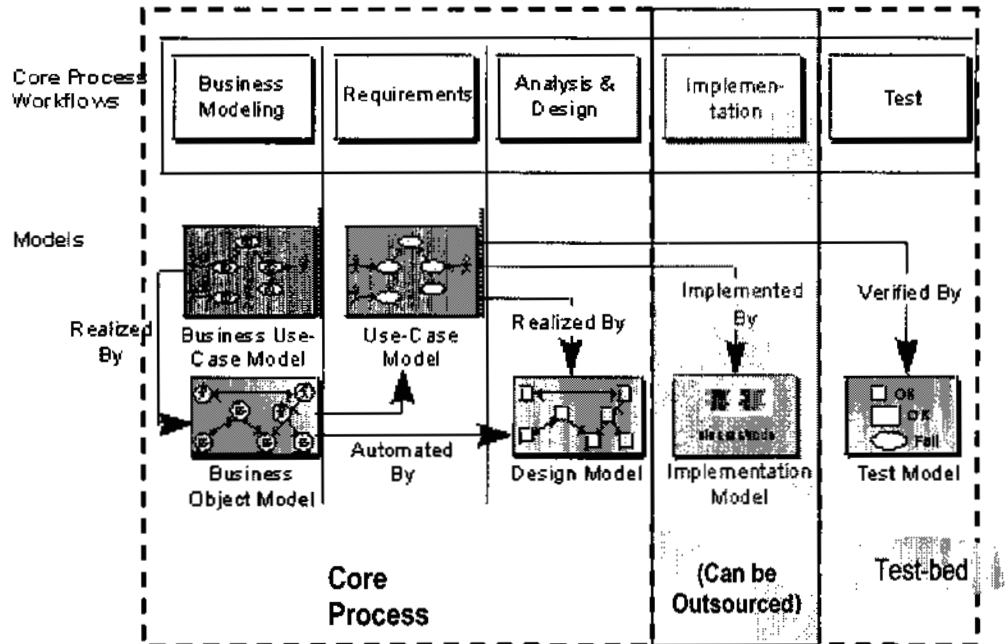


Figure 4.3: The Product Development Process Flow

From the above diagram, the Business Modelling, Requirements Specification, Analysis & Design and Testing are core processes that must be developed internally within Airocom. These processes are the backbone to Airocom's success. Only the implementation stage can be outsourced to its partners or distribution channel. Airocom acquired a GSM/GPRS test bed facility to enable sophisticated testing of the solution. The Company plans to acquire a 3G test bed in 2006.

>mtelecomm™ and >menterprise™ revenue model can be based on any of the following three (3) revenue models: -

- i. an outright purchase revenue model;
- ii. a subscription based revenue sharing model; and
- iii. an annuity based recurring revenue model.

>mlifestyle™ is running a business model in such a way that the mobile content consumers will download the mobile content via their mobile phone. Airocom generates revenue from each content download.

4. INFORMATION ON THE GROUP (Cont'd)

Marketing and sales arms of Airocom will bring in projects and/or attract more mobile content consumer to download Airocom's >mlifestyle™ products.

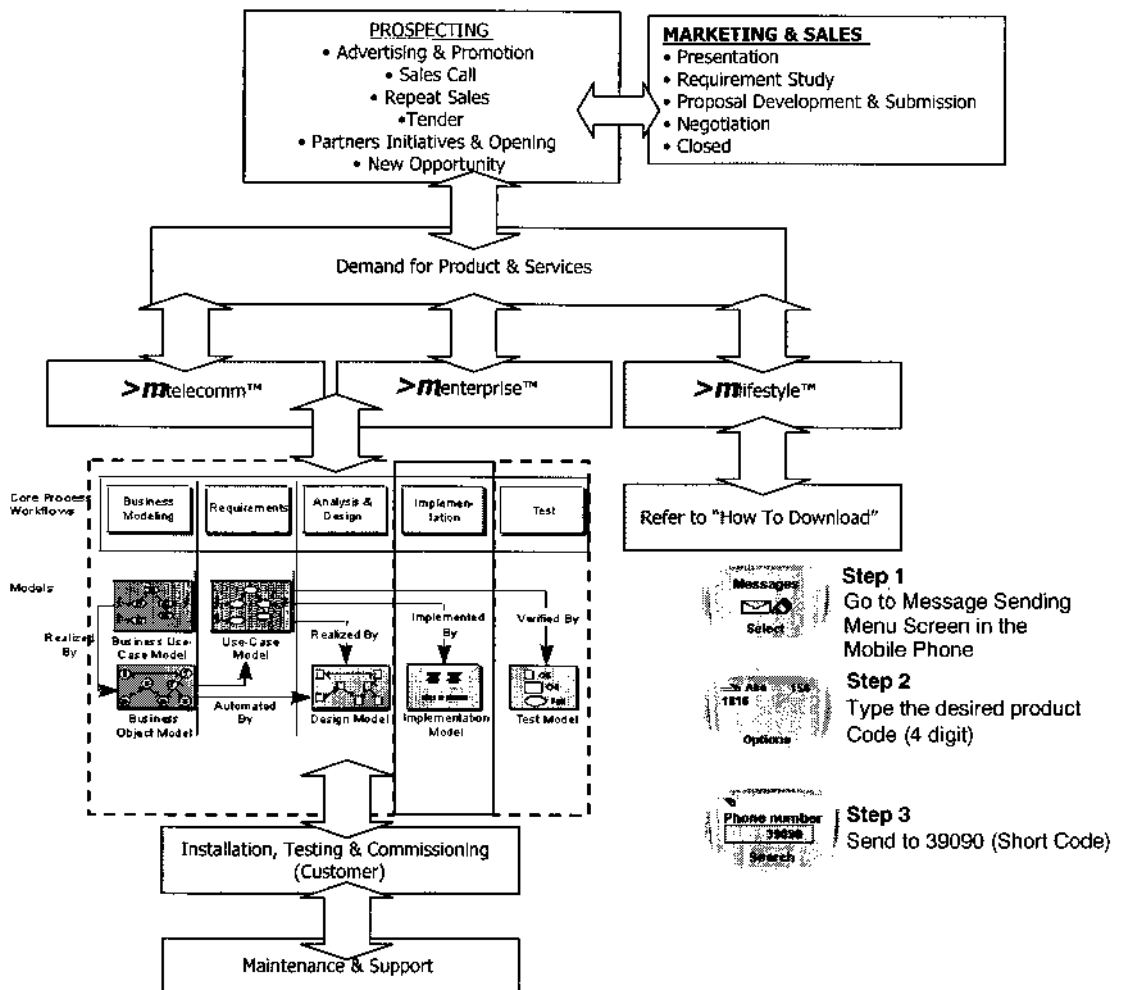


Figure 4.4: Airocom's Business Process

4.2.7 Quality Control Procedures

Airocom has initiated the process to be certified under ISO 9001:2000, an internationally recognised Quality Management Systems ("QMS") standard, in which the Company anticipates certification to take place by end-2007. This augurs well with Airocom's entry into the global market.

Airocom is involved in the production and development of software and it intends to comply with an approach ratified by international software engineering bodies like the SEI located in Carnegie Mellon University, US. The SEI is a federally funded research and development centre sponsored by the US Department of Defense through the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics. The SEI's core purpose is to help others make measured improvements in their software engineering capabilities.

4. INFORMATION ON THE GROUP (Cont'd)

The software engineering process approach that will be used shall be based on two (2) standards and procedures as follows:

- (i) **Software Development Approach based on Rational Unified Process ("RUP")**

The RUP is a framework of Software Engineering Process. It provides a disciplined approach to assigning tasks and responsibilities within a development organization. Its goal is to ensure the production of high-quality software that meets the needs of its end users, within a predictable schedule and budget. The RUP captures many of the best practices in modern software development in a form that can be tailored to meet the project constraints and the organizations requirements.

RUP in other words is a set of process guidelines in developing a software system based on Object-Oriented approach. The analysis and design models are built based on Object-Oriented models, and these models, like many other technical artifacts, use the Unified Modelling Language ("UML") as the common notation. UML is a standard language or notation for expressing the Object-Oriented model that has been endorsed by the Object Management Group International Consortium Body.

RUP uses a standard waterfall System Development Life Cycle ("SDLC") model but with iterative and incremental approach. An iterative approach is required that allows an increasing understanding of the problem through successive refinements, and to incrementally grow an effective solution over multiple iterations. This approach gives better flexibility in accommodating new requirements or tactical changes in business objectives, and allows the project to identify and resolve risks earlier.

Development activities of the RUP are driven by "use cases". The notion of use cases, and scenarios drive the process flow from business modelling and requirements through testing, and provides coherent and traceable threads through both the development and the delivered system.

- (ii) **Software Engineering Documentation Standard based on US DoD-Std-2167A**

Software engineering standard based on DoD-Std-2167A (Defense System Software Development) is a software development standard in the US and throughout the world. It was intended to be independent of any specific software development methodology.

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4. INFORMATION ON THE GROUP (Cont'd)

4.2.8 New Products and Services

Airocom is currently enhancing its current Wireless and Communication Solutions product range, namely >*m*telecomm™, >*m*enterprise™ and >*m*lifestyle™. Besides, Airocom has undertaken and will undertake the R&D for the following products and services: -

Name of Products	Brief Description
AiroMAX™ SMSC Version 1.0	Short Message Service Centre
AiroGaIN™ Prepaid System Version 1.0	Mobile Prepaid Platform and Solution
AiroWAP™ Gateway Version 1.0	WAP Gateway
AiroMAX™ MMSC Version 1.0	Multimedia Messaging Service Centre
AiroWeb™ Server Version 1.0	Java Application Server
AiroBACC™	Billing and Customer Care System
AiroGate Lite	Mobile and Compact Version of AiroGate™
AiroSentinel/AiroSentry	Enterprise and Consumer Telemetry
AiroPay	SMS Based Prepaid Payment Systems
AiroGate™ 3G	Multi-function Messaging Gateway for the 3G network

The expected delivery time for the abovementioned proposed products and services is set out in Section 4.2.11(v).

4.2.9 Principal Markets for Products

Airocom competes in the Wireless Messaging and Cellular Industry. The customer base consists of service providers, enterprises and mobile phone users:

(a) Service Providers

The Mobile Network Operators consist of Celcom, Maxis and DiGi. Airocom also targets Mobile Service Providers such as Celcom and Maxis and/or local ISPs such as Jaring and TMNet, and overseas ISPs such as SPT.

(b) The Enterprises

The target corporations or enterprises are organisations that have business applications that are required to be wireless enabled for convenience, cost savings, productivity and maintain competitive edge. The enterprises can come from the public or private sectors, which are involved in education, hospitality, security and surveillance.

(c) The Mobile Phone Users

Airocom's solutions to this segment were previously coming from downloads of ringtones and logos. Ringtone and logo downloads are popular amongst the 18 to 25 age group segment, consists of teenagers, students and young adults. However, with the availability of various mobile phones with MMS and 3G capability, Airocom will develop applications based on IOD.

Airocom also develops solutions to vacationers to do hotel bookings through SMS and for subscribers to get the latest news.

Airocom's basis for differentiation is mainly in the ability to grasp the complexities of the technology and developing solutions that cater for the service providers, enterprises and consumers.

4. INFORMATION ON THE GROUP (Cont'd)

4.2.10 Main Marketing Strategies

For the >*m*telecomm™ solutions, Airocom is adopting the main marketing strategies as follows:

- Signed strategic distribution/ marketing agreements with suppliers and alliance partners;
- To develop the Airocom brand name through comprehensive public relationship exercises, advertising and promotional activities as the leading brand for wireless and communication solutions provider; and
- Original Equipment Manufacturer ("OEM") approach to supply comprehensive telecommunication solutions for the established vendors such as Ericsson and others.

For the >*m*enterprise™ and >*m*lifestyle™, Airocom has employed the following strategies:

- Develop simple and easy customer interfaces and processes;
- Aggressive advertising and promotions such as participating in promotional activities and direct advertisement in the local print and electronic media regularly; and
- Offering innovative and unique content.

4.2.11 Research and Development

(i) Policy on Research and Development

Airocom strives to retain its customers by continually offering them a valuable product or service, thereby reducing its costs of acquisition and deployment. Wise product selection is therefore critical to Airocom's success.

Airocom aims to create more value added product and services for its customers. One of the most important aspects of R&D is to be able to develop the application that enables its clients and people to undertake rapid prototyping.

Airocom realizes that the costs of developing products are expensive over time. To ensure the best possible product decisions, it has implemented the following criteria for evaluating and selecting projects:

- Understanding the customer's demands and needs;
- Innovative and saleable products;
- Relatively low investment requirements;
- Strong possibility of return on investment;
- In line with the Company's strategies and goals;
- Feasibility of development and production;
- Relatively low risk; and
- Short period to achieve results.

4. INFORMATION ON THE GROUP (Cont'd)**(ii) Research and Development Facilities and Personnel**

As at 28 February 2006, being the latest practicable date prior to the issuance of this Prospectus, Airocom's R&D team consists of eleven (11) people who are involved in product development. The Chief Technology Officer, Hamzah Bin Ismail who is also a promoter and a substantial shareholder of Airocom, heads the R&D team. En Hamzah has more than twenty (20) years of experience in information technology and telecommunications (wireless) industries. He is assisted by other team members who have relevant backgrounds in software engineering, telecommunication solutions, system analysis and design, wireless messaging and others.

(iii) Status of Research and Development

The R&D team has developed AiroGate Lite and continue to develop related various other applications including OSS/BSS applications for the MNO and MVNO/3G platform.

The R&D activities are on going and the team constantly updates itself to keep abreast with the latest development in the wireless communication industry.

(iv) Achievements in Research and Development

The R&D team has successfully developed products for a number of local Mobile Network Operators, Mobile Service Providers, Internet Service Providers and ASPs. Some of the R&D achievements of the Group in the past are as follows: -

Name of Products	Brief Description	Completion Time
AiroForce	Mobile Enforcement	Nov 2001
AiroBuzz	Mobile Alerts	Jan 2002
AiroTrac	Mobile Logistics	Jun 2002
SMS@POS	Pos transaction info enquiry using SMS	Oct 2002
TMTouch Iman	Mobile content download (Islamic) via SMS. Web portal provided.	Nov 2002
mobileHotel	Hotel reservation via SMS	Jul 2003
Metamobile	Mobile content download via SMS (unique, remixes, themes)	Jan 2003
AiroBook	Generic Mobile Reservation via SMS, e.g. cinema booking, bus ticket booking etc.	Feb 2003
Mobifrenz™	Mobile content download via SMS (Malay, English, Chinese and Indian) with games and prizes	May 2003
Eelis.com	Mobile content download (European) via SMS and portal	Aug 2003
mobileHotelME	Hotel reservation via mobile Java application	Aug 2003
redsarong™	Mobile content download via SMS (Malay and English) with games and prizes	Dec 2003
AiroMail	E-mail enquiry and alert via SMS	Mar 2004
Airoamer™ Version 1.0	Mobile Prepaid Platform and Solution	Mar 2004
AiroCast	SMS Broadcast	Jul 2005
AiroGate Lite	Mobile and compact version of AiroGate™	Dec 2005

4. INFORMATION ON THE GROUP (Cont'd)**(v) Future Plans and Timeline for Implementation**

The area of R&D consists of: -

Name of Products	Brief Description	Estimated Delivery Time
AiroBACC™	Billing and Customer Care System	2 nd Quarter 2006
AiroSentinel/AiroSentry	Enterprise and Consumer Telemetry	2 nd Quarter 2006
AiroPay	SMS Based Prepaid Payment Systems	2 nd Quarter 2006
AiroGate™ 3G	Multi-function Messaging Gateway for the 3G network	2 nd Quarter 2006
AiroMAX™ SMSC Version 1.0	Short Message Service Center	3 rd Quarter 2006
AiroWAP™ Gateway Version 1.0	Java Application Server	3 rd Quarter 2006
AiroGalN™ Prepaid System Version 1.0	Multimedia Messaging Service Center	4 th Quarter 2006
AiroMAX™ MMSC Version 1.0	WAP Gateway	4 th Quarter 2006
AiroWeb™ Server Version 1.0	Roamer SMS Welcome and Bon Voyage	4 th Quarter 2006

(vi) Investments Made for Research and Development

The R&D expenditure incurred by the Group for the past four (4) financial years ended 31 December 2004 and ten (10) months period ended 31 October 2005 are as follows: -

Year/Period ended	R&D RM'000	% Turnover
31 December 2001	258	13%
31 December 2002	387	21%
31 December 2003	603	7%
31 December 2004	557	6%
31 October 2005	321	2%

Recognising the importance of R&D activities to the Company, the Company plans to allocate an average of 9% of yearly revenue for R&D activities for the next three (3) financial years ending 31 December 2008.

The Group plans to utilise RM1.6 million to purchase the R&D GSM/GPRS Test Equipment in 2006. The test equipment shall enable the Company to develop and conduct testing on the GSM/GPRS products developed as stated in the product milestone and also to ensure a timely delivery of the services.

The Group plans to acquire a new and separate set of equipment for the 3G development program amounting to RM1.5 million. The 3G development program is for the development of the new AiroGate™ 3G, which is a multi-function messaging gateway for the 3G network as mentioned in Section 4.2.11(v) of this Prospectus. Airocom will procure 3G network test equipment to develop the AiroGate™ 3G product.

An amount of RM4.0 million is to be utilised in 2006 and 2007 for various R&D expenditure including personnel expenses, training and other cost in relation to acquiring System Certification from SEI. The Company plans to market its products internationally, and therefore requires internationally recognized standards for its software development. The SEI certification is one of the standards that is internationally recognized for software development.

4. INFORMATION ON THE GROUP (Cont'd)

4.2.12 Interruptions in Business for the Past Twelve (12) Months

There has never been any interruption in the form of trade disputes or major operational breakdown occurring within and outside the Group that may significantly impair the Group's business performance during the past twelve (12) months.

4.2.13 Employees

As at 28 February 2006, being the latest practicable date prior to the issuance of this Prospectus, the total number of full-time employees of the Group is 38 persons as illustrated below: -

Category	No. of Employees*	Average Years in Service in the Group
Key Management	6	1.7
Managers	4	2.0
Executives	10	2.1
Supervisors & Technical Staff	14	1.5
Clerical	4	3.3
Total	38	

* As mentioned in Section 5.13, En Azlan Bin Abdul Malik and En Jalaluddin Bin Jaffar have resigned as Vice President, Corporate Services and CEO of Airocom, on 21 March 2006 and 22 March 2006, respectively. However, En Jalaluddin will remain as an employee of the Group as a Business Adviser to Airocom.

Training has been and will always be an important component in a business entity. To stay ahead of the competition, the organizational team has to be equipped with the right tools and know-how to achieve the Company's goals and mission. Realizing this, Airocom has a training and personnel development plan that would serve as a platform to upgrade the employees' skills such as complying with the Global Standards in Software Engineering (SEI Level 3). A thorough Training Needs Analysis, which is carried out from time to time, will be included as part of the human resource activities to ensure that an essential training program is developed for the right people at the right time. The management of the Group is of the opinion that its dedicated, efficient and trained employees are instrumental to its success.

The Group does not have any employees who are members of any unions and the management of the Group enjoys a good working relationship with the employees. As at 28 February 2006, being the latest practicable date prior to the issuance of this Prospectus, the Group has not been involved with any material industrial disputes with any of its employees.

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4. INFORMATION ON THE GROUP (Cont'd)**4.2.14 Key Achievements/Milestones/Awards**

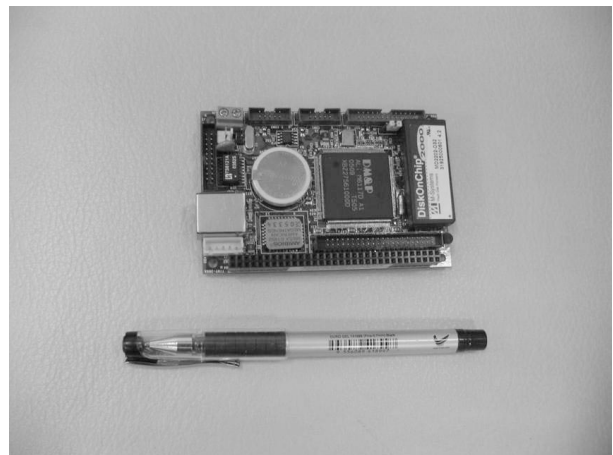
15 November 1999	Airocom was established to undertake software application development and integration, specializing in SMS telecommunications applications and solutions
15 November 2000	Appointed as the Logica Application Provider and Reseller
8 November 2000	Appointed as Telekom and Ministry of Finance ICT Vendor
29 December 2000	Airocom was awarded the MSC status by the MDC
1 October 2001	Appointed as Celcom ICT vendor
1 March 2002	Appointed as Petronas ICT Vendor
January 2002	Appointed as Maxis Business Partner
March 2002	Appointed as Ericsson Mobility World Partner
8 August 2002	Launched of Yellow Pages SMS, where Airocom provided messaging platform
8 October 2002	Launched of SMS@POS i.e. parcel tracking solution over SMS for Pos Malaysia Berhad, where Airocom provided messaging platform
1 November 2002	Launched of SMS Iman for TMTouch customers, where Airocom provided mobile contents
31 January 2003	Launched MetaMobile ringtones and logos downloading services
5 May 2003	Launched mobifrenz™ ringtones and logos downloading services
8 July 2003	Launched of MobileHotel i.e. hotel reservation system over SMS for Malaysia Association of Hotels, where Airocom operates the system
1 August 2003	Launched Eelis.com ringtones and logos downloading services
2 October 2003	Awarded project to Supply, Install and Commission the AiroForce application in the Putrajaya Portal and Integration Project.
23 December 2003	Launched SMS Suruhanjaya Pilihanraya ("SPR"), i.e. providing voters registration information and other services, games and quiz in relation to the election through SMS, where Airocom provided messaging platform
28 December 2003	Launched redsarong™ ringtones and logos downloading services
1 September 2004	Launched content aggregator program
5 October 2004	Launched TMNet Messenger, where Airocom provided AiroMail application
20 May 2005	Re-branding exercise for the mobifrenz™ Lifestyle products and services, launched the "Geng mobifrenz" community program, and appointment of the hip-hop group Ruffedge as ambassador for "Geng mobifrenz"
4 July 2005	Launched AiroCast, an SMS bulk messaging service product.
24 August 2005	Launched TmNet NetMyne MOE, a IOD for Kursus Perguruan Lepas-an Ijazah (KPLI)
28 September 2005	Signed a Facility Management Services Agreement for the supply, delivery, installation, testing, commissioning, maintenance, operations and management of a wireless broadband Internet service for an ISP in Ho Chi Minh City, Vietnam.
14 November 2005	Implementation and delivery of 3G provisioning for Celcom 3G prepaid services.
10 December 2005	Soft Launch of AiroGate Lite at the EABEX '05

4. INFORMATION ON THE GROUP (Cont'd)



Soft Launch of AiroGate Lite at the East Asia Business Exhibition (EABEX) 2005. Demonstration to YAB Prime Minister.

AiroGate Lite - Mobile and compact version of AiroGate™ embedded on a chip.



The prize giving ceremony for Mawi's Fan Most Creative SMS where the technology was powered by Airocom.

The launch of "Geng mobifrenz" community program, and appointment of the hip-hop group Ruffedge as ambassador for "Geng mobifrenz"



4. INFORMATION ON THE GROUP (Cont'd)**4.2.15 Location of Business**

Airocom will move both its corporate and R&D office to L3-E-9, Enterprise 4 at Technology Park Malaysia, Kuala Lumpur starting from 1 April 2006 from its current corporate office at Shah Alam. To accommodate future expansion, Airocom had on 14 April 2004 entered into three (3) sales & purchase agreements to purchase three (3) office parcels at Plaza Sentral Phase 2, Kuala Lumpur for a total purchase consideration of approximately RM3.2 million from Kuala Lumpur Sentral Sdn Bhd. The Company plans to relocate its corporate office to the said premise in Plaza Sentral Phase 2 by 2007.

4.3 SUBSIDIARIES OF AIROCOM**4.3.1 Airoport****(a) Background**

Airoport was incorporated in Malaysia under the Companies Act, 1965 on 24 October 2000 as a private limited company. Airoport commenced its business on 1 August 2003. Airoport was granted ASP Class License on 5 August 2003. It has been registered with the Maxis Developer Program on 15 August 2003.

(b) Principal Activities and Products/Services

The company is principally engaged in providing mobile multimedia content development and services.

Airoport will carry the mobile content business, particularly >m!lifestyle™ for the Airocom Group.

(c) Substantial Shareholders

The substantial shareholders of Airoport are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares	(%)
Airocom	200,000	100	-	-
Eminent Access	-	-	⁽¹⁾ 200,000	100
Novapro	-	-	⁽¹⁾ 200,000	100
Ahmad Radzi Bin Yahaya	-	-	⁽²⁾ 200,000	100
Khalid Bin Zakaria	-	-	⁽²⁾ 200,000	100
Hamzah Bin Ismail	-	-	⁽³⁾ 200,000	100
Mohd Fauzi Bin Jamaudin	-	-	⁽³⁾ 200,000	100
Hashim Bin Ishak	-	-	⁽³⁾ 200,000	100
Lelawati Binti Samsodin	-	-	⁽³⁾ 200,000	100

Notes: -

- (1) Deemed interest by virtue of their substantial interests in Airocom.
- (2) Deemed interest by virtue of their substantial interests in Novapro, which in turn has substantial interest in Airocom.
- (3) Deemed interest by virtue of their substantial interests in Eminent Access, which in turn has substantial interest in Airocom.

4. INFORMATION ON THE GROUP (Cont'd)**(d) Share Capital**

The authorised share capital of Airoport is RM500,000 comprising of 500,000 ordinary shares of RM1.00 each. The issued and paid up share capital is RM200,000 comprising of 200,000 ordinary shares of RM1.00 each.

The changes in Airoport's issued and paid up share capital since incorporation are as follows: -

Date Issued	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid up share capital (RM)
27.10.2000	2	1.00	Subscribers	2
06.09.2002	199,998	1.00	Cash	200,000

(e) Subsidiary/Associated Companies

Airoport does not have any subsidiary or associated companies.

4.3.2 Airocom MComm**(a) Background**

Airocom MComm was incorporated in Malaysia under the Companies Act, 1965 on 16 February 2001 as a private limited company under the name of Airocom MComm.

(b) Principal Activities and Products/Services

Airocom MComm has not commenced its business since the date of incorporation.

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4. INFORMATION ON THE GROUP (Cont'd)**(c) Substantial Shareholders**

The substantial shareholders of Airocom MComm are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares	(%)
Airocom	3	100	-	-
Eminent Access	-	-	⁽¹⁾ 3	100
Novapro	-	-	⁽¹⁾ 3	100
Ahmad Radzi Bin Yahaya	-	-	⁽²⁾ 3	100
Khalid Bin Zakaria	-	-	⁽²⁾ 3	100
Hamzah Bin Ismail	-	-	⁽³⁾ 3	100
Mohd Fauzi Bin Jamaudin	-	-	⁽³⁾ 3	100
Hashim Bin Ishak	-	-	⁽³⁾ 3	100
Lelawati Binti Samsodin	-	-	⁽³⁾ 3	100

Notes: -

- (1) Deemed interest by virtue of their substantial interests in Airocom.
- (2) Deemed interest by virtue of their substantial interests in Novapro, which in turn has substantial interests in Airocom.
- (3) Deemed interest by virtue of their substantial interests in Eminent Access, which in turn has substantial interests in Airocom.

(d) Share Capital

The authorised share capital of Airocom MComm is RM100,000 comprising of 100,000 ordinary shares of RM1.00 each. The issued and paid up share capital is RM3 comprising of 3 ordinary shares of RM1.00 each.

There has been no change in Airocom MComm's issued and paid up share capital since incorporation.

(e) Subsidiary/Associated Companies

Airocom MComm does not have any subsidiary or associated companies.

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4. INFORMATION ON THE GROUP (Cont'd)**4.4 INDUSTRY OVERVIEW****4.4.1 Overview of the Malaysian Economy**

The Government's macroeconomic policies in 2005 focus on sustaining the growth momentum of the economy as well as improving the nation's capacity to generate growth. During the course of the year, the economy continues to face greater external challenges, in particular moderation in global growth, revival in inflationary pressures as well as rising trends in tightening of monetary policy, particularly in the US. There were notable shocks to the world economy when oil prices rose sharply to almost USD70 per barrel on 30 August 2005, the highest recorded in recent years.

Notwithstanding these developments, the Malaysian economy remained resilient, growing by 4.9% during the first half of the year. The prospects for the rest of the year will continue to remain favourable and, therefore, the economy is expected to register a sustained growth of 5% for the whole of this year. The growth reflects a more broad based expansion of the economy, with the impetus to growth originating from stronger domestic demand, primarily private sector activities.

Moving forward, current trends in the global environment point to a more challenging external sector in 2006. While the global economy is expected to expand, there are still downside risks on the horizon. In particular, uncertainties still remain with respect to the adjustments in the imbalances brought about by the sharp increases in oil prices. Given the likely pressure on general price levels, interest rate policy is likely to continue to tighten with rates expected to gradually continue its upward trend, especially in the US.

Cognizant of the immediate impact of a potential slowing down of the global economy, Budget 2006 will put in place pro-active measures to further strengthen domestic economic activities in the immediate and short terms. The strategy will be to focus on providing a more dynamic private sector, developing soft infrastructure, particularly human capital to ensure optimal utilisation of existing infrastructure, as well as measures to ensure Malaysians continue to benefit from economic progress and improved quality of life.

In this context, the prospects for the Malaysian economy remains favourable, supported by both domestic and external demand. The Government is confident that with the strength of the economy and its strong fundamentals, Malaysia will achieve a GDP growth of 5.5% in 2006.

For the medium term, the Government is formulating the policy directions and strategic thrusts of the Ninth Malaysia Plan ("9MP"), 2006-2010, as well as the second phase of Vision 2020. The 9MP will lay the foundation for strengthening of the medium and long-term development as well as prospects of the Malaysian economy.

(Source: Economic Report 2005/2006)

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4. INFORMATION ON THE GROUP (Cont'd)

4.4.2 Overview of the ICT Industry

The policy to further diversify the economy has focused on the services sector, particularly in information and communication technology ("ICT") and tourism, including health and education tourism, including health and education tourism. In ICT, the Government continues to leverage on new leading edge technologies. The Government continues to develop the Multimedia Super Corridor ("MSC") with its rollout to cybercities of Bayan Lepas, Pulau Pinang and the Kulim High Technology Park in Kedah. In addition, Government's effort to promote shared services and outsourcing services in the country has enabled Malaysia to be ranked as the third best location in the world. As at end June 2005, Malaysia Industrial Development Authority ("MIDA") had approved the establishment of 98 international and regional operational headquarters ("OHQs"), 169 international procurement centers ("IPCs") and eight (8) regional distribution centers ("RDCs"). The industry has also contributed to job creation, with some 7,000 jobs created during the first half of 2005, in addition to 8,000 created in 2004.

In addition, the Government has also established a comprehensive public service portal, leveraging on ICT, to expand the reach to the general populace and improve response time.

Counter services have also been enhanced with the greater use of ICT. Time taken for the Immigration Department to process and issue new chip-embedded passports has been shortened from three to two (2) days JPJ is in the process of implementing a new electronic system, e-Khidmat, to make it more convenient for the public to access services provided by JPJ. Perbadanan Tabung Pendidikan Tinggi Nasional ("PTPTN") is also in the process of upgrading its computerised education loan system which, when completed, will facilitate student loan applications and approvals.

(Source : Economic Report 2005/2006)

4.4.3 Wireless Communication - Cellular Industry

The Malaysian cellular services market experienced significant growth for the past three (3) years. In terms of value, it is expected to rake in approximately RM13.1 billion revenues against about 17.4 million subscribers in 2005. In addition, the market revenue is expected to witness CAGR of 10 percent for the period 2005-2008.

Cellular services uptake coupled with subscriber growth has been relatively resilient to economic factors although sophistication in uptake of wireless data services lags behind Malaysia's more developed neighbours such as Singapore. Revenue of the cellular market has significant room to grow against the underdevelopment of the mobile data service segment. Higher value data traffic is still being developed by operators, hence enhancing the demand for higher value data services with the increased penetration of colour handsets and feature rich handsets which are becoming more affordable for the masses. The increase in data usage will result in the migration of premium prepaid subscribers to postpaid packages. User migration from prepaid to postpaid has taken place in 2005, but at a measured pace. Prepaid subscription would continue to be the lowest entry point for first-time users.

4. INFORMATION ON THE GROUP (Cont'd)

A combination of factors will continue to help sustain the strong growth in subscribers' base during the forecast period. The increasing significance of mobility will continue to reduce the average age of cellular ownership. Competitive and innovative cellular services packages are expected to further stimulate a higher number of mobile subscribers in average households. The consistent rate of decline in the prices of mobile phones, particularly older models, is expected to further reduce the cost of becoming a cellular subscriber.

Amongst the larger network service providers, Celcom and Maxis have rolled out 3G services in 1H 2005, offering similar price plans for video calls as normal calls to encourage the migration of users from 2G to 3G. Two (2) more 3G licenses are still currently available, and are expected to intensify competition and accelerate subscriber migration to the next generation network. The proposed issuance of additional 3G licenses is expected to open up the market for foreign participants through joint ventures with local network service providers, such as Time dotCom Berhad and Nasioncom Holdings Berhad. While enhanced competition from the issuance of additional 3G licenses would assist in the acceleration of the migration of users to 3G services in the long run, it is believed that the subscriber base would remain relatively small in 2005 and 2006.

Total Cellular Market: Revenue Forecast and Growth Rate (Malaysia), 2003-2008

Year	Revenue (RM Mil)	Growth Rate (%)
2003	9,625.4	-
2004	11,901.3	23.6
2005	13,108.7	10.1
2006	14,637.0	11.7
2007	16,013.2	9.4
2008	17,531.1	9.5

Compound Annual Growth Rate (2005-2008): 10%

Note: -

All figures are rounded; the base year is 2005. Source: Frost & Sullivan

(Source : Frost & Sullivan)

(i) OSS/BSS Market

The Malaysian OSS market has registered the greatest increase throughout ASEAN. Market consolidation has brought about the need to merge networks and this directly relates to the integration of essential parts of the network (i.e. network management and billing solutions). Streamlining and managing information is critical to the service providers who are in dire need to move away from aggressive price competition. Against the backdrop of larger subscriber bases and stronger financial positions brought about by the consolidation, service providers are well positioned to invest additional capital expenditure to smooth their operations as well as enhance their competitive position.

4. INFORMATION ON THE GROUP (Cont'd)

The recent developments in the cellular industry in Malaysia will augur well for the OSS/BSS vendors and system integrators, as it translates to additional revenues for them owing to the fact that the consolidation of networks will automatically involve them as well. Usually, network operators seek a single billing and customer care system to support its subscribers following a merger. The single platform will support its business consolidation goals and provide it with greater flexibility to quickly add new tools in order to address emerging business models, allowing it to win and retain subscribers in a competitive market. Owing to the above, the total revenue generated from the OSS/BSS industry in Malaysia has risen steadily during 2004-2005 in line with the time frame of the merger exercises.

Many service providers are currently concentrating a significant bulk of their investments in the areas of network management and billing. This is because these two (2) areas seem most crucial to the running of the day-to-day operations. The importance given to other aspects of OSS/BSS solutions, which includes CRM and Service Fulfilment, is expected to rise over the forecast period as service providers begin to realize the importance of good customer management, as it will ensure the very survivability of the service providers in the long run to be able to know where their networks go, what assets are on those networks, what kinds of services can be delivered over the networks and who are their customers.

(Source : Frost & Sullivan)

(ii) Mobile Content Market

The Malaysian market is emerging at a rapid pace from a highly voice centric market to a mobile content market. Total data revenue as a percentage of operator's revenue had increased from 13.3 percent in 2004 to an estimated 16.4 percent in 2005. SMS usage registered significant growth over the last four (4) years since interoperable access in 2001.

Apart from the evolving usage of SMS based content, a notable trend is the popularity of content in the entertainment segment of the market (i.e. downloading and sending of ringtones, icons, pictures, screensavers and wallpapers). With the commercial launch of GPRS and EDGE services and content (i.e. Java games and MMS) and the increasing penetration of GPRS/EDGE handsets, usage patterns in the local market has been evolving steadily.

GPRS/EDGE, is still in its infancy stage in Malaysia although according to the service providers, is developing at a very rapid pace. Although penetration is low, it is increasing steadily given the increasing introduction of higher value data content, which uses GPRS/EDGE like wider applications based on MMS apart from merely messaging. Service providers and vendors are working together to market features and applications. Varying levels of initiatives from the operator side seems to be stimulating the market to some extent in terms of data usage behaviour. All this augurs well for content providers who have already forged partnerships with the service providers to distribute their content via revenue sharing.

4. INFORMATION ON THE GROUP (Cont'd)

The usage for higher value data applications correlates closely with the penetration of data centric handsets, although it is evident that a time lag exists between the actual purchase and usage of the application. The current focus of service providers is to reduce the time to market for such mobile content. However, based on the consumer behaviour of locals, Frost & Sullivan does not expect the uptake of such phones to automatically increase the uptake for higher value mobile data applications, although the propensity is there. Much will depend on the marketing strategy of the service providers. Growth in demand for GPRS/EDGE services is likely to be inversely correlated to the price of GPRS handsets and services. Current prices for GPRS handsets and services are considered reasonably low priced by the majority of the market. Feature rich and coloured handsets and varying pricing points are flooding the market at present where most handsets come equipped with GPRS features nowadays. However, EDGE phones are still relatively expensive and limited in choice.

Frost & Sullivan opines that in order for the data applications to be successful in Malaysia, service providers play a very important role in terms of educating and marketing, as well as to ensure consumers service and handset affordability. Almost all higher value data applications in the future will be based on networks beyond 2G, for instance MMS, mobile banking, mobile commerce, and mobile information and entertainment.

On the other hand, the 3G subscriber base is projected to hit 2.9 million by 2008, accounting for close to 13.7% of total subscription. Consumer behaviour largely shapes the development of the mobile content market. The launch of 3G services are expected to help shape the learning curve of subscribers. Mobile operators have been aggressively promoting higher value data applications through consumer education and various push marketing efforts, which would help elevate consumers' learning curve to the next level. Network operators are well placed to play a pivotal role in the entire ecosystem in stimulating and facilitating the development of mobile content, as well as harvesting potential 'killer applications'. Most of the handsets owned by local subscribers are 2G enabled as GPRS and 3G handsets are still considered expensive by local standards. However, Frost & Sullivan views this to be a short term challenge given the increasing supply of high-end handsets, which is expected to exert some pricing pressure on the cost of existing handsets. Furthermore, the existence of secondary market for handsets could help bolster the demand for enhanced mobile phones.

3G is expected to open the bandwidth to all kinds of services and spur the growth in the mobile content industry. With 3G, the role of content providers is expected to grow with more services and capability in the market.

There are more than 100 content providers in the local market who are working either exclusively or non-exclusively with the various service providers. A large proportion of the content providers are also content aggregators while a smaller proportion only develops mobile content and platforms and mobile solutions.

4. INFORMATION ON THE GROUP *(Cont'd)*

The market is dominated by content providers in the ringtone, screensaver, icon, picture and wallpaper download segment of the market. This is in line also with the service provider's major revenue generator from mobile data. The mobile network service providers are also supporting the content provision industry to some extent with key initiatives by making it easier for content providers to form partnerships, supporting content providers in terms of advertising and promotion of the content and favourable revenue sharing models where a majority of the revenue goes to the content providers.

Virtually 95 percent of the mobile data revenues are from peer-to-peer SMS based services. Currently, the trend amongst the content providers is that most content is developed around the SMS platform; with the advent of MMS, the uptake for such services is seen to be on the upward trend. The adoption of MMS based services is still in the nascent stage and usage patterns are developing at a slow but incremental pace. The growing array of affordable MMS handsets in the market and the increasing interest in coloured content augurs well for users to move up the mobile data learning curve.

Content will be the dominant element when the mass market adopts MMS. Again, partnerships between service providers and content developers will need to come into play. Strong branding for mobile content (like those in the publishing and media) is viewed as one of the factors driving the uptake of MMS. After all, service providers may face the threat of losing content-centric consumers – users who will switch to another network which are able to gain exclusive rights to certain mobile content, such as football news. Moreover, the concern for the migration of subscribers from a network to another can be aggravated by the introduction of mobile number portability.

(Source : Frost & Sullivan)

(iii) IN Prepaid Market

The three (3) telecom service providers in Malaysia, namely Celcom, Maxis and DiGi have implemented IN-Prepaid solutions on their network. This is because the majority of their subscribers are predominantly prepaid and it only justifies for the service providers to spend additional capital expenditure on this segment.

A strong reason for the service providers to invest additional capital expenditure in the IN prepaid segment is driven by the fact that it is relatively hard to segment the prepaid subscribers. By introducing IN prepaid platform in the network, service providers would be able to determine traffic and customer behaviour, hence be able to profile customers accordingly. A direct impact of this would be the strategy taken to increase subscribers by introducing new marketing and sales approach.

The primary reason to implement IN prepaid would be for billing prepaid customers. Through this, service providers would be able to gauge the revenue generated from traffic in a realistic manner compared to the current settings where revenue forecast from prepaid users are more from the sales of prepaid calling cards and traffic revenue is a mere approximation.

4. INFORMATION ON THE GROUP (Cont'd)

All service providers in Malaysia had previously implemented IN Prepaid in 2002. The approach taken by the service providers is a one (1) stop solution where vendors were directly involved in the implementation of the platform, where interconnection between the IN Prepaid platform with the existing switching nodes were made. The adoption of the platform basically means that service providers are ready to implement technologies that have a direct impact on the revenue generated on a long-term basis.

(Source : Frost & Sullivan)

The roles and functions of the players in the markets are as follows: -

Major Participants	Roles/Function	Major Players
1. Mobile Network Operators (MNO)	MNO are owners of mobile telecommunication network facilities. They provide telecommunication infrastructure for the provision of voice/data telecommunication services.	<ul style="list-style-type: none"> ▪ Maxis ▪ Celcom ▪ DiGi ▪ <i>Airocom is the only local player with a wide portfolio of OSS/BSS solutions targeted to these MNO</i>
2. Mobile Enterprises	Companies that want to wirelessly enable their existing or future corporate application	<ul style="list-style-type: none"> ▪ All companies that want to wirelessly enable their corporate application
3. Content Aggregators	Companies that have entered into direct connection agreements with the MNO to provide external messaging services for third party content providers	<ul style="list-style-type: none"> ▪ AKN Messaging Technology Berhad ▪ MNC Wireless Berhad ▪ MTouche ▪ Airocom
4. Content Providers	Companies that focus on continuous development of rich content and mobile applications for the M-Consumers. Examples of content are ringtones, wallpapers, IOD etc.	<ul style="list-style-type: none"> ▪ AKN Messaging Technology Berhad ▪ MNC Wireless Berhad ▪ MTouche ▪ Airocom
5. Mobile Users	All mobile phone customers that subscribe either as prepaid or postpaid user with the MNO. These consumers use their mobile phones for communication and to request for mobile services such as ringtones download, polling, voting and others.	<ul style="list-style-type: none"> ▪ All mobile phone users of MNO

4. INFORMATION ON THE GROUP (Cont'd)

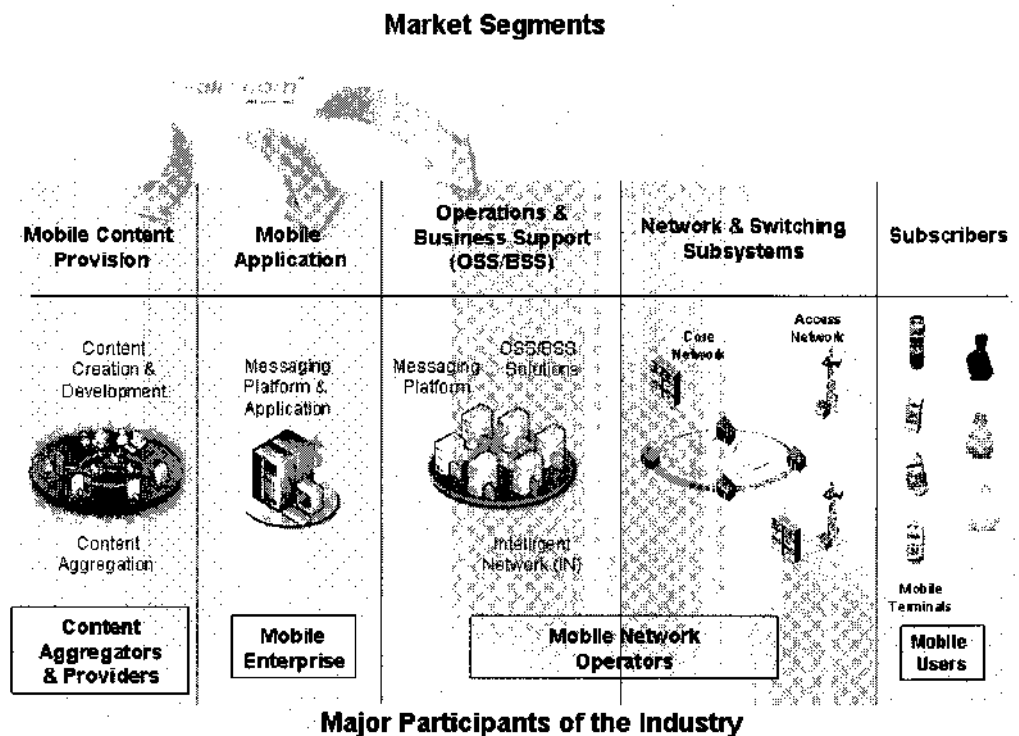


Figure 1: Airocom's solution in the Wireless Communication Industry

4.4.4 Prospect/ Future Growth of the Wireless Communication - Cellular Industry

The Malaysian cellular industry is in the near mature stage, it is expected to saturate in 2007 or 2008. At the end of 2005, the total market penetration is expected to be at 65.2 percent. Mobile service providers have already started to look at alternative revenue streams by introducing data services to its subscribers in a progressive manner. This is to cushion the decline in Average Revenue Per User ("ARPU") from pure voice based services.

With the advent of data services and applications, mobile service providers would have to naturally upgrade its network to cater for the additional value added services. This is where the importance on OSS/BSS and IN Prepaid comes into the picture.

The provisioning of enhanced data services would generally mean improved billing mechanisms, customer relationship management and service fulfilment. The argument would be to complement the new services with proper customer relationships, as it will be the deciding factor of the success of such services.

The participation of many content providers in this space would generally increase competition and hence the service and quality of content. Within the medium term, markets will consolidate, and is expected to retain the content providers with a host of applications that is envisioned to be most appealing to subscribers.

4. INFORMATION ON THE GROUP (Cont'd)

Malaysia's telecom industry is poised for growth and the very success of the content providers and solution providers would generally depend on the general industry perception, whilst the service providers are increasing their market share by offering services to differentiate itself with its competitors.

(i) OSS/BSS Market

The revenue for OSS/BSS platforms in 2005 for Malaysia is approximately RM434.6 million. Over the forecast period, the total industry revenue is expected to increase to RM1.11 billion with a CAGR of 10 percent. In the initial stages of investments, service providers are concentrating on billing and network management. However, from year 2008/2009 onwards till the end of the forecast period, the shift would be towards customer care and service fulfillment, which is expected to form 34 percent of the total industry revenue.

Incumbent service providers in Malaysia primarily Telekom Malaysia has huge investments in in-house built systems but is slowly in the midst of phasing out and replacing with new ones from outsourced vendors. This will in turn rake in more revenue for vendors and system integrators. The general trend amongst the service providers is to spend in areas, which has significant impact on their operations; primarily network management and billing platforms.

As the market matures towards higher end data services with the advent of GPRS and EDGE, mobile service providers are in the midst of upgrading their OSS/BSS platform to cater towards this curve. These changes basically took place within 2002 and 2004.

On top of that, Celcom and Maxis have just rolled out 3G services in the first half of 2005. Two (2) more 3G licenses are up for grabs, and are expected to intensify competition and accelerate subscriber migration to the next generation network. In the planning stage, it is further expected that the investment in these space would increase. The general perception is that the ROI on OSS/BSS will have to be justified by the service uptake of higher end data solutions, as these expansions would lead to higher cost in capital expenditure.

(ii) Mobile Content Market

Mobile content (Mobile content player's revenue) is very much a thriving industry, despite being in its nascent stage. Its market size is estimated at RM185.2 million in 2005 and is anticipated to grow at a CAGR of 17 percent between 2005 and 2015, to reach a revenue size of RM 867.7 million at the end of the forecast period. Frost & Sullivan expects mobile content revenue to slow down in the near term given the issue pertaining to several lawsuits related to copyrighted media content faced by some players. Besides that, Frost & Sullivan believes that the profit sharing scheme will maintain at 70:30 or 50:50 in the short term, but shifting gradually towards the content providers by 2006 or 2007, whereby they are expected to reap a higher profit margin by moving towards the direct billing model and also higher value content.

4. INFORMATION ON THE GROUP (Cont'd)

Frost & Sullivan expects the revenue sharing scheme to remain status quo for some time but evolve positively as the industry becomes more developed. Once the mobile data market reaches maturity, third party mobile content would serve as the main revenue source for most mobile operators, and content providers will be able to exert some pressure on mobile operators to revise the revenue sharing scheme. Such a scenario is already occurring in mature mobile data markets in Asia Pacific such as Japan and Korea, whereby content provider's share of revenue can go beyond 90 percent.

On the whole the mobile data and content industry still comprises largely operator-generated data – like that of peer-to-peer and premium SMS services. Third party mobile content is picking up with presence and promotion activities more apparent in 2005. Currently the third party mobile content is dominated by information and entertainment type content comprising mainly the ring tones, screensavers, wallpapers, pictures and icon downloads. Revenue generated is very much correlated to advertising expenditure. Going forward, increasing competition is expected to trigger higher expenditure on advertising and this in turn will also stimulate increased demand by consumers thereby contributing to rapid revenue growth in the industry.

By the end of the forecast period, it is anticipated that more varied applications and higher value applications will have the propensity to drive industry growth as feature rich handsets move towards mass market penetration. Majority of the mobile content players will also endeavour to move away from the revenue sharing model.

(iii) IN Prepaid Market

The demand for IN prepaid solutions is a one-stop solution, in a sense that once the platform is installed in the network, then only minor upgrades will be necessary in case new products and services are to be rolled out. Although the number of mobile operators have merged into three (3) from the original five (5), and thereby reducing the number of potential customers for OSS solutions, we expect that evolution of data usage patterns, potential spurt in data traffic particularly amongst prepaid users will continue to drive increasing investments in enhancing IN prepaid platforms and also stimulate increasing investments in IN prepaid solutions.

As far as the service providers are concerned, the solution will have to cater for most applications that cover their existing portfolio of services, and any enhancements to the existing services would be factored in the initial stage of deployment. The vendors generate revenue from turnkey solutions in a form of complete supply, installation and commissioning, including support services that are provided on a regular basis. Almost all service providers have fully outsourced the implementation of IN prepaid platform.

(Source : Frost & Sullivan)

4. INFORMATION ON THE GROUP (Cont'd)

4.4.5 Players and Competition

Airocom provides complete wireless solutions targeted to the Mobile Network Operators and Service Providers, Enterprises that want to wirelessly enable their business applications and mobile phone users. It competes in three different markets in the Wireless Communication Industry – OSS/BSS, IN Prepaid and Mobile Content. The following diagram describes Airocom's key competitors in the three (3) different markets. From the diagram, Airocom is the only local player with a wide portfolio of OSS/BSS solutions that competes directly with the global players in the OSS/BSS and IN Prepaid market.

(Source : Frost & Sullivan)

(i) OSS/BSS Market

The OSS/BSS ISVs and SIs (this includes in-country OSS/BSS companies in Malaysia) together accounted for less than 30% of the total OSS/BSS markets in Malaysia by revenue in 2005. The remaining of the market is accounted for by in-house teams of service providers. The market share of international and local ISVs and SIs will increase in the coming years as service providers in Malaysia deploy more commercial off-the-shelf ("COTS") OSS software and decrease in-house development.

Competition among international ISVs and SIs is intense. The market controlled by this group of OSS companies is highly fragmented; there are 15-20 active international OSS companies in Malaysia. Nevertheless, the revenue potential for these international OSS companies is high as in-house OSS development is steadily scaled down.

The market for the international ISVs operating in Malaysia is dominated by billing ISVs including Comptel Communications, Intec Telecom Systems, Amdocs, CSG Systems, Convergys and LHS Systems ("LHS"). ISVs from other OSS segments such as network management, service fulfilment and customer care are only a handful; some of the successful ones are Micromuse (fault management), Agilent Technologies (network management including fault and performance management) and Siebel (customer care). Billing systems represent a vital investment for service providers and therefore we find that it is the billing ISVs that dominate the international ISV market space rather than international ISVs from the other OSS/BSS market segments like network management, customer care and service fulfilment.

The market for the international SIs operating in Malaysia in the OSS/BSS space accounted for approximately 50%-60% of the international OSS/BSS market in Malaysia in 2005 by revenue. Like the international ISVs, there is a number of international SIs in this market and therefore it is fragmented. Hewlett-Packard is perhaps the largest SI (in terms of market share and revenue) in the Malaysian OSS market.

4. INFORMATION ON THE GROUP (Cont'd)

LogicaCMG has implemented its Next Generation Internet protocol-based Messaging Solution to the leading Malaysian operator Maxis in 2005. The implementation will offer Maxis subscribers high quality messaging service levels throughout the year, even during peak or festive seasons when volumes for delivery attempts can reach over 700 messages per second. Frost & Sullivan foresees the similar trend can be observed in other operators due to the fierce competition among operators to provide a reliable and high quality service in order to reduce subscribers' churn and to attract new subscribers. Besides that, LogicaCMG as the system integrator, together with Intec as the ISV implemented Bridge Mobile using Interconnect v7 billing and settlement in the same year. The system will facilitate a regional mobile infrastructure and a common service platform for prepaid subscribers across the Asia-Pacific region. Maxis is part of the Bridge Mobile Alliances. LogicaCMG has also deployed Next Generation video streaming services in partnership with Nextreaming and Inphosoft, a leader in mobile content management and presentation technology and with office in Malaysia.

On the other hand, Telekom Malaysia has implemented Intec's Digiquant platform system as the billing and settlement solution for its global VoIP clearinghouse in 2004. This will serve as a tool for the management and growth of Telekom Malaysia's VoIP business, in order to provide highest level of flexibility and time-to-market.

In summary, international and local OSS/BSS ISVs and SIs currently control less than 30% of the OSS/BSS market in Malaysia. But the addressable market for these ISVs and SIs (including local players like Airocom) is expanding as in-house development is scaled down in favour of COTS OSS/BSS software. However, in-country OSS/BSS companies in Malaysia can also grow along with the international players by developing solutions in niche OSS segments (for example, Electronic Bill Presentation & Payment, Configuration Management etc.) and providing professional services to international SIs and ISVs as sub-contractors.

Nevertheless, with the advent of Wireless LAN and broadband communications industry, many smaller service providers are mushrooming. Over time, these service providers would require a near complete OSS/BSS platform and solutions to manage their network and customer demands. Budget allocation of the smaller service providers would be much smaller compared to the bigger players. Hence, the plausible strategy that is recommended for Airocom to develop a bigger market share would be to approach the relevant smaller service providers.

Airocom is an up-and-coming innovative player that is gaining ground in the Malaysian OSS/BSS services market. **It is currently the only local player with a wide portfolio of OSS/BSS focus products.** A key-differentiating factor is that virtually all its products are developed in-house to suit the market trends of the industry with the expertise to work on almost all other platforms as well, as being a SI. This will eventually place Airocom in the control position of its own products without the reliance of other vendors and system integrators. Airocom business strategy would be to explore overseas opportunities, on top of its operations in Malaysia. Its regional expansion plan includes Vietnam, Bangladesh, Indonesia, India and China. The other strategy that is to be taken by Airocom would be to adopt a channel partner strategy and capture more of the smaller Telco's as the local telecoms market liberalizes. This would eventually bring in new revenue streams and markets to the company.

4. INFORMATION ON THE GROUP (Cont'd)

Airocom's business expansion to Vietnam is one of the most notable revenue generators. In 2005, Airocom has been working with an Internet service provider in Vietnam by providing the client infrastructures and end-to-end service integration. Airocom plans to be an end-to-end regional wireless and communication solutions provider. It is banking on a resilient product range, mainly for various SMS applications to make a strong impact overseas, particularly in neighbouring ASEAN countries. It will take full advantage of the current ASEAN Free Trade Area arrangement and focus on ASEAN in its overseas forays. Governments in ASEAN are still issuing new licenses to cellular network operators, providing huge opportunity for solutions providers like Airocom. Overseas operations would account for the bulk of Airocom's revenue in the next two (2) to three (3) years.

(Source : Frost & Sullivan)

(ii) Mobile Data Content Market

The market is dominated by players providing content in the information and entertainment segment like that of ringtones, pictures, screensavers, wall papers downloads. Major competitors in the industry include AKN Messaging Technologies Berhad ("AKN"), UnrealMind Interactive Berhad ("UnrealMind"), Langkah Teknologi Sdn Bhd, MNC Consulting Sdn Bhd and mTouche Technology Berhad ("mTouche"). Most of the content providers have long established partnership agreements with mobile network service providers, thus reflecting a dominant position in the industry. With an estimated 150 content providers are present in the industry coupled with a highly fragmented market with revenue streams divided amongst the many content providers, indicates a need for the market to move to differentiate their offerings. The approach taken by the mobile network service providers are basically to partner with as many content providers as possible in the short to medium term.

With so many content providers offering similar services, by the end of the forecast period, consolidation is expected to take place in such a way that content providers with better value proposition and differentiated offerings will be able to survive while the less competitive ones are expected to exit from the scene. Several players have faced the issue of lawsuits with regards to the copyrighted media contents. This will likely be the biggest hindrance to the growth in mobile content market in the next two (2) years.

A look at Airocom's competitors will basically reflect the general strategy taken by most content providers in Malaysia, which is to maintain its market share and position with strong branding and suite of products and services. One example of which is UnrealMind through its brand names, Shabox™, Chabomzie™ and 9nine™. Although the company is relatively young in the mobile infotainment industry, it is expected to continue to maintain a strong market presence given its rigorous expansion in the Asia region, its research and development initiatives and its strong brand name in the mobile infotainment industry.

Similar to Unrealmind, MNC Group has an established portal under the brand name Go!Mail™. Other product highlights from MNC Group include Moblife™, Go!SMS™, Go!ITV™, Go!CPA™ and Go!ContentSuite™.

4. INFORMATION ON THE GROUP (Cont'd)

Langkah Teknologi Sdn Bhd, aside from government projects, is actively involved in offering mobile entertainment services. The company is involved in SMS interactive services besides providing logo, picture, information and picture download services.

mTouche is another content provider which develops mobile messaging technologies. mTouche's solutions are platform technologies and product applications.

Airocom has entered into the mobile content industry in 2003. A relatively new player in the segment, Airocom has managed to capture a market share of 2.1 percent in 2005. The primary distinction between Airocom and its competitors is that most of its content is in-house developed for the local content market with very few overseas partners. This will augur well for the company in the long run as mobile content revenue success primarily relies on the domestic uptake of services. Airocom's strategy in working with Nokia (Malaysia) Sdn Bhd in developing 3G content for Telekom Malaysia will augur well for the company to capture a larger slice of the market pie in the medium term. Developments in the region, such as Airocom's partnership with PT Telkomsel, PT Indosat and PT Satelindo in Indonesia as content providers, would help strengthen its position in the industry. The approach taken by Airocom will be to develop products and services that can be introduced in both the markets as the target market would be similar, as both countries share similar cultural diversities.

The industry is highly fragmented with many early adopters having established a presence a year before Airocom. A significant proportion of Airocom's mobile content revenue is derived from messaging solutions with enterprise customers. Apart from developing content, Airocom is positioning itself as a content aggregator. Its major content aggregator partners include Win Dot Com and TriHiza Enterprise. Also, Airocom has been looking at alternative mobile content solutions apart from the media contents download such as ringtones, wallpapers and video. This is due to the many legal proceedings that arise due to copyright issues that the industry faces. Recently, Airocom has developed an SMS service called AiroGate Lite for vehicle maintenance management. The technology basically entailed the installation of a chip, which is designed to interact with a car's electronic system and send out an SMS alert to the owner as well as the car service centre, after sensing even a minor defect in the car. Airocom is expected to tie up with some prominent car and accessories manufacturers this year. This could be the major revenue contribution in the coming two (2) years at the least.

4. INFORMATION ON THE GROUP (Cont'd)

(iii) IN Prepaid Market

The local IN prepaid market is new in its service offerings with much room for growth with the introduction of new products and services in prepaid segment. Airocom is a new and small player in the market. It has developed its IN prepaid platform for both mobile and fixed line networks. The primary target customers would be the mobile service providers as the implementation of the platform is much less complicated, and the solution offered by Airocom is a complete package. Airocom has placed itself in a position where the implementation of the platform is by far much cheaper compared to its competitors. This will be an added advantage to Airocom, as mobile service providers would be in a position to add value to its products with new service offerings.

IN Prepaid Market: Competitive Structure (Malaysia), 2005

Measurement Name	Measurement
Number of Companies in the Market	3
Types of Competitors	Tier 1: Direct approach to service providers
Distribution Structure	Direct
Tiers of Competition	One
Key End-User Groups	Domestic consumers/ Business users
Competitive Factors	Brand Feature/ Functionality Price Service

Source: Frost & Sullivan

Major competitors in the market include Alcatel Network Systems Sdn Bhd, Siemens (Malaysia) Sdn Bhd ("Siemens") and LogicaCMG. The recommended approach for Airocom to have a market share in the segment would be to either work with existing vendors in developing new additional features or carrying their own products.

Celcom invested RM20 million in IN prepaid in 2000 for a capacity of 994,500 subscribers. Celcom paid the highest price in terms of cost per subscriber. Maxis and DiGi who invested 2-3 years later reaped the benefits of falling price of technology and equipment. Maxis implemented in 2002 followed by DiGi in 2003. In view of the fact that all three-service providers implemented IN prepaid in three (3) different years, these years are not in direct comparison with each other. From 2004 onwards, based on the growth and potential of prepaid subscribers as well as increasing propensity to demand higher value data services from this segment, Frost & Sullivan finds that service providers will continue to make investments to enhance its prepaid service offerings as well as to increase the capacity of existing IN Prepaid platforms to accommodate robust growth in prepaid users as well as traffic.

Between the years 2005-2015, Frost & Sullivan expects all three (3) service providers to invest an average of RM21 million to RM34 million each year. The additional investment through the forecast period will depend on the number of prepaid subscribers service providers expect to be added to their respective networks. Migration of prepaid premium users as a result of higher data contents offering and higher spending capacity will result in lower spending of IN Prepaid in year 2008.

(Source : Frost & Sullivan)

4. INFORMATION ON THE GROUP (Cont'd)

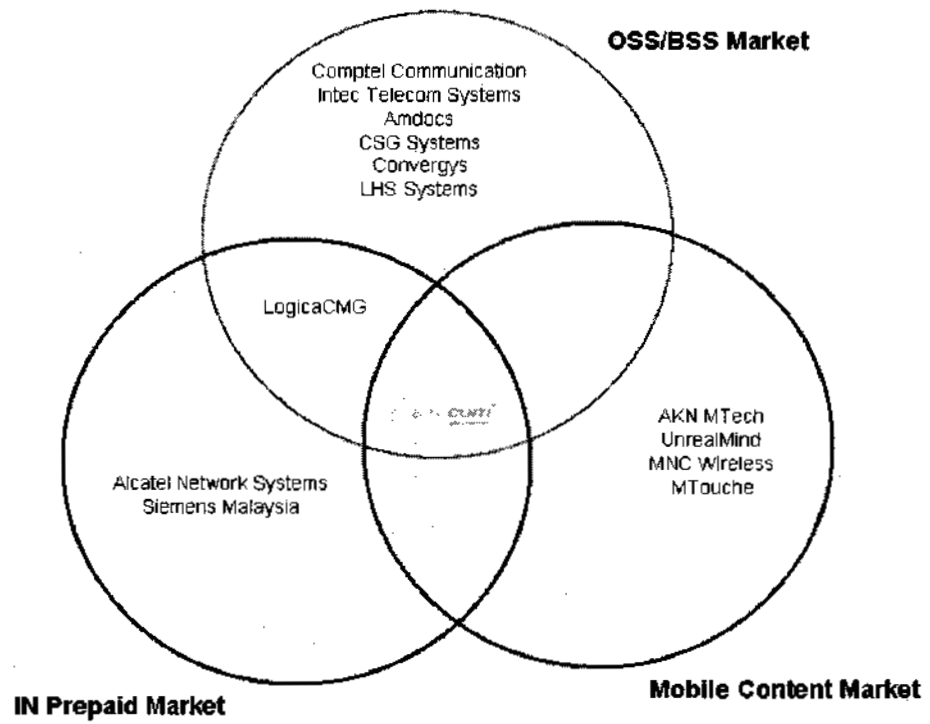


Figure 2: Major Players and Competitor in the Wireless Communication Industry

4.4.6 Laws and Regulations

Recognising the importance of ICT as the foundation of national development in the future, the Government has introduced various policies and incentives to encourage the growth of the ICT industry. The most important milestone of the ICT development programmes is the MSC. The MSC will provide the catalyst for synergistic expansion of related ICT industries and products and create the enabling environment for orderly development of the ICT in the country. The MSC has led to the emergence of new service-based industry clusters, including software development, telecommunications, animation, production and broadcasting, provision of online services, education and training, R&D, and networks and broadband applications. In order to promote the MSC, several flagship applications have been identified such as electronic government, smart schools, multipurpose card and telemedicine. The flagship applications for multimedia environment development are R&D clusters, worldwide manufacturing web and borderless marketing.

ASPs provide particular functions such as voice services, data services, content-based services, electronic commerce and other transmission services. Applications services are essentially the functions or capabilities, which are delivered to end-users.

All applications services are subject to the Communications and Multimedia Act 1998 (CMA), whereby the MCMC shall issue the respective class licenses to ASP.

4. INFORMATION ON THE GROUP (Cont'd)

The MCMC is the regulator for the converging communications and multimedia industry. Pursuant to the CMA, the role of the MCMC is to implement and promote the Government's national policy objectives for the communications and multimedia sector. The MCMC is also charged with overseeing the new regulatory framework for the converging industries of telecommunications, broadcasting and on-line activities.

4.4.7 Business Viability

(i) Established player in developing Wireless and Communication Solutions

The Group is one of the leading local solutions providers in developing and implementing wireless and communication solutions that are able to link up the operational needs of mobile network operators, enterprises, and the leisure needs of mobile phone users, after extensive research was conducted on the wireless communication industry.

(ii) Great Potential in the Wireless Communication Industry

The wireless communication industry is growing and it is still in an upward trend. The prospect of the wireless communication industry is set out in Section 4.4.4 and 4.7 in this Prospectus.

(iii) Industry-Recognised Company

Airocom was appointed as the Logica application provider and reseller on 15 November 2000. Globally, Logica is one of the leading telecommunication SIs and solution providers. Besides reselling Logica's solutions, Airocom also developed supporting applications, such as provisioning systems and messaging gateways that complement Logica's platforms.

Airocom was also appointed as Maxis Business Partner and Ericsson Mobility World Partner in January 2002 and March 2002 respectively. Development of strong partnerships and alliances on both the supply and demand side enabled Airocom to strengthen its position as a total solutions provider. Airocom had also registered to participate in the testing of GPRS and 3G applications on Ericsson's platform.

Airocom is also one (1) of the recognised vendors in the telecommunications industry. It is registered as Ministry of Finance ICT Vendor on 8 November 2000, Telekom Vendor on 18 November 2000, Celcom Vendor on 1 October 2001 and Petronas ICT Vendor on 1 March 2002.

Airocom developed Intelligent Network ("IN") applications in collaboration with Pernec Berhad, an efficient solution to prepaid service, for Telekom's Ring Ring Card in 2001 and Home Prepaid in 2003. Airocom also provided Mobile Service Provisioning System, which activates prepaid mobile phones services for TMTouch in 2001 and Celcom in 2003. Besides, in 2002 Airocom deployed AiroGate™ Messaging Gateway, enabling SMS content providers to provide services on Celcom GSM Network via Internet (known as Celcom SMS Online Service).

4. INFORMATION ON THE GROUP (Cont'd)

Airocom increased its presence in the mobile content provision space in 2003 by launching a series of lifestyle mobility applications in the information and entertainment segment of the market. It launched MetaMobile in February 2003 (a joint venture with Metadome), mobifrenz™ in May 2003, MobileHotel in July 2003, Eelis.com in August 2003 and redsarong™ in December 2003. Lifestyle mobility applications are ringtones, logo or icon downloads and IOD.

Airocom provided the messaging platform to develop SMS@POS, which is an SMS IOD system for Pos Malaysia Berhad. The service was launched on 8 October 2002. Airocom also provided the messaging platform to develop SMS Yellow Pages, which is a mobile version of Yellow Pages. This service was launched on 8 August 2002.

(iv) Experience and Expertise

The key management of the Group has extensive experience in ICT and wireless communication industry. They are capable of designing, implementing and deploying wireless and communication solutions. The key management of the Group has been in the ICT and wireless communication industry for an average of 24 years.

4.5 MAJOR CUSTOMERS

Based on the Group's audited financial statements for the financial year ended 31 December 2004, the top ten (10) customers of the Group are as follows: -

Client / Customer	Products/Services Sold	Length of relationship (Years)	Level of Sales for the year ended 31 December 2004 (%)
Pernec Integrated Network Systems Sdn Bhd	Home Prepaid Multiple Account, Ring ring card (RRC) & home prepaid (HP) enhancement, Prepaid service provisioning gateway (PSPG)	4	23.03
Celcom (M) Bhd	Single Prepaid Provisioning Platform (SP3)	3	17.22
Malaysian Mobile Services Sdn Bhd*	Ringtones, Logos, Entertainment Applications, Information on Demand	3	15.56
MOE	Teaching courseware application	1	12.86
Celcom - 019*	Ringtones, Logos, Entertainment Applications, Information on Demand	4	7.58
Telekom	Sipikat – mobile field service application	3	7.16
DiGi Telecommunication Sdn Bhd*	Ringtones, Logos, Entertainment Applications, Information on Demand	3	4.38
Celcom – 013*	Ringtones, Logos, Entertainment Applications, Information on Demand	3	3.12
Paksi Optima Sdn Bhd	Network equipment & Services.	1	2.78
Pernec Technology Sdn Bhd	Single Number Services (SNS)	4	2.74

4. INFORMATION ON THE GROUP (Cont'd)

Note: -

- * The revenue from these mobile network operators is mainly generated from mobile content downloads.

Approximately 55.81% of Airocom's revenue is generated from the top three (3) customers, namely Pernec, Celcom and Malaysian Mobile Services Sdn Bhd for the financial year ended 31 December 2004.

Based on the Group's audited financial statements for the ten (10) months financial period ended 31 October 2005, the top ten (10) customers of the Group are as follows: -

Client / Customer	Products/Services Sold	Length of relationship (Years)	Level of Sales for the 10-month period ended 31 October 2005 (%)
MCC	Wireless High Speed Internet Systems and Solutions	1	70.05
MOE	Teaching courseware application	1	20.23
Celcom	Single Prepaid Provisioning Platform (SP3)	3	6.11
Ricochet Technology Sdn Bhd	Ringtones, Logos, Entertainment Applications, Information on Demand	1	1.30
Malaysian Mobile Services Sdn Bhd*	Ringtones, Logos, Entertainment Applications, Information on Demand	3	0.88
Celcom - 019*	Ringtones, Logos, Entertainment Applications, Information on Demand	4	0.55
DiGi *	Ringtones, Logos, Entertainment Applications, Information on Demand	3	0.55
TM Net	TMNet Messenger Solutions - hardware & professional services	2	0.45
Celcom - 013*	Ringtones, Logos, Entertainment Applications, Information on Demand	3	0.26
Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA)	SMS broadcasting services	1	** 0

Notes: -

- * The revenue from these mobile network operators is mainly generated from mobile content downloads.
 ** Negligible

As for the financial period ended 31 October 2005, Airocom's major revenue contribution was derived from the contract secured from MCC on the supply, delivery and maintenance of wireless high speed Internet systems and solutions in Vietnam. To mitigate the risk of over-dependence on the major customers, Airocom has continuously made efforts to expand its customer base locally and overseas in countries such as Vietnam, Indonesia and Bangladesh via marketing and promotional efforts. Marketing and promotional efforts to expand its customer base include intensifying sales call activities among potential clients and participating in targeted seminars and exhibition. The customer base and long-term customer relationships have also been further strengthened by the company's continuous efforts in emphasising quality products and services. Besides that, Airocom will continuously develop new products that meet market demand and customer requirements.

4. INFORMATION ON THE GROUP (Cont'd)**4.6 MAJOR SUPPLIERS**

Based on the Group's audited financial statements for the financial year ended 31 December 2004, the top ten (10) suppliers of the Group are as follows: -

Supplier / Vendor	Products/ Services Supplied	Length of relationship (Years)	Level of Expenditure for the year ended 31 December 2004 (%)
Siemens (M) Sdn Bhd	Hardware & consultancy	1	27.95
The New Straits Time Press (M) Bhd	Advertising	3	21.35
Dell Asia Pacific Sdn Bhd	Hardware	5	9.08
Teracore Technology Sdn Bhd	Mobile content	1	6.85
Transition Systems (M) Sdn Bhd	Hardware	1	6.04
Metadome	Mobile content	3	5.08
Kumpulan Karang kraf Sdn Bhd	Advertising	2	4.39
Airtime Management Programming Sdn Bhd	Advertising	1	3.80
Utusan Media Sales Sdn Bhd	Advertising	2	2.80
Devcorp Technologies Sdn Bhd	Mobile content	1	2.46

The top three (3) suppliers in 2004 are mainly the hardware/ software suppliers as well as advertising/ media, in-line with the major revenue generated from the provision of solutions (>*m*telecomm™ and >*m*enterprise™) and >*m*lifestyle™.

Based on the Group's audited financial statements for the financial period ended the ten (10) months period ended 31 October 2005, the top ten (10) suppliers of the Group are as follows: -

Supplier / Vendor	Products/ Services Supplied	Length of relationship (Years)	Level of Expenditure for the 10-month period ended 31 October 2005 (%)
Isjujaya Sdn Bhd	Hardware, software & professional services	1	59.99
Siemens (M) Sdn Bhd	Hardware & consultancy	1	32.12
Dell Asia Pacific Sdn Bhd	Hardware	5	1.89
Malaysian Mobile Services Sdn Bhd	Short code & bulk messaging	4	1.70
The New Straits Time Press (M) Bhd	Advertising	3	1.23
DiGi Telecommunications Sdn Bhd	Short code & bulk messaging	1	0.94
Kumpulan Karang kraf Sdn Bhd	Advertising	2	0.61
Utusan Media Sales Sdn Bhd	Advertising	2	0.29
NSTP E- Media Sdn Bhd	Mobile content	1	0.24
Malaysian Authors' Copyright Protection Bhd (MACP)	Copyright License	1	0.21

4. INFORMATION ON THE GROUP (Cont'd)

For the financial period ended 31 October 2005, the major supplier of Airocom is Isjujaya Sdn Bhd which is supplying systems and equipment for the wireless high speed Internet project in Vietnam. Airocom is not dependent on the current suppliers and is able to choose other suppliers, if necessary.

4.7 FUTURE PLANS, STRATEGIES AND PROSPECTS

Airocom's strategies for long-term growth and enhanced profitability are driven by several factors:

(i) **Growth in Demand of Wireless and Communication Solutions**

Airocom believes that there will be increasing demands in wireless and communication solutions. Airocom's products and services are developed and are available for all customer segments, including mobile network operators, enterprises and mobile phone users. Airocom believes that its wireless and communication solutions are worthy to be purchased by these customers due to the benefit provided such as competitive pricing, flexible revenue model, system interoperability and scalability as well as strong technical experience and support.

(a) Mobile Content Market

As forecasted by Frost & Sullivan, the expected annual revenue for mobile content market will reach RM867.7 million with a CAGR of 17% at the end of 2015 as tabled below.

Mobile Content and Applications Market: Market Engineering Measurements (Malaysia), 2005

Measurement Name	Measurement	Trend
Market age	Growth	Increasing
Revenues (2005)	RM185.2 million	Increasing
Potential revenues (future market size in 2015)	RM867.7 million	Increasing
Base year market growth rate	8.0%	Increasing
Forecast period market growth rate (2005-2015)	17.0%	Stable
Price sensitivity	High	Increasing
Competitors (active brands in base year)	~ 150	Increasing
Degree of competition	High	Increasing

Source: Frost & Sullivan

(b) IN Prepaid Market

IN prepaid industry will primarily depend on the development of the prepaid segment directly. As the growth in the prepaid market continues to be encouraging in Malaysia, major challenge to the operators would be to segment customers based on traffic behavior.

4. INFORMATION ON THE GROUP (Cont'd)

The introduction of enhanced and value added data services would be a key driving factor the very survivability of operators in Malaysia in the long run. Owing to the fact that most subscribers fall into the prepaid segment, profiling these subscribers is crucial to the day-to-day operations of the operator. As the service uptake of mobile data services would very much depend on the marketing aspects of the operator, the profiling provides a crucial input to marketing strategy.

In view of that the potential investments in this area is positive as network operators will ensure they are precise in identifying their customer needs, their usage pattern as well as their growth. The following table depicts the potential growth for IN solutions.

IN Prepaid Market: Market Engineering Measurements (Malaysia), 2003		
Measurement Name	Measurement	Trend
Market age	Growing	Rising
Investments (2005)	RM21.1 million	Stable
Potential Investments (2006-2008)	RM69.8 million	Upward
Price sensitivity	High	Downward
Competitors (active brands in base year)	3	Stable

Source: Frost & Sullivan

(c) Cellular Market

Competition in the Malaysian cellular market remains intense, with three (3) main digital mobile networks supporting a population of about 23 million. Frost & Sullivan strongly believes the subscriber growth, albeit decelerate to sustain at a CAGR of 7 percent from 2005 to 2008 with penetration rate exceeding 50 percent by end of 2008.

Usage frequency is generated mainly from technology savvy people, as well as those familiar with Internet usage. These groups, which are predominantly by age group below 30, are mainly college students, young working adults, and highly mobile workers who rely on mobile phones to access information while on the go. They are very familiar with sending and receiving SMS, and tend to be more receptive towards new technology such as GPRS and 3G. SMS games are the hottest applications in Malaysia at present. These groups of users are also the early adopters readily trying out the new games on mobile via SMS. Service providers and vendors are working together to market features and applications, provide affordable and reasonable-priced handsets and services in accordance with various promotion tactics or at least co-promote the handsets and services. Varying levels of initiatives from the operator side seems to be stimulating the market to some extent in terms of data usage behaviour, all this augurs well for content providers who have already forged partnerships with the service providers to distribute their content via revenue sharing.

4. INFORMATION ON THE GROUP (Cont'd)**Total Cellular Market: Subscriber Base and Growth Forecast (Malaysia), 2003-2008**

Year	Subscribers (000)	Growth Rate (%)
2003	11,004	-
2004	14,597	32.7%
2005	17,391	19.1%
2006	19,211	10.5%
2007	20,504	6.7%
2008	21,406	4.4%
Compound Annual Growth Rate of Cellular (2005-2008): 7.0%		

Note: -

All figures are rounded; the base year is 2005.

Source: Frost & Sullivan

(ii) Marketing and Sales

The Group will continue to develop strong and close partnerships with all mobile network operators in Malaysia, and with major vendors as technology partners. With more partnerships, Airocom is able to offer its wireless and communications solutions in an effective manner. In view of the market trends and opportunities towards a complete solution, Airocom feels that it has to focus its offerings by taking advantage of its core competencies to capture a bigger portion of the market. It has outlined the following solutions objectives. The Group will achieve its mission by developing network-wide services and products ranging from key technology acquisition and management, creating strong R&D to develop new solutions and technology to providing end-to-end solutions in wireless and communications solutions value chain.

The value proposition for the Group's wireless and communication solutions are as follows:

- *Enhances the functionality, usability and optimises usage of existing mobile network.*

Allows operators to better manage network resources, reduce wastage and increases the flexibility of service provider's network and also allows the service provider to improve value proposition.

- *Enhances network infrastructure while reducing capital expenditure*

Requires little investment as operator can optimise use existing equipment.

- *Assures and opens to new revenue streams for service providers*

Airocom's wireless and communication solutions open up new and exciting revenue streams for operators by allowing more flexibility in the networks and easing user experience.

- *User-friendly and Easy-to-Download services*

The functional system designed by Airocom is essentially easy to use and learn. This reduces the purchasing cycle of the content and applications.

- *Proven product and efficient content business*

Airocom has established strong relationship with service providers for its content business. Its applications are easily installed, operable and scalable. For its platform business, due to the flexibility of the system and solutions designed, new functions/services can be included easily.

4. INFORMATION ON THE GROUP (Cont'd)

- *Low costs*

Airocom's platform and products are fully developed internally. It adopts open operating system like Linux and Intel, which enables Airocom to have total control over its source codes. By being able to migrate the system to lower cost, locally developed platforms enable significant cost savings that can be passed on to its customers without jeopardizing the quality.

In the Group's effort to promote and to generate demand for its business, the following marketing strategies have been devised: -

- *Build mind-share and brand awareness campaign.*

This will ensure that the Group will be able to:

- Capture a bigger market share with increased emotional loyalty; and
- Raise its profile, allowing it to position itself correctly for future undertakings with consumers and corporations.

- *Increase R&D into market demographics covering purchasing trends, consumer behaviours and locations of popular, high-traffic area.*

This new insight will enable the Group to:

- Reach end users more effectively;
- Optimise its distribution channels;
- Lower operational costs pertaining to terminal management; and
- Roll out new services to priority areas that have higher customer acceptance.

- *Develop strong account management services that are customer-centred.*

This not only improves the relationship between the Company and its clients but also renders other benefits such as:

- Be more proactive in meeting the everyday needs of clients;
- Be more responsive to customer queries;
- Identify new opportunities that anticipate the clients' future issues;
- Build business barriers for competitors; and
- Integrate the various service options into a single platform.

The Group has expanded its market penetration to countries such as Vietnam and is in the midst of exploring other markets such as India, just to name a few. Airocom proposes to adopt aggressive and effective marketing and sales strategies. Please refer to Section 4.2.10 of the Prospectus for further information on marketing strategies.

(iii) **New Features or Products**

Airocom is committed to constantly invest significant efforts and resources in R&D to allow the Group to be competitive in the industry and to continue growing. This will allow Airocom to improve the functionalities and features of its existing product and to develop new products, or even a new path of the business.

In order to achieve its Group Mission, the following business development thrusts have been put in place:

1. Using a consulting-led approach backed by strong relevant business experience, capable resources and proven technologies, the Group targets to assist all mobile service providers improve and optimise their network resources and value proposition to both the corporate and non-corporate end user.

4. INFORMATION ON THE GROUP (Cont'd)

2. Enhance, build and expand its existing service segment by stepping up R&D and increasing partnership alliances with varying partners on the wireless solution value chain. The Group aims to roll out new services to broaden existing offerings to existing customers and also broaden its customer base in the near to medium term.
3. Focus on R&D to strengthen its technological competencies and edge over its competitors. The Group aims to set up R&D laboratory for the testing of GSM/GPRS and 3G solutions in order to strengthen working relationships with its existing technology partners locally and in the region.

These strategies and policies are centered on R&D where the group will continue to strengthen its existing working relationships with key technology partners in the areas of business of its focus.

Armed with strong technological know-how and expertise and having access to leading edge technologies through its strategic alliances and partnerships will further ensure that the Group can continue to grow at a more rapid pace.

(iv) **New Geographic Markets**

Regional markets offer huge business potentials in particular countries in the Asia Pacific rim. Improved economic outlook, which will lead to higher GDP per capita, is expected to improve consumers' disposable income and increase propensity to invest in feature rich mobile handsets, devices and services. This will trigger more opportunities for Airocom in terms of higher demand for higher value services. Increase in potential demand for rich data services will also trigger operators to increase capital investments in its networks. Airocom believes that its products have potential beyond Malaysia. The Group has penetrated Vietnam and is looking to expand its marketing and promotional efforts to India and other countries. The Group is actively developing relationships and opportunities with value-added resellers in these countries.

(v) **Strategic Moves Instituted Pursuant Business Plan**

Strategic moves instituted by the Group pursuant to its business plan are as follows:-

- (a) **>mtelecommTM and >menterpriseTM**

Airocom expanded its wireless solution by providing wireless broadband and wireless broadcast solutions in addition to the wireless cellular solutions. Its wireless broadband solutions are currently being developed for an Internet Service Provider in Vietnam, while its wireless broadcast solution is being piloted with a private TV station in Malaysia, as detailed in Section 4.2.2 of the Prospectus.

Airocom introduced AiroGate Lite. AiroGate Lite is an individual AiroGateTM module that is embedded into microchips (or devices) to provide SMS/MMS gateway features specifically targeted for enterprise telemetry applications. With its modular design and characteristics, it can be easily integrated into any existing devices to enable subscribers to leverage on SMS application via the digital cellular mobile network to access various value added services.

These new solutions form part of the >mtelecommTM and >menterpriseTM segments of the Company's business.

4. INFORMATION ON THE GROUP (Cont'd)

(b) **>mlifestyle™**

Airocom re-launched its mobifrenz™ mobile content service by the formation of a fan club called "Geng mobifrenz". The objective of the club is to sustain the interest of existing customers and attract new mobifrenz™ subscribers from different segments for continued expansion of the mobile content services of mobifrenz™.

The change of the type of mobile content, e.g. from ring tones to Information-On-Demand ("IOD") and video clips, which Airocom has been negotiating with the mobile content owners to deploy these contents in Malaysia and the regional foreign market.

>mtelecomm™ and **>menterprise™** products and services, which comprises hardware and software solutions, were introduced in the financial year ended 31 December 2003. The increase in revenue for the ten (10) months period ended 31 October 2005 was attributed to the influx of new contracts and customers from the **>mtelecomm™** segment (i.e. MCC) for the supply, delivery, installation and commissioning of wireless high speed Internet systems and the provision of engineering services and support and maintenance for an ISP operator in Vietnam.

Concurrently, the drop in revenue for **>mlifestyle™** services which were affected by the downward trend in the content download business had reduced total revenue. As highlighted above, Airocom has changed the type of mobile content in order to revamp the **>mlifestyle™** segment of revenue.

The financial impact of the above strategic moves on the revenue and profitability of the Group are set out in Section 8.2.1 of this Prospectus.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND BUSINESS ADVISER

5.1 PROMOTERS

5.1.1 Particulars and Shareholdings

The details of the promoters of the Group and their shareholdings in Airocom before and after the Issues are as follows: -

Name	Place of Incorporation/ Nationality	No. of Ordinary Shares Held Before the Issues				No. of Ordinary Shares Held After the Issues			
		Direct ('000)	%	Indirect ('000)	%	Direct ('000)	%	Indirect ('000)	%
Novapro	Malaysia	46,460	61.95	-	-	69,690	46.00	-	-
Eminent Access	Malaysia	18,692	24.92	-	-	28,038	18.51	-	-
Ahmad Radzi Bin Yahaya	Malaysian	-	-	@46,460	61.95	-	-	@69,690	46.00
Khalid Bin Zakaria	Malaysian	-	-	@46,460	61.95	-	-	@69,690	46.00
Hamzah Bin Ismail	Malaysian	-	-	#18,692	24.92	-	-	#28,038	18.51
Mohd Fauzi Bin Jamaudin	Malaysian	-	-	#18,692	24.92	-	-	#28,038	18.51
Hashim Bin Ishak	Malaysian	-	-	#18,692	24.92	-	-	#28,038	18.51
Lelawati Binti Samsodin	Malaysian	-	-	#18,692	24.92	-	-	#28,038	18.51

Notes: -

@ Deemed interest by virtue of their substantial interests in Novapro.

Deemed interest by virtue of their substantial interests in Eminent Access.

5.1.2 Profiles of Promoters

The profiles of Ahmad Radzi Bin Yahaya, Khalid Bin Zakaria and Hamzah Bin Ismail (the Directors of Airocom), Mohd Fauzi Bin Jamaudin, Hashim Bin Ishak and Lelawati Binti Samsodin (the key management of the Airocom) are set out in Sections 5.3.2 and 5.5.2 respectively of this Prospectus, the profiles of the other promoters are as follows: -

Novapro Corporation Sdn Bhd

(i) Background Information

Novapro was incorporated in Malaysia under the Companies Act, 1965 on 10 July 1996 as a private limited company under the name of Novapro Services Sdn Bhd. On 20 August 1997, it changed its name to Novapro Corporation Sdn Bhd. The company is principally an investment holding company.

The present authorised share capital of Novapro is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid up share capital of Novapro is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND BUSINESS ADVISER (Cont'd)
(ii) Directors and Substantial Shareholders

The Directors and their respective shareholdings in Novapro as at 28 February 2006 is set out below: -

Name	Designation	No. of Ordinary Shares Held			
		Direct	(%)	Indirect	(%)
Directors and Substantial Shareholders					
Ahmad Radzi Bin Yahaya	Company Director	800,000	80	-	-
Khalid Bin Zakaria	Company Director	200,000	20	-	-

Eminent Access Sdn Bhd
(i) Background Information

Eminent Access was incorporated in Malaysia under the Companies Act, 1965 on 18 December 2003, as a private limited company. The company is principally an investment holding company.

The present authorised share capital of Eminent Access is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid up share capital of Eminent Access is RM1,000 comprising 1,000 ordinary shares of RM1.00 each.

(ii) Directors and Substantial Shareholders

The Directors and their respective shareholdings in Eminent Access as at 28 February 2006 is set out below: -

Name	Designation	No. of Ordinary Shares Held*			
		Direct	(%)	Indirect	(%)
Directors					
Hashim Bin Ishak	Company Director	200	20.0	-	-
Mohd Fauzi Bin Jamaudin	Company Director	367	36.7	-	-
Substantial Shareholders					
Mohd Fauzi Bin Jamaudin	Chief Executive Officer	367	36.7	-	-
Hamzah Bin Ismail	Chief Technology Officer	266	26.6	-	-
Hashim Bin Ishak	Vice President, Business Development	200	20.0	-	-
Lelawati Binti Samsodin	Vice President, Human Resources and Administration	167	16.7	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND BUSINESS ADVISER (Cont'd)

* Up to 10 March 2006, the entire portion of Eminent Access' shares were held by five (5) other shareholders namely Zainal Aman Bin Shaari, Badrul Fikli Bin Alwi, Mohd Reduan Bin Haji Zain, Kamaruzsaman Bin Jufri and Sabri Bin Md Sab. Those shares were transferred to the current promoters of Airocom, namely Hamzah Bin Ismail, Hashim Bin Ishak, Mohd Fauzi Bin Jamaudin and Lelawati Binti Samsodin on 10 March 2006, with the approval of the SC vide its approval letter dated 10 March 2006.

5.2 SUBSTANTIAL SHAREHOLDERS

5.2.1 Particulars and Shareholdings

Details of the substantial shareholders of the Group and their shareholdings in Airocom before and after the Issues are as follows: -

Name	Place of Incorporation/ Nationality	No. of Ordinary Shares Held Before the Issues				No. of Ordinary Shares Held After the Issues			
		Direct ('000)	%	Indirect ('000)	%	Direct ('000)	%	Indirect ('000)	%
Novapro	-	46,460	61.95	-	-	69,690	46.00	-	-
Eminent Access	-	18,692	24.92	-	-	28,038	18.51	-	-
Solnaxis	-	4,798	6.40	-	-	7,197	4.75	-	-
Datuk Ali Abdul Kadir	Malaysian	5,050	6.73	-	-	7,575	5.00	-	-
Ahmad Radzi Bin Yahaya	Malaysian	-	-	@46,460	61.95	-	-	@69,690	46.00
Khalid Bin Zakaria	Malaysian	-	-	@46,460	61.95	-	-	@69,690	46.00
Hamzah Bin Ismail	Malaysian	-	-	#18,692	24.92	-	-	#28,038	18.51
Mohd Fauzi Bin Jamaudin	Malaysian	-	-	#18,692	24.92	-	-	#28,038	18.51
Hashim Bin Ishak	Malaysian	-	-	#18,692	24.92	-	-	#28,038	18.51
Lelawati Binti Samsodin	Malaysian	-	-	#18,692	24.92	-	-	#28,038	18.51
Taufiq Rosidi Bin Abu Samah	Malaysian	-	-	^4,798	6.40	-	-	^7,197	4.75
Hamidah Binti Hussin	Malaysian	-	-	^4,798	6.40	-	-	^7,197	4.75
Rozmei Bin Rahmat	Malaysian	-	-	^4,798	6.40	-	-	^7,197	4.75

Notes: -

- @ Deemed interest by virtue of their substantial interests in Novapro.
- # Deemed interest by virtue of their substantial interests in Eminent Access.
- ^ Deemed interest by virtue of their substantial interests in Solnaxis.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND BUSINESS ADVISER (Cont'd)

5.2.2 Profiles of Substantial Shareholders

The profiles of Novapro Corporation and Eminent Access (the Promoters of Airocom), Ahmad Radzi Bin Yahaya, Khalid Bin Zakaria and Hamzah Bin Ismail (the Directors of Airocom), Mohd Fauzi Bin Jamaudin, Hashim Bin Ishak and Lelawati Binti Samsodin (the key management of Airocom) are set out in Sections 5.1.2, 5.3.2 and 5.5.2 respectively.

Solnaxis Sdn Bhd

(i) Background Information

Solnaxis was incorporated in Malaysia under the Companies Act, 1965 on 28 June 2001, as a private limited company. The company is principally a business consultant.

The present authorised share capital of Solnaxis is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid up share capital of Solnaxis is RM1,000 comprising 1,000 ordinary shares of RM1.00 each.

(ii) Directors and Substantial Shareholders

The Directors and their respective shareholdings in Solnaxis as at 28 February 2006 is set out below: -

Name	Designation	No. of Ordinary Shares Held			
		Direct	(%)	Indirect	(%)
Directors and Substantial Shareholders					
Taufiq Rosidi Bin Abu Samah	Company Director	400	40.00	-	-
Hamidah Binti Hussin	Company Director	400	40.00	-	-
Rozmei Bin Rahmat	Company Director	150	15.00	-	-
Izzaddin Bin Abd Rahim	Company Director	50	5.00	-	-

TAUFIQ ROSIDI BIN ABU SAMAH, aged 40, has over 17 years of strategic planning and marketing experience in the entertainment, automobile, IT and telecommunication industries. His focus in Solnaxis is to assist clients expand or develop products/ services and its marketing programs. As such, En Taufiq oversees the Technology Marketing Operations. This operation is responsible for developing applied strategies on how high technology products/ services can be marketed to the mainstream market.

He brings extensive industrial experience in helping clients manage and execute market research, product development, branding, packaging and the overall marketing of various high technology products and services. Before Solnaxis, En Taufiq was the Head of Strategic Marketing at Celcom Berhad - Wireless Data Communication Services Division. He has also worked for EON Berhad, Mesiniaga Berhad and Hikmah Technology Group. En Taufiq received a Bachelor of Business Administration from Ohio University, Athens, Ohio, US and a Diploma in Fisheries from Universiti Pertanian Malaysia.