



InterLinear Technology Inc.

SMART PAY System

M-Commerce Solution

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Company Overview

InterLinear Technology, Inc (ILT) was founded in April 1990. ILT's headquarters are located in Alameda, California with wholly owned subsidiaries operating in Tokyo, Japan and Amman, Jordan. It additionally owns two U.S. subsidiaries; GDN Communications (Holder of Competitive Local Exchange Carrier License), and Unibox.com, the first U.S. Unified Messaging service hosted on the Web.

Since its formation in 1990, ILT pioneered the development of communications and content management systems. ILT evolved from an electronic data management consultant company into an industry leader in convergent communications and content technology that bridges existing legacy systems. For more information in the abilities of our company, please refer to our web site at www.ilt.com.

As a recent evolution of the AECOS™ technology, ILT has created a M-Commerce application that is currently being deployed with an Orascom subsidiary, FastLink, Jordan's largest GSM service provider. The Smart Pay™ billing system is the first system developed exclusively to replace telephony card services worldwide. Smart Pay electronically links retailers with service providers and banks to provide a system that supplies phone services, support and money to mobile phone subscribers.

Smart Pay is a testament to ILT's uniqueness by having successfully evolved the AECOS™ technology into an M-Commerce application that will penetrate and succeed in a rapidly growing market.

Current Situation

Most of the world's mobile phone services are prepaid, which means the customer pays for the service before using it. There are three primary methods that companies (mobile phone service providers) employ in collecting their revenue.

1. Company employees collect the money directly from the public in company stores, kiosks located in other stores, or at company sponsored payment outlets located throughout their network area. This is very expensive because the company pays the direct cost associated with both the rent and the employees.
2. The second method is that the company empowers (subcontracts) a group of sub-agents, which can take the form of merchants, storeowners, or licensed agents who collect money on the company's behalf and then forward it to the company as they receive it. This is the least popular because of the risk associated with shrinkage (theft and fraud) and the additional burden that the company is delivering services (mobile phone services) to the customer before receiving the cash (the time it takes for the money to be turned over). Creating an unwanted

credit transaction.

3. The final method is the prepaid calling card. This is by far the most popular and the one that our system really makes the most compelling argument to replace because it is the most expensive to maintain, support and operate.

In this scheme, the company prints a calling card that is like a lottery ticket in that it has scratch off portion that conceals a fourteen-digit activation code. The company sells the cards to several distribution agents and they distribute it to various sub-agents who further distribute it to the retailers that sell it. There are several problems with this method the phone company accepts as the cost of doing business.

Also, with our research, ILT has discovered that growth in the number of mobile subscribers continues to grow unbounded and component manufacturers anticipate that by 2004, in excess of 600 million subscribers will be using mobile Internet services. Also, according to industry analysts, M-Commerce and mobile location-based services' are the killer apps of the mobile Internet. IDC expects that there will huge levels of growth in the usage of mobile Internet and that M-Commerce will grow from a value of US\$51.2 million in 2000 to be worth US\$37.7 billion by 2004.

SMART PAY Description

ILT has stepped into the new and rapidly growing market of M-Commerce with AECOS™ technology and its application in Smart Pay. Smart Pay debuts as the first M-Commerce application designed to exclusively replace telephony card services worldwide.

The Smart Pay system acts as a network of "point of sales" terminals distributed to retailers, grocery store chains, pharmacies, and other vertical industry markets. These terminals are linked with a computer hosted on an ILT server that resides at the mobile telephone company.

Through the POS terminals, the retailer effectuates two transactions:

- A. Purchases prepaid minutes on a wholesale basis to resell to the general public.
- B. Transfers those minutes to the customer's mobile account.

The Smart Pay formula is simple. ILT links the retailer's checking accounts electronically to the mobile telephone company that provides the minutes. Once transferred, the minutes are paid in real-time by an electronic transfer from the retailer's account to the company's account. The minutes are then credited to the retailer's account, which resides on ILT's computer located on-site at the mobile phone company. The customer purchases the minutes from the retailer who collects and keeps the money. Next, the retailer transfers the minutes from his account to the customer's account through a call from a POS terminal to the account hosted in our computer residing at the mobile phone company. The system sends a Short Message System (SMS) to the customer's mobile phone to

authenticate the transfer and to confirm the customer has knowledge of a credit for minutes purchased.

Disadvantages of Current Prepaid Services

Understanding the value of a new "Smart" prepaid service will ensure intelligent decisions are being made for your company's future growth. Our Smart Pay system eliminates all the inconveniences mentioned below.

1. Twenty percent of the revenues are drawn by the discounts offered to the middlemen and retailers.
2. Ten percent of the revenue is drawn by the cost of printing the cards and the purchase of the logarithm software that creates the accounts and tracks all of the activation codes.
3. The effort needed to protect the calling cards.
4. Fraud - Smart computer hackers are able to pirate pin activation codes and sell them on the streets. This accounts for three to five percent of lost revenue.
5. In developing countries, the graft and theft of the money involved in the circuit is a sad reality.

SMART PAY Advantages

The advantages of using our Smart Pay system are very visible from the beginning. At a closer look, there are hidden advantages that launch our system as a very cost effective M-Commerce venture. Smart Pay enhances productivity and flexibility while seamlessly eliminating losses.

1. It eliminates the need to ever handle money.
2. It eliminates the need to have extensive layers of agents, subagents or employees to maintain the network of retailers.
3. It eliminates any possibility of fraud.
4. It eliminates the need to ever print, distribute and protect a prepaid card again.
5. The system saves the mobile company approximately ten to fifteen percent of the gross revenue.
6. The mobile company gets paid in real time every time the merchants are buying the minutes.

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7. The company's money is handled by the bank and not by individuals. All the transactions are done through the bank.
 8. Smart Pay integrates the mobile phone company's computers, the banks computers and ILT provides a server that facilitates all of the aforementioned transactions.
 9. Smart Pay contains all of the demographics and performance reporting capabilities necessary so that the mobile company can track merchant and customer usage patterns, measure effectiveness of marketing, conduct pricing and sales campaigns, audit all bank transactions all in real time. Currently, with the prepaid card system, the cycle to effect a change is four weeks.
 10. Smart Pay is capable to collect post-paid payments (like a normal telephone bill).
 11. Any company involved in selling long distance prepaid calling cards can also utilize our system because the POS device is capable of interpreting and printing all the information contained in the card. Unlike normal calling cards, the way to recharge our long distance card is to go the retailer and buy more therefore creating a continuous stream of revenue for the merchant.
 12. The benefits to the merchant are obvious: They do not have to worry about card management, theft or fraud. They can purchase any amount of minutes at any given time. This way they don't run out of a certain denomination of card or have money-losing leftovers. Other companies like water, gas, electric, and department stores can utilize our system to collect their payments and therefore eliminate additional costs (employees, rent, theft. etc). Smart Pay will therefore provide more "traffic" and revenue to merchants and retailers and the revenues collected from deploying POS with the third parties are shared by the merchant and the telephone company.
 13. Our system can be deployed in even the largest markets (depending on the telephone company's cooperation) in 120 days.

Demonstration

Our marketing team brings a working system as a demo to the telephone company headquarters as part of our presentation. We'll take you the entire way by offering complete examinations and in situ situations. Our support staff will answer all your questions and provide all the intelligence.

We are sure that the presentation of our Smart Pay system will enable you to have a clear idea about the multitude of business possibilities to be explored with ILT as your ideal business partner. ILT brings an evolving m-commerce solution worth 2.5 million to

enhance your capability and flexibility as a mobile telephone company and is guaranteed to position your company as a major contributor in the next-generation of mobile technology.

Support

- We sign a joint venture partnership with the mobile telephone company.
- ILT pays for hardware, installation and integration of the system. ILT will deploy and bring the system online.
- We will train employees, provide 24-hour, on-site engineering support for the duration of the contract and our subsequent working relationship.
- ILT deploys two complete working systems that mirror (duplicate) every transaction to ensure the system is always running and never down.



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