

Music Entrepreneurs Network  
**Loonaq**.my

**A Digital Content Distribution Platform**



A Proposal by

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A Proposal To Design and Develop

# Loonaq.my

As A Digital Content Distribution Platform

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- An article by Eric Pfanner . New York Times . Published on February 26, 2013

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## 1.0 Executive Summary

**Loonaq.my** is an online commercial distribution channel for content owners to market and sell their content direct to their target customers via online downloads into their computers and mobile devices. Loonaq.my will allow recording and publishing companies, and even individual independent artistes, to put up their music in the form of audios and videos that can be distributed to their fans for free, or paid downloads. In addition, these content owners may also share the profits from advertising revenue that Loonaq.my generates through their content, thus creating an alternate source of income that can strengthen their financial sustainability as a creative content provider.

Within the scope of this project, Loonaq Sdn Bhd proposes to custom design and develop the following components to establish Loonaq.my as a commercial digital content distribution platform:

- Content Management System
- Advertising Management System
- GoLoonaq Mobile Applications
- Digital Payment System for Online and Mobile Transactions

In addition to the digital distribution channel, Loonaq.my also intends to produce 3 new music videos in full high definition and in 3D stereoscopic (3D FullHD1080p) of the following selected content materials owned by Loonaq Records and Loonaq.my's existing content partners:

- *Yasaidi* by Allahyarham Datuk Haji Fadzil Ahmad
- *Zikir Rahsia* by Hufaz; and
- *Al-Medina the City* by Karym

To ensure the project's success other relevant activities are included in this proposal. They are:

- research and development activities;
- commercial activities;
- market analysis;
- project impact;
- project cost assumptions; and
- project schedule.

## **1.1 Project Objectives**

Loonaq.my aims to:

- promote Malaysian music content to the local the international market through new media encompassing the Internet and mobile technologies towards a borderless and timeless distribution;
- provide a digital distribution channel that is online and mobile, for content owners specifically in the music industry to distribute their content direct to their fans;
- minimize the cost of distribution for content owners in the music industry so that they can enjoy a better profit margin from the commercialization of their content;
- create new teams of technology and knowledge workers in the implementation of a digital content distribution system which can match and maybe even rival international systems such as the YouTube, Apple iTunes Store and Google Play; and
- deploy an online system which can provide a set of comprehensive statistics in real-time to allow analytical assessment of the market penetration of Malaysian digital content.

## **1.2 Financial Summary**

### **1.2.1 Project Cost Assumption**

Project Total Cost RM2,152,276.00:

- RM1,390,000.00 for development of content and online systems at Loonaq.my
- RM762,276.00 for commercialization of Loonaq.my

### **1.2.2 Funding Amount Requested**

- **RM973,000.00** for development of content and online systems at Loonaq.my (70% of projected development cost)

## **1.3 Potential Returns**

- RM1,501,788 sales turnover per annum;
- creation of new job opportunities in the local creative content industry;
- development of new local creative talents; and
- Malaysia becoming a center for digital content distribution for the South East Asia region.

## 2.0 Project Details

**Loonaq.my** is an online commercial distribution channel for content owners to market and sell their content direct to their target customers via online downloads into their computers and mobile devices. Loonaq.my will allow recording and publishing companies, and even individual independent artistes, to put up their music in the form of audios and videos that can be distributed to their fans for free, or paid downloads. In addition, these content owners may also share the profits from advertising revenue that Loonaq.my generates through their content, thus creating an alternate source of income that can strengthen their financial sustainability as a creative content provider.



Existing music portal at [www.loonaq.my](http://www.loonaq.my)



## 2.1 Existing Content at Loonaq.my

Loonaq.my has been developed internally since September 2012 and to date is showcasing content from content owners from Loonaq Records, Ahas Productions and FG Music, with Hijjaz Productions joining the bandwagon in the horizon. Currently, with 3 content partners, Loonaq.my distributes 169 songs in digital format (MP3) and 9 audio CDs are made available for online ordering, from a pool of 24 artists:

#	Artist Name	Content Owner	Number of Songs	Number of Audio CD
1	Asha Fayyed	FG Music	5	-
2	Axthara	Loonaq Records	9	-
3	Datuk Haji Fadzil Ahmad	AHAS Productions	22	2
4	Eddie Hamid	Loonaq Records	12	-
5	Eira Syazira	FG Music	5	1
6	Elly	Loonaq Records	1	-
7	FTG	Loonaq Records	4	-
8	Hayati Hashim	FG Music	10	-
9	Hufaz	Loonaq Records	5	1
10	Imam Shazly	Loonaq Records	1	-
11	Lamda	Loonaq Records	9	-
12	Nizam	FG Music	7	-
13	OKU Sayang	Loonaq Records	1	-
14	Online	FG Music	5	-
15	Ozon	Loonaq Records	5	1
16	Rahmat Md Noor	Loonaq Records	1	-
17	Rocktone	Loonaq Records	6	1
18	Safiya	Loonaq Records	6	1
19	Sharkfin	Loonaq Records	4	-
20	Skinbasher	Loonaq Records	10	-
21	Suara Puteri	AHAS Productions	11	-
22	Ucop	Loonaq Records	5	-
23	Ustazah Mariam	AHAS Productions	10	1
24	Zaiton Sameon	FG Music	14	1

### NOTE:

*The number of content partners, artist, available songs and audio CDs may vary in the future as Loonaq includes more content into the portal from time to time.*

## 2.2 Loonaq's Existing Online Community

Since September 2012, Loonaq has been amassing its subscriber's base on Facebook (<http://www.facebook.com/loonaqspage>). To date, Loonaq has managed to garner more than 135,000 Likes, with more than 7,000 people talking about Loonaq on Facebook on a daily basis. This signals that Loonaq.my already has a strong market base on Facebook alone to kick-start its commercialization.



*Loonaq's Page on Facebook*

## 2.3 Value Proposition

Loonaq is well aware of its own potential to become a commercial success in distributing digital content to the masses based on the growing size of its online subscribers, but it is also aware of the challenges in administering its business if the current technologies designed and developed at loonaq.my are not upgraded to become more systematic and automated.

To successfully implement Loonaq.my as a commercial digital content distribution platform, the existing Loonaq.my needs to be re-thought and revamped to bring it up to the international standards of such platforms, as well as to meet the expectations of content owners and music enthusiasts which have been formed throughout the years by their interactions with existing digital content distribution platform such as YouTube, Apple iTunes Store, Google Play and others.

As such, this project is a proposition to upgrade and enhance Loonaq.my to become a full-fledged online digital content distribution platform which can:

- **promote Malaysian music content** to the local the international market through new media encompassing the Internet and mobile technologies towards a borderless and timeless distribution;
- **distribute** Malaysian music content **direct to its fans**;
- **minimize the cost of distribution** for content owners in the music industry so that they can enjoy a better profit margin from the commercialization of their content; and
- provide a set of **comprehensive statistics** in real-time to allow analytical assessment of the market penetration of Malaysian digital content.

### **2.3.1 Proposed Technical Specifications**

Loonaq has done some preliminary studies of various international digital content distribution systems and platforms which are related to what Loonaq intends to be (which is to deliver digital music content) such as YouTube, Reverbnation, Apple iTunes Store, Vimeo, Zimbalam and others, to identify necessary technical modules.

As a pre-assessment, Loonaq identifies the following components to be designed and developed for the new iteration of its music content portal:

- Content Management System
- Advertising Management System
- GoLoonaq Mobile Applications
- Digital Payment System for Online and Mobile Transactions

### **2.3.1.1 Content Management System (CMS)**

Currently, Loonaq.my is driven by a developer-only content management tools via Adobe Dreamweaver and Adobe Contribute, with content being managed by a knowledgeable team of server-side programmers and web graphic designers. Although this may be already a superior system compared to many local music portals, the current content management methods adopted by Loonaq.my will be insufficient to administer the mass market subscription as Loonaq.my intends to be.

As such, a major installation of the back-end content management system needs to be designed and built to allow automated and systematic interactions between individual content owners and other users, with the system. From Loonaq's preliminary research, the new CMS needs to be able to accommodate the following modules:

- Content Partners Module
- Cross-Platform Online Audio Player
- Analytics Module
- Social Networking Module

#### **2.3.1.1.1 Content Partners Module**

One of the Content Partners Module primary functions is to enable automated registration and inclusion of individuals and businesses who wish to become Loonaq's Content Partner into Loonaq.my's online database. Beyond the registration, the Content Partner Module is a set of online tools that can allow Loonaq's content partners to upload, administer and manage their media (audio, video, graphics and text files) from an Internet-connected device such as a PC and smartphones. Each content partner can also track and monitor statistical data such as clicks and views for each and every content they actively market on Loonaq.my, as well as the number of free and paid subscriptions to downloadable content they promote through Loonaq.my. The Content Partner Module should also display each content partner's earnings from advertisement revenue and online sales of their owned content.

#### **2.3.1.1.2 Cross Platform Online Audio Player**

Loonaq.my's CMS will need an online audio player which can playback audio content from Loonaq.my's repertoire of songs. The audio player needs to be able to do playbacks on 3 major operating systems – iOS, Android and Windows 8. The audio player needs also be portable to allow content owners to upload their music for listening and share their individual songs and playlists through embedding HTML code snippets (which are generated as unique code snippets by the CMS).

#### **2.3.1.1.3 Analytics Module**

*“What is measured, can be improved”* – as a commercial platform, Loonaq.my needs to track and record important data pertaining to its content for its own benefit, and also for the benefit of its content partners. For every commercial content (including advertisement and freebies), the CMS must be able to collect pertinent data such as number of clicks, views, bounces, downloads, user ratings, and other data which can help measure and improve each content’s market penetration from time to time, and as the music market shifts its various attributes. These data is also important for Loonaq to entice advertisers to subscribe to Loonaq.my’s advertising packages and generate revenue for Loonaq as a commercial digital content distribution center.

#### **2.3.1.1.4 Social Networking Module**

Social networking has become an integral component to almost any technology-driven businesses as it can greatly speed up communication through viral-sharing of information across millions of people who are connected to each other. Loonaq.my will need this module to help Loonaq’s administrators, content owners and general subscribers to interact with each other through wall systems, online chat, personal messaging, media uploads, and other networking tools. The social networking module will be crucial in promoting and commercializing Loonaq.my’s content direct to its respective fans, and grows its fan base through existing fans recommendations to their interconnected social circles.

Although Loonaq.my’s social networking module will be an independent social network in itself, it should also be able to connect to existing popular networks such as Facebook, LinkedIn, Twitter and Google+, to be able to leverage on their extensive market reach.

### **2.3.1.2 Advertising Management System (AdMS)**

Loonaq.my intends to monetize from its collection of digital content through advertising – the digital content by Loonaq and its content partners will partially act as an “attractor” in getting massive pageviews from the public, and consequently Loonaq.my will use the portal’s statistics to entice businesses and individual entrepreneurs to subscribe to Loonaq.my’s affordable advertising packages.

The AdMS’s function is to manage the subscriptions of advertisement at Loonaq.my, from subscription ordering to notifying an advertiser of a renewal and/or a completion of promotion for each ordered advertisement. As a pre-assessment, the following modules are required to be built in the AdMS:

- Advertiser Control Panel
- Advertisement Placement and Ordering
- Advertisement Analytics module

#### **2.3.1.2.1 Advertiser Control Panel**

Each advertiser at Loonaq.my should be able to manage their advertisements placement and ordering online, as well as a complete record of their subscriptions. Through the Advertiser Management Module, advertisers can view statistical reports pertaining to every advertisement which they have subscribed to, both active and inactive ones.

#### **2.3.1.2.2 Advertisement Placement and Ordering Module**

This module’s function is to facilitate an advertiser in placing and ordering an advertising package from Loonaq.my, from targeting creating copywriting, image and banner uploading, targeting a market segment, keyword(s) selection, to making online payments to activate the advertisement. This module should be self-serving and fully automated.

#### **2.3.1.2.3 Advertisement Analytics Module**

Similar to the requirements of content partners, Loonaq.my’s advertisers can greatly benefit from the insights into the performance of their placed advertisements to improve their advertising campaigns from time to time. With this module attached to the advertisers’ control panel, advertisers should be able to view empirical data such as the click-rates, conversions, and location-specific exposures that their advertisements collect to assess their individual performances.

### **2.3.1.3 Mobile Application - *GoLoonaq***

It is imperative that Loonaq.my deploys mobile applications that can allow its subscribers to enjoy its content while on the go – in fact, for a music-based initiative such as Loonaq.my, mobile applications will be an expected item from its market. As such, Loonaq.my will need to make available mobile applications which can allow its subscribers to download and play their favourite music, create and manage playlists, get notifications about their favourite artistes, get recommendations of artistes who they might be interested in, etc.

The mobile application (codenamed “*GoLoonaq*”) will allow its subscribers to browse and listen to all music and video content that are made available in Loonaq.my’s content database, and also allow purchases of individual songs that can be downloaded and played offline from within the mobile application.

GoLoonaq should be developed for use in popular mobile devices available today, such as the Apple iPhone, Samsung Galaxy, and Nokia Lumia. As such, GoLoonaq should be developed to run on **iOS**, **Android** and **Windows 8** operating systems.



#### **2.3.1.4 Digital Payment System for Online and Mobile Transactions**

As a commercial platform, Loonaq.my needs a comprehensive yet easy-to-use payment solution to facilitate online payment transactions between Loonaq and its content partners, subscribers and advertisers. Loonaq will need a custom online payment solution to accommodate:

- payment through international and local credit/debit cards to top-up online credits which can be used to purchase songs and advertising packages;
- a shopping cart to allow online purchases of multiple items; and
- a streamlined transactions record keeping between Loonaq.my's online website and GoLoonaq mobile application for each user account.

The custom payment solution at Loonaq.my should also be integrated with existing popular solutions, namely PayPal (International) and MolPay (local) to instil trust in early adopters of the Loonaq.my online commercial system.

### **2.3.2 Research and Development Activities**

To ensure that Loonaq.my becomes a comprehensive digital content distribution platform, IT professionals and media researchers need to be engaged at the start of the enhancement project to produce a detailed and carefully considered analysis document which will serve as a blueprint in designing and developing the actual portal.

The first 3 months of the project from its kick-off should be focused on research and development activities to ensure minimal trial-and-error and scope-creep instances during the design and development phase, which can lead to the failure of the project in total.

The proposed areas in which to researched and worked on are:

- User experience (UX) design;
- Advertising and promotion media;
- E-mail marketing content; and
- Training materials for the sales team.

#### **2.3.2.1 User Experience (UX) Design**

It is said that on the Internet, the an average user only allows approximately 10 seconds for anything on screen to capture his or her attention. This notion lends importance to the art of designing the user experience in interacting with the elements we put up on screen, be it the screen of a desktop monitor, or a screen of a mobile device. Failing to acknowledge how the average user, who can be a content partner, advertiser or a casual subscriber, Loonaq.my may lose a substantial amount of the market to other competitions who adopts user-friendly interfaces.

Loonaq.my does not intend to take UX design for granted or lightly – quality content put up on the portal may serve no purpose if a visitor finds it cumbersome to access it.

With the advent of touch-based screens, even for PC and laptop monitors with the launch of Windows 8, the research and development team at Loonaq needs to keep-up with gesture-based technologies alongside with the existing methods of interactions, to ensure a smooth (and dare we say “delightful”?) experience when navigating through Loonaq.my’s menu system, whether on the desktop browser or in GoLoonaq mobile application.

### **2.3.2.2 Advertising and Promotion Media**

One of the challenges in commercialization is let the market know about the products and services on offer – else, no matter how quality and refined a product or service is, it will not get sold if no one knows about it. Loonaq needs to put a fair amount of focus on developing its advertising and promotion campaigns execution to maximize the results of the expenses allocated for its commercialization.

As advertising and promotion media, Loonaq intends to develop:

- Commercial Videos
- E-Mail Marketing Campaign

#### **2.3.2.2.1 Commercial Videos**

Loonaq will produce 3 commercial videos (approximately 1 minute each) in HD720p to promote Loonaq.my's:

- online portal at [www.loonaq.my](http://www.loonaq.my) and its free subscription model;
- Content Partner Program and its benefits to content partners; and
- Advertising Packages to demonstrate the portal's potential reach.

These commercial videos will be put up on Loonaq.my's own portal, YouTube, Facebook and mainstream media channels such as Astro, RTM, TV3 and others as advertisements. A proper advertising and branding production team needs to be engaged to ensure the quality of these video commercials.

Also, a comprehensive sales kit in printed format needs to be designed and developed to be used for physical sales and marketing activities such as corporate presentations and advertising packages marketing. The sales kit should cover all of the subjects covered by the commercial videos, in printed format.

#### **2.3.2.2.2 E-mail Marketing Campaign**

E-Mail marketing has carved a niche for itself in commercializing businesses due to its cost-effective ability to reach out to mass markets. However, e-mail marketing is an art in itself to become effective – good and non-intrusive marketing copy needs to be carefully written, chunked into small portions, creates curiosity in prospects and points them to various aspects of the business, and many more considerations such as spam-score, personalization and opt-in methods.

Research on creative sales copy writing needs to be carried out to produce effective marketing e-mails for Loonaq.my, as well on designing visually attractive e-newsletters to be sent to all Loonaq.my's subscribers.

### **2.3.2.2.3 Training of Sales Team**

Loonaq.my needs to design and develop a comprehensive training module on its commercial side – content partner program, advertising packages, and business and commission models – and train appointed sales team to market and sell Loonaq.my’s offerings to generate revenue for Loonaq Sdn Bhd. The training of Loonaq.my’s sales team will be delivered via:

- classroom environment; and
- video learning DVD

In ensuring the quality of knowledge transfer, a proper team of educational technologists needs to be engaged to design and develop a comprehensive lesson plan and teaching aids, as well as to produce the video learning DVD for self-paced learning and revisions.

### 2.3.3 Content Production

Music videos are essential in promoting songs and artistes, as well as they can be a good source of advertising revenue. As such, Loonaq.my will produce 3 new high-quality music videos within the scope of this project, and will continue to produce more as revenues are collected from the sales of online content and advertising packages.

The 3 music videos proposed to be produced within the scope of this project are:

- *Yasaidi* by Allahyarham Datuk Haji Fadzil Ahmad
- *Zikir Rahsia* by Hufaz; and
- *Al-Medina the City* by Karym

#### 2.3.3.1 *Yasaidi* by Allahyarham Datuk Haji Fadzil Ahmad



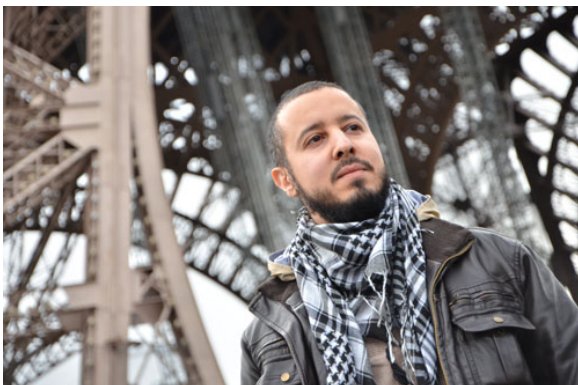
*Yasaidi* is an instrumental traditional Malay song performed by Allahyarham Datuk Haji Fadzil Ahmad, with the instrument Gambus being the highlight. *Yasaidi* is owned by one of Loonaq's existing content partner Ahas Productions, and the music video will be a showcase of the Malay traditional dance the *Zapin*. The background of this video will be shot on key landmarks and landscapes across the country to promote Malaysia to international audiences.

### 2.3.3.2 *Zikir Rahsia* by Hufaz



*Zikir Rahsia* is a nasyid song performed by Loonaq Record's own nasyid group Hufaz, and has amassed a considerable amount of views on YouTube and Facebook since the launch of its basic music video. In this project, Loonaq intends to produce a high quality music video of *Zikir Rahsia*, with an intention of promoting it into the Indonesia and Saudi Arabia markets.

### 2.3.3.3 *Al-Medina the City* by Karym



*Al-Medina the City* is an solo nasyid performed by Loonaq Record's Karym. Karym is an Albanian-French muslim singer from Europe who can help the penetration of Loonaq.my in the European market, apart from the Indonesia and Saudi Arabia markets. This particular music video will be filmed in Madinah.

Taking a hint from the current emergence of stereoscopic 3D content, the *Yasaidi*, and *Zikir Rahsia* music videos will be produced in Full High Definition (HD1080p) in stereoscopic 3D, and can generate advertising revenues from new 3D stereo channels such as YouTube3D, DirectTV and Fox3D, as well as content licensing to the such broadcasting giants.

The 3D stereoscopic version of this video can also serve as a demonstration of the development resources in the country in the field of 3D stereoscopic content production and conversion to promote development outsourcing. The 3D stereoscopic content production and conversion industry is still a very niche market internationally due to insufficient development resources worldwide, and standard outsourcing rate of USD30,000 to USD50,000 per minute can potentially be a lucrative commercial venture for Loonaq.

#### **2.3.4 Commercialization Activities**

Loonaq.my's enhancements and revamps are expected to be completed within the first 12 months of the project. Upon completion, Loonaq.my will roll out a 12-months commercialization of its concept and aims to start generate revenue from the sales of online content and advertising packages.

To commercialize Loonaq.my and its content, Loonaq plans to do advertising and promotion through various channels. They are:

- Online search engines;
- Online social networks;
- Events;
- Printed media;
- Radio; and
- Television

##### **2.3.4.1 Online Search Engines**

Loonaq will subscribe to paid searches in popular search engines such as Google and Yahoo! and bid on keywords that are related to Loonaq.my. These keywords may be "music", "mp3", and "song".

##### **2.3.4.2 Online Social Networks**

To date, Loonaq has found that the interactive elements in major social networks such as Facebook and YouTube have been effective in spreading Loonaq to the mass audience in a short period of time. As such, Loonaq will continue to spend advertising money on online social networks to promote its portal and its content.

##### **2.3.4.3 Events**

Loonaq intends to organize events or road tours across the country to promote its artistes, and hope to cover at least 6 states in the Peninsula within the first 12 months of its commercialization.

#### **2.3.4.4 Printed Media**

Newspapers and magazines are still one of the best advertising medium to date, and Loonaq intends to buy advertising spaces in selected newspapers and magazines to introduce Loonaq.my to the Malaysian public. In addition, Loonaq also intend to publish its own mini magazine to showcase its artistes and events.

#### **2.3.4.5 Radio**

Once a song from the Loonaq.my repertoire is popular enough by radio standards, Loonaq will approach local radio stations to play its songs.

#### **2.3.4.6 Television**

Loonaq has already established relationships with local tv stations such as RTM, Media Prima, Astro, and TV Al-Hijrah. As such, Loonaq will collaborate with these tv stations to broadcast its music videos, interviews with artistes and maybe even a dedicated show on Loonaq's initiatives in looking for new talents for the music industry.



### 3.0 Market Analysis

Music content has a universal appeal to almost all individuals – young and old, professional and casual alike would appreciate at least one form of music. Small to large companies also has been known to promote products and services using popular music and artistes as ambassadors to attract their market. Corporate organizations and government agencies constantly uses music for various purposes – from small media announcements, advertisements to mega events.

Also, music content has almost an immortal lifespan – if a song becomes popular, it can be played across more than a decade, and many a times it can even be aired and listened to beyond the lifespan of its singer and/or owner.

In short, music has a huge worldwide market, and it is ageless. Therefore, it can be a good business to venture into.

However, it would be naïve for Loonaq to take the stand of “*build it, and they will come*”. To establish Loonaq.my as a successful commercial platform in the music industry, keen strategic planning to penetrate the market is called for.

In order to successfully commercialize Loonaq.my, Loonaq has identified the following aspects of the market to be of primary consideration:

- Target markets;
- Business models;
- Market potential;
- Market strategies; and
- Growth opportunities.

### **3.1 Target Markets**

There are 4 types of target markets for Loonaq.my. They are:

- Local Content Owners
- International Content Owners
- Music Enthusiasts
- Advertisers

#### **3.1.1 Local Content Owners**

Loonaq.my aims to gain the confidence of local content owners to put up their content into the portal without charge and with the promise of a generous profit sharing model on Loonaq.my's advertising revenue. Loonaq.my intends to collaborate with local recording and publishing companies towards populating Loonaq.my with content, apart from having Loonaq's own original content being put up into the portal.

Within the scope of this project, Loonaq aims to engage 10 local content owners with at least 100 songs each, to populate the portal at [www.loonaq.my](http://www.loonaq.my) with a minimum of 1,000 local songs prior to its commercialization.

#### **3.1.2 International Content Owners**

While having a substantial amount of local content from local content owners, Loonaq.my aims to invite international content owners to put up their content onto Loonaq.my with a similar profit-sharing business model between Loonaq and its local content partners. Loonaq targets to include Indonesia, Singapore and Australia as its first batch of international content partners before the second year of the project commencement.

Within the scope of this project, Loonaq aims to engage 10 foreign content owners with at least 100 songs each, to populate the portal at [www.loonaq.my](http://www.loonaq.my) with a minimum of 1,000 international songs prior to its commercialization.

#### **3.1.3 Music Enthusiasts**

With its content, from both local and international content partners, Loonaq aims to position itself as the premiere music portal for music fans around the world - at Loonaq.my, the general public can select and store their favourite songs from their favourite artistes in their desktop and mobile devices, to listen to their custom playlists wherever and whenever they want, without infringing any digital rights enactment and legalities.

Within the scope of this project, Loonaq aims to build its subscribers base from 130,000 to 1,000,000 from both local and international markets, through advertising and marketing on online search engines, online social networks, events, printed media, radio and television.

### **3.1.4 Advertisers**

Loonaq.my will entice small and medium businesses, corporate organizations as well as individual entrepreneurs, both locally and internationally, to advertise their businesses, products and services to Loonaq.my's online community (which to date exceeds 100,000 members). The Loonaq.my analytics module can produce statistical insights of its online community activities to gain advertisers' confidence in advertising with Loonaq.my.

Within the scope of this project, Loonaq.my targets to generate RM1,500,000 revenue from the sales of its advertising packages in the first 12 months of its commercialization, and strive to increase this revenue by 10% each year.

### 3.2 Business Models

The key to successfully commercial Loonaq.my is to build its market base to huge volume of subscriptions and participations. In its first year of commercialization, Loonaq.my aims to amass 1,000,000 subscribers into its database, consisting of both free and paid subscriptions.

To achieve 1,000,000 subscribers, Loonaq.my aims to attract the public into subscribing to its portal by offering free MP3 downloads from the portal's pool of digital content. Also, Loonaq.my aims to showcase articles, music videos and mp3 songs to attract subscription to individual content partners, which will also add up to Loonaq.my's subscribers database.

In monetizing the subscribers database, Loonaq.my puts forth the following products and services as its business model:

#	Item	Price Per Unit
1	MP3 Songs	RM3.50 per download
2	Audio CD	RM16.90
3	Advertising Type 1 – Text link	RM150 per 14 days
4	Advertising Type 2 – Logo display	RM250 per 14 days
5	Advertising Type 3 – In-video (MTV) advertisement	RM400 per 14 days
6	Facebook Promotion Service	RM500 for 50,000 – 100,000 views
		RM1,000 for 101,000 – 200,000 views
		RM2,000 for 201,000 – 350,000 views
		RM3,400 for 351,000 – 550,000 views
		RM4,500 for 551,000 – 800,000 views
		RM6,400 for 801,000 – 1,200,000 views
7	Corporate Sponsorships	RM35,000 per month per artist page

For each of the commercial products and services, Loonaq's business model with its content partners is based on profit-sharing over each sale:

#	Item	Loonaq Sdn Bhd	Content Partner
1	MP3 Songs	50%	50%
2	Audio CD	50%	50%
3	Advertising Type 1 – Text link	70%	30%
4	Advertising Type 2 – Logo display	70%	30%
5	Advertising Type 3 – In-video (MTV) advertisement	70%	30%
6	Facebook Promotion Service	70%	30%
7	Corporate Sponsorships	70%	30%

**NOTE:**

*The above profit-sharing ratio may vary in the final and official contract between Loonaq Sdn Bhd and each agreeing content partner.*

### 3.3 Market Potential

The market size for Loonaq.my's is estimated to be a total of more than 1,000,000 comprising of individual business owners and small-to-large companies in the country, discounting potential international markets:

- Malaysian Multimedia and Communications Commission (MCMC) reports more than 6,400,000 Malaysians have subscribed to broadband services across the country (fixed line and wireless) in Quarter 4 of 2012.

#### 6. NUMBER OF BROADBAND SUBSCRIPTIONS AND PENETRATION RATE

Year	Qtr	Fixed (Wired) ('000)	Wireless ('000)	1 Malaysia Netbook ('000)	Total ('000)
Note		a	b		
Total					
2012	1	2,052.4	3,418.6	279.2	5,750.2
	2	2,111.0	3,449.4	279.2	5,839.6
	3	2,145.2	3,769.7	279.2	6,194.1
	4	2,319.4	3,816.2	279.2	6,414.8
Total population ('000)					29,001.0
Population penetration rate					21.0

MCMC, Communications and Multimedia : Pocket Book of Statistics, Q4 2012, page 10

SMECORP reports that there are more than 590,000 establishments of small-to-medium sized registered in Malaysia, as service providers, who can take of Loonaq.my's advertising packages in targeting Loonaq.my's community members for their services:

Sektor	Mikro	Kecil	Sederhana	Jumlah PKS	Jumlah PKS	Firma Besar	Jumlah Pertubuhan
	Bilangan Pertubuhan				% Bahagian	Bilangan	Bilangan
Pembuatan	21,619	13,934	2,308	37,861	5.9	1,808	39,669
Perkhidmatan	462,420	106,061	12,504	580,985	90.1	10,898	591,883
Pertanian	3,775	1,941	992	6,708	1.0	2,121	8,829
Pembinaan	8,587	6,725	3,971	19,283	3.0	2,857	22,140
Perlombongan & Kuari	57	126	116	299	0.05	119	418
<b>Jumlah PKS</b>	<b>496,458</b>	<b>128,787</b>	<b>19,891</b>	<b>645,136</b>	<b>100.0</b>	<b>17,803</b>	<b>662,939</b>

SMECORP SME Annual Report 2012, Appendix 1: Key SME Statistics

The following table illustrates the potential revenue from commercializing Loonaq.my's business model:

#	Item	Sales per month	Potential Revenue in 12 months
1	MP3 Songs	RM180	RM2,160
2	Audio CD	RM169	RM2,028
3	Advertising Type 1 - Text link	RM15,000	RM180,000
4	Advertising Type 2 - Logo display	RM37,500	RM450,000
5	Advertising Type 3 - In-video (MTV) advertisement	RM20,000	RM240,000
6	Facebook Promotion Service	RM17,300	RM207,600
7	Corporate Sponsorships	RM35,000	RM420,000
	<b>TOTAL</b>	<b>RM125,149</b>	<b>RM1,501,788</b>

### 3.4 Market Strategies

To realize the potential sales of Loonaq.my's products and services, Loonaq has planned a set of strategies for each of its commercial items, as illustrated in the table below:

#	Item	Strategies
1	MP3 Songs	<p>Loonaq.my will educate its content partners on how to promote their own content through free and paid online channels in order for them to build their individual popularity and market base of fans who potentially will purchase and download their MP3 songs.</p> <p>At the corporate level, Loonaq will engage established content owners to become Loonaq.my's content partner in order to populate the portal with variations in music content genres, to attract different market segments.</p>
2	Audio CD	<p>Loonaq.my will educate its content partners on how to promote their own content through free and paid online channels in order for them to build their individual popularity and market base of fans who potentially will purchase and order their Audio CDs.</p> <p>At the corporate level, Loonaq will engage established content owners to become Loonaq.my's content partner in order to populate the portal with variations in music content genres, to attract different market segments.</p>



3	Advertising Type 1 – Text link	Loonaq.my will engage advertisers by displaying key statistics of the Loonaq’s online community and its reach – these statistics will be included in Loonaq.my’s sales kit which will be used and presented by appointed sales teams.
4	Advertising Type 2 – Logo display	
5	Advertising Type 3 – In-video (MTV) advertisement	
6	Facebook Promotion Service	Loonaq will also thrive to establish strategic partnerships with commendable bodies such as the <i>Recording Industry Association of Malaysia (RIM)</i> , <i>Multimedia Development Corporation Malaysia (MDeC)</i> , <i>Malaysian External Trade Development Corporation (MATRADE)</i> and the <i>Malaysian Ministry of Information Communications and Culture (KPKK)</i> to instil trust and confidence in the public towards Loonaq.my’s initiative.
7	Corporate Sponsorships	

### 3.5 Growth Opportunities

Beyond the first commercialization year of Loonaq.my as a digital content distribution platform, the possibilities to grow Loonaq.my with more commercial business models can be lucrative and endless.

The following table illustrates possible new business models that can be rolled out by Loonaq.my upon successful commercialization of its concept in the first year:

#	Opportunity	Description
1	Loonaq Entertainment Magazine	<p>A magazine publishing articles on various content partners, resources for content publishers, local and international events, etc.</p> <p>As a business model, Loonaq may monetize on the advertising spaces made available for the magazine for companies and corporate organizations to take up.</p>
2	Loonaq Awards Festival	<p>An event to acknowledge Loonaq's artistes and content partners which can also boost Loonaq's brand name and popularity.</p> <p>As a business model, Loonaq may attract revenue through corporate sponsorships of the event, from relevant companies and corporate organizations.</p>
3	Loonaq Merchandise	<p>With Loonaq's growth in popularity along with its content partners, Loonaq may produce merchandise items such as t-shirts, posters, school bags, and many more, and offer them to its online community, as well as sell them in commercial booths during Loonaq's events.</p> <p>As a business model, Loonaq may profit from the sales of these merchandises which can be put up for online sales over at <a href="http://www.loonaq.my">www.loonaq.my</a>.</p>

## 4.0 Project Impact

The implementation of Loonaq.my as an online and mobile commercial distribution channel may positively impact its target markets and Malaysia in several manner. The following are a few examples on how Loonaq.my may benefit participating content owners, and also our country through its implementation.

### 4.1 Impact On Content Owners

#### 4.1.1 New Revenue Stream and Better Profit Margin

Loonaq.my can allow a new revenue stream through advertising for participating content owners, both local and international, in addition to their standard licensing deals and sale of online content. Moreover, as Loonaq.my's business model is inclined towards content owners in comparison to that of YouTube and iTunes ITunes Store, participating content owners can enjoy better profit margin from the commercialization of their digital content.

#### 4.1.2 Lower Cost of Distribution and Market Penetration

Commercialization expenses can be a show-stopper for many content owners, especially after an expensive content production exercises. Participating content owners can leverage on Loonaq.my's own advertising and promotion campaigns to get their respective content direct to their audience and enjoy a better profit margin with each sale. In continuation, Loonaq's Content Partners can subscribe to the platform's affordable advertising packages to reach out to its market segments on their own to generate their own revenues and profits.

## **4.2 Impact On The Country (Malaysia)**

### **4.2.1 New Job Openings in the Creative Content Industry**

Unemployment rates in the country is at about 3% of the adults in Malaysia to date – that equates to approximately 450,000 individuals who are jobless and may strive daily without income! Playing a part to address the unemployment problems in the country, Loonaq.my will open up new job opportunities and offer them to suitable Malaysian candidates. These new opportunities include (but not limited to) positions in production works, managerial and marketing activities. In addition, Loonaq.my will also provide a platform for individuals to make their own money through Loonaq's Content Partner program, in which Loonaq hopes to give birth to successful entrepreneurs from the local music industry.

### **4.2.2 Becoming A World Standard In Digital Content Distribution**

YouTube, Apple, Reverbnation, Zimbalam and other digital content distribution companies around the globe have monetized from the distribution of digital content, collecting small amount of money from millions of online subscribers on a monthly basis. Malaysia, on the other hand, is complacent in riding the platforms instead of deploying its own, and thus enjoys a fraction of the commercial potential of the digital content distribution business. With Loonaq.my, Malaysia can commercialize the platform to the world, and start monetizing on international subscriptions of Loonaq.my's advertising packages and online sales of content.

#### *NOTE:*

*Loonaq was at MIDEM 2013 in Cannes, France, from 25<sup>th</sup> January 2013 to 29<sup>th</sup> January 2013, participated as one of the Malaysian delegations organized by the Recording Industry Association of Malaysia (RIM) and the Malaysian Ministry of Information Communications and Culture (KPKK). By and large we noticed a lot of queries and propositions from other countries such as the USA, Canada, Australia and German to have Malaysia as a central digital content distribution channel for the South East Asia region. A proper platform to serve such purpose is yet absent locally, but Loonaq.my may be geared to become a home-grown online distribution hub for the world to distribute content in the South East Asia region.*

### **4.2.3 Developing New Local Creative Talents**

Loonaq.my can be a platform for Malaysians to showcase their creativity in coming up with original songs, lyrics, music videos, cover artworks and other artistic expressions. With Loonaq's profit sharing model in advertising revenue with its content partners (which may include casual music lovers who creates and maintains their own page on Loonaq.my), they can be intrinsically motivated to put up their creative works on the portal to generate income for themselves. In addition, the country can also identify new emerging talents who can be a commercial success from the pool of creatives at Loonaq.my through the portal's statistical assessment of each content partner and his or her content.

### 4.3 Project Key Performance Indicators

To assess and measure the impact of the project on its target market, the following key performance indicators can be monitored empirically with the data collected from the various analytics modules built into Loonaq.my:

#	Target Market	Key Performance Indicators
1	Content owners	<p><b>New revenue streams</b> New revenue streams translate into monetary gains content owner may benefit from participating in Loonaq.my's Content Partner Program, not inclusive of revenues outside of the program.</p> <p>Revenues for content owners from Loonaq.my's Content Partner Program can be tracked through the system by identifying the accumulation of money credited into a content owner's account through online sale of their respective content materials and advertising profits from Loonaq.my.</p> <hr/> <p><b>Lower cost of distribution and market penetration</b> Content owners can view the number of page views, clicks, downloads and number of new likes for each of their online content to identify its market penetration.</p> <p>Over a period of time, each content owner can compare empirical data of their cost in distributing their content and penetrating the market via Loonaq.my's channel and other channels through the analytics of respective channels.</p>
2	Country (Malaysia)	<p><b>New Job Openings in the Creative Content Industry</b> Loonaq.my will not be a task fit for 4 to 5 people – it will need a considerable team of peoples to successfully set itself as a reliable digital content distribution platform.</p> <p>As such Loonaq.my will need to engage or employ new human resources to administer and operate the following areas:</p> <p><b>Content Management</b> – content manager, web programmer, web graphic designer</p> <p><b>Artist Management</b> – artist and repertoire executives, event manager, wardrobe manager, public relations officer</p> <p><b>Accounting</b> – account manager, content partner account executives</p> <p><b>Sales and Marketing</b> – creative director, sales trainer, sales manager, sales executives</p>

		<p><b>Research and Development</b> – technology manager, research assistant</p> <p><b>Content Production</b> – creative director, storyboard artist, videographer, sound engineer, production assistants, make-up artist, props manager, wardrobe manager, casting and talents manager, post editor</p>
		<p><b>Becoming a world standard in digital content distribution</b>  Loonaq.my may identify the number of international subscriptions to Loonaq.my by identifying unique IP Addresses are actively transacting in Loonaq.my.</p> <p>In addition, Loonaq.my can be identified as a world standard when it becomes a household name for digital content distribution even outside of Malaysia.</p> <p><b>Developing New Local Creative Talents</b>  Through its initiative, Loonaq.my may instil an intrinsic motivation in Malaysian to create their own content and put it up online at <a href="http://www.loonaq.my">www.loonaq.my</a> to try to make a living out of it, or to earn some extra income.</p> <p>Out of the many, the analytics module in Loonaq.my can identify content partners who can potentially become a commercial success with the amount of pageviews, clicks and online sales they generate from their Loonaq account.</p> <p>These performing content partners may be further developed by Loonaq to speed up their commercial success.</p>

## 5.0 Project Cost Assumptions

The Loonaq.my project can be divided into 2 phases:

- Phase 1 – Product Research, Design and Development
- Phase 2 – Project Commercialization

### 5.1 Phase 1 - Product Research, Design and Development

In this phase of the project, Loonaq will do a thorough evaluation of the intended Loonaq.my online distribution system based on best practices, market demand, current and available technologies and detailed technical requirements of the project. Also, in Phase 1, Loonaq will develop as well as procure commercial content to be put up on Loonaq.my when it is commercialized in Phase 2.

The following is an assumption of the costs involved in executing Phase 1:

#	Item Description	Cost (RM)
1	Content Management System <ul style="list-style-type: none"> <li>• Content Partner module</li> <li>• Cross-Platform Online Audio Player</li> <li>• Analytics module</li> <li>• Social Networking module</li> </ul>	RM400,000
2	Advertising Management System <ul style="list-style-type: none"> <li>• Advertiser Control Panel</li> <li>• Advertisement Placement and Ordering</li> <li>• Advertisement Analytics</li> </ul>	RM150,000
3	GoLoonaq Mobile Application 1 <ul style="list-style-type: none"> <li>• iOS for iPhone and iPad</li> </ul>	RM25,000
4	GoLoonaq Mobile Application 2 <ul style="list-style-type: none"> <li>• Android for Galaxy Tab, Galaxy phones, and other android tablet devices</li> </ul>	RM25,000
5	GoLoonaq Mobile Application 3 <ul style="list-style-type: none"> <li>• Windows Mobile 8 for Nokia Lumia phone series</li> </ul>	RM25,000
6	Digital Payment System for Online and Mobile Transactions <ul style="list-style-type: none"> <li>• Custom payment method</li> <li>• Integration with Molpay and PayPal</li> <li>• Integration with Advertising Management System</li> </ul>	RM305,000
7	Research and Development <ul style="list-style-type: none"> <li>• User experience (UX) design</li> <li>• Advertising and promotion media development               <ul style="list-style-type: none"> <li>• Commercial videos in HD720p</li> <li>• Sales kit</li> </ul> </li> </ul>	RM160,000

	<ul style="list-style-type: none"> <li>• E-Mail Marketing Campaign</li> <li>• Training of sales teams</li> </ul>	
8	Content Production 1: 3D Stereo music video – <i>Yasaidi</i> by Dato’ Hj Fadzil Ahmad (Ahas Production)	RM100,000
9	Content Production 2: 3D Stereo music video – <i>Zikir Rahsia</i> by Hufaz (Loonaq Records)	RM100,000
10	Content Production 3: HD720p music video – <i>Al-Medina the City</i> by Karym (Loonaq Records)	RM100,000
<b>TOTAL</b>		<b>RM1,390,000</b>



## 5.2 Phase 2 – Project Commercialization

In this phase of the project, Loonaq will commercialize the portal to its target markets locally and internationally across a period of 12 months, to begin generating sales revenues through advertising packages subscriptions by advertisers, and online sales of digital content to Loonaq.my's subscribers.

The following is an assumption of the costs involved in executing Phase 2 for 12 months:

#	Item Description	Cost (RM)
1	Sales and Marketing Expenses <ul style="list-style-type: none"> <li>• Advertising and promotion (Facebook, YouTube, Apple iTunes Store, Google Play, etc.)</li> <li>• Marketing teams engagement</li> <li>• Event management teams engagement</li> </ul>	RM420,000
2	Operating Expenses <ul style="list-style-type: none"> <li>• Professional Fees</li> <li>• Stationaries &amp; printing</li> <li>• Postage &amp; courier</li> <li>• Upkeep office</li> <li>• Upkeep IT &amp; systems</li> <li>• Upkeep motor vehicles</li> <li>• Insurance</li> <li>• Travelling &amp; transportation</li> <li>• Employment expenses</li> </ul>	RM274,980
3	Overhead Expenses <ul style="list-style-type: none"> <li>• Rental of location</li> <li>• Rental of equipment</li> <li>• Water and electricity</li> <li>• Telephone, fax and internet</li> </ul>	RM67,296
<b>TOTAL</b>		<b>RM762,276</b>

### 5.3 Total Project Cost Assumptions

The following table illustrates the total project cost for Loonaq.my encompassing Phase 1 and Phase 2:

#	Item Description	Cost (RM)
1	Phase 1 – Product Research, Design and Development	RM1,390,000
2	Phase 2 – Project Commercialization	RM762,276
	<b>GRAND TOTAL</b>	<b>RM2,152,276</b>

**NOTE:**

*For a more detailed financial projection, please review Appendix 1: Financial Projections which tabulates:*

- *additional notes, projections and assumptions;*
- *profit and loss projections for commercialization year 1 to year 3;*
- *cashflow projections; and*
- *balance sheet.*

## 6.0 Project Schedule

The following timeline is projected as Loonaq.my’s project schedule, which encompasses 12 months of product research, design and development (Phase 1) and 12 months of commercialization (Phase 2):

### 6.1 Phase 1 – Product Research, Design and Development

#	Project Activities	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
1	Project Kick-Off	█											
2	Design and development of technical blueprint	█	█										
3	Storyboard development for <i>Yasaidi</i> music video		█										
4	Storyboard development for <i>Zikir Rahsia</i> music video		█										
5	Storyboard development for <i>Al-Medina the City</i> music video		█										
6	UX and interface prototyping			█									
7	Content Management System				█	█	█	█	█	█			
8	Advertising Management System				█	█	█	█	█	█			
9	GoLoonaq Mobile Application – iOS					█	█	█	█	█			
10	GoLoonaq Mobile Application – Android					█	█	█	█	█			
11	GoLoonaq Mobile Application – Windows 8					█	█	█	█	█			
12	Digital Payment System Built 1					█	█	█	█	█	█		
13	Music video production – <i>Yasaidi</i>			█	█	█	█						
14	Music video production – <i>Zikir Rahsia</i>			█	█	█	█						
15	Music video production – <i>Al-Medina the City</i>			█	█	█	█						
16	Commercial video 1 – Free Subscription Model									█	█		
17	Commercial video 2 – Content Partner Program									█	█		
18	Commercial video 3 – Advertising Packages									█	█		
19	Sales kit design and development						█	█	█				
20	Training module development								█	█	█		
21	Training video development									█	█		
22	Sales kit and training media production											█	
23	Training of sales and marketing teams												█
24	Official Project launch for commercialization												█

## 6.2 Phase 2 – Project Commercialization

#	Project Activities	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
1	Commercialization Kick-Off												
2	Loonaq Event – Kuala Lumpur												
3	Loonaq Event – Johor												
4	Loonaq Event – Pulau Pinang												
5	Loonaq Event – Kuantan												
9	Loonaq Event – Perak												
11	Loonaq Event – Perlis												
14	Online promotion – Google												
15	Online promotion – Facebook												
16	Online promotion – YouTube												
17	Offline promotion – printed media												
18	Offline promotion – radio spot												
19	Offline promotion – tv spot												
20	Recruitment of new content partner												
21	Sales and revenue assessment												

### NOTES:

- Target sales per month is **RM125,149.00**
- Target sales (accumulative) across 12 months is **RM1,501,788.00**
- Projected cost of sales and project expenses across 12 months is **RM1,246,350.00**
- Projected gross profit before tax at the end of Commercialization Month 12 is **RM255,438.00**

Please refer to **Appendix 1: Loonaq Commercialization (Phase 2) Profit & Loss Projections Year 1 – Year 3** for details in financial assumptions.

## 7.0 Project Team

Loonaq Sdn Bhd's current team comprises of veterans and professionals in both from the music industry and the field of Internet and Technology. To successfully execute and deliver Loonaq.my as a commercial digital content delivery platform as per described within the contents of this paper, the following individuals will be the key project team members:

- **Rozman Abas** - Project Director
- **Othman Masri** (a.k.a Man Senoi) - Content Manager
- **Ahmad Zahirudin Ahmad Fauzi** - Creative Media and Technology Manager
- **Suhari Mohd Yusof** - Artist and Repertoire Manager
- **Nur Fatin Shamimi Rozman** - Digital Content Manager

### 7.1 Rozman Abas - Project Director



Loonaq.my was originally conceived by Rozman Abas, who has more than 20 years of experience in the music industry. Rozman has worn many hats since his involvement in the music industry - he had been an owner of music labels, artist and repertoire manager, song writer, film director, marketer, producer and even a blogger writing about the industry. In this project, Rozman is best to lead Loonaq.my as Project Director with his robust knowledge of the subject matter.

### 7.2 Othman Masri - Content Manager



Othman Masri, or better known as Man Senoi, is also a veteran of the music industry, who knows what good music is - among many of productions, Othman produced the group 4U2C album which sold more than 250,000 copies, and the group Shades with more than 70,000

copies sold. In this project, Othman Masri is responsible in the quality of content produced for Loonaq.my, and the 3 music videos set for this project will be his prime focus.

### **7.3 Ahmad Zahirudin Ahmad Fauzi - Creative Media and Technology Manager**



Ahmad Zahirudin has been dabbling with IT and multimedia since 2001 when he worked as an Instructional Designer in Open University Malaysia. He was one of the key person to have set up the university's Center for Instructional Design and Technology, which was the organization's reasearch and development center. He also pioneered Maybank's and Petronas's e-learning initiatives, and was again a key member in setting up the National E-Learning Center in Riyadh, Saudi Arabia (a project by Open University Malaysia). Along the way, Ahmad Zahirudin was featured in Web Designer UK Magazine (issue 154) for his exceptional web design and development skills, and is currently working with notable film production companies in Korea and Hong Kong on 3D stereoscopic content production. In this project, Ahmad Zahirudin will oversee the technology aspects of the design and development of Loonaq.my as he was also responsible in designing and developing the existing portal at [www.loonaq.my](http://www.loonaq.my)

### **7.4 Suhairi Mohd Yusof - Artist and Repertoire Manager**



Suhairi has been with Loonaq almost from its very humble beginning, and his experiences in managing artists will be critical in managing Loonaq.my's content partners. In this project, Suhairi will claim an important role in Loonaq.my's scheduled events across the commercial phase.

## 7.5 Nur Fatin Shamimi Rozman - Digital Content Officer



A graduate of broadcasting and journalism from Limkokwing University of Creative Technologies, Nur Fatin Shamimi is well versed in new media technologies, as well as content production activities - she was involved in many of Loonaq.my's music video productions namely Safiya's "*Cinta Mualaf*", Ozon's "*Menerobos Sukma*" and Hufaz's "*Kurnia Saktimu*". In this project, Nur Fatin Shamimi will be key in appraising and processing submitted digital content into Loonaq.my's content-inclusion schematics across the online portal at [www.loonaq.my](http://www.loonaq.my), Loonaq's Facebook and also Loonaq's YouTube Channel. Nur Fatin Shamimi will also be key in managing all the advertising items placed in Loonaq.my's online ecosystem.

## 7.6 Additional Human Resources

Loonaq.my will need more human resources if it were to create value for content owners, advertisers and the country in becoming an important digital content distribution platform for the South East Asia region.

The following are areas which will require additional human resources in commercializing the portal:

- **Content Management** – content manager, web programmer, web graphic designer
- **Artist Management** – artist and repertoire executives, event manager, wardrobe manager, public relations officer
- **Accounting** – account manager, content partner account executives
- **Sales and Marketing** – creative director, sales trainer, sales manager, sales executives

## 8.0 Summary



While at MIDEM 2013 which was held in Cannes, France from 26<sup>th</sup> January 2013 to 29<sup>th</sup> January 2013, the Loonaq team managed to survey the cost of development for such a system described in this proposal if it were to be designed and developed by international professional teams. We found the best price vs value to be Mediastream Inc. from Australia, which fee amounts to USD300,000 or RM960,000. However, Mediastream does not allow the intellectual property of the system to be Loonaq's – it will license the system to Loonaq for a USD15,000 (RM48,000) per country, and demands a subscription fee based on a per user basis. Totalling all the minute details of the fee, Loonaq projected that the cost in engaging Mediastream (which has the best price vs value offering in comparison to other developers at MIDEM 2013) would amount to more than USD1,000,000 (RM3,200,000) a year at 100,000 subscribers (as of the size of Loonaq's online community now), and Loonaq would still not own the system.

As tabulated in this proposal to develop Loonaq.my as a digital content distribution platform, the cost of development and initial commercialization is projected at RM2,156,350, which is less than the cost of engaging Mediastream by a considerable RM1,043,650. Moreover, by developing the project locally, a good portion of the budget goes to pay Malaysians instead of foreign developers. And, more importantly, at the end of the day, Loonaq gets to own the system – maybe in MIDEM 2014, Loonaq can create a new channel of business as a systems developer and propose to license the system to international content owners at a rate below their standard.



## 9.0 Contact Information

If you are interested to know more about this proposal, or about Loonaq, please do not hesitate to contact:

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AnR Executive

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## LOONAQ.MY - Development Cost Breakdowns

A. Salaries	1 Month	12 Months
1 Project Director	RM5,500.00	RM66,000.00
2 Content Director	RM4,500.00	RM54,000.00
3 Technology Director	RM4,500.00	RM54,000.00
4 Web Content Manager	RM3,000.00	RM36,000.00
5 Artist and Repertoire Executive	RM1,900.00	RM22,800.00
6 Webmaster	RM2,500.00	RM30,000.00
7 Graphics Designer	RM2,000.00	RM24,000.00
8 Online Technical Support Executive 1	RM2,500.00	RM30,000.00
9 Online Technical Support Executive 2	RM2,500.00	RM30,000.00
10 Film Director	RM3,500.00	RM42,000.00
11 Videographer 1	RM2,500.00	RM30,000.00
12 Videographer 2	RM2,500.00	RM30,000.00
13 Production Assistant 1 - Lighting	RM2,000.00	RM24,000.00
14 Production Assistant 2 - Props	RM2,000.00	RM24,000.00
15 Production Assistant 3 - Wardrobe	RM2,000.00	RM24,000.00
16 Audio Engineer 1	RM5,000.00	RM60,000.00
16 Audio Engineer 2	RM3,000.00	RM36,000.00
17 Post Editor 1 (HD content)	RM2,500.00	RM30,000.00
18 Post Editor 2 (3D Stereoscopic)	RM2,500.00	RM30,000.00
19 Sales Training Manager	RM3,000.00	RM36,000.00
EPF 13%	RM7,332.00	RM87,984.00
<b>TOTAL SALARIES</b>	<b>RM66,732.00</b>	<b>RM800,784.00</b>

B. Outsourcing of Development	Outsourcing Budget
1 Content Management System	RM45,000.00
2 Advertising Management System	RM45,000.00
3 GoLoonaq Mobile App - iOS	RM15,000.00
4 GoLoonaq Mobile App - Android	RM15,000.00
5 GoLoonaq Mobile App - Windows 8 Mobile	RM15,000.00
6 Digital Payment System	RM54,216.00
7 Commercial Video 1	RM30,000.00
8 Commercial Video 2	RM30,000.00
9 Commercial Video 3	RM30,000.00
10 Sales Kit Design and Development	RM40,000.00
<b>TOTAL OUTSOURCING OF DEVELOPMENT</b>	<b>RM319,216.00</b>

C Hardware	Price Per Unit	Units	Total Price
1 Desktop PC - low end	RM2,000.00	5	RM10,000.00
2 Desktop PC - mid end	RM5,000.00	6	RM30,000.00
3 Desktop PC - high end	RM10,000.00	2	RM20,000.00
4 Laptop Mac - high end	RM8,000.00	2	RM16,000.00
<b>TOTAL HARDWARE</b>			<b>RM76,000.00</b>

D Software	Price Per Unit	Units	Total Price
1 Adobe CS6 Master Collection - PC	RM12,000.00	4	RM48,000.00
2 Adobe CS6 Master Collection - Mac	RM12,000.00	1	RM12,000.00
3 Imageneering Systems Mocha Pro	RM5,000.00	2	RM10,000.00
4 The Foundry NukeX	RM27,000.00	2	RM54,000.00
5 The Foundry Ocula For Nuke	RM35,000.00	2	RM70,000.00
<b>TOTAL SOFTWARE</b>			<b>RM194,000.00</b>

<b>TOTAL DEVELOPMENT COST</b>	<b>RM1,390,000.00</b>
<b>FUNDING AMOUNT REQUESTED (70%)</b>	<b>RM973,000.00</b>
AMOUNT BORNE BY LOONAQ SDN BHD (30%)	RM417,000.00



Appendix 1:

# Detailed Project Cost Assumptions

for Phase 1 - Product Research, Design and Development

Item Description	Cost (RM)	
<b>1 Content Management System (CMS)</b>		<b>RM400,000.00</b>
Content Partner Module	RM70,000.00	
Cross-Platform Audio Player	RM50,000.00	
Analytics Module	RM200,000.00	
Social Networking Module	RM80,000.00	
<b>2 Advertising Management System (AdMS)</b>		<b>RM150,000.00</b>
Advertiser Control Panel	RM50,000.00	
Advertisement Placement and Ordering	RM30,000.00	
Advertisement Analytics	RM70,000.00	
<b>3 GoLoonaq Mobile Application - iOS version</b>		<b>RM25,000.00</b>
Audio player with content queing	RM10,000.00	
Integration with CMS	RM5,000.00	
Integration with AdMS	RM5,000.00	
Integration with Digital Payment System	RM5,000.00	
<b>4 GoLoonaq Mobile Application - Android version</b>		<b>RM25,000.00</b>
Audio player with content queing	RM10,000.00	
Integration with CMS	RM5,000.00	
Integration with AdMS	RM5,000.00	
Integration with Digital Payment System	RM5,000.00	
<b>5 GoLoonaq Mobile Application - Windows 8 version</b>		<b>RM25,000.00</b>
Audio player with content queing	RM10,000.00	
Integration with CMS	RM5,000.00	
Integration with AdMS	RM5,000.00	
Integration with Digital Payment System	RM5,000.00	
<b>6 Digital Payment System</b>		<b>RM305,000.00</b>
Payment Method - iOS	RM25,000.00	
Payment Method - Android	RM25,000.00	
Payment Method - Windows 8	RM25,000.00	
Integration with Molpay	RM120,000.00	
Integration with Paypal	RM10,000.00	
Integration with AdMS	RM100,000.00	
<b>7 Research and Development</b>		<b>RM160,000.00</b>
User Experience (UX) Design	RM5,000.00	
Commercial video 1 - About Loonaq.my	RM30,000.00	
Commercial video 2 - Content Partner Program	RM30,000.00	
Commercial video 3 - Advertising Packages	RM30,000.00	
Sales Kit Development	RM40,000.00	
E-Mail Marketing Campaign Design and Development	RM10,000.00	
Training of Sales Teams	RM15,000.00	
<b>8 Content Production 1 - Yasaidi</b>		<b>RM100,000.00</b>
Choreographer	RM12,500.00	
Videographer	RM5,000.00	
Live Musicians	RM6,000.00	
Dancers	RM24,000.00	
Wardrobe Management	RM6,500.00	
Props Management	RM5,000.00	
Lighting	RM5,000.00	
Travel and accomodations	RM13,500.00	
Audio Engineering	RM2,500.00	
3D Stereoscopic processing	RM15,000.00	
Post-editing	RM5,000.00	
<b>8 Content Production 2 - Zikir Rahsia</b>		<b>RM100,000.00</b>

Art Director	RM12,500.00
Videographer	RM5,000.00
Live Musicians	RM6,000.00
Hufaz team	RM24,000.00
Wardrobe Management	RM6,500.00
Props Management	RM5,000.00
Lighting	RM5,000.00
Travel and accomodations	RM13,500.00
Audio Engineering	RM2,500.00
3D Stereoscopic processing	RM15,000.00
Post-editing	RM5,000.00

<b>8 Content Production 3 - <i>Al-Medina The City</i></b>	<b>RM100,000.00</b>
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Art Director	RM12,500.00
Videographer	RM5,000.00
Karym Allowance	RM6,000.00
Talents	RM12,000.00
Wardrobe Management	RM6,500.00
Props Management	RM5,000.00
Lighting	RM5,000.00
Travel and accomodations	RM40,500.00
Audio Engineering	RM2,500.00
Post-editing HD720p	RM5,000.00

<b>PHASE 1 TOTAL</b>	<b>RM1,390,000.00</b>
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Appendix 2:

# Detailed Project Cost Assumptions

for Phase 2 - Project Commercialization

Item Description	Cost (RM)	
<b>1 Sales and Marketing Expenses</b>		<b>RM420,000.00</b>
Advertising - Facebook	RM60,000.00	
Advertising - YouTube	RM60,000.00	
Advertising - Apple iTunes	RM60,000.00	
Advertising - Google Play	RM60,000.00	
Marketing teams engagement	RM90,000.00	
Event management teams engagement	RM90,000.00	
<b>2 Operating Expenses</b>		<b>RM274,980.00</b>
Professional Fees	RM11,280.00	
Stationaries & printing	RM1,200.00	
Postage & courier	RM2,160.00	
Upkeep office	RM3,600.00	
Upkeep IT & systems	RM18,000.00	
Upkeep motor vehicles	RM4,200.00	
Insurance	RM3,000.00	
Travelling & transportation	RM34,200.00	
Employment expenses (salaries)	RM197,340.00	
<b>2 Overhead Expenses</b>		<b>RM67,296.00</b>
Rental of location	RM20,000.00	
Rental of equipment	RM10,000.00	
Water and electricity	RM19,296.00	
Telephone, fax and internet	RM18,000.00	
<b>PHASE 2 TOTAL</b>		<b>RM762,276.00</b>



Appendix 3:

## Financial Projections

- Notes, Projections and Assumptions
- Profit and Loss Projections for Commercialization Year 1 to Year 3
- Cashflow Projections
- Balance Sheet

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Attachment 1 : Assumptions, Projections & Estimations

Notes Assumptions, Projections & Estimations

1) Sales Projections & Cost of Sales expected per month:-

	RM		
	Year 1	Year 2	Year 3
Advertising - Text Link	15,000	16,500	18,150
Advertising - Logo Display	37,500	41,250	45,375
Advertising - In Video	20,000	22,000	24,200
Facebook Promotion Service	17,300	19,030	20,933
Corporate Sponsorship	35,000	38,500	42,350
MP3 Downloads	180	198	218
Audio CD Sales	169	186	204
<b>Total Sales per month</b>	<b>125,149</b>	<b>137,664</b>	<b>151,430</b>
x 12 months	12	12	12
<b>Total Sales per annum</b>	<b>1,501,788</b>	<b>1,651,967</b>	<b>1,817,163</b>
Cost of Sales % from Sales	32%	32%	32%
<b>Total Cost of Sales per month</b>	<b>40,000</b>	<b>44,000</b>	<b>48,400</b>
x 12 months	12	12	12
<b>Total Cost of Sales per annum</b>	<b>480,000</b>	<b>528,000</b>	<b>580,800</b>
GP Margin per month	68%	68%	68%
<b>Gross Profit per month</b>	<b>85,149</b>	<b>93,664</b>	<b>103,030</b>
x 12 months	12	12	12
<b>Gross Profit per annum</b>	<b>1,021,788</b>	<b>1,123,967</b>	<b>1,236,363</b>

- i) Sales projected to increase by 10% every year for every type of sales.  
 ii) Cost of sales is expected to be at 32% from Sales.

2) Professional fees per month estimations consists of:-

		RM		
	Notes	Year 1	Year 2	Year 3
Secretarial Fees	(ii)	100	100	100
Audit & Tax Agent Fees	(iii)	390	429	472
Consultancy Fees	(iv)	450	495	545
<b>Total Professional fees per month</b>		<b>940</b>	<b>1,024</b>	<b>1,116</b>
x 12 months		12	12	12
<b>Total Professional fees per annum</b>		<b>11,280</b>	<b>12,288</b>	<b>13,397</b>

- i) Secretarial Fees expected at RM100 per month in Year 1 & expected to remain in Year 2 & Year 3.  
 ii) Audit & Tax Agent Fees is estimated at RM4,680 in Year 1 & expected to increase 10% in Year 2 (RM5,148) & Year 3 (RM5,662.80) accordingly to the increase in total annual sales.  
 iii) Consultancy Fees is estimated at RM5,400 in Year 1 & expected to increase 10% in Year 2 (RM5,940) & Year 3 (RM6,540).

3) Stationeries & Printing exp per month estimations:-

		RM		
	Notes	Year 1	Year 2	Year 3
Stationeries & Printing	(i)	100	110	121
<b>Total Stationeries &amp; Printing per month</b>		<b>100</b>	<b>110</b>	<b>121</b>

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Attachment 1 : Assumptions, Projections & Estimations

Notes Assumptions, Projections & Estimations

x 12 months	12	12	12
<b>Total Stationeries &amp; Printing per annum</b>	<b>1,200</b>	<b>1,320</b>	<b>1,452</b>

i) Stationeries & Printing expenses estimated at RM100 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

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Attachment 1 : Assumptions, Projections & Estimations

Notes Assumptions, Projections & Estimations

4) Postage & Courier exp. per month estimations:-

	Notes	RM		
		Year 1	Year 2	Year 3
Postage & Courier	(i)	180	198	218
<b>Total Postage &amp; Courier per month</b>		<b>180</b>	<b>198</b>	<b>218</b>
x 12 months		12	12	12
<b>Total Postage &amp; Courier per annum</b>		<b>2,160</b>	<b>2,376</b>	<b>2,614</b>

i) Postage & Courier expenses estimated at RM180 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

5) Upkeep Office exp. per month estimations:-

	Notes	RM		
		Year 1	Year 2	Year 3
Upkeep Office	(i)	300	330	363
<b>Total Upkeep Office per month</b>		<b>300</b>	<b>330</b>	<b>363</b>
x 12 months		12	12	12
<b>Total Upkeep Office per annum</b>		<b>3,600</b>	<b>3,960</b>	<b>4,356</b>

i) Upkeep Office expenses estimated at RM300 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

6) Upkeep IT & Systems exp. per month estimations:-

	Notes	RM		
		Year 1	Year 2	Year 3
Upkeep IT & Systems	(i)	1,500	1,650	1,815
<b>Total Upkeep IT &amp; Systems per month</b>		<b>1,500</b>	<b>1,650</b>	<b>1,815</b>
x 12 months		12	12	12
<b>Total Upkeep IT &amp; Systems per annum</b>		<b>18,000</b>	<b>19,800</b>	<b>21,780</b>

i) Upkeep IT & Systems estimated at RM1,500 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

7) Upkeep Motor Vehicle exp. per month estimations:-

	Notes	RM		
		Year 1	Year 2	Year 3
Upkeep Motor Vehicle	(i)	350	385	424
<b>Total Upkeep Motor Vehicle per month</b>		<b>350</b>	<b>385</b>	<b>424</b>
x 12 months		12	12	12
<b>Total Upkeep Motor Vehicle per annum</b>		<b>4,200</b>	<b>4,620</b>	<b>5,082</b>

i) Upkeep Motor Vehicle expenses estimated at RM350 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

8) Insurance expenses per month estimations:-

	Notes	RM		
		Year 1	Year 2	Year 3
Insurance	(i)	250	275	303
<b>Total Insurance per month</b>		<b>250</b>	<b>275</b>	<b>303</b>
x 12 months		12	12	12
<b>Total Insurance per annum</b>		<b>3,000</b>	<b>3,300</b>	<b>3,630</b>

i) Insurance expenses estimated at RM250 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

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Attachment 1 : Assumptions, Projections & Estimations

Notes Assumptions, Projections & Estimations

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Attachment 1 : Assumptions, Projections & Estimations

**Notes Assumptions, Projections & Estimations**

9) Travelling & Transportation expenses per month estimations:-

	Notes	Year 1	Year 2	Year 3
Fuel	(i)	750	825	908
Toll & Parking	(ii)	300	330	363
Air Flight fare	(iii)	600	660	726
Hotel & Accomodation	(iv)	1,000	1,100	1,210
Transportation	(v)	200	220	242
<b>Total Travelling &amp; Transportation per month</b>		<b>2,850</b>	<b>3,135</b>	<b>3,449</b>
x 12 months		12	12	12
<b>Total Travelling &amp; Transportation per annum</b>		<b>34,200</b>	<b>37,620</b>	<b>41,382</b>

- i) Fuel expenses estimated at RM750 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.  
 ii) Toll & parking expenses estimated at 40% from fuel expenses every year.  
 iii) Air flight fare expenses estimated at RM350 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.  
 iv) Hotel & accomodation expenses estimated at RM1,000 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.  
 v) Transportation expenses estimated at RM200 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

10) Employment expenses per month estimations:-

	Notes	Year 1	Year 2	Year 3
Salary & Allowances:-				
a) Managers - 2 person	(i)	7,000	7,000	7,000
b) Executives - 2 person	(ii)	4,000	4,320	4,666
c) Assistants - 2 person	(iii)	3,000	3,240	3,499
OT	(iv)	300	324	350
EPF & SOCSO	(v)	2,145	2,233	2,327
<b>Total Employment expenses per month</b>		<b>16,445</b>	<b>17,117</b>	<b>17,842</b>
x 12 months		12	12	12
<b>Total Employment expenses per annum</b>		<b>197,340</b>	<b>205,399</b>	<b>214,103</b>

- i)a) Salary & Allowances for managers is at RM3,500 per month per person in Year 1. No increment expected in Year 2 & Year 3.  
 i)b) Salary & Allowances for executive level personnels is at RM2,000 per month per person in Year 1. Increment expected at 8% in Year 2 & Year 3 from Year 1 & Year 2 respectively.  
 i)c) Salary & Allowances for clerical personnels is at RM1,500 per month per person in Year 1. Increment expected at 8% in Year 2 & Year 3 from Year 1 & Year 2 respectively.  
 ii) OT estimated at 1% from clerical personnel salary & allowances.  
 iii) EPF & SOCSO estimated at 15% from total Salary, Allowances & OT.

11) Office Rental per month estimations:-

	Notes	Year 1	Year 2	Year 3
Office Rental	(i)	2,500	2,750	3,025
<b>Total Office Rental per month</b>		<b>2,500</b>	<b>2,750</b>	<b>3,025</b>
x 12 months		12	12	12
<b>Total Office Rental per annum</b>		<b>30,000</b>	<b>33,000</b>	<b>36,300</b>

- i) Office Rental estimated at RM2,500 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

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Attachment 1 : Assumptions, Projections & Estimations

**Notes Assumptions, Projections & Estimations**

12) Water & Electricity expenses per month estimations:-

	Notes	RM		
		Year 1	Year 2	Year 3
Water	(i)	100	110	121
Sewerage	(ii)	8	8	8
Electricity	(iii)	1,500	1,650	1,815
<b>Total Water &amp; Electricity per month</b>		<b>1,608</b>	<b>1,768</b>	<b>1,944</b>
x 12 months		12	12	12
<b>Total Water &amp; Electricity per annum</b>		<b>19,296</b>	<b>21,216</b>	<b>23,328</b>

i) Water expenses estimated at RM100 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

ii) Sewerage expenses estimated at RM8 per month in Year 1 and remains in Year 2 & Year 3.

iii) Electricity expenses estimated at RM1,500 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

13) Telephone, Fax & Internet expenses per month estimations:-

	Notes	RM		
		Year 1	Year 2	Year 3
Telephone	(i)	1,000	1,100	1,210
Fax	(ii)	300	330	363
Internet	(iii)	200	220	242
<b>Total Telephone, Fax &amp; Internet per month</b>		<b>1,500</b>	<b>1,650</b>	<b>1,815</b>
x 12 months		12	12	12
<b>Total Telephone, Fax &amp; Internet per annum</b>		<b>18,000</b>	<b>19,800</b>	<b>21,780</b>

i) Telephone expenses estimated at RM1,000 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

ii) Fax expenses estimated at RM300 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

iii) Internet expenses estimated at RM200 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

14) Advertising & promotion exp. per month estimations:-

	Notes	RM		
		Year 1	Year 2	Year 3
Advertising & Promotion	(i)	20,000	22,000	24,200
<b>Total Advertising &amp; Promotion per month</b>		<b>20,000</b>	<b>22,000</b>	<b>24,200</b>
x 12 months		12	12	12
<b>Total Advertising &amp; Promotion per annum</b>		<b>240,000</b>	<b>264,000</b>	<b>290,400</b>

i) Advertising & Promotion estimated at RM20,000 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

15) Marketing expenses per month estimations:-

	Notes	RM		
		Year 1	Year 2	Year 3
Marketing expenses	(i)	15,000	16,500	18,150
<b>Total Marketing expenses per month</b>		<b>15,000</b>	<b>16,500</b>	<b>18,150</b>
x 12 months		12	12	12
<b>Total Marketing expenses per annum</b>		<b>180,000</b>	<b>198,000</b>	<b>217,800</b>

i) Marketing expenses estimated at RM15,000 per month in Year 1. Expected to increase at 10% in Year 2 & Year 3 from Year 1 & Year 2 respectively.

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Attachment 1 : Assumptions, Projections & Estimations

**Notes Assumptions, Projections & Estimations**

16) Fixed Assets & Depreciation Estimation (per annum) :-

FIXED ASSETS	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE		DEPN RATE
	Year 0	Add	Disposals	Year 1	Year 0	Add	Disposals	Year 1	2011	Year 1	(%)
Computer & softwa	-	37,750	-	37,750	-	7,550	-	7,550	-	30,200	20%
Furniture & fittings	-	11,750	-	11,750	-	2,350	-	2,350	-	9,400	20%
Office Equipment	-	25,500	-	25,500	-	2,550	-	2,550	-	22,950	10%
Renovation	-	50,000	-	50,000	-	5,000	-	5,000	-	45,000	10%
Motor Vehicles	-	-	-	-	-	-	-	-	-	-	20%
<b>TOTAL</b>	<b>-</b>	<b>125,000</b>	<b>-</b>	<b>125,000</b>	<b>-</b>	<b>17,450</b>	<b>-</b>	<b>17,450</b>	<b>-</b>	<b>107,550</b>	

FIXED ASSETS	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE		DEPN RATE
	Year 1	Add	Disposals	Year 2	Year 1	Add	Disposals	Year 2	Year 1	Year 2	(%)
Computer & softwa	37,750	-		37,750	7,550	7,550	-	15,100	30,200	22,650	20%
Furniture & fittings	11,750	-		11,750	2,350	2,350	-	4,700	9,400	7,050	20%
Office Equipment	25,500	-		25,500	2,550	2,550	-	5,100	22,950	20,400	10%
Renovation	50,000	25,000		75,000	5,000	7,500	-	12,500	45,000	62,500	10%
Motor Vehicles	-	-		-	-	-	-	-	-	-	20%
<b>TOTAL</b>	<b>125,000</b>	<b>25,000</b>	<b>-</b>	<b>150,000</b>	<b>17,450</b>	<b>19,950</b>	<b>-</b>	<b>37,400</b>	<b>107,550</b>	<b>112,600</b>	

FIXED ASSETS	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE		DEPN RATE
	Year 2	Add	Disposals	Year 3	Year 2	Add	Disposals	Year 3	Year 2	Year 3	(%)
Computer & softwa	37,750	-		37,750	15,100	7,550	-	22,650	22,650	15,100	20%
Furniture & fittings	11,750	-		11,750	4,700	2,350	-	7,050	7,050	4,700	20%
Office Equipment	25,500	-		25,500	5,100	2,550	-	7,650	20,400	17,850	10%
Renovation	75,000	-		75,000	12,500	7,500	-	20,000	62,500	55,000	10%
Motor Vehicles	-	-		-	-	-	-	-	-	-	20%
<b>TOTAL</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>150,000</b>	<b>37,400</b>	<b>19,950</b>	<b>-</b>	<b>57,350</b>	<b>112,600</b>	<b>92,650</b>	

i) Computer & software consists of :-

- PC c/w network c/w supporting software (3 units x RM2,450)	7,350
- Server (1 unit x RM10,000)	10,000
- Printers (2 units x RM1,200)	2,400
- Laptops (6 units x RM3,000)	18,000
	<u>37,750</u>

ii) Furniture & Fittings consists of :-

- Office Chairs (20 units x RM300)	6,000
- Office Tables (10 units x RM50)	500
- White board (2 units x RM150)	1,500
- Office Cabinets (5 units x RM750)	3,750
	<u>11,750</u>

iii) Office Equipment consists of :-

- Photocopier / facsimile / printer machine (1 unit x RM8,000)	8,000
- Projector Set (1 unit x RM13,000)	13,000
- P.A System Set (1 unit x RM4,500)	4,500
	<u>25,500</u>

iv) Renovation for office at lump-sum (

Year 1	50,000
Year 2	<u>25,000</u>

v) Motor vehicles cost:-

	<u>60,000</u>
- Van (1 unit x RM60,000)	



LOONAQ SDN BHD - LOONAQ.MY

Attachment 1 : Assumptions, Projections & Estimations

Notes Assumptions, Projections & Estimations

17) Collection from all type of sales is expected to be in cash term and collected 100% in the same month.

18) Payment to supplier (agents), operating expenses & employment expenses are paid in cash 100%.

19) Taxation estimation

	Year 1	Year 2	Year 3
Profit/(Loss) B4 Tax	242,062	277,318	319,010
c/f loss	-	-	-
Profit/(Loss) for Tax computation	242,062	277,318	319,010
20% @ first RM500	-	-	-
25% on subsequent	(60,516)	(69,329)	(79,752)
<b>Total estimated tax</b>	<b>(60,516)</b>	<b>(69,329)</b>	<b>(79,752)</b>
<b>Profit/(Loss) After Tax</b>	<b>181,547</b>	<b>207,988</b>	<b>239,257</b>

Attachment 2 : Profit & Loss (Year 1 to Year 3 Projections)

Company name : LOONAQ SDN BHD - LOONAQ.MY

		P R O J E C T I O N S												Total	Year 2	Year 3
	Notes	m1	m2	m3	m4	m5	m6	m7	m8	m9	m10	m11	m12	Year 1		
<b>R M</b>																
<b>Income</b>																
Advertising - Text Link	1	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000	198,000	217,800
Advertising - Logo Display	1	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	450,000	495,000	544,500
Advertising - In Video	1	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000	264,000	290,400
Facebook Promotion Service	1	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300	17,300	207,600	228,360	251,196
Corporate Sponsorship	1	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	420,000	462,000	508,200
MP3 Downloads	1	180	180	180	180	180	180	180	180	180	180	180	180	2,160	2,376	2,614
Audio CD Sales	1	169	169	169	169	169	169	169	169	169	169	169	169	2,028	2,231	2,454
<b>Total Income</b>	<b>1</b>	<b>125,149</b>	<b>125,149</b>	<b>125,149</b>	<b>125,149</b>	<b>125,149</b>	<b>125,149</b>	<b>125,149</b>	<b>125,149</b>	<b>125,149</b>	<b>125,149</b>	<b>125,149</b>	<b>125,149</b>	<b>1,501,788</b>	<b>1,651,967</b>	<b>1,817,163</b>
<b>Less: Cost of Sales</b>	<b>1</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>480,000</b>	<b>528,000</b>	<b>580,800</b>
<b>Gross Profit / (Loss)</b>	<b>1</b>	<b>85,149</b>	<b>85,149</b>	<b>85,149</b>	<b>85,149</b>	<b>85,149</b>	<b>85,149</b>	<b>85,149</b>	<b>85,149</b>	<b>85,149</b>	<b>85,149</b>	<b>85,149</b>	<b>85,149</b>	<b>1,021,788</b>	<b>1,123,967</b>	<b>1,236,363</b>
<b>Gross Profit Margin (%)</b>	<b>1</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>
<b>Less:</b>																
<b>Operating Expenses</b>																
Professional fees	2	940	940	940	940	940	940	940	940	940	940	940	940	11,280	12,288	13,397
Stationeries & Printing	3	100	100	100	100	100	100	100	100	100	100	100	100	1,200	1,320	1,452
Postage & Courier	4	180	180	180	180	180	180	180	180	180	180	180	180	2,160	2,376	2,614
Upkeep Office	5	300	300	300	300	300	300	300	300	300	300	300	300	3,600	3,960	4,356
Upkeep IT & Systems	6	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000	19,800	21,780
Upkeep Motor Vehicle	7	350	350	350	350	350	350	350	350	350	350	350	350	4,200	4,620	5,082
Insurance	8	250	250	250	250	250	250	250	250	250	250	250	250	3,000	3,300	3,630
Travelling & Transportation	9	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	2,850	34,200	37,620	41,382
Employment expenses	10	16,445	16,445	16,445	16,445	16,445	16,445	16,445	16,445	16,445	16,445	16,445	16,445	197,340	205,399	214,103
<b>Total Operating Expenses</b>		<b>22,915</b>	<b>22,915</b>	<b>22,915</b>	<b>22,915</b>	<b>22,915</b>	<b>22,915</b>	<b>22,915</b>	<b>22,915</b>	<b>22,915</b>	<b>22,915</b>	<b>22,915</b>	<b>22,915</b>	<b>274,980</b>	<b>290,683</b>	<b>307,796</b>
<b>Overhead Expenses</b>																
Rental	11	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	33,000	36,300
Water & Electricity	12	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	19,296	21,216	23,328
Telephone, fax & Internet	13	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000	19,800	21,780
<b>Total Overhead Expenses</b>		<b>5,608</b>	<b>5,608</b>	<b>5,608</b>	<b>5,608</b>	<b>5,608</b>	<b>5,608</b>	<b>5,608</b>	<b>5,608</b>	<b>5,608</b>	<b>5,608</b>	<b>5,608</b>	<b>5,608</b>	<b>67,296</b>	<b>74,016</b>	<b>81,408</b>
<b>Sales &amp; Marketing Expenses</b>																
Advertising & Promotion	14	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000	264,000	290,400
Marketing expenses	15	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	180,000	198,000	217,800
<b>Total Sales &amp; Marketing Expenses</b>		<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>420,000</b>	<b>462,000</b>	<b>508,200</b>
<b>*PBDIT</b>		<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>259,512</b>	<b>297,268</b>	<b>338,960</b>
<b>Less:</b>																
Depreciation	16	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	17,450	19,950	19,950
Subtotal		1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	1,454	17,450	19,950	19,950
<b>**PBIT</b>		<b>20,172</b>	<b>20,172</b>	<b>20,172</b>	<b>20,172</b>	<b>20,172</b>	<b>20,172</b>	<b>20,172</b>	<b>20,172</b>	<b>20,172</b>	<b>20,172</b>	<b>20,172</b>	<b>20,172</b>	<b>242,062</b>	<b>277,318</b>	<b>319,010</b>
<b>Less:</b>																
25% Tax	19	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	5,043	60,516	69,329	79,752
<b>Profit/(Loss) Before Taxation</b>		<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>181,547</b>	<b>207,988</b>	<b>239,257</b>
<b>NB:</b>																
* PBDIT = Profit Before Depreciation, Interest and Taxation																
**PBIT = Profit Before Interest and Taxation																

Attachment 2 : Cash Flow Statement (Y1 to Y3 Projections)

Company name : LOONAQ SDN BHD - LOONAQ.MY

		P R O J E C T I O N S												Total	Year 2	Year 3	
Notes		m1	m2	m3	m4	m5	m6	m7	m8	m9	m10	m11	m12	Year 1			
		R M															
<b>Cash Flow from Operating Activities</b>																	
	Cash received from advertising and online sales	17	125,149	125,149	125,149	125,149	125,149	125,149	125,149	125,149	125,149	125,149	125,149	1,501,788	1,651,967	1,817,163	
	subtotal		125,149	125,149	125,149	125,149	125,149	125,149	125,149	125,149	125,149	125,149	125,149	1,501,788	1,651,967	1,817,163	
	<b>Less:</b>																
	Cash paid for cost of sales	18	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	490,000	528,000	580,800	
	Cash paid for operating expenses	18	47,078	47,078	47,078	47,078	47,078	47,078	47,078	47,078	47,078	47,078	47,078	564,936	621,300	683,300	
	Cash paid to employees	18	16,445	16,445	16,445	16,445	16,445	16,445	16,445	16,445	16,445	16,445	16,445	197,340	205,399	214,103	
	subtotal		103,523	103,523	103,523	103,523	103,523	103,523	103,523	103,523	103,523	103,523	103,523	1,242,276	1,354,899	1,478,204	
	<b>Total net cash inflow/(outflow) from operating activities</b>		<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>259,512</b>	<b>297,268</b>	<b>338,960</b>	
<b>Cash Flow from Investing Activities</b>																	
	Proceeds from sale of equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Less:</b>																
	Office Renovation	16	50,000	-	-	-	-	-	-	-	-	-	-	50,000	25,000	-	
	Purchase of fixed assets	16	75,000	-	-	-	-	-	-	-	-	-	-	75,000	-	-	
	<b>Total net cash inflow/(outflow) from investing activities</b>		<b>(125,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(125,000)</b>	<b>(25,000)</b>	<b>-</b>	
<b>Cash Flow from Financing Activities</b>																	
	Loan or other financing facilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Repayment by related company		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Interest income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	subtotal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Less:</b>																
	Loan repayment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Hire purchase principal repayment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Hire purchase Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	subtotal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total net cash inflow/(outflow) from financing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flow from Other Activities</b>																	
	Repayment by related company		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	subtotal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Less:</b>																
	Repayment to directors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Corporate Tax Payments	19	-	-	-	-	-	-	-	-	-	-	60,516	60,516	69,329	79,752	
	subtotal		-	-	-	-	-	-	-	-	-	-	60,516	60,516	69,329	79,752	
	<b>Total net cash inflow/(outflow) from other activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,516</b>	<b>60,516</b>	<b>69,329</b>	<b>79,752</b>	
	<b>Net increase/(decrease) in cash or cash equivalents</b>		<b>(103,374)</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>21,626</b>	<b>(38,890)</b>	<b>73,997</b>	<b>202,938</b>	<b>259,207</b>	
	<b>Cash or cash equivalents b/f</b>		<b>-</b>	<b>(103,374)</b>	<b>(81,748)</b>	<b>(60,122)</b>	<b>(38,496)</b>	<b>(16,870)</b>	<b>4,756</b>	<b>26,382</b>	<b>48,008</b>	<b>69,634</b>	<b>91,260</b>	<b>112,886</b>	<b>-</b>	<b>73,997</b>	<b>276,935</b>
	<b>Cash or cash equivalents c/f</b>		<b>(103,374)</b>	<b>(81,748)</b>	<b>(60,122)</b>	<b>(38,496)</b>	<b>(16,870)</b>	<b>4,756</b>	<b>26,382</b>	<b>48,008</b>	<b>69,634</b>	<b>91,260</b>	<b>112,886</b>	<b>73,997</b>	<b>276,935</b>	<b>536,142</b>	

**Attachment 4 : Balance Sheet (Y1 to Y3 Projections)**

Company name : **LOONAQ SDN BHD - LOONAQ.MY**

P R O J E C T I O N S				
		Year 1	Year 2	Year 3
	Notes	R M		
<b>ASSETS</b>				
<b>Fixed Assets</b>				
Computer & software	16	37,750	37,750	37,750
Furniture & fittings	16	11,750	11,750	11,750
Office Equipment	16	25,500	25,500	25,500
Renovation	16	50,000	75,000	75,000
Motor Vehicles	16	-	-	-
Subtotal		125,000	150,000	150,000
<u>Less:</u>				
Accumulated Depreciation	16	17,450	37,400	57,350
Subtotal		17,450	37,400	57,350
<b>Total Net Fixed Assets</b>		<b>107,550</b>	<b>112,600</b>	<b>92,650</b>
<b>Current Assets</b>				
Trade Debtors	17	-	-	-
Sundry Debtors, Prepayments & Deposits		150,000	150,000	150,000
Cash in Bank & in Hand	ATT 3	73,997	276,935	536,142
<b>Total Current Assets</b>		<b>223,997</b>	<b>426,935</b>	<b>686,142</b>
<b>TOTAL ASSETS</b>		<b>331,547</b>	<b>539,535</b>	<b>778,792</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Non-Current Liabilities</b>				
Hire Purchase Creditors		-	-	-
<b>Total Long-term Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>				
Trade Creditors	18	-	-	-
Other payables & Accruals	18	-	-	-
Provision for Taxation	19	-	-	-
<b>Total Current Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Owner's Equity</b>				
Paid-up Capital		150,000	150,000	150,000
Retained Earnings		-	181,547	389,535
Current Year Earnings	19	181,547	207,988	239,257
<b>Total Owner's Equity</b>		<b>331,547</b>	<b>539,535</b>	<b>778,792</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>331,547</b>	<b>539,535</b>	<b>778,792</b>

Appendix 4:

## Content Partners Mandate

Sample Agreement Between Loonaq Sdn Bhd and Joining Content Partner

THIS AGREEMENT is made on the Agreement Date defined in the attached **SCHEDULE 1** between LOONAQ SDN. BHD. (Company No. 732637-U) of No.14A, JALAN DESA KUNDANG 2,TAMAN DESA KUNDANG 48050 RAWANG,SELANGOR (LOONAQ) of the one part and the CONTENT PARTNER (Member) as described in **SCHEDULE 1** of the other part

IT IS AGREED as follows:

## **1 Definitions and interpretations**

- 1.1 The terms and expressions of this Agreement as set out in **SCHEDULE 1** shall have the meanings and interpretations as defined therein
- 1.2 “Sound recordings”, “musical works”, “literary works”, “communication to the public”, “reproduction” and such other terms used in this Agreement which also appear in the Copyright Act 1987 shall have the meanings given to them by the Copyright Act 1987 or as it may be amended, modified or re-enacted
- 1.3 Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa, words denoting any gender shall include all gender, words denoting persons shall include bodies corporate unincorporated associations and partnerships, references to “day” or “days” shall mean a 24 hour period in a calendar day
- 1.4 A reference to any of the words “include”, “includes” and “including” is read as if followed by the words “without limitation”

## **2 Administration and collection of royalties for the Works**

- 2.1 Subject to such assignments or third party rights as may be notified in writing by the Member to LOONAQ from time to time after the date of this Agreement, the Member hereby authorizes and vests rights in LOONAQ and/or its duly appointed and authorized agents to do the following on an exclusive basis –
  - (a) grant to third parties, subject to the terms and conditions determined by LOONAQ from time to time, the Licences; and
  - (b) collect the Licence Fees;
- 2.2 During the subsistence of this Agreement, the Member may not appoint any others to carry out any of the acts in clause 2.1(a) and (b) above and may only itself do such acts with the prior written consent of LOONAQ which will not be unreasonably withheld

## **3 Reservation of rights**

- 3.1 The Member reserves all rights in and to the Works including the right in its sole discretion to restrict or rescind the use of any of the Works at any time. The Member will give LOONAQ written notice of any such restriction or rescission and LOONAQ must comply fully with the restriction or rescission within the time as may be specified in the notice or such other time mutually agreed to by the parties

3.2 No rights and/or privilege are granted other than those expressly specified in this Agreement or by way of a separate and specific authorization by the Member to LOONAQ. All rights and/or privilege not specifically and expressly granted are reserved by the Member

#### **4 Distribution of Licence Fees**

4.1 LOONAQ shall distribute and pay to the Member all or any part of the Licence Fees collected in any financial year of LOONAQ in the manner of distribution and payment as may be approved or deemed fit at the sole discretion of LOONAQ but subject always that –

(a) LOONAQ may deduct from the Licence Fees such administrative charges and costs as may be approved or deemed fit at the sole discretion of the Board of Directors of LOONAQ; and

(b) LOONAQ may utilize for its own administration purposes and benefit, the whole of and any interest which may be earned on the Licence Fees held by LOONAQ prior to and pending distribution to the Member as provided in this Agreement

#### **5 Distribution of Profit**

5.1 LOONAQ shall distribute and pay to the Member all or any part of the profit resulting from sales directly generated by the Member's label through advertising, digital content purchases (offline and online), merchandising, and any other source which can be proven or agreed in writing in any financial year of LOONAQ in the manner of distribution and payment as may be approved or deemed fit at the sole discretion of LOONAQ but subject always that –

(a) LOONAQ may deduct from the sales revenue such administrative charges and costs as as may be approved or deemed fit at the sole discretion of the Board of Directors of LOONAQ;

(b) LOONAQ may pay to the Member up to a maximum of 50 (fifty) percent of the nett profit as computed by the appointed Financial Director of LOONAQ for the affected sale(s); and

(c) LOONAQ may pay to the Member any or part of the profit due to the Member within 2 (two) months of the date the Member makes an official claim in writing to LOONAQ.

#### **6 Warranties and indemnities**

6.1 The Member warrants to LOONAQ that it has full rights, power and authority to enter into this Agreement and to vest the rights in and grant the authority to LOONAQ as described in this Agreement

6.2 The Member will hold LOONAQ and/or its duly authorized and appointed agents free and harmless from and against any and all claims, liabilities, demands, damages, expenses, losses and costs or any sums paid in settlement arising out of or incurred as a direct result of any breach of any express or implied warranty given by the Member in this Agreement

6.3 LOONAQ will hold the Member free and harmless from and against any and all claims, liabilities, demands, damages, expenses, losses and costs or any sums paid in settlement arising out of or incurred as a direct result of any unlawful or negligent act of LOONAQ and/or its duly authorized and appointed agents in exercising the rights granted by the Member pursuant to this Agreement

**7 Ratification**

6.1 The Member hereby ratifies all lawful acts performed and undertaken by LOONAQ prior to the date of this Agreement pursuant to or for the purpose of exercising and enforcing the rights which are now granted by this Agreement to LOONAQ

**8 Termination**

8.1 This Agreement shall subsist and continue in force until the occurrence of any of the following:

- (a) upon the expiration of 6 months from the date of receipt of written notice from the other party terminating this Agreement
- (b) a resolution is passed or an order is granted for the winding-up, liquidation or administration or a receiver or an administrative receiver is appointed over all or any part of the assets of the Member or LOONAQ
- (c) the control or controlling interest in either the Member or LOONAQ is changed and vested in persons different from persons having control or controlling interest as at the date of this Agreement unless there is agreement in writing between the parties to continue with this Agreement

8.2 Notwithstanding any termination of this Agreement:

- (a) the Member shall continue to be bound by any licences granted or licence agreements reasonably entered into by LOONAQ with third parties in accordance with this Agreement prior to the termination of this Agreement; and
- (b) LOONAQ shall continue to be obliged to collect all or any part of the Licence Fees not collected in respect of any licences granted or licence agreements entered into with third parties prior to any termination of this Agreement and to make distribution and payment to the Member in accordance with the provisions of this Agreement

*- The remaining of this page is intentionally left blank -*



## SCHEDULE 1

Agreement	This agreement and any and all appendices attached to or incorporated in it by reference and shall include amendments to this agreement and its appendices mutually agreed between LOONAQ and the Member
Agreement Date	
Licences	<p>Licences to do all or any of the following acts solely for the purpose of the Use in the Territory –</p> <ul style="list-style-type: none"> <li>(i) copy or reproduce any of the Works;</li> <li>(ii) communicate to the public any of the Works;</li> <li>(iii) distribute any of the Works including copies which have not previously been put into circulation in the Territory</li> </ul>
Licence Fees	Fees or royalties for the grant by LOONAQ of the Licences
Member	_____ ( <i>state name, company no. and address of the Member</i> ), who is a member of LOONAQ
Territory	Malaysia/World
Use	The use of the Works in the manner as described in <b>SCHEDULE 2</b> to this Agreement which by mutual agreement of LOONAQ and the Member may be added to, deleted from, amended, modified or otherwise varied from time to time
Works	<p>The following works which are now or in the future owned and/or controlled, wholly or partly, by the Member:</p> <ul style="list-style-type: none"> <li>(a) sound recordings;</li> <li>(b) musical works; and</li> <li>(c) related literary works or lyrics</li> </ul>

## SCHEDULE 2

The Use means all or any of the following –

- (1) Reproducing or using any of the Works or any part thereof as machine-readable data files (which are not in monophonic or polyphonic format) for purposes of making available any of the Works or any part thereof as ringback tones, audio song clips, true tones, real tones, full track downloads or in any other future digital formats (hereafter referred to together as “digital music”) including Youtube, Vimeo, Facebook, Tweeter, Soundcloud, iTunes, etc;
- (2) Using such machine-readable data files with the appropriate configuration of computer software and hardware and compatible device to produce an audible sound and which sound is formatted to function as digital music;
- (3) Making copies of such machine-readable files for purposes of storage, distribution or communication to the public of such machine-readable files as digital music over retail counters and via the networks and transmission lines of telecommunication companies and the internet;
- (4) Communicating and distributing such machine-readable files to the public as digital music over retail counters and via the networks and transmission lines of telecommunication companies and the internet; such as and including Youtube, Vemeo, Facebook, Tweeter, Soundcloud, iTunes, Amazon Mp3, Spotify, Deezer, etc.; and
- (5) All other digital or new media use of the Works as may arise in the future and as may be approved by the Board of Directors of LOONAQ unless otherwise excluded specifically in writing.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed on the day and year above stated

SIGNED by ROZMAN BIN ABAS )  
For and on behalf of )  
**LOONAQ SDN BHD** )

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Designation:

in the presence of )  
Name: )  
NRIC No. )

SIGNED by \_\_\_\_ (*state name*) )  
For and on behalf of )  
(*state name of Content Partner*) )

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Designation:

in the presence of )  
Name: )  
NRIC No. )