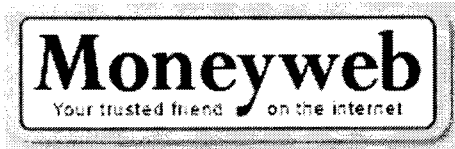


Links to Moneyweb Networks ▾



Release Date: 09/09/2004 00:00:00

## Corpcapital Limited - Disposal Of Equity In Netainment Nv, Cyber Finance

---

Investments Limited, Aqua Online (Pty) Limited, Universal Food Systems (Pty) Limited And Cicl Investment Holdings (Pty) Limited  
Corpcapital Limited

(Registration No. 1983/011384/06)  
Share code: CPA ISIN code: ZAE000034260  
("Corpcapital" or "the company")

DISPOSAL OF EQUITY IN NETAINMENT NV, CYBER FINANCE INVESTMENTS LIMITED, AQUA ONLINE (PTY) LIMITED, UNIVERSAL FOOD SYSTEMS (PTY) LIMITED AND CICL INVESTMENT HOLDINGS (PTY) LIMITED  
REALISATIONS

Java Capital is authorised to announce that Corpcapital has concluded agreements for the sale by Corpcapital or its relevant wholly-owned subsidiary (the "Corpcapital group") of:

1. its entire interest in Netainment NV. ("Netainment"), constituting 47.5% of the shares in and all its claims on loan account against Netainment (the "Netainment equity");
2. its entire interest in Cyber Finance Investments Limited ("CFI") comprising 50% plus 2 shares in the share capital of CFI and claims on loan account against CFI (the "CFI equity");
3. its entire interest in Aqua Online (Pty) Limited ("Aqua Online") comprising 50% of the shares in and claims on loan account against Aqua Online (the "Aqua Online equity");
4. its entire interest in Universal Food Systems (Pty) Limited ("UFS") constituting 100% of the shares in and all its claims on loan account against UFS (the "UFS equity");
5. its entire interest in CICL Investment Holdings (Pty) Limited ("CICL") comprising 30% of the shares in and claims on loan account against CICL (the "CICL equity").

DISPOSAL OF THE NETAINMENT EQUITY, THE CFI EQUITY AND THE AQUA ONLINE EQUITY  
An agreement has been concluded (the "Cytech agreement") for the disposal by the Corpcapital group of the Netainment equity, the CFI equity and the Aqua Online equity with effect from 1 May 2004 to Globalcom Limited (a company incorporated under the laws of Belize) ("Globalcom").

The Cytech agreement is conditional on the securing of the requisite approval from the Exchange Control Department of the South African Reserve Bank to the implementation of the transaction.

Netainment owns Cytech Limited which owns and operates an online casino. CFI is an international payment solution company which facilitates commerce transacted over the internet. Aqua Online provides administrative services to online operations.

Globalcom is an entity ultimately held by the holders of the remaining shareholders' interests in CFI and Aqua Online and a 47.5% interest in Netainment.

The total consideration payable in terms of the Cytech agreement is US\$3,759,000.

The purchase price of the Netainment equity and the CFI equity is US\$2,759,000 payable as follows:

1. US\$2,268,000 on the 5th day following the date of fulfilment of the outstanding condition precedent (the "closing date");
2. US\$491,000 on the earlier of (i) the 120th day following the closing date and (ii) the later of the closing date and 31 December 2004.

The purchase price of the Aqua Online equity is US\$1,000,000 payable as follows:

1. US\$500,000 on the later of (i) 31 December 2004 and (ii) the closing date; and
2. US\$500,000 on the 365th day after the closing date, provided that Globalcom's obligation to pay the outstanding balance of the purchase price of the Aqua Online equity will be accelerated to the extent that any free cash is generated by all or any of Netainment, CFI and/or Aqua Online as from 1 May 2004 (being all cash apart from such cash required by the relevant entity for the conduct of its business in the ordinary, normal and regular course).

#### DISPOSAL OF THE UFS EQUITY

An agreement has been concluded (the "UFS agreement") for the disposal by Corpcapital, with effect from 31 August 2004, of the UFS equity to Break Even 74 (Pty) Limited ("Break Even") and the UFS management.

UFS is the holding company of Insulated Structures 1989 (Pty) Limited ("IS"), Colcab (Pty) Limited and Colcab Manufacturing (Pty) Limited.

Break Even will have a 51% shareholding in UFS and is a black empowered entity led by Mr Dines Gihwala, with UFS management holding the balance.

The UFS agreement is conditional on Break Even procuring the fulfilment of the outstanding conditions precedent to Break

Even's banking facilities agreement with its funders. It is anticipated that the condition will be fulfilled by 13 September 2004.

The purchase price of the UFS equity is the aggregate of:

1. R15 000 000; plus
2. an amount equal to 50% of the net amounts recovered from time to time by IS on certain identified transactions (the "collection consideration"); plus
3. an amount equal to the net profit after tax attributable to IS' trading activities for the period 1 September 2004 to 31 August 2005 multiplied by two (the "earn-out consideration"), provided that notwithstanding the actual profit after tax earned by IS for the aforesaid period the earn-out consideration has been capped at R8 000 000.

The purchase price for the UFS equity is payable as follows:

1. R15 000 000 on the 21st day after the UFS agreement becomes unconditional;
2. the collection consideration is payable by no later than the 7th day of each calendar month following the month in which the collection is made by IS;
3. the earn-out consideration is payable within 14 days of completion of the audited financial statement of IS for the period ending 31 August 2005.

Prior to the implementation of the disposal of the UFS equity, UFS will:

1. repay to Corpcapital R1 000 000 of Corpcapital's credit loan account against UFS;
2. distribute to Corpcapital UFS' entire shareholding in and claims on loan account against Pinbrooke (Pty) Limited, a property owning company. Agreement has been concluded for the sale of the underlying property for R1 200 000 to Shades on top trading 10 CC.

#### DISPOSAL OF THE CICL EQUITY

An agreement has been concluded (the "CICL agreement") for the disposal by the Corpcapital group of the CICL equity with effect from 31 August 2004 to Black Ginger 92 (Pty) Limited ("Black Ginger").

Black Ginger is a black empowered entity led by Mr Dassie Molemela.

CICL operates in the short- and long-term insurance markets through its wholly owned subsidiaries, Constantia Insurance Company Limited and Constantia Life and

Health Assurance Company Limited as well as various related businesses. The CICL agreement is conditional on the following:

- the securing by 15 October 2004, to the extent necessary, of any regulatory approvals required in terms of the Short-Term Insurance Act (Act 58 of 1998) and the Long-Term Insurance Act (Act 52 of 1998);
- the securing by 10 September 2004 of a written waiver from the remaining shareholders of any pre-emptive (or similar) rights which the remaining shareholders may have to acquire all of the CICL equity;
- the securing by 17 September 2004 of written confirmation by CICL's auditors that the CICL group's consolidated net asset value as at 31 August 2004 is at least R77 600 000;
- Black Ginger concluding its facility agreement by 10 September 2004 and the facility agreement becoming unconditional in accordance with its terms by 30 September 2004.

The purchase price for the CICL equity is R23 000 000 and is payable on the 3rd business day after the CICL agreement becomes unconditional.

#### RATIONALE FOR THE TRANSACTIONS

On 28 February 2003 Corpcapital announced a strategy to unlock value for shareholders by responsible realisation of the company's investments and the return of capital to shareholders. The transactions are in line with this strategy.

#### FINANCIAL EFFECTS

The pro forma financial effects of the Netainment/CFI/Aqua Online transaction set out in the table below have been prepared for illustrative purposes only to provide information on how the Netainment/CFI/Aqua Online transaction may have impacted on the results and financial position of Corpcapital for the 6 months ended 29 February 2004. Because of their nature the pro forma financial effects may not give a fair reflection of Corpcapital's financial position after the Netainment/CFI/Aqua Online transaction or the effect on future earnings.

	Before transaction (cents)	After the transaction (cents)	Change (%)
Earnings per share	59,9	59.0	(1.5)
Headline loss per share	(9.0)	(10.3)	(14.4)
Net asset value per share	81.7	81.3	(0.5)
Net tangible asset value per share	79.7	81.3	2.0

#### Notes:

The figures in the "Before" column were extracted from the reviewed interim results of Corpcapital for the six months ended 29 February 2004 ("the period"). The earnings per share and headline loss per share calculation in the "After the transaction" column are based on the following assumptions:

- the transaction was effective 1 September 2003;
- interest would have been earned on the consideration for the period at a call rate of 7,25% and no tax is payable thereon;
- Corpcapital would have incurred a non-headline profit on the disposal of the Netainment equity, the CFI equity and the Aqua Online equity equivalent to R73 000 being the difference between the consideration for the Netainment equity, the CFI equity and the Aqua Online equity and Corpcapital's share of their net asset value as at 31 August 2003 (equity accounted as a joint venture of Corpcapital to the date of sale);
- A rand / dollar exchange rate of 6.67;
- Corpcapital had 335,479 million weighted average shares in issue during the period.

The net asset value per share and net tangible asset value per share calculation in the "After the transaction" column are based on the following assumptions:

- the transaction was effective 29 February 2004;
- the net asset value and net tangible asset value of Netainment, CFI and Aqua Online reflected on the balance sheet of Corpcapital as at 29 February 2004 was R26.7 million and R19.1 million respectively (equity accounted as a joint venture of Corpcapital);
- Corpcapital had 360,801 million shares in issue at 29 February 2004,

excluding treasury shares.

The pro forma financial effects of the UFS transaction set out in the table below have been prepared for illustrative purposes only to provide information on how the UFS transaction may have impacted on the results and financial position of Corpcapital for the 6 months ended 29 February 2004. Because of their nature the pro forma financial effects may not give a fair reflection of Corpcapital's financial position after the UFS transaction or the effect on future earnings.

	Before transaction (cents)	After the (cents)	Change (%)
Earnings per share	59,9	57.6	(3.8)
Headline loss per share	(9,0)	(4.5)	49.9
Net asset value per Share	81.7	79.5	(2.6)
Net tangible asset value per share	79.7	77.5	(2.7)

Notes:

The figures in the "Before" column were extracted from the reviewed interim results of Corpcapital for the period.

The earnings per share and headline loss per share calculation in the "After the transaction" column are based on the following assumptions:

- the transaction was effective 1 September 2003;
- a consideration for the UFS equity including the repayment of the loan account and property proceeds of R22.2 million;
- interest would have been earned on the consideration for the period at a call rate of 7.25% and no tax is payable thereon;
- Corpcapital would have incurred a non-headline capital loss on the disposal of the UFS equity equivalent to R22.7 million being the difference between the consideration for the UFS equity and the net asset value as at 31 August 2003 (consolidated as a subsidiary of Corpcapital to the date of sale. For the purpose of estimating realisation and consequent distributions to shareholders the UFS equity was appropriately revalued);
- Corpcapital had 335,479 million weighted average shares in issue during the period.

The net asset value per share and net tangible asset per share calculation in the "After the transaction" column are based on the following assumptions:

- the transaction was effective on 29 February 2004;
- Corpcapital's carrying value of UFS' net asset value and net tangible asset value (consolidated as a subsidiary of Corpcapital) as at 29 February 2004 was R30 million;
- Corpcapital had 360,801 million shares in issue at 29 February 2004, excluding treasury shares.

The pro forma financial effects of the CICL transaction set out in the table below have been prepared for illustrative purposes only to provide information on how the CICL transaction may have impacted on the results and financial position of Corpcapital for the 6 months ended 29 February 2004. Because of their nature the pro forma financial effects may not give a fair reflection of Corpcapital's financial position after the CICL transaction or the effect on future earnings.

	Before transaction (cents)	After the (cents)	Change (%)
Earnings per share	59,9	61.0	1.8
Headline loss per share	(9.0)	(9.0)	-
Net asset value per share	81.7	82.5	1.0
Net tangible asset value per share	79.7	80.4	0.9

Notes:

The figures in the "Before" column were extracted from the reviewed interim results of Corpcapital for the period.

The earnings per share and headline loss per share calculation in the "After the transaction" column are based on the following assumptions:

- the transaction was effective 1 September 2003;
- interest would have been earned on the consideration for the period at a call rate of 7,25% and no tax is payable thereon;
- Corpcapital would have incurred a non-headline profit on the disposal of the CICL equity equivalent to R3.7 million being the difference between the consideration for the CICL equity and Corpcapital's share of their net asset value as at 31 August 2003 (equity accounted as an associate of Corpcapital to the date of sale) and no tax is payable thereon;
- Corpcapital had 335,479 million weighted average shares in issue during the period.

The net asset value per share and net tangible asset value per share calculation in the "After the transaction" column are based on the following assumptions:

- the transaction was effective 29 February 2004;
- the net asset value and net tangible asset value of CICL reflected on the balance sheet of Corpcapital as at 29 February 2004 was R20.1 million and R20.5 million respectively (equity accounted as an associate of Corpcapital);
- Corpcapital had 360,801 million shares in issue at 29 February 2004, excluding treasury shares.

#### IMPACT ON REALISABLE NET ASSET VALUE

The transactions will not vary the previously published estimate of the ultimate realisable net asset value of 72,4 cents per Corpcapital share as at 29 February 2004.

Rosebank

9 September 2004

Corporate advisor and legal advisor to Corpcapital on the Netainment/CFI/Aqua Online and UFS transactions and sponsor to Corpcapital

Java Capital (Pty) Limited

Corporate advisor and legal advisor to Globalcom

Ararat Corporate Advisory Services (Pty) Limited

Legal advisor to Break Even

Hofmeyr Herbstein & Gihwala Inc.

Corporate advisor and legal advisor to Black Ginger on the CICL transaction

Java Capital (Pty) Limited

Date: 09/09/2004 05:50:49 PM Produced by the JSE SENS Department

---

**Back to top ▲**