CORPCAPITAL
Investments

21 June 2002

Nic Frangos
95 Protea Avenue
Athol

Dear Nic

Herewith, please find documents as required.

Regards

JADE HAMBURGER

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Netainment

Financial reporting period	Final Aug 2000	Interims Feb 2001	Final Aug 2001	Interims Feb 2002
Value in books ($'000)	21 286	27 217	26 306	19 382
Value in books (R'000)	149 000	211 750	221 149	228 200
Desk –top valuation	• DCF Valuation - $52m • 47.5% - **$24,7m**	• DCF Valuation - $58m • 47.5% - **$27,6m**	• DCF Valuation - $55m • Excess cash - $3,5m • Total $58,5m • 47.5% - **$27,8m**	• DCF Valuation - $50m • Excess cash - $1m • Quizwinner $0.5m • Total – $51,5m • 47.5% = **$24,5m** *Note: Directors applied a discount to the DCF value due to prevailing uncertainties.*
WACC • Rf • ERP • Beta • Tax • SSP (additional)	24% • 6% • 4.5% • 2 • 32.5% • 9.1%	24% • 6% • 4.5% • 2 • 32.5% • 9.1%	24% • 4.7% • 4.5% • 2 • 32.5% • 10.3%	24% • 4.8% • 4.5% • 2 • 32.5% • 10.2%
Terminal growth	3%	3%	3%	3%

The terminal growth assumption is based on a long-term inflation assumption for the US. The terminal growth assumption of 3% is the same as that used by Merrill Lynch in their valuations of online casinos (January 2001)
Industry growth

Approx size of market is currently $2,2 bn (Christiansen Capital Advisers, 2001)
Merrill Lynch forecast the market to be $148 billion in 2015 therefore CAGR - 35%. Similar to Bear Stern's (2001) 36.4% CAGR to 2003.

IMF forecast global real growth at 2.9% in 2002 and 4.1% in 2003. US inflation over the last 18 years has averaged 3.2%

Actual: • P/Rev • EV/Ebitda • P/E multiple	• 1.4x • 9.6x • 9.6x	• 1.4x • 6.9x • 6.9x	• 2.0x • 7.5x • 7.5x	• 2.0x • 8.3x • 8.3x
Comparables: • P/Rev • EV/Ebitda • P/E multiple • WACC	• 4.0x • 31.7x • 160x • N/A	• 3.3x • 46x • 86x • 14.5% *(Stanley Leisure & Ladbrokes online casino WACC)*	• 2.5x • 9.1x • 13.5x • 14.5x *(Stanley Leisure & Ladbrokes online casino WACC)*	• 1.5x • 8.9x • 16.3x • 14.5% *(Stanley Leisure & Ladbrokes online casino WACC)*

Relevant corporate activity	• Stanley Leisure acquired two online casinos in March 2000 on an implied forward PBT multiple of 13,3x	• Stanley Leisure acquired two online casinos in March 2000 on an implied forward PBT multiple of 13,3x	• Aspinalls reverse listing June 2001 (PE 12.8x) • Sportingbet acquires IOE (July 2001) (H PE 8.6x, FWD PE 8.6x – no tax)	• Aspinalls reverse listing June 2001 (PE 12.8x) • Sportingbet acquires IOE (July 2001) (H PE 8.6x, FWD PE 8.6x – no tax)
Software royalty • 1 Yr fwd • 2 Yr fwd • 3 Yr fwd	• 26% • 23% • 23%	• 28% • 25% • 23%	• 8% • 7% • 7%	• 7% • 7% • 7%
Aqua fee • 1 Yr fwd • 2 Yr fwd • 3 Yr fwd	• 10.9% • 7.5% • 7.5%	• 12.5% • 7.9% • 6.0%	• 10.4% • 7.5% • 7.5%	• 6.9% • 5.7% • 3.4%
Growth in Drop • 1 Yr fwd • 2 Yr fwd • 3 Yr fwd	• N/A • 76% • 38%	• 110% • 44% • 22%	• -19% • 62% • 23%	• 7% • 30% • 18%
Marketing efficiency • 1 Yr fwd • 2 Yr fwd • 3 Yr fwd	• 3.2x • 3.0x • 2.7x	• 4.5x • 3.3x • 2.9x	• 3.0x • 2.9x • 2.6x	• 2.7x • 2.7x • 2.7x
Drop • 1 Yr fwd • 2 Yr fwd • 3 Yr fwd	• \$33m • \$58m • \$80m	• \$41m • \$62m • \$75m	• \$25m • \$41m • \$50m	• \$27m • \$36m • \$42m
PBIT • 1 Yr fwd • 2 Yr fwd • 3 Yr fwd	• \$4,7m • \$11,1m • \$12,1m	• \$8,3m • \$11,6m • \$14,0m	• \$6,8m • \$12,9m • \$14,0m	• \$6.7m • \$9.5m • \$12.4m
Audit work	• Audit of assumptions underlying the valuation and reasonableness • Auditors agreed historic revenue and material costs to an external source (software provider)	• No audit	• Review of Netainment's historic financial information • Auditors had issued draft financial statements (prior to sign off on valuation). • Audit of assumptions underlying the valuation and reasonableness	• No audit work • Final audited accounts issued for the period ending Sept 2001. • No material discrepancies with management accounts.

Tax

The DCF calculation assumes Netainment/Cytech will continue to operate in a zero tax environment. The rationale for this is as follows:

- Netainment and Cytech are based in tax havens (Netherland Antilles and Belize).
- The casino licenses, domains and brands are owned by these entities.
- The marketing of the business is outsourced to a UK company, WMC (UK) Ltd.
- The directors are domiciled in the tax havens.
- The source of the income is in the tax havens.

Forecasts vs actual

Timeline of significant events

Financial reporting period:	**12 months ended Aug 2000**	**6 months ended Feb 2001**	**12 months ended Aug 2001**	**6 months ended Feb 2002**
New software				September 01 27% - 6.5%
New Aqua contract				September 01
Credit card issue			June 2001 onwards	

	Forecast 12 months Aug 2000 valuation (1)	**Actual 12 months ended 31 May 2001**	**Forecast 12 months Feb 2001 valuation (2)**	**Actual 12 months ended 30 Nov 2001**	**Forecast 6 months Aug 2001 valuation (3)**	**Actual 6 months ended 2 8 Feb 2002 (4)**
Drop	$33m	$29m	$42m	$29m	$11m	$9,8m
PBT	$4,4m	$4,6m	$8,3m	$4,0m	$2,3m	$1,3m

Note
1. Twelve months to 31 May 2001 were used as the basis for the Aug 2000 valuation
2. Twelve months to 30 November 2001 were used as the basis for the Feb 2001 valuation. The credit card issue impacted profitability over this period, as did the changeover to the new software. Both these events were not anticipated when the forecasts were made.
3. Six months to 28 Feb 2002 were used as the basis for the Aug 2002 valuation
4. The February 2002 interim valuation, using 1-year forward profits from March 2002, took into account the lower actual results achieved to February 2002 as a base. The forecast profits assumed growth commensurate with the growing trend (and absolute profits) achieved subsequent to the software changeover.

Analysis of margin before and after significant events

	Before	After		Note
Drop	100%	75%		1
			100%	
Software	27%	5.1%	6.75%	2
Aqua	13.00%	5.6%	7.50%	3
	60.0%	64.3%		
Credit card fee	11%	8.3%	11%	
Bad debts	3%	2.3%	3%	
	46%	54%		

Notes:

1 Initial credit card statistics showed that the increase in credit card rejections reduced our drop by 25%
2 Renegotiated software agreement
3 Renegotiated Aqua contract

Break-even scenario

	Before	After	
Drop	100%	64%	
			100%
Software	27%	4.3%	6.75%
Aqua	13.00%	4.8%	7.50%
	60.0%	55.0%	
Credit card fee	11%	7.1%	11%
Bad debts	3%	1.9%	3%
	46%	46%	

CORPCAPITAL
Investments

FACSIMILE TRANSMISSION SHEET

TO: Nic Frangos	COMPANY:
CC: Tom Wixley	
FAX NO: (011) 786-4249	
FROM: Jade Hamburger	COMPANY: Corpcapital
TOTAL NO OF PAGES: 4	DATE: 9 July 2002
RE: Cytech	

Dear Nic

1. Attached please find supplementary information on the Cytech valuation as discussed.

2. I have included the following:
   - A comparison of the forecast profits compared to actuals (schedule A). This schedule was contained in the document previously sent. Please note that there is an immaterial typo on this schedule.
   - Schedule B reconciles the actual profit results to schedule A.
   - Schedule C provides commentary on the adjustments of actual profit to sustainable profit. Additionally schedule C provides a comparison of the forecast profit periods to Corpcapital's accounting periods.

3. Please contact me should you wish to query.

Kind regards

pp

JADE HAMBURGER

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(1A)

Forecasts vs actual

Timeline of significant events

Financial reporting period:	**12 months ended Aug 2000**	**6 months ended Feb 2001**	**12 months ended Aug 2001**	**6 months ended Feb 2002**
New software				September 01
New Aqua contract				September 01
Credit card issue			June 2001 onwards	

	Forecast 12 months Aug 2000 valuation (1)	**Actual 12 months ended 31 May 2001**	**Forecast 12 months Feb 2001 valuation (2)**	**Actual 12 months ended 30 Nov 2001**	**Forecast 6 months Aug 2001 valuation (3)**	**Actual 6 months ended 28 Feb 2002 (4)**
Drop	$33m	$29m	$42m	$29m	$11m	$9,8m
PBT	$4,4m	$4,6m	$8,3m	$4,0m	$2,3m	$1,3m
	$4.7m	1		2		3

Note

1. Twelve months to 31 May 2001 were used as the basis for the Aug 2000 valuation
2. Twelve months to 30 November 2001 were used as the basis for the Feb 2001 valuation. The credit card issue impacted profitability over this period, as did the changeover to the new software. Both these events were not anticipated when the forecasts were made.
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	[illegible]	[illegible]	Aug-00	Sep-00	Oct-00	Nov-00	0	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02
PURCHASES	3,221	4,064	4,115	4,686	4,256	4,836	5,962	5,614	5,054	5,370	5,782	5,382	5,506	5,402	3,574	0	2,054	2,554	3,072	2,684	2,252
Revenues	1,616	2,007	2,058	2,348	2,128	2,420		2,877	2,327	2,655	2,795	2,681	2,003	2,701	2,209	-5	1,750	1,442	1,724	1,611	1,129
King Solomons															2,022	1,867	1,625	1,339	1,545	1,393	1,094
Lucky Liner															10	11	92	78	94	110	118
Columbus																	76	51	78	101	120
Fees															7	7	7	7	7	7	7
Expenses																					
Non - controllable	909	1,036	1,099	1,217	1,076	1,217	1,504	1,329	1,135	1,304	1,402	1,310	1,402	1,304	983	831	449	315	328	390	315
Aqua fixed admin	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	0	0	0	0	0
Aqua variable	131	120	187	224	195	230	312	279	245	269	284	270	283	319	165	141	94	96	110	100	84
Royalty	361	423	451	505	495	517	681	551	498	574	602	552	826	592	443	165	120	100	115	107	100
Jackpots	105	140	147	143	125	151	162	160	124	144	149	141	193	163	128	109	142	21	42	63	28
CFI fee	211	253	234	265	247	249	309	263	258	276	238	277	253	233	177	145	113	128	130	133	103
Controllable	389	406	408	577	695	600	602	573	636	751	858	912	954	806	332	251	932	698	857	650	492
Total Marketing	547	564	379	537	610	558	560	530	591	695	798	876	837	805	327	243	930	698	857	650	499
Marketing															121	108	194	538	679	391	296
Promotions															202	135	708	160	158	259	203
Aqua/WMC placement fee	41	42	29	40	46	42	42	40	45	53	60	65	67	0	9	6	0	0	0	0	0
Operating overheads	183	131	59	120	110	192	197	188	170	221	308	229	335	376	339	369	381	324	256	272	262
Fixed	21	13	10	10	10	30	25	27	25	45	50	61	41	215	163	163	196	209	192	190	190
Leased lines	0	0	0																		
Licences	11	0	0				15	15	15	18	25	15	8	8	6	6	26	6	0		
Elec surveys																					
Other										10	5	6	11	150	150	150	150	150	150	150	150
Server housing	13	2	2				5	4	4	2	6	5	2	2				21	19	17	11
Web domain	13	2	2				-2	2	0	8	7	21	5	39				12	12	12	12
Depn	7	7	7				7	7	7	7	7	11	15	16	7	7	20	23	11	11	17
Variable	92	118	89	110	100	155	172	161	135	176	258	198	294	141	196	206	115	115	104	82	72
Fraud	48	60	62	71	64	72	125	84	76	80	81	20	83	81	136	119	52	70	59	50	42
Other	44	59	27	39	35	84	45	77	58	95	174	68	211	30	60	67	63	45	45	32	30
Cheque fees	3	6	6				7	14	7	14	10	16	10	1	33	28	38	33	22	28	25
Computer exp	0	0	0				3	0	0	1			9		20	40	23				
Consulting fees	8	6	7				11	34	31	24	7	21	76	0	1	11					
Telephone	4	6	5				8	6	3	10	5	8	7	10				6	16	14	5
Travel	16	6	2				1	1	0	4	7	18	7	13	1	5		1	1		
Other	15	29	5				16	22	18	45	145	27	103	0			2			-10	
PBIT	35	234	462	434	226	394	678	718	526	379	228	210	102	185	336	434	68	73	163	309	258
Gross - cfi expenses									590												

Adjusted the profit for $500k Bonuses (for success since inception) and Legal fees for failed merger - $90k

[redacted]

[redacted]

0%

HISTORIC

Actual 12 months to May 2001 ($000s) 4,595 ① (JAN 2000 – MAY 01)

Actual 12 months ended Nov 2001 ($000s) 3,958 ② (DEC 00 – NOV 01)

Actual 6 months ended Feb 2002 ($000s) 1,327 ③ (SEPT – FEB 02)

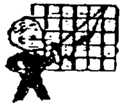
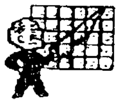
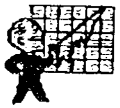
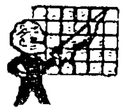
	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01
GROWTH												
King Solomons												
Lucky Liner												
Columbus												
Total drop	8%	24%	3%	14%	-9%	12%	24%	-6%	-10%	6%	4%	-4%
Marketing	17%	2%	-37%	41%	14%	-9%	0%	-5%	11%	15%	14%	10%
Fixed overheads	-15%	-38%	-23%	0%	0%	260%	-31%	8%	30%	22%	11%	22%
PBIT	-55%	454%	126%	-6%	-34%	38%	72%	6%	-27%	-28%	-40%	-5%
% ON REVENUE												
Purchases	200%	200%	200%	200%	200%	200%	200%	200%	200%	207%	200%	200%
Aqua fixed admin	70	70	70	70	70	70	70	70	70	70	70	70
Total aqua variable	12.4%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.4%	12.5%	12.6%	12.7%	12.6%
Aqua/WMC marketing placement	7.3%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Royalty	22%	21%	22%	22%	23%	22%	22%	20%	19%	21%	22%	21%
Jackpots	7%	7%	7%	6%	5%	6%	5%	5%	5%	5%	5%	5%
Royalty incl jackpots	22%	28%	29%	28%	27%	25%	28%	25%	24%	27%	27%	26%
CFI fee (% of Purchases)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total marketing	34%	28%	15%	23%	29%	23%	19%	13%	22%	26%	29%	30%
Total marketing efficiency	3.0	3.6	5.4	4.4	3.5	4.2	5.3	5.7	4.3	3.8	3.5	3.1
Marketing												
Promotion												
Fraud	3%	3%	3%	3%	3%	3%	4%	3%	3%	3%	3%	3%
Fixed overheads	6%	1%	0%	0%	0%	1%	1%	1%	1%	2%	2%	2%
Variable o/h - Other	3%	3%	1%	2%	2%	3%	2%	3%	2%	4%	6%	3%
PBIT	2%	10%	22%	18%	17%	16%	23%	26%	21%	14%	8%	8%

	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02		
GROWTH											
King Solomons				-8%	-13%	-20%	88%	-10%	0.0%	10.0%	8.5%
Lucky Liner				10.0%	725.4%	-17.4%	23.7%	17.0%	0.0%	10.0%	8.0%
Columbus						55.2%	52.9%	224.5%	0.0%	10.0%	8.0%
Total drop	4%	-4%	-29%	-8%	-7%	-18%	20%	-7%	-1.9%	-100%	#DIV/0!
Marketing	2%	-10%	-67%	-25%	271%	-23%	24%	-25%	-2.3%	-100%	#DIV/0!
Fixed overheads	-33%	424%	-24%	0%	20%	7%	-9%	-1%	0%	0%	0%
PBIT	-51%	81%	97%	13%	-90%	-15%	117%	90%	-16%	-103%	#DIV/0!
% ON REVENUE											
Purchases	200%	200%	200%	200%	200%	200%	200%	200%	200%	200%	200%
Aqua fixed admin	70	70	70	70		-	-	-	-	-	-
Total aqua variable	12.6%	14.4%	11.7%	7.9%	5.4%	6.7%	6.4%	6.2%	7.5%	7.5%	7.5%
Aqua/WMC marketing placement	7.5%	0.0%	2.8%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Royalty	22%	22%	22%	12%	6%	7%	7%	7%	7.50%	7.50%	7.50%
Jackpots	6%	6%	6%	6%	8%	1%	2%	3%	2.50%	2.50%	2.50%
Royalty incl jackpots	28%	28%	28%	25%	14%	8%	9%	9%	8.60%	#DIV/0!	#DIV/0!
CFI fee (% of Purchases)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.50%	5.50%	5.50%
Total marketing	32%	30%	16%	13%	52%	48%	50%	40%	38%	#DIV/0!	#DIV/0!
Total marketing efficiency	3.1	3.4	6.0	7.8	1.9	2.1	2.0	2.5	2.7	#DIV/0!	#DIV/0!
Marketing			6%	6%	11%	37%	33%	24%	3.5	3.5	3.5
Promotion			15%	7%	45%	11%	11%	17%	12.0	12.0	12.0
Fraud	3%	3%	7%	6%	3%	5%	3%	3%	3%	3%	2%
Fixed overheads	1%	5%	6%	9%	11%	14%	11%	12%	14%	#DIV/0!	#DIV/0!
Variable o/h - Other	6%	1%	3%	5%	4%	3%	3%	2%	4.0%	4.0%	4.0%
PBIT	4%	7%	16%	23%	5%	5%	5%	19%	19%	#DIV/0!	#DIV/0!

* were all shareholders given preferential dividend

Netainment

ACTUAL

($000s)	6 months to Feb 2000	12 months to August 2000	6 months to Feb 2001	12 months to August 2001	6 months to Feb 2002	F2002	F2003	F2004	F2005
Drop	4,686	14,722	15,194	30,909	9,741				
PBT Adjustments	368 77	1,732 77	2,346 690	2,615 * 1,890	1,072 250				
Comments on adjustments:	(bonus $30k, royalty scheme fees $27k, casino licenses and software expenses $20k)	(bonus $30k, royalty scheme fees $27k, casino licenses and software expenses $20k)	(Bonus - $600k and $90k legal fees for failed merger)	(Bonus - $600k, $90k legal fees for failed merger, $1,200k dividend reflected as management fees)	($50k per month for five months Payment for acquisition of Aqua marketing team. Netainment expenses the amount when paid. Total purchase price = $600k)				
Sustainable PBT	445	1,809	3,036	4,505	1,322				
Valuation at August 2000									
Forecasts for twelve months ending 31 May Drop PBT				One year forward: 32,852 4,690		Two year forward: 57,805 11,071	Three year forward 79,770 12,103		
Valuation at Feb 2001									
Forecasts for twelve months ending 30 November Drop PBT					One year forward: 41,468 8,314	Two year forward: 61,664 11,609	Three year forward: 75,237 13,973		
Valuation at August 2001									
Forecasts for twelve months ending 31 August Drop PBT						One year forward: 28,415 6,888	Two year forward: 41,158 11,938	Three year forward: 48,802 13,517	
Valuation at Feb 2002									
Forecasts for twelve months ending 28 February Drop PBT							One year forward: 50,686 6,704	Two year forward: 66,020 9,564	Three year forward: 77,926 12,442

Note: The forecasts have been included for the period included in the valuations and might not be for coterminous twelve month periods.