

SUMMARY OF SERVICE

“ci4net was founded in late 1999 as an Internet holding and development company. Our strategy is to identify leaders in our core markets, develop their corporate infrastructure and finance their growth, until they are sufficiently developed to obtain financing themselves, through IPOs and other public and private equity offerings, as well as through strategic partnerships.”

Size of fund	Over \$200m invested at this time
Geographic coverage	Europe and Asia
Number of portfolio companies	25
Do you help build businesses from scratch?	Yes
Do you invest in existing early stage businesses?	Yes
Do you invest in BAM “carve outs”?	Yes

Do you supply portfolio companies with the following:

Strategic consultancy?	Yes
VC contacts?	Yes
Office space and physical resources?	Yes
Operational support (legal, HR, IT, sales, marketing etc)?	Yes
Personnel on the board of directors?	Yes
Do you charge fees for consultancy?	No

Typical stake 50%. Tends to take majority stakes in mature companies although stakes can vary from 10% -100% depending on investment.

Typical investment range Average investment is about \$10m.

Target markets and typical investment/operational strategy:

ci4net targets investments in the following areas:

- Internet infrastructure & services
- communications and wireless applications
- digital markets & exchanges
- digital businesses

ci4net says: “Our strategy is defined by the areas listed above rather than by market sectors.”

Successes (IPOs, valuation events, exits)?	No liquidity events to date. All investments are currently seeking follow-on funding.
Write downs/write-offs etc?	In January 2001 ci4net restructured its portfolio, writing off 25 of its 50 investments.

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Piccadilly
London
SW1Y 4TP

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Other office(s)

Suite 1600
One Rockefeller Plaza
New York
NY 10020
US

Web: www.ci4net.com

Date established

December 29, 1995, formerly known as Leisure Concepts International Inc. Renamed ci4net.com December 20, 1999

Private or Listed

Listed on NASDAQ
OTC Bulletin
Board

Employees

Approximately 30
at head office

Financial Backers

Would not disclose this information

KEY PERSONNEL AND ADVISORS

Kevin R. Leech, Chairman (Emeritus) and Member of the Board of Directors

Leech made a fortune in the funeral business. He owns Land's End and John O'Groats, Reliant cars and listed drugs company ML Laboratories.

Dale Morrison, CEO and Member of the Board of Directors

Lee Cole, Vice Chairman and Member of the Board of Directors

Roger Holdom, Vice President, Marketing

Richard Weir, Vice President, Finance

Alan Bowen, Vice President, Operations (Partner Companies)

Linden Boyne, Vice President, Operations (Partner Companies)

Magnus Gittins, Vice President, Technology

Advisory Board

Includes:

Michael Jordan, Former Chairman and Chief Executive Officer of CBS Corporation

Larry Bouts, principal and founding member of IndiGo Capital LLC, a financial advisory company that provides advisory services to other companies

James Robinson, founder of Independent Research Associates, Inc. (IRA), a "virtual securities" firm providing traditional securities and investment banking services through its offices throughout North America and through a network of alliances throughout the world.

David H Wollmuth, a partner in the New York law of Wollmuth Mayer & Deutsch LLP, Mr Wollmuth is also a co-founder of IndiGo Capital LLC.

Michael Grade, Former Head of Entertainment and Director of Programmes at London Weekend Television, Controller of BBC1 and Chief Executive at Channel 4 Television.

Leigh Collins, Investment analyst, Corporate advisor and stockbroker with extensive IPO experience. Also co-founder, Director and Head of Corporate Finance at institutional stock broking firm Collins Stewart, one of the fastest growing, most profitable and successful stock broking firms in the UK.

Ben Christian Rispoli, Founder and President of Rispoli & Cie, A consulting company in telecommunications and technology based in the Principality of Monaco.

Also:

Ernesto Pascale, Francois de Seroux, Garrett J Hickey, Sanford Henry, David Sutton, Yorem Kinberg and Paul M O'Donnell.

PORTFOLIO

4th Wave-AKAS

The Advanced Knowledge Acquisition System (AKAS) is a suite of software tools created by ci4net's 4th Wave Technologies for the rapid development and deployment of form driven database across Intranets, Extranets or the Internet. Unlike "conventional" Internet web applications they eliminate the need to manually code data capture forms and the underlying database. Both are automatically created by AKAS, needing no testing or preparation. Date of investment 3 March 2000.

Cassium Ltd

Cassium has offices in the UK, Sweden and Italy, with a team of nearly 60 IT consultants. The company provides established corporate and B2B clients with comprehensive high-end web base enterprise platforms and solutions. The company offers experience in creating cross-media strategies that leverage the strength of database methodology with the latest Internet technologies.

Date of investment 1 June 2000.

mostra Ltd

Mostra is a London-based firm, which has built up expertise in Internet-based and offline marketing. Mostra has existing relationships with several of ci4net's companies including trrravel.com and allCars.com. Other clients include The Telegraph Group, Savoy Group, WHSmith News, Harper Collins Publishers and Macmillan Publishers. Date of investment 16 March 2000.

Splash Communications Ltd

Splash Communications is a fast growing PR and marketing agency, with a client list including tempz.com, Property World (Internet) Ltd, Freeplay Energy Group, The Recruitment and Employment Confederation and The Corporate Services Group. Splash Communications provides an integrated set of strategy, creative and communications services to B2B and B2C companies and those developing and marketing new technologies. Date of investment 19 May 2000.

Chorus Group Ltd

Chorus was founded to create and build European businesses and sales operations for emerging software and Internet technology companies originating from the US. The company has developed three performance related Turnkey programmes to facilitate a swift and cost-effective entry to market, eliminating, in the process, assumptions and oversights common to those attempting to undertake this task alone from a US base. Date of investment 17 March 2000.

Perform.com LLC

Perform.com is an I-ASP (Internet Application Service Provider) that has developed a suite of Internet-based tools to help businesses achieve more effective management of people, projects, goals, communications, training and development. It enables companies, especially those with multiple offices, mobile workers, telecommuters and virtual offices, and consumers who use the Internet, to plan, communicate and collaborate with others. The company's customer base includes 40 blue-chip clients, with 15 Fortune 1000 companies. Date of investment 24 March 2000.

Systeam SpA

Systeam is a leading software factory in Italy and offers a complete range of services and products for Telcos, Internet and Digital TV. Telco software generally includes database design, anti-fraud and anti-cloning systems, traffic measures, call centres, customer care and security

systems. Internet applications cover Web design and development, e-commerce, WAP services, sites maintenance and ad management systems. Digital TV expertise includes DVB platform integration, VOD, NVOD and interactive architectures, STB functional design, DVD authoring and storage systems. Date of investment 17 February 2000.

enteraction tv Ltd

Enteraction tv is a UK-based developer of broadband and interactive TV applications. With a dedicated business-to-business focus, enteraction tv's current client base includes some of Europe's leading broadcasters, telecommunications companies, major web providers, manufacturers and services companies. Date of investment 13 March 2000.

Kismet International NV

Kismet International NV is a developer of online gaming systems. It has developed an integrated gaming platform, and is launching its own gaming network. The company currently licenses its gaming platform to seven operators and is establishing partnerships to bring its games to players worldwide via the Web and WAP. Date of investment 1 April 2000.

tempz.com Ltd

Tempz.com is the world's first pure-play online temp agency. It gives employers direct access to a database containing thousands of temps with skills covering the office support and blue collar sectors and enables them to manage the resourcing, supply and payroll process online. Tempz.com has been set up to capitalize on the opportunity that now exists in the mainstream staffing services market to re-engineer the supply process utilising an e-commerce approach. Date of investment 10 January 2000.

ICM Resources Ltd. (eazyprint.com)

Eazyprint.com is an online print management service, targeting the SME and SOHO markets with the Eazyprint.com brand offering customised design, print, order and delivery via their interactive e-commerce website. It also provides small, medium and large companies with full-service communications management. Eazyprint.com operates as an extension to the client's business and not simply as an interface between buyer and supplier. To reduce internal costs, clients outsource their print purchasing to eazyprint.com, who utilise their newly developed MIS supplier interface network to provide a seamless on-line solution. Date of investment 24 March 2000.

Amossco Ltd. (OilSupplyExchange.com)

ci4net and Aminex plc have formed a joint venture to provide online access to Aminex's oilfield service and supply division "Amossco". The Internet expertise is being provided by ci4net. Both parties believe that this Internet platform will allow "Amossco" to expand its business and operate more efficiently, providing access to a larger and more diverse market. Date of investment 25 May 2000.

AirCharterExchange.com Ltd.

Aircharterexchange.com is building an online air charter business exchange for both passenger and cargo airliners. It has employed aircraft charter experts from around the world and has already established offices in Bangkok, Luxembourg and London. In addition, the company is looking to expand further into the major airline operation centres. Date of investment 3 May 2000.

Cotton Net Ltd.

Cotton Net is seeking to revolutionise the way in which raw cotton is traded internationally. This will be achieved through encouraging market and price transparency to cheapen trading costs for growers and users of raw cotton in the global market. By shortening lead times in the procurement of cotton the aim is to create savings for clients.

Easy2Ship Inc.

Easy2Ship.com is a seamless online shipping service and operates as an online fulfilment service linking hauliers seeking to optimise loading capacity, especially on backhauls, with shippers in the UK and with importers and exporters. Easy2Ship.com aims to offer shippers and carriers a fast, inexpensive and efficient internet-based freight service solution in major markets. Shippers who use the service enter shipment information and carriers respond with quotes via the Internet site. Date of investment 4 April 2000. Follow-on funding round.

FishExchange Inc.

FishExchange.net is a comprehensive electronic trading exchange for the seafood industry. It will provide real-time prices on posted inventory of up to 175 species, dynamic matching, history and trending, together with transaction facilitation and credit insurance. Date of investment 4 April 2000. Follow-on funding round.

allCars.com Ltd

AllCars.com is a UK Internet site for pre-owned motor vehicles. Consumers can research pricing, specifications, insurance, finance and news regarding all kinds of vehicles through the company's website. When consumers decide that they are ready to buy, they are connected to allCars.com's UK network of 2,334 dealers. By connecting dealers with a large number of purchase requests, allCars.com enables dealers to lower their marketing, advertising and personnel costs while enhancing sales production. AllCars.com's services are free of charge to consumers and derive their revenues from fees paid by participating dealers. Date of investment 22 December 1999. Follow-on funding round.

BusinessVillages.com Ltd

BusinessVillages.com brings together industry-specific communities of business professionals with information and services that are focused to each industry, aiming to be the first choice for business information and services for the SME sector. Villages will be formed under the businessVillages brand, for example: telecomsvillage, mediavillage and itvillage. There is potential for advertising, cross-fertilisation and subscription service revenues for growth of the model to cover all types of global business. Date of investment 20 March 2000. Follow-on funding round.

BuyThisFast Inc.

Based in the Silicon Alley area of New York City, BuyThisFast is a B2B2C Application Service Provider, creating new distribution channels for major Internet merchants by establishing 'virtual storefronts' and other advertising vehicles on web sites of all sizes. By distributing its advertising solutions to web sites rather than individuals, BuyThisFast aims to leverage the traffic already running through these sites, providing merchants with immediate access to a large network of potential users. Date of investment 23 May 2000.

go-within.com

go-within.com is a holistic health site for women featuring the UK Good Holistic Health Guide. It offers support, help and advice for women in all stages of life, including courses in self-development, topical articles, interviews, humour and online sales of carefully selected products within the complementary health field. The site is currently live, with an official launch in January 2001. Date of investment 12 December 1999.

NetMedia Consultants (Kids Events Ltd.)

Kids Events is a new UK Internet online service of up to 50,000 nation-wide events, activities and interests for the under-16 age group. Kids Events aims to hold this specific market place permanently and form a barrier to entry to competitors. The goal is for both children and their parents to know that this is the first and best place to look for information. Date of investment 12 December 1999.

Personal Care Card BV

Personal Care Card is a loyalty card program based in the Netherlands that rewards consumers with benefits for shopping with a range of cards both on and off the Internet. The cards carry an extensive range of benefits helping with gaining discounts on such items as travel, mortgages, insurance, healthcare and public services. The cards are designed to appeal to people with different lifestyles. For example, the FamilyCare card will offer discounts and savings benefits for families, pertaining to mortgages, shopping, automobiles, and home furnishings, as well as healthcare. Date of investment 27 March 2000.

Property World (Internet) Ltd.

Property World offers a free, fully maintained Web service to all commercial and residential property and letting agents throughout the UK and worldwide, enabling detailed listings of their property portfolios online. Property World also offers estate agents their own fully maintained Web site, directly linked to the property database and search engine. Date of investment 14 January 2000.

trrravel.com Ltd.

Trrravel.com was established as a joint venture with offline integrated travel operator Leisure Travel Group as a provider of branded online travel services for leisure and small business travellers. It offers one-stop travel shopping and reservation services, providing real-time access to schedules, pricing and availability information for multiple airlines. An online magazine also gives accurate information on destinations from an impartial standpoint. Date of investment 3 December 1999.

GlobalFreeway BVI Ltd

GlobalFreeway was the first free national Internet Service Provider in Australia offering consumers free and unrestricted Internet access and e-mail for the cost of a local call from anywhere in the world. The company plans to challenge the dominance of the current market leaders and has the capacity to sign up 500,000 users by the end of January 2001. It is owned by ci4net and has a number of strategic partnerships, including Yahoo!. Date of investment 3 December 1999.

ANALYSIS

NASDAQ-listed ci4net traces its roots back to December 1995 when it was known as Leisure Concepts International Inc. It appeared in its present incarnation in 1999. Rapidly assembled through a flurry of acquisitions, it broadly modelled itself on CMGI, the American Net conglomerate that every Internet incubator aspired to emulate before the March 2000 crash.

ci4net initially enjoyed success pursuing a strategy of acquiring and developing early stage Internet businesses, particularly those with a European and Asian focus. At the height of the hi-tech boom, ci4net's shares rose to levels which briefly made its UK-based chairman Kevin Leech a paper billionaire.

With offices in both the major markets of London and New York, this Internet holding and development company's original business model saw it take majority stakes in more than 50 early stage businesses. Its average investment was roughly £10 million for a 50% stake, although this figure varied from 10% to 100% depending on the investment.

In January this year, the company signalled the impact that the technoslump had had on its fortunes, when it released its nine months results. Net loss for the nine-month period, excluding

amortisation of \$41.4 million, infrastructure costs of \$14 million, depreciation and goodwill costs of \$9.4 million and currency losses of \$2.6 million, was \$45.4 million. The majority of this loss was made up of investments in partner companies, which were consolidated due to the company's majority equity ownership status. Net equity increased from \$65 million to \$115 million during the period.

Faced with a market which had, in the space of a few months, wiped away more than 98% of the company's value, Leech initiated a radical overhaul of its portfolio. 25 of its original 50 investments were ditched. The company also closed its specialist incubator arm, Ismartlab, launched just months earlier. This restructuring saw the company break down its activities into four segments: Internet Infrastructure & Services; Digital Markets & Exchanges; Wireless Applications & Communications; and Digital Business.

The main business in the Internet sector is GlobalFreeway, which operates the largest Free ISP in Australia and intends to roll out across Asia. As regards Digital Markets & Exchanges, the group has seven companies in this area. It outlined a strategy to partner with offline experts to create efficiencies and reduce costs within each industry in which it operates.

Its holdings in Wireless Applications and Communications are focused on System, which employs 240 engineers, working in mobile applications development. System is seen as well positioned to take advantage of the forecast exponential growth in demand for mobile communications specialists.

Finally there is Digital Business, in which ci4net has eight holdings – it is actively seeking liquidity events for all its businesses in this sector. According to the company, two of this group have already signed non-binding letters of intent for potential mergers. ci4net said it expects all of the businesses in this group to merge, be acquired or fund themselves externally.

Commenting on the refocus, Dale Morrison, CEO of ci4net, said "Given the current market environment, we moved aggressively to focus our interests on a much smaller, core group of holdings in an effort to rebuild value for our shareholders. We expect to release further business updates as we continue to progress at strengthening our position in the market".

UPDATE NOTE

Since this entry was written, Dale Morrison has resigned as CEO.