Commercial in Confidence

Ezybonds (UK) Plc

Valuation of the issued shares

1 August 2013

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Mr Anthony Liston
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1 August 2013

Dear Anthony

You have engaged BDO East Coast Partnership (BDO) to prepare a valuation report (Report) setting out our opinion as to the fair value of the issued shares in Ezybonds (UK) Plc (Ezybonds UK) inclusive of its 100% subsidiary Ezypromotions Ltd (Ezypromotions) and respective entitlement to an increase in royalties as at various dates (Valuations).

The Valuations have been undertaken in accordance with our engagement letter dated 17 June 2013, email instructions of 19 July 2013 and have been undertaken as at the following dates: 3 February 2009, 21 September 2009, 14 January 2010 and 25 June 2012 (Valuation Dates).

We understand that Ezybonds UK progressively issued shares to Ezybonds Inc, a privately owned company, in exchange for an increase in the entitlement to royalties, from 15% to 60%, to be paid by Ezybonds Inc to Ezypromotions (Royalties/Royalty).

The purpose of the Valuations is to assist Management of Ezybonds UK (Management) comply with Part 17, Chapter 6, Section 593 of the Companies Act 2006 United Kingdom (UK) (Companies Act) that makes reference to public companies and their requirement to obtain a valuation when issuing shares for non cash consideration. Section 580 does not permit a company to issue shares at a discount. The entitlement to the royalties is considered to be the 'non cash consideration' for the purpose of the Valuations. Management may disclose the Report as necessary for the purposes of compliance with the Companies Act.

Further, when the values to be booked have been calculated, the carrying value of these additional rights (above 15%) and the inter-company debt will need to be compared to their carrying value by way of impairment testing.

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We have considered and relied upon information provided by Management. We consider, on reasonable grounds, that this information is reliable and not misleading.

In this regard, Ezybonds UK has represented to us that all information held by Ezybonds UK that may influence our analysis has been provided to us and is accurate and complete. A summary of information we have received and used in our valuation is outlined in Appendix 1.

The information used by BDO in preparing this Report has been obtained from a variety of sources as indicated within the Report. While our work has involved analysis of financial information and accounting records, it has not included an audit or review in accordance with generally accepted auditing and assurance standards.

Accordingly we assume no responsibility for and make no representations with respect to the accuracy or completeness of any information provided to us by and on your behalf.

Management has reviewed a draft version of this report and has confirmed that the information provided to us and as presented in this report is accurate and that no significant information essential to our Report has been withheld.

We thank you for the opportunity to provide our valuation services to Ezybonds UK. Please do not hesitate to contact us if you have any questions about this Report or if we may be of any further assistance.

This letter should be read in conjunction with our Report, which is attached.

Yours sincerely

BDO East Coast Partnership



Dan Taylor

Partner

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Section 1
Executive summary

Executive Summary

Purpose and Scope	▪ BDO has been engaged by Ezybonds UK Plc to prepare a valuation report setting out our opinion as to the fair value of the issued shares in Ezybonds UK including its 100% subsidiary Ezypromotions and respective entitlement to an increase in royalties as at various Valuation Dates. The Valuations have been undertaken in accordance with our engagement letter dated 17 June 2012 and email instructions of 19 July 2013, as at the following dates: 3 February 2009, 21 September 2009, 14 January 2010 and 25 June 2012. ▪ We understand that Ezybonds UK progressively issued the shares at 10p per share to Ezybonds Inc in exchange for Ezypromotions' entitlement to an increase the Royalty, from 15% to 60%, to be paid by Ezybonds Inc to Ezypromotions. The increases in the Royalty coincide with the issues of shares. ▪ The purpose of the Valuations is to assist management of Ezybonds UK comply with Part 17, Chapter 6, Section 593 of the Companies Act 2006 UK (Companies Act) that makes reference to public companies and their requirement to obtain a valuation when issuing shares for non cash consideration (the entitlement to increase the Royalty received by Ezypromotions). Section 580 does not permit a company to issue shares at a discount. ▪ When the values to be booked have been calculated, the carrying value of the increased entitlement to royalties (above 15%) and the inter-company debt will need to be compared to their carrying value by way of impairment testing. ▪ We have not considered any taxation matters or transfer pricing requirements in relation to inter-company dealings while undertaking our Valuation.
Definition of Value	▪ In accordance with the valuation principles contained in IAS 39 (IFRS) and FRS 26 (UK/Irish GAAP), we have used the definition of fair value "*as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction*".
Valuation Method	▪ We have selected the discounted cash flow (DCF) method to value Ezybonds UK at the Valuation Dates. ▪ We have selected the DCF method to value the Royalty at the Valuation Dates.

Executive Summary

Discount Rate

- The discount rates selected for the valuation of Ezybonds UK have been based on rates of return generally expected by venture capitalists and private equity for entities at a similar stage of development and risk profile as Ezybonds UK.
- The selected discount rates at the Valuation Dates are as follows:

Cost of equity	Low	High
3 February 2009	50%	60%
21 September 2009	50%	60%
14 January 2010	50%	60%
25 June 2012	45%	55%

Source: BDO Analysis
Note: Discount rates selected are post tax and in nominal terms.

- The discount rates selected for the valuation of the Royalties have been based on the discount rates used to value Ezybonds UK as the income and expenses of Ezybonds UK is exclusively in relation to the Royalties. We therefore consider the risk profile of the Royalty is the same as the business of Ezybonds UK.

Executive Summary

Valuation Results

- A summary of the fair value per share of Ezybonds UK at each Valuation Date is as follows:

Summary of values	3 February 2009		21 September 2009		14 January 2010		25 June 2012	
Value per share	Value		Value		Value		Value	
	Low	High	Low	High	Low	High	Low	High
100% equity value (£000)	78,094	96,548	95,537	121,073	108,785	137,443	117,539	165,522
Number of securities on issue	295,472	295,472	391,169	391,169	466,169	466,169	602,021	602,021
Value per share (£)	0.26	0.33	0.24	0.31	0.23	0.29	0.20	0.27

Source: Ezybonds UK management and BDO Analysis

Note: The number of securities on issue have been sourced from the preceding year's financial statements and grossed up by the number of shares issued on the Valuation Dates.

- A summary of the value of the Royalties as at each Valuation Date is as follows:

Date	Royalty percentage acquired	Valuation of Royalty acquired - Low (£000's)	Value Ezybonds UK share - based on mid-point (£)	Shares issued (000's)	Total value of shares issued (£000's)	Total par value of shares issued (£000's)	Total premium paid on the shares £	Value of Royalty received greater than value of shares issued	Percentage by which shares paid up by the royalty %
3 February 2009	10%	40,074	0.30	50,000	14,777	5,000	-	Yes	100
21 September 2009	10%	30,774	0.28	50,000	13,844	5,000	-	Yes	100
14 January 2010	15%	38,644	0.26	75,000	19,807	7,500	-	Yes	100
25 June 2012	10%	21,573	0.24	50,000	11,755	5,000	-	Yes	100

Source: Ezybonds UK management and BDO Analysis

Note: The value of the Royalties acquired is the low value, whereas all other values have been calculated using midpoint values

- The value of the Royalty is the value of the entitlement to an increase in Royalty at each Valuation Date.
- The value of the Royalty is based on the low value, as instructed by Management.
- Since the issue price of the shares issued was the same as the par value (10p) of those shares, no premium has been paid on the shares.
- In addition the fair value of the Royalties is higher than the fair value of shares issued.

Executive Summary

Cross Checks	▪ To provide additional evidence of value, we have cross-checked the value of Ezybonds UK by reference to the following:
	  ▪ Implied multiples of forecast revenue and forecast EBITDA
	  ▪ Share trading price
	  ▪ IRR

Qualifications & Limitations	▪ Important qualifications are contained in our report, and should be read in conjunction with the analysis and conclusions outlined above and throughout this report. ▪ All references to £ in this report is in relation to the British pound, unless otherwise stated.

Section 2
Purpose and scope

Purpose of the Valuations

Ezybonds UK has progressively issued shares to Ezybonds Inc, a privately owned company in exchange for Ezypromotions' entitlement to an increase in Royalties, from 15% to 60% paid by Ezybonds Inc to Ezypromotions. The increases in the Royalty coincide with the issues of shares.

We understand that Part 17, Chapter 6, Section 593 of the Companies Act 2006 (Companies Act) makes reference to public companies and their requirement to obtain a valuation when issuing shares for non cash consideration. Section 580 does not permit a company to issue shares at a discount.

Further, when the values to be booked have been calculated, the carrying value of these additional rights (above 15%) and the inter-company debt will need to be compared to their carrying value by way of impairment testing.

The directors of Ezybonds UK have requested BDO to assist with the impairment testing in relation to the carrying value of the issued shares of Ezybonds UK.

Regulatory requirements

Our valuation is required under Part 17, Chapter 6, Section 596, of the Companies Act UK (Section 596):

596 **Non-cash consideration for shares: requirements as to valuation and report**

(1) The provisions of sections 1150 to 1153 (general provisions as to independent valuation and report) apply to the valuation and report required by section 593 (public company: valuation of non-cash consideration for shares).

(2) The valuer's report must state—

(a) the nominal value of the shares to be wholly or partly paid for by the consideration in question;

(b) the amount of any premium payable on the shares;

(c) the description of the consideration and, as respects so much of the consideration as he himself has valued, a description of that part of the consideration, the method used to value it and the date of the valuation;

(d) the extent to which the nominal value of the shares and any premium are to be treated as paid up—

(i) by the consideration;

(ii) in cash.

(3) The valuer's report must contain or be accompanied by a note by him—

(a) in the case of a valuation made by a person other than himself, that it appeared to himself reasonable to arrange for it to be so made or to accept a valuation so made,

(b) whoever made the valuation, that the method of valuation was reasonable in all the circumstances,

(c) that it appears to the valuer that there has been no material change in the value of the consideration in question since the valuation, and

(d) that, on the basis of the valuation, the value of the consideration, together with any cash by which the nominal value of the shares or any premium payable on them is to be paid up, is not less than so much of the aggregate of the nominal value and the whole of any such premium as is treated as paid up by the consideration and any such cash.

(4) Where the consideration to be valued is accepted partly in payment up of the nominal value of the shares and any premium and partly for some other consideration given by the company, section 593 and the preceding provisions of this section apply as if references to the consideration accepted by the company included the proportion of that consideration that is properly attributable to the payment up of that value and any premium.

(5) In such a case:

(a) the valuer must carry out, or arrange for, such other valuations as will enable him to determine that proportion, and

(b) his report must state what valuations have been made under this subsection and also the reason for, and method and date of, any such valuation and any other matters which may be relevant to that determination.

Scope of report

In terms of Section 596 we have been engaged to address the following in our report:

	Section Reference
• The method of valuation	Section 9
• That the value of the Royalties (ie the relevant percentage received as the consideration) at the time of each issue of shares was no less than the value of the shares issued at each time	Section 11
• A description of the Royalty	Section 3
• The actual value of the Royalties (ie the relevant percentage received as the consideration) at the time of each issue of the shares	Section 11
• The nominal value and premium payable on the shares at the time of each issue of the shares (i.e. the value of the shares issued at each relevant time), if any.	Section 10 Section 12

Section 3
Ezybonds UK background

Company overview

Overview of Ezybonds UK

Ezybonds UK is the official marketing company used as the cornerstone to the Ezybonds Global Payments System (EGPS), developed by Ezybonds Inc. Ezybonds UK is incorporated in the United Kingdom (UK) and its shares are publicly traded on the London based ICAP securities and derivatives exchange (ISDX).

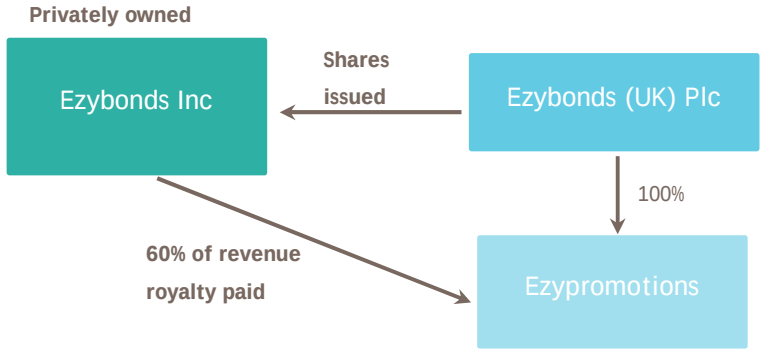
Ezybonds Inc has historically promoted a unique shareholder incentive bonus concept that was modelled on the hugely successful British premium bonds theory. British premium bonds are a financial instrument issued by the UK Government that offers participation in monthly lottery draws for a certain amount deposited. Whilst no interest is paid on the funds deposited, all funds are capital guaranteed and redeemable at call. Using these principles and redeemable convertible non-cumulative 'A' class preference shares (Preference Shares) Ezybonds Inc has re-engineered their Preference Shares to express the qualities of a British premium bond.

Commercialisation of the Preference Shares has taken over 16 years to satisfy regulatory issues and develop compliant software. During the development period Ezybonds Inc in conjunction with Ezybonds UK identified a deficiency in existing e-commerce online payment processing systems. As payment processing was a principle component of the Preference Shares, Ezybonds Inc decided to develop the EGPS. The EGPS is a multi-currency payment system designed to access funds via automatic teller machines (ATM) and to securely transfer funds via the internet, mobile phone or point of sale (POS) terminals. Ezybonds Inc has also developed a number of complimentary internet based payment products that offer a range of services to customers.

Ezybonds UK derives revenue from the Royalty paid by Ezybonds Inc based on a percentage of Ezybonds Inc's total revenue.

Corporate structure

Figure 1: Corporate structure chart



Source: Ezybonds UK Management

Overview of Ezypromotions

Ezypromotions is an entity registered in the Cook Island and is a wholly owned subsidiary of Ezybonds UK. It has the worldwide marketing and distribution rights for the Ezybonds Inc intellectual property. Attaching to those rights is the right to 60% of the total revenue of Ezybonds Inc (excluding revenue derived from the funds held in the Bonus Pool Account). We note that this Royalty has increased from 15% in FY09.

Overview of Ezybonds Inc

Ezybonds Inc is a privately owned legal entity and is the software developer and intellectual property owner of the EGPS including associated domain and trade marks. Ezybonds Inc manages the specialised products and services that are promoted by Ezybonds UK. We understand that Ezybonds Inc has granted an exclusive license to Ezypromotions to globally market and brand the Ezybonds Inc software and products. In return Ezypromotions receives a Royalty of 60% of revenue from Ezybonds Inc.

Company overview

SWOT Analysis

Set out below is an analysis of the strengths, weaknesses, opportunities and threats (SWOT) of Ezybonds UK.

Strengths

- Free to join an Ezyaccount unlike some service competitors
- SMS transactions
- Operate in a global market
- MasterCard affiliation with regard to the Ezycash Prepaid MasterCard
- Ezybonds Dividends Rights differentiates Ezybonds from other service providers in the market
- Receive or send funds in real time
- Multi-currency
- Spitlock security system

Weaknesses

- May not implement successful strategy to increase the adoption of the Electronic Payment Method
- Investment in growth may adversely affect short-term profitability
- No operating history
- Possibility of fraudulent or erroneous activity that could expose Ezybonds to additional liability, financial losses, or customer detraction.
- Lack of stringent controls surrounding the management of customer details and privacy of information
- Possibility of systems failures
- Third party management of data servers and physical server security
- Minimal expenditure on traditional sales and marketing activities
- Limited experience competing in international markets

Opportunities

- Technology innovation
- Cashless economies
- Be accepted in more markets
- Emerging markets are going to need the resources to buy and sell goods domestically and internationally, companies like Ezybonds will provide a financial tool for these up and coming markets to do business
- High growth industry
- Vendor relationships

Threats

- Rapid technological change
- Established competitors with long operating histories, greater financial, technical, marketing, customer service resources, as well as established brand names and customer base
- Exchange rate fluctuation
- Market may not accept Ezybonds product
- Possibility of fraudulent or erroneous activity that could expose Ezybonds to additional liability, financial losses, or customer detraction.
- State and federal regulations and legislation
- Pricing pressure from competitors

Company overview

Description of the transactions

During 2006 Ezybonds UK acquired all the issued shares in Ezypromotions. The acquisition was for a cash consideration of £1 million and a commitment to issue additional new shares to Ezybonds Inc to ensure that, as at the close of business on the date of expiry of Ezybonds UK's listed 3.5p warrants (15 December 2013), Ezybonds Inc held 29.9% of the total issued capital of Ezybonds UK.

Ezypromotions has been granted the right in perpetuity to a Royalty of 15% and increasing up to 60% of all revenue received by Ezybonds Inc from the EBPS, less third party processing costs, including but not limited to membership fees, short messaging services, e-mail transfers, foreign currency transactions, revenue arising from joint ventures, agreement or arrangements throughout the world, but excluding any revenue received from credit card processing and any revenue derived from funds held in the Bonus Pool Account. The increase in the royalty rate would occur on the incremental issue of new ordinary shares by Ezybonds UK to Ezybonds Inc on behalf of Ezypromotions. Management of Ezybonds UK have advised that the incremental increases in the Royalty and the issues of ordinary shares in Ezybond UK would occur as follows:

- 3 February 2009 - increase in the Royalty from 15% to 25% and the issue of 50 million shares at 10p per share
- 21 September 2009 – increase in the Royalty from 25% to 35% and the issue of 50 million shares at 10p per share
- 14 January 2010 – increase in the Royalty from 35% to 50% and the issue of 75 million shares at 10p per share
- 25 June 2012 – increase in the Royalty from 50% to 60% and the issue of 50 million shares at 10p per share (we note that Ezybonds UK holds the right to repurchase the 50 million shares issued to Ezybonds Inc for the same consideration at anytime over a five year period that commences in FY14).

The issues of the shares to Ezybonds Inc are highlighted in grey in the table in the following section. We note from our discussions with management of Ezybonds UK that Ezybonds Inc has transferred its entitlement to the shares in Ezybonds UK except for 4.2 million shares that it held as at 30 June 2012.

Share Capital

Ezybonds UK had the following ordinary shares on issue at each financial year from 30 June 2008 to 31 December 2012. The highlighted share issues are in respect of issues of shares to Ezybonds Inc in accordance to the royalty agreement:

Figure 2: Ordinary shares on issue

Period	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	31-Dec-12
000's					
Ordinary Shares on issue - beginning of year	82,913	146,494	238,900	419,689	431,352
New shares to be issued to Ezybonds Inc - Accrual	27,517	68,593	124,382	126,045	143,637
New shares to be issued to Ezybonds Inc - Accrual reversal	(1,684)	(27,517)	(68,593)	(124,382)	(126,045)
New shares issued to Ezybonds Inc	35,000	50,000	125,000	10,000	50,000
Other Issues	2,748	1,331			
New shares to be issued for funding					4,800
Closing Balance	**146,494**	**238,900**	**419,689**	**431,352**	**503,744**

Source: Ezybonds UK financial statements

Comments in relation to the above table:

The issues of shares to Ezybonds Inc are in accordance with the original purchase agreement to acquire Ezypromotions. The agreement requires sufficient shares to be issued to provide Ezybonds Inc with 29.9% of the issued shares of Ezybonds UK.

Ezybonds UK also had the following number of share options and warrants on issue at each financial year from 30 June 2008 to 31 December 2012:

Figure 3: Number of options and warrants on issue

Number of securities	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	31-Dec-12
Options under the unapproved share option scheme exercisable @30p before 21 April 2009	30,000				
Options under the unapproved share option scheme exercisable @30p before 30 April 2009	160,000				
Share warrants exercisable @ 20p before 30 Sept 2009	97,188,508				
Share warrants exercisable @ 20p before 30 Sept 2009		100,668,508			
Share warrants exercisable @ 50p before 30 March 2010	1,000,000	1,000,000			
Options under the unapproved share option scheme exercisable @20p before 31 May 2011	600,000	600,000	600,000		
Share warrants exercisable @ 10p before 30 July 2011			100,668,508		
Share warrants exercisable @ 10p before 30 March 2012				120,668,508	
Share warrants exercisable @ 3.5p before 15 Dec 2013					120,668,508
Total number of options and warrants on issue	**98,978,508**	**102,268,508**	**101,268,508**	**120,668,508**	**120,668,508**

Source: Ezybonds UK financial statements

Share Capital

The Company had the following total number ordinary shares, share options and warrants on issue between 30 June 2008 and 31 December 2012:

Figure 4: Number of ordinary shares, options and warrants on issue

Period	30-Jun-08	3-Feb-09	30-Jun-09	21-Sep-09	14-Jan-10	30-Jun-10	30-Jun-11	25-Jun-12	31-Dec-12
000's									
Ordinary shares	146,494	-	238,900	-	-	419,689	431,352	-	503,744
New ordinary shares issued	-	50,000	-	50,000	75,000	-	-	50,000	-
Options and warrants	98,979	-	102,269	-	-	101,269	120,669	-	120,669
Total number of ordinary shares, options and warrants on issue	**245,472**	**295,472**	**341,169**	**391,169**	**466,169**	**520,957**	**552,021**	**602,021**	**624,412**

Source: Ezybonds UK financial statements

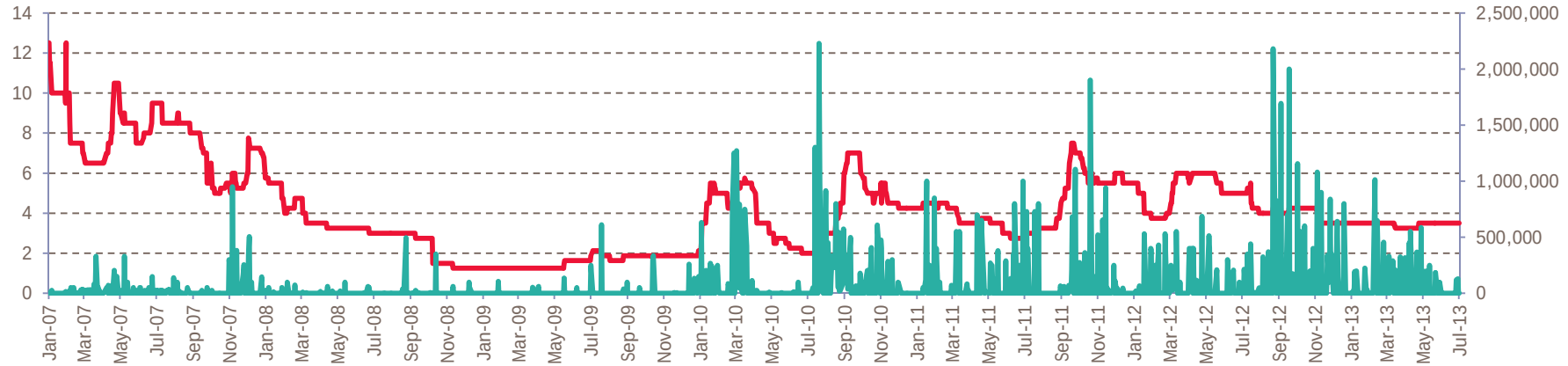
Note: The number of shares on issue has been sourced from the preceding year's financial statements and grossed up by the number of shares issued on the Valuation Dates. Ezybonds UK changed reporting dates from 30 June to 31 December in 2012, therefore there is no breakdown of ordinary shares, options and warrants on issue at 30 June 2012.

In addition to the warrants on issue as reflected in the above tables, we note that there were 1 million warrants outstanding as at 30 June 2008 and 30 June 2009 exercisable at 100p before 30 September 2010. We note as at 30 June 2008 and 30 June 2009, management were of the view that since the warrants are out of the money, it is highly unlikely that they would be exercised before expiry date.

Share price trading history

Trading volumes and share trading prices for Ezybond UK's shares between 2 November 2007 and 1 July 2013 are summarised as follows:

Figure 5: Share trading prices (pence) and trading volumes



Source: Bloomberg and BDO Analysis

Share Capital

Comments to the share trading history

The peaks in the volumes and share prices predominantly relate to the thinly traded nature of the shares. We understand from discussions with management that the shares are tightly held by existing shareholders. Also, leading to the thin trading of the shares is the lack of transparency and liquidity of the ISDX generally as a whole. This results in a barrier to free trading of securities listed on the exchange.

Share Capital

Volume weighted average prices

The following table summarises the volume weighted average share prices (VWAP) of the share trading of Ezybonds UK.

Figure 6: VWAP of Ezybonds UK

Period	High (pence)	Low (pence)	VWAP (pence)	Cumulative volume of shares traded during period	Day weighted average shares out during period	Volume of shares traded as a % of shares out during period
25-June-2012						
1 week	5.00	5.00	5.00	3,847	305,307,000	*0.0%*
1 month	5.50	5.00	5.00	578,947	305,307,000	*0.2%*
3 months	6.00	5.00	5.77	4,056,243	305,307,000	*1.3%*
6 months	6.00	3.75	5.13	8,506,440	305,307,000	*2.8%*
12 months	7.50	2.75	5.17	21,193,633	305,307,000	*6.9%*
14-January-2010						
1 week	4.50	3.50	3.99	211,000	220,307,000	*0.1%*
1 month	4.50	1.88	2.67	1,209,965	220,307,000	*0.5%*
3 months	4.50	1.88	2.52	1,482,496	195,862,556	*0.8%*
6 months	4.50	1.63	2.19	2,918,112	183,084,778	*1.6%*
12 months	4.50	1.25	2.08	3,572,612	171,652,205	*2.1%*
21-September-2009						
1 week	1.88	1.88	-	-	170,307,000	*0.0%*
1 month	1.88	1.63	1.88	138,500	170,307,000	*0.1%*
3 months	2.13	1.63	1.88	1,000,616	170,307,000	*0.6%*
6 months	2.13	1.25	1.78	1,298,116	170,307,000	*0.8%*
12 months	2.75	1.25	1.65	1,964,616	149,518,644	*1.3%*

Source: Bloomberg and BDO Analysis

Share Capital

Volume weighted average prices cont'd

Period	High (pence)	Low (pence)	VWAP (pence)	Cumulative volume of shares traded during period	Day weighted average shares out during period	Volume of shares traded as a % of shares out during period
03-February-2009						
1 week	1.25	1.25	1.25	107,000	120,057,000	*0.1%*
1 month	1.25	1.25	1.25	107,000	120,057,000	*0.1%*
3 months	1.50	1.25	1.25	311,000	120,057,000	*0.3%*
6 months	3.00	1.25	2.13	1,240,500	120,057,000	*1.0%*
12 months	4.75	1.25	2.60	1,806,431	119,556,945	*1.5%*

Source: Bloomberg and BDO Analysis

Comments in relation the VWAP

Based on the above analysis, we note that the trading of Ezybonds UK shares is thin. Therefore, the share price, at any one time, may not reflect the fair value of the shares.

Share Capital

Top 10 Shareholders

The top 10 shareholders of Ezybonds UK at are summarised as follows:

Figure 7: Tope 10 shareholders of Ezybonds UK

Top 10 Share holders	1-Jul-09	%		30-Sep-09	%		30-Nov-10	%		30-Jun-12	%
Pershing Nominees Limited	16,851,288	7%	Rainforest Pty Ltd	14,620,000	6%	Pershing Nominees Limited	59,366,020	14%	Pershing Nominees Limited	74,803,699	17%
Rainforest Pty Ltd	14,620,000	6%	Pershing Nominees Limited	10,771,452	5%	Vidacos Nominees Limited	20,646,081	5%	Vidacos Nominees Limited	20,766,081	5%
Lone Mountain Developments Pty	5,225,000	2%	Lone Mountain Developments Pty	5,225,000	2%	Rainforest Pty Ltd	14,620,000	3%	Rainforest Pty Ltd	14,620,000	3%
Anthony Liston	5,001,000	2%	Anthony Liston	5,001,000	2%	Telica Nominees Pty Limited	9,560,000	2%	Telica Nominees Pty Limited	9,560,000	2%
Telica Nominees Pty Limited	4,560,000	2%	Athol Hodgetts	4,941,000	2%	Kerry Richards	5,960,000	1%	Kerry Richards	6,360,000	1%
Sean Mcshane	4,500,000	2%	Telica Nominees Pty Limited	4,560,000	2%	Anthony Liston	5,001,000	1%	Corporate Services (Td Waterhouse)	5,651,250	1%
Patrick Scammell	4,170,000	2%	Sean Mcshane	4,500,000	2%	J M Finn Nominees Limited	4,967,101	1%	Anthony Liston	5,001,000	1%
J M Finn Nominees Limited	4,092,101	2%	Patrick Scammell	4,170,000	2%	Sean Mcshane	4,500,000	1%	Terrence White	4,430,000	1%
Bovingdon Limited	4,000,000	2%	J M Finn Nominees Limited	4,092,101	2%	Terrence White	4,330,000	1%	Derril Pty Ltd	4,200,000	1%
Brian White	3,853,000	2%	Bovingdon Holdings Limited	4,000,000	2%	Derril Pty Ltd	4,200,000	1%	Ezybonds Inc	4,178,900	1%
	66,872,389	**28%**		**61,880,553**	**26%**		**133,150,202**	**32%**		**149,570,930**	**35%**
Others	172,028,058	72%		177,019,894	74%		286,538,774	68%		281,781,086	65%
Total	**238,900,447**	**100%**		**238,900,447**	**100%**		**419,688,976**	**100%**		**431,352,016**	**100%**

Source: Ezybonds UK management

Comments in relation to the top 10 shareholders

As noted previously, Ezybonds Inc has transferred its entitlements to the ordinary shares in Ezybonds UK, other than the 4.2 million it held as at 30 June 2012.

Financial analysis – FY07 to FY12

FY07 to FY12 Ezybonds UK financial performance

The table below summarises the historical performance (FY07 to FY12) of Ezybonds UK (including Ezypromotions). We note in FY12 Ezybonds UK changed its reporting date from 30 June to 31 December, therefore FY12 represents 6-months of operations.

Figure 8: FY07 – FY12 financial performance

Period £000's	Notes	FY07 (A)	FY08 (A)	FY09 (A)	FY10 (A)	FY11 (A)	FY12 (A)
License revenue received	1	0	20	52	210	320	129
Direct costs	2	-	-	-	(16)	(113)	-
Gross Profit		**0**	**20**	**52**	**194**	**208**	**129**
Directors salaries		-	-	-	(8)	-	-
Wages and salaries	3	-	-	(20)	(47)	(63)	-
Office costs	4	(68)	(40)	(10)	(16)	(21)	(27)
Travel and subsistence		(49)	4	(2)	(17)	(8)	(43)
Telephone		(7)	(2)	(2)	(5)	(6)	(4)
Sundry expenses		(1)	-	-	(10)	-	-
Advertising, marketing consultancy and public relations	5	(105)	(13)	8	(9)	(7)	-
Legal and professional fees	6	(36)	(38)	(38)	(2)	(20)	(23)
Consultancy fees and other associated costs	7	(530)	43	(10)	(20)	(6)	(5)
Advance commission payments	8	-	(150)	-	-	-	-
Accountancy fees		(10)	(8)	(3)	(10)	(3)	(10)
Auditors remuneration		(5)	(8)	(4)	(11)	(10)	(13)
Provision against loans made to associates		(260)	-	-	-	-	-
Bank Charges		(1)	()	()	(4)	(1)	(1)
Foreign currency gain/loss		2	(1)	-	(4)	(1)	5
EBITDA		**(1,070)**	**(193)**	**(30)**	**32**	**61**	**9**
Depreciation of computer equipment	9	(4)	(4)	(38)	(104)	(102)	-
EBIT		**(1,074)**	**(197)**	**(68)**	**(72)**	**(41)**	**9**
Bank interest receivable/payable		2	0	-	0	0	0
Loss on disposal of investments	10	-	-	-	-	-	(739)
Profit/loss before tax		**(1,072)**	**(196)**	**(68)**	**(72)**	**(41)**	**(731)**
Revenue growth (%)		*n/m*	*9074%*	*161%*	*303%*	*52%*	*-60%*
Gross margin (%)		*100%*	*100%*	*100%*	*92%*	*65%*	*100%*
EBITDA margin (%)		*-490859%*	*-963%*	*-58%*	*15%*	*19%*	*7%*
EBIT margin (%)		*-492643%*	*-983%*	*-130%*	*-34%*	*-13%*	*7%*
Profit/loss before tax margin (%)		*-491936%*	*-980%*	*-130%*	*-34%*	*-13%*	*-565%*

Source: Ezybonds UK financial statements

Financial analysis – FY07 to FY12

Notes:

1. Ezybonds UK, (including Ezypromotions), earns license revenue from the royalty paid by Ezybonds Inc for the marketing and promotion of their products and services. The royalty rate has increased from 15% in FY07 to 60% in FY12. The royalty is paid on Ezybonds Inc's revenue derived from all its products through credit card payments, short messaging services (SMS), email transfers, foreign currency transactions, membership fees, debit cards and contracts.

   License revenue received by Ezybonds UK has increased from £nil in FY07 to £320k in FY11 primarily due to the developmental progress of Ezybonds Inc's products and services from development stage to commercialisation and the increases in the royalty rate received by Ezybonds UK. We note that licence revenue received in FY12 of £129k represents 6-months of trading as Ezybonds UK changed financial year end from 30 June to 31 December.
2. Direct costs relate to costs incurred by Easybonds UK's business operations in Beijing that provided support customers of Ezybonds Inc with prepaid electronic telephone pin numbers. The costs were first incurred in FY10 as the telephone based product became operational, however, Ezybonds UK disposed of the Beijing operations in FY12 resulting in the decrease in direct costs of £113k in FY11 to £nil in FY12.
3. Wages and salaries related primarily to the Beijing operations which ceased in FY12, which explains the decrease from £63k in FY11 to £nil.
4. Office costs have decreased from £68k in FY07 to £21K in FY11, as Ezybonds UK was reducing its operations in the Beijing office in preparation for its closure in FY12.
5. Advertising, marketing consultancy and public relations costs are incurred by Ezybonds UK to increase brand awareness and develop market share. These costs decreased from £105k in FY07 to £7k in FY11 as Management focused on core competencies and adopted a soft launch approach.
6. Legal and professional fees were £36k in FY07, decreasing to £2k in FY10 and increased to £20k in FY11. This is primarily due to Ezybonds UK's registration of relative trademarks and domain names in conjunction with its software development cycles over the period.
7. Ezybonds UK incurred consultancy fees of £530k in FY07 as it employed six employees to develop a market presence in Melbourne, Australia, with a number of activities initiated. Management decided to scale back this activity from FY08 onwards, resulting in a decrease in expenditure to £6k in FY11.
8. Advanced commission payments of £150k in FY08 were due to Ezybonds UK advancing funds to a number of affiliates so it could develop its business and customer base. The funds are repayable out of future commissions, however, Management decided to make a provision as a contingency.
9. Depreciation relates to computer equipment held by Ezybonds UK and used for its commercial operations. The depreciation expense is calculated using the straight line method over a useful life of 3 years (33.3% per annum).
10. Ezybonds UK incurred a £739k loss on investment in FY12 as a result of the sale of is business operations in Beijing.

Financial analysis – 30 June 2007 to 31 December 2012

30 June 2007 – 31 December 2012 Ezybonds UK balance sheets

The table below summarises the historical financial position (30 June 2007 – 31 December 2012) of Ezybonds UK (including Ezypromotions). We note in FY12 Ezybonds UK changed its reporting date from 30 June to 31 December.

Figure 9: 30 June 2007 – 31 December 2012 balance sheets

Period		30-Jun-07	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	31-Dec-12
£000's	*Notes*	(A)	(A)	(A)	(A)	(A)	(A)
Cash at bank	*1*	24	2	74	30	2	507
Trade debtors	*2*	7	14	6	-	-	43
Other debtors	*3*	56	7	67	104	121	6
Total current assets		**87**	**23**	**146**	**134**	**123**	**556**
Goodwill and intangible assets	*4*	6,489	12,652	21,759	39,838	40,744	46,764
Negative goodwill		-	-	(444)	(444)	-	-
Computer equipment	*5*	4	-	451	348	-	-
Investment in subsidiary		-	-	-	-	-	-
Total non-current assets		**6,493**	**12,652**	**21,766**	**39,742**	**40,744**	**46,764**
Total assets		**6,580**	**12,675**	**21,912**	**39,876**	**40,867**	**47,319**
Trade creditors	*6*	166	37	243	200	57	-
Amounts owed to group undertakings		-	141	-	-	-	-
Other creditors	*7*	97	18	-	-	-	-
Accruals and deferred income		7	7	7	7	15	16
Total current liabilities		**270**	**203**	**249**	**207**	**72**	**16**
Total liabilities		**270**	**203**	**249**	**207**	**72**	**16**
Net assets		**6,310**	**12,472**	**21,662**	**39,670**	**40,795**	**47,303**
Share capital	*8*	8,291	14,649	23,890	41,969	43,135	50,734
Share premium account		1,725	1,725	1,725	1,725	1,725	1,725
Merger reserve		916	916	916	916	916	916
Other reserves		-	-	17	17	17	17
Profit and loss account	*9*	(4,622)	(4,818)	(4,886)	(4,958)	(4,999)	(5,729)
Total Equity		**6,310**	**12,472**	**21,662**	**39,670**	**40,795**	**47,663**

Source: Ezybonds UK's audited consolidated financial statements

Financial analysis – 30 June 2007 to 31 December 2012

Notes to the financial position:

1. Cash at bank has historically been kept at low levels as Ezybonds UK's primary source of funds is through its royalty receipts from Ezybonds Inc. The £505k increase from 30 June 2011 to 31 December 2012 was a result of an issue of shares in relation with the Alternative Investment Market (AIM) listing.
2. Trade debtors include payments owing to Ezybonds UK in relation to royalty receipts from Ezybonds Inc.
3. Other debtors include advances to affiliates by Ezybonds UK. Management has indicated that the fluctuations from 30 June 2007 to 31 December 2012 are due to changes in the cash needed by affiliates to pay for their operating expenses. Other debtors have decreased from £121k as at 30 June 2011 to £6k as at 31 December 2012 due to the closure of the Beijing operations reducing the advances to affiliates.
4. Goodwill and intangible assets relate to Ezybonds UK's goodwill on consolidation of Ezypromotions and royalty entitlements. The increase of goodwill and intangible assets from £6.5 million as at 30 June 2007 to £46.8 million as at 31 December 2012 is due to continued consideration and additional royalty increments purchased from Ezybonds Inc.
5. Ezybonds UK's tangible assets is computer equipment that has been fully depreciated as at 30 June 2011. This is due to Ezybonds UK operating as a marketing entity while the operating assets are held in Ezybonds Inc.
6. Trade creditors include payables to affiliates and expenses incurred by the Beijing operation which explains the decrease in trade creditors from £57k as at 30 June 2011 to £nil as at 31 December 2012 as the operations ceased.
7. Other creditors of £97k as at 30 June 2007 is in relation to an equity raising at year end, however, Management did not issue shares until after balance date.
8. Share capital has increased at a similar rate to goodwill and intangible assets as Ezybonds UK has issued incremental consideration to Ezybonds Inc for an increasing amount of royalty entitlements from 15% as at 30 June 2007 to 60% as at 31 December 2012. This resulted in share capital increasing from £8.3 million as at 30 June 2007 to £50.7 million as at 31 December 2012.
9. Ezybonds UK has retained losses that have increased from £4.6 million in FY07 to £5.7 million in FY12 as it incurred further operating losses.

Section 4

Projections - 3 February 2009

Financial analysis – FY07 to FY13 historical and projected financial performance

FY07 – FY13 historical and projected financial performance

The three years historical financial performance and projections for the four years from 1 July 2010 (FY10) to 30 June 2013 (FY13) for Ezybonds UK (including Ezypromotions) are set out below.

Figure 10: FY07 – FY13 historical and projected financial performance

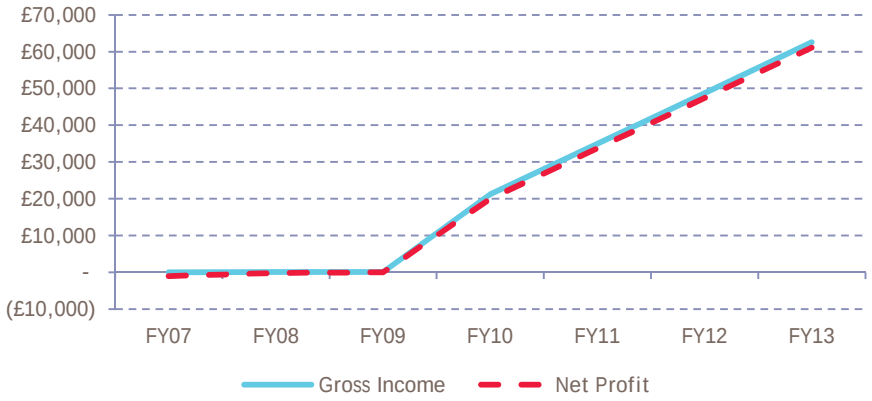
Period £000's	Notes	FY07 (A)	FY08 (A)	FY09 (A)	FY10 (F)	FY11 (F)	FY12 (F)	FY13 (F)
Interest Customer EzyAccounts & Debit Cards					74	128	184	246
Ezybonds Payments Income	*1*	-	20	52	9,677	16,675	24,040	32,188
FX Income					8,562	14,755	21,271	28,481
Gross Income		**0**	**20**	**52**	**18,313**	**31,557**	**45,495**	**60,915**
Direct Costs		-	-	-	-	-	-	-
Office Costs					(36)	(38)	(40)	(42)
Travel & Subsistence					(174)	(183)	(192)	(201)
Telephone & Communications					(23)	(25)	(26)	(27)
Printing Stationery & Postage					(3)	(3)	(3)	(3)
General expenses					(12)	(13)	(13)	(14)
Advertising & Marketing Consultancy					(330)	(189)	(198)	(208)
Salaries					(554)	(586)	(615)	(646)
Subscriptions					(6)	(6)	(7)	(7)
Legal & professional fees					(102)	(221)	(232)	(243)
Accountancy Fees					(12)	(13)	(13)	(14)
Computer Hardware/Software					(1)	(1)	(1)	(1)
Bank Charges					(3)	(3)	(3)	(3)
Total overheads	*2*	**(1,073)**	**(216)**	**(120)**	**(1,257)**	**(1,280)**	**(1,344)**	**(1,411)**
Net Profit	*3*	**(1,072)**	**(196)**	**(68)**	**17,056**	**30,278**	**44,152**	**59,505**
Income growth (%)		*n/m*	*9074%*	*161%*	*34957%*	*72%*	*44%*	*34%*
Net profit margin (%)		*-491936%*	*-980%*	*-130%*	*93%*	*96%*	*97%*	*98%*

Source: Ezybonds UK's audited consolidated financial statements, Management and BDO

Financial Analysis – FY07 to FY13 historical and projected financial performance

FY07 – FY13 historical and projected gross income and net profit

Figure 11: FY07 – FY13 historical and projected gross income and net profit



Source: BDO Analysis

Projections Preparation & Assumptions:

- The February 2009 projections have been prepared by Management based on the business operations and financial forecasts of Ezybonds Inc and the allocation of 15% of Ezybonds Inc's total revenue to Ezybonds UK in line with the royalty agreement as at 3 February 2009.
- Customer account balances and transaction volumes have been projected based on Management's assumed achievement of 120,000 new customers per month from the beginning of the February 2009 projections. Management used a percentage of 1.5% of customers account balances to calculate interest revenue from customer EzyAccounts & debit cards.
- Management has advised that there are carried forward tax losses from FY07.
- Management has advised that they do not expect to incur any significant capital expenditure throughout the projections period.
- Ezybonds Payments Income is forecast assuming a fixed fee per customer and based on a fixed number of assumed transactions per annum. Foreign exchange income is based on an assumed fixed dollar spend per customer per annum and fixed percentage.
- Management has projected overheads by using an estimate at the start of the projections period for each operating expense. These expenses are increased from FY11 at a rate of 5% per annum through to FY13.
- Management has assumed a British Pound Sterling (GBP) to United States Dollar (USD) exchange rate of 1.44 as at 3 February 2009.
- We note that the achievement of the projections is inherently uncertain and observe the issues Ezybonds UK has had with historical financial results not achieving budget. Accordingly, we express no opinion as to whether or not the projections will be achieved.
- The projections are in nominal terms, are ungeared and are pre-tax.

Notes:

1. Ezybonds Payments Income is projected to increase from £52k in FY09 to £9.7 million in FY10 as a result of Ezybonds Inc commercialising its products and services. The projections are based on an assumed uptake of 120,000 customers per month which drives the revenue to £32.2 million in FY13.
2. Total overheads are projected to increase from £120k in FY09 to £1.4 million in FY13. This is due to indexation and increases in staff numbers causing growth in salaries and related office costs. Management has indicated that they do not expect overheads incurred by Ezybonds UK to increase beyond this as the core operations are carried out by Ezybonds Inc while Ezybonds UK's operation are minor and in relation to the receipt of the Royalty from Ezybonds Inc on behalf of Ezypromotions.
3. Management has advised that Ezybonds UK's gross income earned and total overheads incurred directly relates to the Royalty received by their subsidiary Ezypromotions from Ezybonds Inc.

Financial analysis –31 January 2009 balance sheet

31 January 2009 - historical balance sheet

The balance sheet for Ezybonds UK (including Ezypromotions) as at 31 January 2009 pre-share issue and post-share issue are summarised below. We note Management could not provide a balance sheet as at 3 February 2009.

Figure 12: 31 January 2009 – historical balance sheet

As at £000's	*Notes*	31-Jan-09 Pre-purchase	31-Jan-09 Post-purchase
Cash		2	2
Trade debtors		13	13
Total current assets		**16**	**16**
Intangible assets	*1*	15,843	20,843
Total non-current assets		**15,843**	**20,843**
Total assets		**15,858**	**20,858**
Creditors		101	101
Total current liabilities		101	101
Net Assets		15,757	20,757
Called up equity share capital	*1*	18,890	23,890
Share premium reserve		1,742	1,742
Merger Reserve		-	-
Profit and loss reserve		(4,875)	(4,875)
Total Equity		**15,757**	**20,757**

Source: Ezybonds UK's management accounts and BDO

Notes:

1. The intangible assets have increased by £5 million due to the increase in the Royalty rate as at the valuation date to 15% (as reflected in the pre-purchase and post-purchase position). This has also resulted in a £5 million increase in share capital as Ezybonds Inc as consideration.

Section 5

Projections - 21 September 2009

Financial analysis – FY08 to FY14 historical and projected financial performance

FY08 – FY14 historical and projected financial performance

The three years historical financial performance and projections for the four years from 1 July 2011 (FY11) to 30 June 2014 (FY14) for Ezybonds UK (including Ezypromotions) are set out below.

Figure 13: FY08 – FY14 historical and projected financial performance

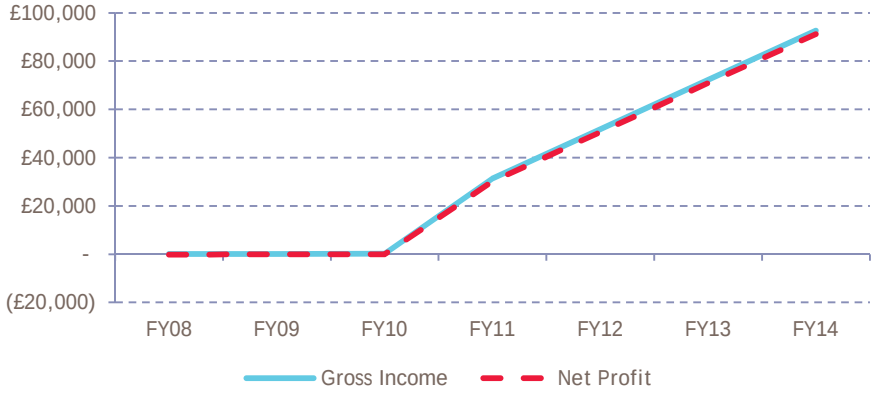
Period £000's	Notes	FY08 (A)	FY09 (A)	FY10 (A)	FY11 (F)	FY12 (F)	FY13 (F)	FY14 (F)
Interest Customer EzyAccounts & Debit Cards					110	189	272	365
Ezybonds Payments Income		20	52	210	14,330	24,695	35,602	47,668
FX Income					12,680	21,850	31,501	42,178
Gross Income		**20**	**52**	**210**	**27,120**	**46,734**	**67,375**	**90,211**
Direct Costs		**-**	**-**	**(16)**	**-**	**-**	**-**	**-**
Office Costs					(36)	(38)	(40)	(42)
Travel & Subsistence					(174)	(183)	(192)	(201)
Telephone & Communications					(23)	(25)	(26)	(27)
Printing Stationery & Postage					(3)	(3)	(3)	(3)
General expenses					(12)	(13)	(13)	(14)
Advertising & Marketing Consultancy					(330)	(189)	(198)	(208)
Salaries					(554)	(586)	(615)	(646)
Subscriptions					(6)	(6)	(7)	(7)
Legal & professional fees					(102)	(221)	(232)	(243)
Consultancy Fees & other					-	-	-	-
Accountancy Fees					(12)	(13)	(13)	(14)
Computer Hardware/Software					(1)	(1)	(1)	(1)
Bank Charges					(3)	(3)	(3)	(3)
Total overheads		**(216)**	**(120)**	**(266)**	**(1,257)**	**(1,280)**	**(1,344)**	**(1,411)**
Net Profit		**(196)**	**(68)**	**(72)**	**25,863**	**45,455**	**66,031**	**88,800**
Income growth (%)		*n/m*	*161%*	*303%*	*12796%*	*72%*	*44%*	*34%*
Net profit margin (%)		*-980%*	*-130%*	*-34%*	*95%*	*97%*	*98%*	*98%*

Source: Ezybonds UK's audited consolidated financial statements, Management and BDO

Financial Analysis – FY08 to FY14 historical and projected financial performance

FY08 – FY14 historical and projected gross income and net profit

Figure 14: FY08 – FY14 historical and projected gross income and net profit



Source: BDO Analysis

Projections Preparation & Assumptions:

- We note that the September 2009 projections have been prepared by Management based on the business operations of Ezybonds Inc (including Ezypromotions) and an allocation of 25% of the total revenue to Ezybonds UK in line with the Royalty agreement as at 21 September 2009.
- Management has assumed a GBP: USD exchange rate of 1.62 as at 21 September 2009.
- We note that apart from the above there have been no significant changes to the assumptions that were used in the projections as at 3 February 2009.

21 September 2009 - historical balance sheet

The balance sheet for Ezybonds UK (including Ezypromotions) as at 21 September 2009 pre-share issue and post-share issue are set out below.

Figure 15: 21 September 2009 – historical balance sheet

As at £000's	*Notes*	21-Sep-09 Pre-purchase	21-Sep-09 Post-purchase
Cash		30	30
Trade debtors		114	114
Total current assets		**144**	**144**
Intangible assets	*1*	27,242	32,242
Total non-current assets		**27,242**	**32,242**
Total assets		**27,386**	**32,386**
Creditors		207	(207)
Total current liabilities		207	(207)
Net Assets		27,179	32,593
Called up equity share capital	*1*	29,469	34,469
Share premium reserve		1,725	1,725
Merger Reserve		17	17
Profit and loss reserve		(4,032)	(4,032)
Total Equity		**27,179**	**32,179**

Source: Ezybonds UK's management accounts and BDO

Notes:

1. The intangible assets have increased by £5 million due to an increase in the Royalty rate as at the Valuation Date from 15% to 25% (reflecting the pre-purchase and post-purchase position). This has also resulted in a £5 million increase in share capital as Ezybonds UK issued shares to Ezybonds Inc as consideration.

Section 6

Projections - 14 January 2010

Financial analysis – FY08 to FY14 historical and projected financial performance

FY08 – FY14 historical and projected financial performance

The three years historical financial performance and projections for the four years from FY11 to FY14 for Ezybonds UK (including Ezypromotions) are set out below.

Figure 16: FY08 – FY14 historical and projected financial performance

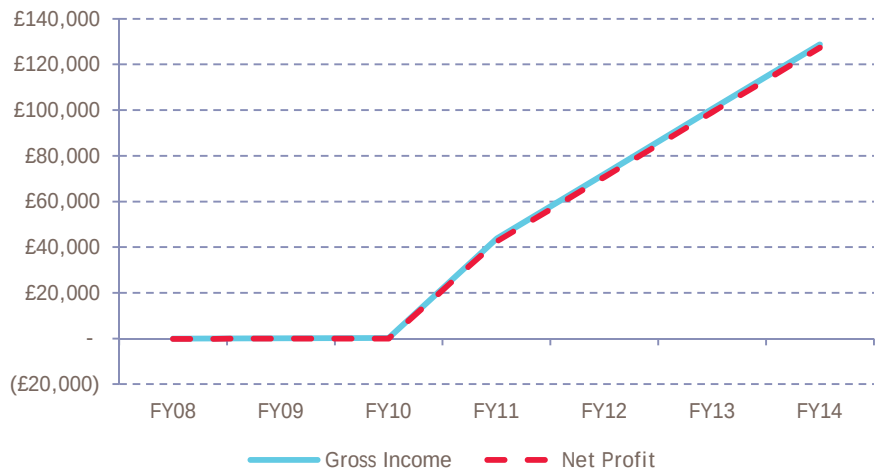
Period		FY08	FY09	FY10	FY11	FY12	FY13	FY14
£000's	*Notes*	(A)	(A)	(A)	(F)	(F)	(F)	(F)
Interest Customer EzyAccounts & Debit Cards					109	191	279	380
Ezybonds Payments Income		20	52	210	14,248	24,987	36,485	49,607
FX Income					12,607	22,109	32,282	43,893
Gross Income		**20**	**52**	**210**	**26,964**	**47,286**	**69,046**	**93,879**
Direct Costs		**-**	**-**	**(16)**	**-**	**-**	**-**	**-**
Office Costs					(36)	(38)	(40)	(42)
Travel & Subsistence					(174)	(183)	(192)	(201)
Telephone & Communications					(23)	(25)	(26)	(27)
Printing Stationery & Postage					(3)	(3)	(3)	(3)
General expenses					(12)	(13)	(13)	(14)
Advertising & Marketing Consultancy					(330)	(189)	(198)	(208)
Salaries					(554)	(586)	(615)	(646)
Subscriptions					(6)	(6)	(7)	(7)
Legal & professional fees					(102)	(221)	(232)	(243)
Accountancy Fees					(12)	(13)	(13)	(14)
Computer Hardware/Software					(1)	(1)	(1)	(1)
Bank Charges					(3)	(3)	(3)	(3)
Total overheads		**(216)**	**(120)**	**(266)**	**(1,257)**	**(1,280)**	**(1,344)**	**(1,411)**
Net Profit		**(196)**	**(68)**	**(72)**	**25,708**	**46,007**	**67,703**	**92,468**
Income growth (%)		*n/m*	*161%*	*303%*	*12722%*	*75%*	*46%*	*36%*
Net profit margin (%)		*-980%*	*-130%*	*-34%*	*95%*	*97%*	*98%*	*98%*

Source: Ezybonds UK's audited consolidated financial statements, Management and BDO

Financial Analysis – FY08 to FY14 historical and projected financial performance

FY08 – FY14 historical and projected gross income and net profit

Figure 17: FY08 – FY14 historical and projected financial performance



Source: BDO Analysis

Projections Preparation & Assumptions:

- We note that the January 2010 projections have been prepared by Management based on the business operations of Ezybonds Inc (including Ezypromotions) and an allocation 35% of the total revenue to Ezybonds UK in line with the Royalty agreement as at 14 January 2010.
- Management have assumed a GBP: USD exchange rate of 1.63 as at 14 January 2010.
- We note that apart from the above there have been no significant changes to the assumptions that were used in the projections as at 3 February 2009.

14 January 2010 - historical balance sheet

The balance sheet for Ezybonds UK (including Ezypromotions) as at 14 January 2010 pre-share issue and post-share issue are set out below.

Figure 18: 14 January 2010 – historical balance sheet

As at £000's	*Notes*	14-Jan-10 Pre-purchase	14-Jan-10 Post-purchase
Cash		30	30
Trade debtors		95	95
Total current assets		**126**	**126**
Intangible assets	*1*	32,242	39,742
Total non-current assets		**32,242**	**39,742**
Total assets		**32,367**	**39,867**
Creditors		207	207
Total current liabilities		207	207
Net Assets		32,161	39,661
Called up equity share capital	*1*	34,469	41,969
Share premium reserve		1,725	1,725
Merger Reserve		916	916
Profit and loss reserve		(4,949)	(4,949)
Total Equity		**32,161**	**39,661**

Source: Ezybonds UK's management accounts and BDO

Notes:

1. The intangible assets have increased by £7 million due to an increase in the Royalty rate as at the Valuation Date from 25% to 35% (reflecting the pre-purchase and post-purchase position). This has also resulted in a £7 million increase in share capital as Ezybonds UK issued shares to Ezybonds Inc as consideration.

Section 7

Projections - 25 June 2012

Financial analysis – FY10 to FY17 historical and projected financial performance

FY10 – FY17 historical and projected financial performance

The three years historical financial performance and projections for the five years from FY13 to FY17 for Ezybonds UK (including Ezypromotions) are set out below.

Figure 19: FY10 – FY17 historical and projected financial performance

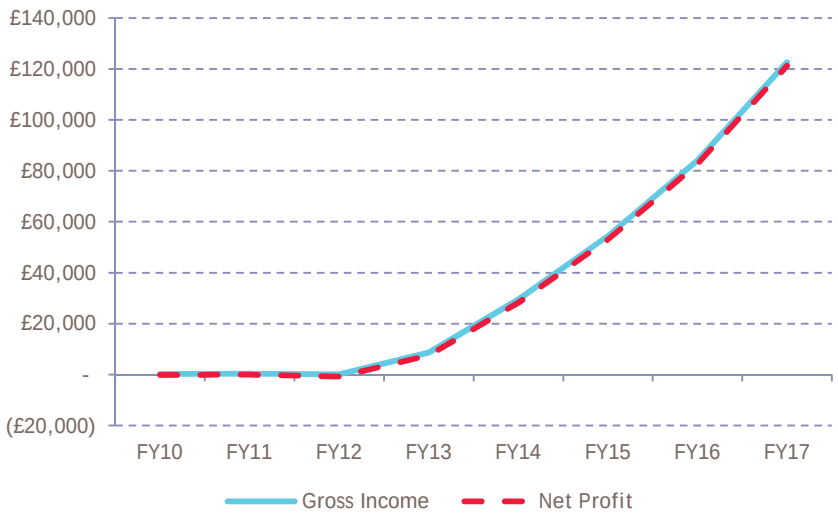
Period £000's	Notes	FY10 (A)	FY11 (A)	FY12 (A)	FY13 (F)	FY14 (F)	FY15 (F)	FY16 (F)	FY17 (F)
Interest Customer EzyAccounts & Debit Cards					35	119	220	340	496
Ezybonds Payments Income		210	320	129	4,577	15,570	28,715	44,402	64,784
FX Income					4,050	13,777	25,407	39,288	57,322
Gross Income		**210**	**320**	**129**	**8,662**	**29,466**	**54,342**	**84,030**	**122,602**
Direct Costs		**(16)**	**(113)**	**-**	**-**	**-**	**-**	**-**	**-**
Office Costs					(24)	(36)	(38)	(40)	(42)
Travel & Subsistence					(140)	(174)	(183)	(192)	(201)
Telephone & Communications					(19)	(23)	(25)	(26)	(27)
Printing Stationery & Postage					(3)	(3)	(3)	(3)	(3)
General expenses					(12)	(12)	(13)	(13)	(14)
Advertising & Marketing Consultancy					(235)	(330)	(189)	(198)	(208)
Salaries					(363)	(554)	(586)	(615)	(646)
Subscriptions					(6)	(6)	(6)	(7)	(7)
Legal & professional fees					(362)	(102)	(221)	(232)	(243)
Accountancy Fees					(12)	(12)	(13)	(13)	(14)
Computer Hardware/Software					(1)	(1)	(1)	(1)	(1)
Bank Charges					(3)	(3)	(3)	(3)	(3)
Total overheads		**(266)**	**(249)**	**(860)**	**(1,179)**	**(1,257)**	**(1,280)**	**(1,344)**	**(1,411)**
Net Profit		**(72)**	**(41)**	**(731)**	**7,483**	**28,209**	**53,062**	**82,686**	**121,191**
Income growth (%)		*n/m*	*52%*	*-60%*	*6598%*	*240%*	*84%*	*55%*	*46%*
Net profit margin (%)		*-34%*	*-13%*	*-565%*	*86%*	*96%*	*98%*	*98%*	*99%*

Source: Ezybonds UK's audited consolidated financial statements, Management and BDO

Financial Analysis – FY08 to FY14 historical and projected financial performance

FY08 – FY14 historical and projected gross income and net profit

Figure 20: FY08 – FY14 historical and projected gross income and net profit



Source: BDO Analysis

Projections Preparation & Assumptions:

- We note that the June 2012 projections have been prepared by Management based on the business operations of Ezybonds Inc (including Ezypromotions) and an allocation 50% of the total revenue to Ezybonds UK in line with the Royalty agreement as at 25 June 2012.
- Management have assumed a GBP: USD exchange rate of 1.55 as at 25 June 2012.
- We note that apart from the above there have been no significant changes to the assumptions that were used in the projections as at 3 February 2009, except for the projections extending to FY17.

25 June 2012 - historical balance sheet

The balance sheet for Ezybonds UK (including Ezypromotions) as at 25 June 2012 pre-share issue and post-share issue are set out below.

Figure 21: 25 June 2012 – historical balance sheet

As at £000's	Notes	25-Jun-12 Pre-purchase	25-Jun-12 Post-purchase
Cash		2	2
Trade debtors		237	237
Total current assets		**239**	**239**
Intangible assets	*1*	43,146	48,146
Total non-current assets		**43,146**	**48,146**
Total assets		**43,385**	**48,385**
Creditors		146	146
Total current liabilities		146	146
Net Assets		43,238	48,238
Called up equity share capital	*1*	45,537	50,537
Share premium reserve		1,725	1,725
Merger Reserve		916	916
Profit and loss reserve		(4,940)	(4,940)
Total Equity		**43,238**	**48,238**

Source: Ezybonds UK's management accounts and BDO

Notes:

1. The intangible assets have increased by £5 million due to an increase in the Royalty rate as at the Valuation Date from 35% to 50% (reflecting the pre-purchase and post-purchase position). This has also resulted in a £5 million increase in share capital as Ezybonds UK issued shares to Ezybonds Inc as consideration.

Section 8
Industry overview

Industry overview

Finance Industry overview

Ezybonds UK and Ezybonds Inc are primarily involved in the electronic payments industry. Their products and services are a niche offering within the broader finance industry. As such, we have considered finance (Industry) as the industry that is most relevant to Ezybonds UK and Ezybonds Inc, its risks and outlook. We note that the operations of Ezybonds UK are dependent on the operations of Ezybonds Inc.

The following observations in relation to current and future conditions for the Industry are based on our review of the Industry reports published by IBISWorld Pty Ltd (IBISWorld) for "*Finance in Australia*" (dated March 2012) and "*Non-depository finance companies in the UK"* (dated February 2013), other publicly available information. Based on our review of industry research reports, this was the most relevant report for the Valuations.

Past performance

Since the onset of the global financial crisis in late 2008, the Industry has faced uncertainty, with the return of unsettled trading conditions spoiling the end of what was a relatively prosperous 2010-11. Global financial market conditions have deteriorated readily over the past six months while growth has stalled in some of the world's largest economies. The continued barrage of bad news from the United States and the European Union has undermined business and consumer confidence and this has fed into a number of key economic indicators including unemployment and credit demand. The past five years have been challenging due to a reversal in the sectors fortunes occurring in 2007-08 when debt deleveraging, share market capitulation and little deal making replaced surging credit demand, a booming share market and high transactional activity due to the global financial crisis arriving.

Conditions have remained weak into 2010-11 as it became clear the US economic recovery was faltering and the European sovereign debt crisis was far from resolved.

Key drivers of demand

Demand for the products and services delivered by the Industry are primarily driven by the following:

- **Share market performance** – the performance of the share markets affect the value of funds under management, investor confidence, asset values and household wealth, and demand for investment banking and broking services.
- **Government bond rates** – interest rates affect the cost of borrowing for investment, the rate of return required on investment, and the allocation of investment funds.
- **Residential housing prices** – the performance of the property market can influence investor confidence, household wealth and demand for lending products.
- **Legislative compliance requirements for finance and insurance** – this sector is highly regulated and increased regulation can impose higher compliance costs. Legislation changes can change the value and direction of investment funds. A positive effect on the finance sector has been legislative change relating to the compulsory superannuation legislation.
- **Consumer confidence index** – consumer confidence influences demand for credit. Consumer confidence tends to rise when consumers are confident about their future prospects, such as their employment and income. When consumer confidence increases, the demand for debt is more likely to increase.

Industry overview

Key success factors

Based on an analysis of competitor activities, the key success factors for the Industry include:

- **Ability to pass on cost increases** – banks must be able to pass on increases in interest rates to recover costs.
- **The size, reputation and degree of globalisation** – a strong brand name and reputation is important. During periods of uncertainty, customers may look for size and reputation as a measure of security.
- **Ability to effectively manage risk** – strong portfolio skills and the ability to balance the level of risk and return achieved are important.
- **Having an extensive distribution network –** an extensive distribution network provides financial institutions with an advantage in selling and cross selling their products. The network may be geographically wide, based on branches and may involve arrangements with aligned financial advisers**.**

Barriers to entry

IBISWorld indicates the barriers to entry in the industry can be significant, which limit the threat of new entrants, based on the following:

- **The Industry is highly concentrated** - as a few major banks account for a high percentage of industry revenue. The level of concentration has increased steadily over a number of decades with banks operating across a number of different industries providing banking, financial advice, portfolio management, superannuation and broking services.
- **Significant capital reserves** – many of the major players in the Industry have substantial capital resources and dominate the markets in which they operate.
- **Regulatory requirements** – there are regulatory requirements on ownership restrictions. In addition, many sectors require a licence to operate.
- **Technology has reduced barriers** – the increased use of technology to provide services has lowered barriers to entry, as it can often negate the need to invest in branches and retail outlets. Smaller players may instead focus on servicing a niche rather than becoming a national player.

Industry overview

Industry outlook/forecast

It is expected that it will be quite some time before global financial market conditions resemble something akin to normality. In the short to medium term, equity and debt markets will shift dramatically from relative calm to near capitulation as debt problems continue to plague many developed economies. There was a decline in the share markets in the first quarter of 2011-12, as markets worldwide lost faith in politician's ability to fix Europe's sovereign issues. Many investors have looked unfavourably on austerity measures; as such policies are being introduced at a time when many developed economies still need government support.

High borrowing costs, greater regulation and lower levels of leveraging will mean slow growth in financial market activity over the five years to 2016-17. A steady flow of funds into superannuation and pension funds combined with an ageing population with accumulated wealth will underpin growth improvements in revenue and profit across most sectors over the next five years.

Conclusion

The Industry has experienced a polarised decade with unrivalled growth and revenues followed with rapid deterioration as the global financial crisis hit. The sustained effects of the global financial crisis remain with the faltering US economic recovery and European sovereign debt restricting growth within the Industry. The Industry outlook is for weak growth to continue with uncertainty remaining as key economic indicators show global financial markets are some way from a full recovery and return to normality.

Section 9
Valuation methodologies

Valuation methodologies

Overview

There are a number of methodologies available with which to assess the value of a business. Appendix 3 sets out the common valuation methodologies which have been considered for the valuation of the issued shares in Ezybonds UK (including Ezypromotions). We have also considered the methodology to value the Royalty received by Ezybonds UK from Ezybonds Inc.

Primary valuation method – Valuation of Ezybonds UK

In determining an appropriate methodology with which to assess the value Ezybonds UK (including Ezypromotions) business, we have considered the various valuation methodologies available, the nature of the business and the nature of the financial information available.

We have selected the DCF method to value Ezybonds UK for the following reasons:

- Management has prepared long term projections of five years as at the Valuation Dates
- Ezybonds UK's' earnings are expected to increase significantly from year to year
- Ezybonds UK is currently loss making
- Ezybonds UK's products and services were still being developed as at the Valuation Dates and therefore is essentially a start-up operation.

Valuation cross-checks

To provide additional evidence of value, we have cross-checked the value of Ezybonds UK by reference to the following:

- Implied multiples of projected revenue and projected EBITDA
- Share trading prices of Ezybonds UK shares
- Comparing the implied internal rate of return (IRR) of our valuation.

Primary valuation method – Royalty

In determining an appropriate methodology with which to assess the value of the Royalty received by Ezybonds UK from Ezybonds Inc, we have considered the various valuation methodologies available, the nature of the Royalty and the nature of the financial information available.

We have selected the DCF method to value the Royalty received by Ezybonds UK for the following reasons:

- Management has advised that the Ezybonds UK business predominately derives its revenue from the Royalty and incurs expenses in relation to the Royalty. Therefore Management's long term projections of five years represent the income stream from the Royalty as at the Valuation Dates
- The net Royalty income is expected to increase significantly from year to year

The value of the Royalty (ie the relevant percentage received as the consideration) is effectively the entitlement to the increase in the royalty rate. In order to determine the value of the Royalty entitlement, we have valued the net Royalty income at each Valuation Date, being the net of the Royalty before and after the increase in the royalty rate at each Valuation Date.

Valuation methodologies

Definition of fair value

In accordance with the valuation principles contained in IAS 39 (IFRS) and FRS 26 (UK/Irish GAAP), we have adopted the definition of fair value, as set out below:

> *"as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction."*

We have not taken special value into account, which is typically defined as:

> *"the additional value that a purchaser is prepared to pay, which reflects such factors as a potential economies of scale, reduction in competition, the securing of a source of supply or outlet for products, and which additional value is unique to that purchaser."*

Section 10

Valuation of issued shares in Ezybonds UK

Valuation of issued shares in Ezybonds UK

Discounted cash flow methodology

The DCF valuation methodology is based on the premise that the value of a project is the net present value (NPV) of its future cash flows. Future cash flows of the project generally comprises of revenue, expenses, investment (cash balances, working capital movements, capital expenditure budgets etc), capital structure and cost of capital, and the residual terminal value at the end of the projected period.

In undertaking the DCF valuation methodology to value Ezybonds UK's business (including Ezypromotions) as at the Valuation Dates, we have:

- Made an assessment of the estimated future cash flows of Ezybonds UK based on the projections prepared by Management of Ezybonds UK
- Extended the projections prepared by Management by six years to normalise revenue growth by including a declining rate of revenue growth to the terminal growth rate. Refer to Appendix 8 for detailed assumptions
- Estimated relevant after tax projected cash flows over the Projection period from each of the Valuation Dates while adjusting for change in working capital as per Appendix 8
- Considered the reasonableness of the assumptions underlying the projected cash flows on the basis of actual results to date and stage in the business life cycle of Ezybonds UK at each of the Valuation Dates
- Selected an appropriate discount rate range at each of the valuation dates
- Applied our selected discount rate range to the estimated future cash flows of Ezybonds UK at each of the Valuation Dates
- Calculated a terminal value of the projected future cash flows beyond the end of the explicit forecast period
- Made an adjustment to the gross value of the business for working capital and capital expenditure requirements
- Adjusted for net debt based on cash on hand and financial debt
- Calculated a range of values for 100% of the issued shares of Ezybonds UK.

Set out below are the key parameters and our considerations with respect to each of the above.

Valuation of issued shares in Ezybonds UK

Projected cash flows

Cash Flow Projection Assumptions

In assessing the reasonableness of the projected cash flows and the assumptions underlying the projected cash flows, we reviewed the revenue growth and net profit margins of potentially comparable listed companies and compared them to Ezybonds UK. The shaded cells represent BDO's assumptions in relation to normalising revenue growth.

Figure 22: Revenue and growth assumptions

Period	FY07 (A)	FY08 (A)	FY09 (A)	FP09 (F)	FY10 (F)	FY11 (F)	FY12 (F)	FY13 (F)	FY14 (F)	FY15 (F)	FY16 (F)	FY17 (F)	FY18 (F)	FY19 (F)
Projections 3 February 2009														
Revenue growth	*n/a*	*9074%*	*161%*	*7528%*	*360%*	*72%*	*44%*	*34%*	*29%*	*24%*	*19%*	*14%*	*9%*	*4%*
Net profit margin %	*-491936%*	*-980%*	*-130%*	*88%*	*93%*	*96%*	*97%*	*98%*	*98%*	*98%*	*98%*	*98%*	*98%*	*98%*

Period	FY08 (A)	FY09 (A)	FY10 (A)	FP10 (F)	FY11 (F)	FY12 (F)	FY13 (F)	FY14 (F)	FY15 (F)	FY16 (F)	FY17 (F)	FY18 (F)	FY19 (F)	FY20 (F)
Projections 21 September 2009														
Revenue growth	*n/a*	*161%*	*303%*	*3940%*	*219%*	*72%*	*44%*	*34%*	*29%*	*24%*	*19%*	*14%*	*9%*	*4%*
Net profit margin %	*-980%*	*-130%*	*-34%*	*87%*	*95%*	*97%*	*98%*	*98%*	*98%*	*98%*	*98%*	*98%*	*98%*	*98%*

Period	FY08 (A)	FY09 (A)	FY10 (A)	FP10 (F)	FY11 (F)	FY12 (F)	FY13 (F)	FY14 (F)	FY15 (F)	FY16 (F)	FY17 (F)	FY18 (F)	FY19 (F)	FY20 (F)
Projections 14 January 2010														
Revenue growth	*n/a*	*161%*	*303%*	*3035%*	*309%*	*75%*	*46%*	*36%*	*30%*	*25%*	*19%*	*14%*	*8%*	*3%*
Net profit margin %	*-980%*	*-130%*	*-34%*	*91%*	*95%*	*97%*	*98%*	*98%*	*98%*	*98%*	*98%*	*98%*	*98%*	*98%*

Period	FY10 (A)	FY11 (A)	FY12 (A)	FY13 (F)	FY14 (F)	FY15 (F)	FY16 (F)	FY17 (F)	FY18 (F)	FY19 (F)	FY20 (F)	FY21 (F)	FY22 (F)	FY23 (F)
Projections 26 June 2012														
Revenue growth	*n/a*	*52%*	*-60%*	*6598%*	*240%*	*84%*	*55%*	*46%*	*39%*	*32%*	*25%*	*18%*	*11%*	*4%*
Net profit margin %	*-34%*	*-13%*	*-565%*	*86%*	*96%*	*98%*	*98%*	*99%*	*99%*	*99%*	*99%*	*99%*	*99%*	*99%*

Source: Ezybonds Management

Valuation of issued shares in Ezybonds UK

The revenue growth and EBITDA margins of potentially comparable companies is as follows:

Figure 23: Comparable company growth and margins

Comparable Companies	Revenue Growth	Revenue Growth	EBITDA Margin	EBITDA Margin
3 February 2009	**CAGR -4Y**	**CAGR +3Y**	**AVG -5Y**	**AVG +3Y**
Average	53.5%	55.0%	-276.5%	0.4%
Median	12.4%	16.5%	-1.2%	9.7%
Adjusted Average (at 80% confidence level)	*39.7%*	*55.0%*	*-150.4%*	*14.2%*
Adjusted Median (at 80% confidence level)	*10.9%*	*16.5%*	*4.1%*	*12.9%*
21 September 2009				
Average	53.9%	34.4%	-248.3%	5.1%
Median	9.4%	21.6%	3.7%	15.5%
Adjusted Average (at 80% confidence level)	*40.1%*	*14.3%*	*-41.8%*	*17.3%*
Adjusted Median (at 80% confidence level)	*9.3%*	*15.2%*	*11.2%*	*16.9%*
14 January 2010				
Average	27.7%	33.2%	-169.3%	5.8%
Median	9.4%	13.3%	3.7%	17.8%
Adjusted Average (at 80% confidence level)	*16.1%*	*11.5%*	*-56.3%*	*17.9%*
Adjusted Median (at 80% confidence level)	*8.0%*	*11.2%*	*7.5%*	*18.1%*
25 June 2012				
Average	21.4%	36.2%	-95.6%	14.4%
Median	12.5%	18.4%	1.8%	18.8%
Adjusted Average (at 80% confidence level)	*13.8%*	*36.2%*	*-26.9%*	*21.6%*
Adjusted Median (at 80% confidence level)	*12.5%*	*18.4%*	*8.4%*	*21.2%*

Source: *Capital IQ and BDO analysis*

We have extended Management's projected cash flows as shown by the shaded cells on the previous page. We have normalised revenue growth towards expected long term growth. We have, however assumed that net profit margins remain the same as the final year of Management's projected cash flows. Refer to Section 4 for details of Management's key assumptions underlying the projected cash flows. Refer to Appendix 7 for projected cash flows and BDO's assumptions in relation to the extended Projection period.

We note the following with respect to the comparable companies revenue growth and EBITDA margins:

- Ezybonds UK's projected revenue growth as at the Valuation Dates is significantly higher than the compounded annual revenue growth of the comparable companies. This primarily due to Ezybonds Inc's operations being at a development stage compared to the comparable companies who are already operating.
- Ezybonds UK's projected average net profit margin is significantly higher than the forecast average EBITDA margin of comparable companies. This is due to Ezybonds UK deriving its primary income from the royalty paid by Ezybonds Inc to Ezypromotions and therefore incurring minimal costs directly related to the royalty income.

Detailed analysis of comparable companies' revenue growth and EBITDA margins are presented in Appendix 5.

Valuation of issued shares in Ezybonds UK

Discount Rate

The selection of a range of discount rates for the purpose of a DCF valuation is typically based on the WACC used to fund the investment or enterprise. WACC is an average of the cost of debt and the cost of equity, weighted by the proportion of debt and equity that should be represented in the capital of the business.

We note the growth profile of Ezybonds UK's projected cash flows are typical of a business in its early stage of development. We have selected our discount rate range to apply to Ezybonds UK's projected after tax cash flows after consideration of:

- The early stage of Ezybonds Inc in its business life cycle.
- Ezybonds UK currently undertaking limited commercial operations with the primary source of income derived through Ezypromotions' receipt of a Royalty from Ezybonds Inc. Ezybonds UK's operations are almost totally dependent on the operations of Ezybonds Inc
- The specific business and financing risks of Ezybonds UK
- The issues Ezybonds UK has had with historical financial results not achieving budget and the level or risk inherent in the achievability of the projections
- Expected level of revenue growth
- Limited cash generated by its operations and the need to raise capital at some stage
- Currently Ezybonds UK and Ezybonds Inc are 100% equity funded
- Our research of the IRR required by investors in venture capital presented in Appendix 7.

For the valuation, the nominal post-tax cost of equity applied by BDO to discount the projected future cash flows of Ezybonds UK are as set out below.

Figure 24: Discount rates

Cost of equity	Low	High
3 February 2009	50%	60%
21 September 2009	50%	60%
14 January 2010	50%	60%
25 June 2012	45%	55%

Source: BDO Analysis
Note: Discount rates selected are post tax and in nominal terms.

We note that Ezybonds UK has accumulated losses, Ezybond Inc's products and service offering are still being commercialised and Management has projected significant growth. We therefore consider that Ezybonds Inc and Ezybonds UK are at "start up" stage.

We further note that Ezybonds UK does not own the IP. Ezybonds UK will be heavily dependent on the success of Ezybonds Inc as its primary source of income is the Royalty it receives.

Based on the above factors, we consider our after tax discount rate range at each of the Valuation Dates in Figure 24 to be reasonable.

Valuation of issued shares in Ezybonds UK

Terminal value

The terminal value estimates the value of the ongoing cash flows after the projected period. We have estimated the terminal value based on the projected cash flow in the final projected financial year, the discount rate range and an estimate of the long-term cash flow growth rate.

The terminal value has been calculated using perpetuity growth method and calculated as follows:

$$\frac{Cf \times (1 + g)}{\text{Discount rate} - g}$$

Where:

Cf = cash flows in the final explicit forecast period; and

g = long term growth rate.

As at the 2009 valuation dates in July 2009 World Economic Outlook (WEO) report stated that the global economy economic growth during 2009-10 was projected to be about 2.5% in 2010. At June 2011, WEO reported that activity was slowing temporarily and downside risks had increased. It reported that global expansion remained unbalanced. Growth in many advanced economies was still weak, considering the depth of the recession. In addition, the mild slowdown observed in the second quarter of 2011 was not reassuring.

BDO has estimated the terminal growth rate for Ezybonds UK at each of the Valuation Dates to be 2% based on the projected inflation rates for the countries where Ezybonds Inc expects to operate and globally as published in the International Monetary Fund's (IMF) World Economic Outlook reports dated October 2009, April 2010 and September 2011.

The terminal value has been discounted to present value. Our detailed calculations are shown in Appendix 10.

Enterprise value

The following table summarises the net present value of the projected cash flows of Ezybonds UK including the terminal value at each of the Valuation Dates.

Figure 25: Enterprise value

3 February 2009 - Valuation Date				
Summary valuation	Value		% of Enterprise Value	
£000's	Low	High	Low	High
PV of cash flows	56,069	72,059	96.7%	94.3%
PV of Terminal value	1,909	4,372	3.3%	5.7%
100% enterprise value (EV)	**57,978**	**76,431**		

21 September 2009 - Valuation Date				
Summary valuation	Value		% of Enterprise Value	
£000's	Low	High	Low	High
PV of cash flows	72,329	94,610	96.8%	94.3%
PV of Terminal value	2,425	5,679	3.2%	5.7%
100% enterprise value (EV)	**74,754**	**100,289**		

14 January 2010 - Valuation Date				
Summary valuation	Value		% of Enterprise Value	
£000's	Low	High	Low	High
PV of cash flows	85,035	109,852	96.6%	94.2%
PV of Terminal value	2,966	6,807	3.4%	5.8%
100% enterprise value (EV)	**88,001**	**116,659**		

25 June 2012 - Valuation Date				
Summary valuation	Value		% of Enterprise Value	
£000's	Low	High	Low	High
PV of cash flows	99,801	139,358	94.6%	90.8%
PV of Terminal value	5,669	14,094	5.4%	9.2%
100% enterprise value (EV)	**105,470**	**153,453**		

Source: BDO Analysis

Valuation of issued shares in Ezybonds UK

Cross check

Implied multiples

We have cross checked the reasonableness of our valuation by calculating the implied multiples as at the Valuation Dates. The implied multiples are summarised as follows:

Figure 26: Implied multiples – 3 February 2009

3 February 2009	Base	Implied Multiple		Comparable Companies	
	£000's	Low	High	Average	Median
100% Enterprise Value	-	**57,978**	**76,431**		
Forecast Revenue (FY10)	18,313	3.2	4.2	1.0	1.0
Forecast Revenue (FY11)	31,557	1.8	2.4	0.6	0.8
Forecast Revenue (FY12)	45,495	1.3	1.7	0.8	0.8
Forecast Revenue (FY13)	60,915	1.0	1.3	*n/a*	*n/a*
Forecast EBITDA (FY10)	16,880	3.4	4.5	6.3	4.4
Forecast EBITDA (FY11)	30,046	1.9	2.5	1.4	0.3
Forecast EBITDA (FY12)	43,862	1.3	1.7	3.3	3.3
Forecast EBITDA (FY13)	59,150	1.0	1.3	*n/a*	*n/a*

Source: Capital IQ and BDO Analysis

Figure 27: Implied multiples – 21 September 2009

21 September 2009	Base	Implied Multiple		Comparable Companies	
	£000's	Low	High	Average	Median
100% Enterprise Value	-	**74,754**	**100,289**		
Forecast Revenue (FY11)	27,120	2.8	3.7	1.4	1.2
Forecast Revenue (FY12)	46,734	1.6	2.1	1.2	1.2
Forecast Revenue (FY13)	67,375	1.1	1.5	1.3	1.3
Forecast Revenue (FY14)	90,211	0.8	1.1	*n/a*	*n/a*
Forecast EBITDA (FY10)	25,652	2.9	3.9	10.2	10.1
Forecast EBITDA (FY11)	45,162	1.7	2.2	8.2	8.2
Forecast EBITDA (FY12)	65,653	1.1	1.5	4.5	4.5
Forecast EBITDA (FY13)	220,555	0.3	0.5	*n/a*	*n/a*

Source: Capital IQ and BDO Analysis

Figure 28: Implied multiples – 14 January 2010

14 January 2010	Base	Implied Multiple		Comparable Companies	
	£000's	Low	High	Average	Median
100% Enterprise Value	-	**88,001**	**116,659**		
Forecast Revenue (FY11)	26,964	3.3	4.3	1.7	1.2
Forecast Revenue (FY12)	47,286	1.9	2.5	1.5	1.6
Forecast Revenue (FY13)	69,046	1.3	1.7	2.5	2.2
Forecast Revenue (FY14)	93,879	0.9	1.2	*n/a*	*n/a*
Forecast EBITDA (FY11)	25,497	3.5	4.6	11.3	11.7
Forecast EBITDA (FY12)	45,712	1.9	2.6	7.9	8.1
Forecast EBITDA (FY13)	67,317	1.3	1.7	5.5	5.5
Forecast EBITDA (FY14)	91,980	1.0	1.3	*n/a*	*n/a*

Source: Capital IQ and BDO Analysis

Valuation of issued shares in Ezybonds UK

Figure 29: Implied multiples – 25 June 2012

25 June 2012	Base	Implied Multiple		Comparable Companies	
	£000's	Low	High	Average	Median
100% Enterprise Value	-	**105,470**	**153,453**		
Forecast Revenue (FY13)	8,662	12.2	17.7	2.3	2.5
Forecast Revenue (FY14)	29,466	3.6	5.2	2.5	2.3
Forecast Revenue (FY15)	54,342	1.9	2.8	2.6	2.5
Forecast Revenue (FY16)	84,030	1.3	1.8	*n/a*	*n/a*
Forecast Revenue (FY17)	122,602	0.9	1.3	*n/a*	*n/a*
Forecast EBITDA (FY13)	7,348	14.4	20.9	12.1	12.3
Forecast EBITDA (FY14)	27,988	3.8	5.5	11.1	10.5
Forecast EBITDA (FY15)	52,738	2.0	2.9	18.1	10.4
Forecast EBITDA (FY16)	82,240	1.3	1.9	*n/a*	*n/a*
Forecast EBITDA (FY17)	120,587	0.9	1.3	*n/a*	*n/a*

Source: Capital IQ and BDO Analysis

The implied multiples of Ezybonds UK include a control premium, whereas the multiples of the potentially comparable listed companies are minority multiples and are based on the trades of minority parcels of shares.

We have disregarded the historical multiples as Ezybonds UK is in a development stage and has historically derived minimal income. From our analysis of the implied forecast revenue and EBITDA multiples for Ezybonds UK as at the Valuation Dates, we note that the forecast revenue and EBITDA multiples are generally in line or lower than the multiples of the potentially comparable listed companies. Refer to Appendix 4 for descriptions of the operations of the potentially comparable listed companies and Appendix 6 for the further details on the potentially comparable companies multiples.

Considering the comparable companies are significantly larger in size, operationally more diverse, have better asset backing and are in a later stage of development as compared to Ezybonds UK, and the forecast multiples of the comparable companies are on a minority basis, the implied range of forecast revenue and EBITDA multiples calculated for Ezybonds UK are not unreasonable.

Surplus assets

Surplus assets are assets which form part of an entity but do not contribute to the business earnings or cash flow generation capacity of that entity. These are assets that, if sold, would not impact on the revenue or profit generating capacity of the active business undertaking.

Assets and liabilities which do not form part of the business undertaking must be valued separately. Such assets are considered to be "surplus" to the business undertaking, but nevertheless represent value that should be reflected in the overall value of the entity as they could be sold separately and the cash added to the value of the business

Based on our review of Ezybonds UK's balance sheet and our discussions with management, we have identified the following surplus assets:

Cash on hand – cash is typically treated as a non-operating (surplus) asset when undertaking business valuations. We have included the balance of cash as at each of the Valuation Dates to calculate the value of 100% of the issues shares in Ezybonds UK.

Valuation of issued shares in Ezybonds UK

Equity value

The following tables summarise the value of 100% of the issued shares of Ezybonds UK, on a control basis, at each of the Valuation Dates on a fully diluted basis. For the purposes of the valuations, we have assumed that the proceeds occur as at the Valuation Dates. We do not believe that the timing of the proceeds would have a material impact on the values.

Figure 30: Equity value – 3 February 2009

3 February 2009		Low	High
£000's	Reference	Value	Value
100% enterprise value	Figure 25	57,978	76,431
Add cash on hand	Figure 12	2	2
Add proceeds from options and warrants	Appendix 12	20,115	20,115
100% equity value		**78,094**	**96,548**

Source: Management and BDO Analysis

Figure 31: Equity value – 21 September 2009

21 September 2009		Low	High
£000's	Reference	Value	Value
100% enterprise value	Figure 25	74,754	100,289
Add cash on hand	Figure 15	30	30
Add proceeds from options and warrants	Appendix 12	20,754	20,754
100% equity value		**95,537**	**121,073**

Source: Management and BDO Analysis

Figure 32: Equity value - 14 January 2010

14 January 2010		Low	High
£000's	Reference	Value	Value
100% enterprise value	Figure 25	88,001	116,659
Add cash on hand	Figure 18	30	30
Add proceeds from options and warrants	Appendix 12	20,754	20,754
100% equity value		**108,785**	**137,443**

Source: Management and BDO Analysis

Figure 33: Equity value - 25 June 2012

25 June 2012		Low	High
£000's	Reference	Value	Value
100% enterprise value	Figure 25	105,470	153,453
Add cash on hand	Figure 21	2	2
Add proceeds from options and warrants	Appendix 12	12,067	12,067
100% equity value		**117,539**	**165,522**

Source: Management and BDO Analysis

Value per share

The following table summarises the fair value per issued share of Ezybonds UK at each of the Valuation Dates, on a fully diluted basis, inclusive of the shares issued on the Valuation Dates:

Figure 34: Value per share – 3 February 2009

3 February 2009		Low	High
£	Reference	Value	Value
100% equity value (£000)	Figure 30	**78,094**	**96,548**
Number of share, warrants and options on issue (30 June 2008) (000)	Figure 4	295,472	295,472
Value per share (£)		**0.26**	**0.33**

Source: Management and BDO Analysis

Valuation of issued shares in Ezybonds UK

Figure 35: Value per share – 21 September 2009

21 September 2009		Low	High
£	Reference	Value	Value
100% equity value (£000)	Figure 31	**95,537**	**121,073**
Number of share, warrants and options on issue (30 June 2009) (000)	Figure 4	391,169	391,169
Value per share (£)		**0.24**	**0.31**

Source: Management and BDO Analysis

Figure 36: Value per share - 14 January 2010

14 January 2010		Low	High
£	Reference	Value	Value
100% equity value (£000)	Figure 32	**108,785**	**137,443**
Number of share, warrants and options on issue (30 June 2009) (000)	Figure 4	466,169	466,169
Value per share (£)		**0.23**	**0.29**

Source: Management and BDO Analysis

Figure 37: Value per share - 25 June 2012

25 June 2012		Low	High
£	Reference	Value	Value
100% equity value (£000)	Figure 33	**117,539**	**165,522**
Number of share, warrants and options on issue (30 June 2011) (000)	Figure 4	602,021	602,021
Value per share (£)		**0.20**	**0.27**

Source: Management and BDO Analysis

We note that we have used the minimum number of shares, warrants and options on issue from the closest financial year end to the Valuation Dates and included the shares issued on the Valuation Dates as shown in Figure 4. For the context of this valuation we consider this to be a conservative approach.

In relation to Figure 37 we also note that Ezybonds UK holds the right to repurchase 50 million shares issued to Ezybonds Inc on 25 June 2012 for the same consideration at anytime over a five year period that commences in FY14. We do not consider this to have a material impact on the values.

Based on Figure 34 to Figure 37, the value per share represents the fair value of each share issues at the various Valuation Dates. The investment cost represents the par value of an ordinary share issued by Ezybonds UK to Ezybonds Inc in relation to the increase in Royalty entitlement.

Cross check

Share trading prices

Based on our share price analysis in Section 3, we note that the issued shares in Ezybonds UK are thinly traded and therefore their trading prices may not reflect their fair values at the Valuation Dates. We have, therefore, placed minimal reliance on the share trading price as a cross check to the fair values calculated above.

IRR cross check

We have also cross-checked our valuation of Ezybonds UK by comparing the implied IRR of our valuation to the estimated discount rate for Ezybonds UK.

Based on the cash flows used and our DCF schedules in Appendix 8 and Appendix 10 our enterprise valuation range (before surplus assets, which are not captured in the cash flows) as at the Valuation Dates, our valuation of Ezybonds UK implies an estimated IRR that is within the range of our discount rates at the Valuation Dates.

Conclusion

Based on our analysis, the fair value of 100% of the issued shares and the fair value per share, on a control basis, at the Valuation Dates is summarised in Figure 30 to Figure 37.

Section 11

Valuation of the Royalty received by Ezybonds UK from Ezybonds Inc

Valuation of the Royalty received by Ezybonds UK from Ezybonds Inc

Discounted cash flow methodology

The DCF valuation methodology is based on the premise that the value of a project is the NPV of its future cash flows. Future cash flows of the project generally comprises of revenue, expenses, investment (cash balances, working capital movements, capital expenditure budgets etc), capital structure and cost of capital, and the residual terminal value at the end of the projected period.

In undertaking the DCF valuation methodology to value the Royalty received by Ezybonds UK from Ezybonds Inc as at the Valuation Dates, we have:

- Been advised by Management that the revenues received and expenses incurred by Ezybonds UK directly relate to the Royalty
- Made an assessment of the estimated future cash flows from the Royalty based on the projections prepared by Management of Ezybonds UK
- Extended the projections prepared by Management by six years to normalise the Royalty revenue growth by including a declining rate of growth to the terminal growth rate. Refer to Appendix 8 and 9 for detailed assumptions
- Estimated relevant after tax projected Royalty cash flows over the projections period from each of the valuation dates while adjusting for change in working capital as per Appendix 8 and 9
- Considered the reasonableness of the assumptions underlying the projected Royalty cash flows on the basis of actual Royalty receipts to date at each of the Valuation Dates
- Selected an appropriate discount rate range at each of the Valuation Dates
- Applied our selected discount rate range to the estimated future cash flows of the Royalty received by Ezybonds UK at each of the Valuation Dates
- Calculated a terminal value of the projected Royalty cash flows beyond the end of the explicit forecast period
- Made an adjustment to the gross value of the Royalty for working capital and capital expenditure requirements
- The value of the Royalty (ie the relevant percentage received as the consideration) is effectively the entitlement to the increase in the royalty rate. In order to determine the value of the Royalty entitlement, we have valued the net Royalty income at each Valuation Date, being the net of the Royalty before and after the increase in the royalty rate at each Valuation Date. Refer to Section 2 and Section 3 for further details
- Set out below are the key parameters and our considerations with respect to each of the above.

Projected Royalty cash flows

Management has advised that Ezybonds UK only revenue and expenses are directly in relation to the Royalty therefore we have considered the projected cash flows prepared by Management of Ezybonds UK as appropriate to value the Royalty. Refer to Section 4 for details of Management's key assumptions underlying the projected Royalty cash flows. Refer to Appendix 8 and Appendix 9 for Management's cash flow projections before the increase in the Royalty rate and after the increase of the Royalty entitlement rate as at each Valuation Date. BDO's assumptions for the extended Projection period are also discussed.

Discount rate

As noted above, the projected Royalty cash flows are effectively the projected cash flows of the business. On this basis, we consider it appropriate to use the same discount rates to value the Royalty at the Valuation Dates as we used to value the business of Ezybonds UK.

Valuation of the Royalty received by Ezybonds UK from Ezybonds Inc

The discount rates we used to value the Royalty at each Valuation Date are as set out below.

Figure 38: Discount rates

Cost of equity	Low	High
3 February 2009	50%	60%
21 September 2009	50%	60%
14 January 2010	50%	60%
25 June 2012	45%	55%

Source: BDO Analysis
Note: Discount rates selected are post tax and in nominal terms.

Terminal Value

BDO has estimated the terminal growth rate for the Royalty at each of the Valuation Dates to be 2% based on the projected inflation rates for the countries where Ezybonds Inc expects to operate and globally as published in the IMF World Economic Outlook reports dated October 2009, April 2010 and September 2011.

The terminal value has been discounted to present value. Our detailed calculations are shown in Appendix 10 and 11.

Value of the Royalty entitlement

The following table summarises the net present value of the Royalty acquired as at the various Valuation Dates.

Figure 39: Royalty value of increase in entitlement percentage

3 February 2009 - Valuation Date Summary Royalty valuation £000's	Value Low	 High
PV of 15% Royalty	57,978	76,431
PV of 25% Royalty	98,051	129,162
PV of acquired 10% Royalty	**40,074**	**52,730**

21 September 2009 - Valuation Date Summary Royalty valuation £000's	Value Low	 High
PV 25% Royalty	74,754	100,289
PV of 35% Royalty	105,527	141,483
PV of acquired 10% Royalty	**30,774**	**41,194**

14 January 2010 - Valuation Date Summary Royalty valuation £000's	Value Low	 High
PV of 35% Royalty	88,001	116,659
PV of 50% Royalty	126,645	167,814
PV of acquired 15% Royalty	**38,644**	**51,155**

25 June 2012 - Valuation Date Summary Royalty valuation £000's	Value Low	 High
PV of 50% Royalty	105,470	153,453
PV of 60% Royalty	127,043	184,763
PV of acquired 10% Royalty	**21,573**	**31,310**

Source: BDO Analysis

The value of the Royalty entitlement (acquired Royalty as shown in the above table), at each Valuation Date, is the net of the Royalty before and after the increase in the royalty rate at each Valuation Date.

Section 12
Conclusion

Conclusion

Value of the issue shares of Ezybonds UK and Royalty entitlement

As summarised in Section 10 the fair value of 100% of the issued shares and the fair value per share of Ezybonds UK, on a control basis at each Valuation Date is as follows:

Figure 40: Summary of fair value of shares

Summary of values	3 February 2009		21 September 2009		14 January 2010		25 June 2012	
Value per share	Value		Value		Value		Value	
	Low	High	Low	High	Low	High	Low	High
100% equity value (£000)	78,094	96,548	95,537	121,073	108,785	137,443	117,539	165,522
Number of securities on issue	295,472	295,472	391,169	391,169	466,169	466,169	602,021	602,021
Value per share (£)	0.26	0.33	0.24	0.31	0.23	0.29	0.20	0.27
PV of acquired Royalty	40,074	52,730	30,774	41,194	38,644	51,155	21,573	31,310

Source: Ezybonds UK management and BDO Analysis

Summary of the value of the Royalty and shares of Ezybonds UK

A summary of the value of the Royalties and shares issued as at each Valuation Date is as follows:

Date	Royalty percentage acquired	Valuation of Royalty acquired - Low (£000's)	Value Ezybonds UK share - based on mid-point (£)	Shares issued (000's)	Total value of shares issued (£000's)	Total par value of shares issued (£000's)	Total premium paid on the shares £	Value of Royalty received greater than value of shares issued	Percentage by which shares paid up by the royalty %
3 February 2009	10%	40,074	0.30	50,000	14,777	5,000	-	Yes	100
21 September 2009	10%	30,774	0.28	50,000	13,844	5,000	-	Yes	100
14 January 2010	15%	38,644	0.26	75,000	19,807	7,500	-	Yes	100
25 June 2012	10%	21,573	0.24	50,000	11,755	5,000	-	Yes	100

Source: Ezybonds UK management and BDO Analysis

Note: The value of the Royalties acquired is the low value, whereas all other values have been calculated using midpoint values

- The value of the Royalty represents the value of the entitlement to an increase in Royalty rate at each Valuation Date. As instructed by Management, the value of the Royalty, in the above table, is based on the low value.
- Since the issue price of the shares issued was the same as the par value (10p) of those shares, no premium has been paid on the shares.
- Since the value of the Royalties (at the low end of the valuation range) is higher than the fair value of shares issued.

Section 13
Appendices

Appendix 1 – Sources of Information

Information provided to BDO

In preparing this report we have had access to and relied upon the following principal sources of information:

1. Statutory financial statements for Ezybonds (UK) for the years ended 2006 to 2012
2. Global Private Equity Report by Bain & Company
3. Management's impairment review calculations dated December 2012
4. IBISWorld industry report: Finance in Australia, dated March 2012 and Non-depository finance companies in the UK dated February 2013;
5. International Monetary Fund's World Economic Outlook reports dated October 2009, April 2010 and September 2011;
6. Ezybonds UK's website;
7. Management projections model for the period FY09 to FY17;
8. Capital IQ, Bloomberg and MergerMarket; and
9. Other publicly available information.

In addition to the above, BDO has had various discussions with the management of Ezybonds UK regarding the nature of the projections, their operations, financial performances and prospects.

In addition to the above, BDO have had various discussions with the following Client representatives:

- Anthony Liston, Director, Ezybonds UK

Appendix 2 – Qualifications, Limitations & Declaration

Qualifications

BDO East Coast Partnership is a member of a national association of separate entities which are all members of BDO Australia Ltd. BDO provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities.

Dan Taylor, B.Com and CA, is a Partner of BDO. Dan is the Partner responsible for the quality review of this report.

Dan has in excess of 18 years of corporate advisory experience and has undertaken numerous corporate finance assignments such as infrastructure valuations, independent expert reports, other type of valuations, due diligences and financial modelling.

Limitations

By its very nature, the formulation of a valuation opinion necessarily contains significant uncertainties and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. Therefore, there is no indisputable value, and we normally express our opinion as falling within a likely range.

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for an asset in excess of the fair market value. This premium represents the value to the potential acquirer of potential economies of scale, reduction in competition or other synergies arising from the acquisition of the asset not available to likely purchases generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchases.

Valuation Dates

Our opinion is based on economic, market and other conditions prevailing at the Valuation Dates. Such conditions can change significantly over relatively short periods of time.

Accordingly changes in those conditions may result in the valuation becoming quickly out-dated and in need of revision. BDO reserves the right to revise any valuation, or other opinion, in the light of material information existing at the Valuation Date that subsequently becomes known to BDO.

Use of Report

Our report is prepared solely for use of the Directors of Ezybonds UK, and the purpose set out herein.

BDO does not accept any responsibility for its use outside this purpose or by any other parties. Except in accordance with the stated purpose, no extract, quote, or copy of our report, in whole or in part, should be reproduced without the written consent of BDO, as to the form and context in which it may appear.

Sources of Information

Information used in the preparation of this valuation included historical and prospective financial information for Ezybonds UK, discussions with the management of Ezybonds UK regarding the nature of Ezybonds UK, its operations, financial performances and prospects, and a number of external sources, such as Capital IQ.

Appendix 1 to this report sets out sources of information referred to and relied upon by BDO during the course of preparing this report and forming our opinion.

Prospective Financial Information

The information provided to BDO includes prospective financial information prepared by Management.

BDO has not been engaged to undertake an independent review of the projections prepared by Management, and has not undertaken such a review. Accordingly, we do not express an opinion on the reasonableness of the assumptions underlying the projections, or their achievability.

BDO has assumed that any prospective financial information provided by Ezybonds UK has been prepared fairly and honestly based on the information available to Management at the time and within the practical constraints and limitations of such prospective financial information. We have assumed that the prospective financial information does not reflect any material bias, either positive or negative. The achievability of the prospective financial information is not warranted or guaranteed by Ezybonds UK or BDO.

Prospective financial information is dependent on the outcome of many assumptions, some of which are outside the control of Ezybonds UK. Assumptions relating to prospective financial information can be reasonable at the time of their preparation, but can change materially over a relatively short time. If there is a change in any of the assumptions, our valuation opinion will change, perhaps materially.

No Verification

BDO's procedures, in the preparation of this report, may involve an analysis of financial information and accounting records. As set out in this report, the work undertaken does not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards issued by the Australian Auditing and Assurance Standards Board **("AUASB")**. Accordingly, BDO does not warrant that its inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose.

Reliance on Information

In preparing this report, we have relied on information provided by the Management. We have not undertaken any verification of the financial or other information provided by them, or other parties, as set out in this report. BDO believes the information provided to be reliable, complete and not misleading and has no reason to believe that any material facts have been withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of satisfying ourselves that there were reasonable grounds for believing that the information was appropriate for use by us in forming our opinion. Where BDO has relied on the views and judgement of the Management, the information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Ezybonds UK has agreed to indemnify BDO and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided by Ezybonds UK, which is false and misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

APES 225

Our valuation report has been prepared in accordance with the requirements of APES 225 issued by the Accounting Professional & Ethical Standards Board. As required under APES 225, we confirm that we are independent of Ezybonds UK for the purpose of this valuation and our fee is not contingent on the conclusion, content or future use of this report.

Appendix 3 – Common Valuation Approaches and Methodologies

In conducting our assessment of the value, the following commonly used business valuation methodologies have been considered:

Discounted Cash Flow Method

The DCF method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- the forecast of future cash flows of the business asset for a number of years (usually five to 10 years); and
- the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to NPV.

DCF is appropriate where:

- the businesses' earnings are capable of being forecast for a reasonable period (preferably five to ten years) with reasonable accuracy;
- earnings or cash flows are expected to fluctuate significantly from year to year;
- the business or asset has a finite life;
- the business is in a 'start up' or in early stages of development;
- the business has irregular capital expenditure requirements;
- the business involves infrastructure projects with major capital expenditure requirements; or
- the business is currently making losses but is expected to recover.

Capitalisation of Future Maintainable Earnings Method

This method involves the capitalisation of estimated future maintainable earnings by an appropriate multiple. Maintainable earnings are the assessed sustainable profits that can be derived by the vendor's business and excludes any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net Realisable Value of Assets

Asset based valuations involve the determination of the fair value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as individual business units or collection of individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- *orderly realisation*: this method estimates fair value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair value;
- *liquidation*: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair value; or

- *going concern*: this method estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding company. Adjustments may need to be made to the book value of assets and liabilities to reflect their going concern value.

The net realisable value of a trading company's assets will generally provide the lowest possible value for the business. The difference between the value of the company's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where a company is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding company, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets.

Appendix 4 – Comparable company descriptions

The following table provides a brief business description of the listed companies we consider to be broadly comparable to Ezybonds UK.

Company Name	Business Description
Wirecard AG	Wirecard AG provides outsourcing and white label solutions for payment processing and issuing products worldwide. The company operates Wirecard payment platform that offers various options for merchants, including Virtual terminal, a Web-based application to input the consumer's card or payment data using a PC; Wirecard Payment Page, which provides merchants with PCI-conform payment data processing; Realtime Processing API, an interface based on XML technology for various payment and risk management processes, and outsourcing solution as software as a service; Batch Processing API, an automated batch processing solution; and Point of Sale, a payment processing solution for bricks-and-mortar retail. It also offers solutions that support downstream business processes with interfaces to the ERP/merchandise management/logistics/debtor management, or accounting systems; sector-independent shop system solutions; and a solution and service for the technical processing of mobile payment solutions. In addition, the company provides risk management systems to prevent and protect merchants against fraud, and payment defaults; offers banking services comprising business and foreign currency accounts, and treasury and forex management; issues payment cards that include the supplier and commission payments product for tourism operators and payout cards for employers to pay wages, as well as mywirecard, a white label solution. Further, it operates as a credit card acquirer in 69 countries involving approximately 100 transaction and 18 payout currencies. Additionally, the company offers point of sale services for card acceptance, terminals, clearing, and reporting; and call center services. Wirecard AG has strategic alliances with Lekkerland Deutschland GmbH & Co., China UnionPay, Netrada Management GmbH, and TravelTainment GmbH. The company was founded in 1999 and is headquartered in Aschheim, Germany.
ACI Worldwide, Inc.	ACI Worldwide, Inc. develops, markets, installs, and supports a line of software products and services for facilitating electronic payments worldwide. The company offers a suite of products and services covering various domains, which include online banking and cash management that manages payments and cash flows through the online or mobile channel; managing and processing monetary, non monetary, sales, and account origination financial transactions; and managing trade related transaction types. The company's products also cover various domains within the payments and banking marketplace, such as community financial services, including online and mobile banking and payment systems, and security solutions that service community banks and credit unions; software to support in house issuance of payment instruments and management of a consumer payment from transaction acquiring to settlement; wholesale banking payments that manage corporate payments and messages through their lifecycle; and merchant retail, which manages a consumer payment within a merchant retailer and supporting services. In addition, its products cover payment fraud management, which secures payments against fraud and money laundering; and payment infrastructure consisting of tools and infrastructure to operate and optimize the payments system. Further, the company offers implementation, product support, technical, educational, testing, expert consultancy, and facilities management services. ACI Worldwide, Inc. sells its products under the ACI Worldwide and ACI Payment Systems brands. It serves financial institutions, including national, regional, and global banks, as well as community banks and credit unions; e-payment processors; and retailers. The company was formerly known as Transaction Systems Architects, Inc. and changed its name to ACI Worldwide, Inc. in July 2007. ACI Worldwide, Inc. was founded in 1993 and is headquartered in Naples, Florida.

Company Name	Business Description
Bottomline Technologies (de), Inc.	Bottomline Technologies (de), Inc. provides cloud-based payment, invoice, and banking solutions to corporations, insurance companies, financial institutions, and banks worldwide. Its solutions are used to streamline, automate, and manage processes and transactions involving global payments, invoice receipt and approval, collections, cash and document management, risk mitigation, reporting, and document archive. The company's products include cash management and treasury platforms that enable banks to offer ACH and BACS payments, wires, international payments, check production, balance and information reporting, and cash management facilities; and legal spend management solutions, which integrate with claims management, and time and billing systems to automate legal invoice management processes. It also offers Paymode-X, a business-to-business electronic settlement network, such as online access to purchase orders, invoices, payments, and remittance details, as well as comprehensive workflow and turnkey vendor enrollment and support; and WebSeries and C-Series, the payment and document automation solutions that generate payment instructions along with consolidated bank reporting of cash activity. In addition, the company provides forms management, mobile documentation, workflow automation, and payments solutions to healthcare organizations. Further, it offers SWIFT access service that enables corporations exchange financial information with their banks and counterparties. Additionally, the company provides consulting, project implementation, and training services; and consumable products for laser check printing that comprise magnetic ink character recognition toner and blank-paper check stock, as well as printers and printer-related equipment. Bottomline Technologies (de), Inc. sells its products directly through sales force, as well as through various channel partners and resellers. The company was founded in 1989 and is headquartered in Portsmouth, New Hampshire.
Optimal Payments Plc	Optimal Payments Plc provides online payment solutions to Internet merchants and consumers worldwide. It operates through two segments, NETELLER and NetBanx. The company provides services to businesses and individuals to allow the processing of direct debit, electronic cheque, and credit card payments. Its products and services include NETBANX payment processing service that allows businesses to accept card and non-card payments on their Websites, or take payments through other channels, such as IVR, MOTO, or virtual terminals; and NETELLER online payment accounts that enable consumers to pay for goods and services over the Internet, as well as transfer to friends, family, and other NETELLER account holders. The company's products and services also comprise NETELLER Net+ card program, which offers cards and enables online payment account holders to spend at online, point-of-sale, and cash locations; and NETELLER affiliate program, which enables affiliates to earn cash by driving Internet traffic to the NETELLER site. It serves merchants in various industries and businesses, including entertainment, video gaming, travel and leisure, dating and social networks, financial services, media and publishing, retail, government and education, and manufacturing and energy. In addition, Optimal Payments Plc is involved in the property leasing, employment and administration, and financing activities. The company was formerly known as NEOVIA Financial Plc and changed its name to Optimal Payments Plc in March 2011. Optimal Payments Plc was founded in 1996 and is headquartered in Douglas, the United Kingdom.
Planet Payment, Inc.	Planet Payment, Inc. provides international payment processing and multi-currency processing services. The company offers payment processing services, which enable the authorization and settlement of payment transactions by providing the connections between the merchant, its bank, and the card association; online access to advanced reconciliation and reporting services; and multi-currency processing services comprising FX assured service, Pay In Your Currency, and Shop In Your Currency designed for merchants in the retail, restaurant, and hospitality environments. It also provides iPAY Gateway, which offers PCI- compliant payment gateway services for e-commerce, call center, mail-order, and telephone order merchants; and global consolidated reporting and data analytics that provide merchants with insights into their operations. Planet Payment, Inc. offers its services to approximately 41,000 merchant locations in the Asia Pacific region, North America, the Middle East, Africa, and Europe primarily through its acquiring bank and processor customers, as well as its own direct sales force. The company was formerly known as Planet Group Inc. and changed its name to

Company Name	Business Description
	Planet Payment, Inc. in June 2007. Planet Payment, Inc. was incorporated in 1999 and is headquartered in Long Beach, New York.
Monitise plc	Monitise plc, a technology and services company, provides mobile banking, payments, and commerce solutions worldwide. Its solutions enable financial institutions and other service providers to offer various services to their customers. The company offers products for delivering mobile money services, which include mobile money lifecycle management; mobile money channels, such as basic phones, smartphones, tablets, and others through various user interfaces; admin and reporting service management functions; and bank grade security for mobile money services, as well as technology-agnostic integration for connectivity to any system and facilitating interconnectivity. It also provides commerce and payment products that enable clients to offer a range of mcommerce and mpayment services to their end consumers, which comprises account-to-account payment and support services; payments using social identifiers, such as mobile number and email ID; capturing products using image recognition, QR, and product codes in a mobile optimised basket, as well as checkout using stored payment details; contactless payment transactions using NFC technologies and payment applets; mobile commerce; delivery and redemption of merchant offers and self-service management for loyalty programs ; and business and corporate accounts support. In addition, Monitise plc offers information and account products that include a range of mbanking services, such as account balance, transaction history, transfers, statements and alerts, self-service account management, and stored value accounts, as well as location-related information and integration of location mapping service. Further, it provides implementation, design and development, adoption, support, and managed services. Monitise plc was founded in 2003 and is based in London, the United Kingdom.
Paynova AB	Paynova AB provides Internet-based payment services for online retailers. The company offers basic service that enables online card payments; fraud prevention service, which monitors transactions around the clock in real-time; optional services, including profile payments and call centre payments; and merchant services that enables the accounting department to create and print out customized reports of the business. It serves clients in travel, retail, and mail order industries. Paynova AB is based in Stockholm, Sweden.
Mint Wireless Limited	Mint Wireless Limited engages in providing mobile payment and transaction solutions in Australia. It provides various payment solutions that include Mint Mobile Portable Payments, a portable payment system for small, medium, or large enterprises that have mobile technicians, sales forces, or delivery teams, which require payment at time of service or product delivery; Mint Online, a personal computer (PC) based system that allows businesses using laptops to process invoices, point of sales (POS), and mobile payments through their laptop or desktop PC; and Mint Voice, an interactive voice response that speaks to the caller with a combination of fixed voice menus and data extracted from databases in real time. The company also offers Mint Statement and Invoice Presentment and Payment, a platform for merchants that allows companies to upload a list of their invoices for payment by customers; Mint Batched Payment Solution for organizations that produce batch payment files from internal systems; and Mint Recurring Payments, a configurable recurring payment solution that can be applied to business functions, including managing payment plans of delinquent customers, collecting regular membership fees, and automated management of declined or dishonored payments. In addition, it develops and supplies audio visual products, such as HD DV Camcorders, hand-held pico projectors, laptop and camera bags, digital photo frames, digital graphics tablets, portable digital TVs, digital interactive whiteboards, digital graphics monitors, external media drives, digital set top box/PVRs and media players, portable speakers, AV cables and accessories, and AV cleaning products; USB flash drives, memory card readers, DRAM modules, solid state disks, and portable hard drives; phone accessories; and portable barcode scanners, interactive POS stands, and MiniMint software. The company has a strategic partnership with Uniden. Mint Wireless Limited is headquartered in Gladesville, Australia.

Company Name	Business Description
Corum Group Limited	Corum Group Limited provides dispense and point of sale software applications, hardware, and support services to pharmacies in Australia. The company also offers ecommerce services providing transactional processing for electronic bill payments, funds transfer, and processing services to the real estate industry and other corporate clients through electronic methodologies for payment of rent, utilities, local government fees, and commercial obligations. In addition, it provides a range of training services to the real estate industry, including industry qualification courses, distance learning, skill-developing, and success orientated programs and coaching. The company was formerly known as Cosmos Limited and changed its name to Corum Group Limited in November 2006. Corum Group Limited is headquartered in Sydney, Australia.

Source: Capital IQ and BDO analysis

Appendix 5 – Comparable company growth rates - 3 February 2009

The following table provides margins and growth rates of the potentially comparable listed companies we consider to be broadly comparable Ezybonds UK.

Company Name	EBITDA Margin AVG -5Y	EBITDA Margin AVG +3Y	Revenue Growth CAGR -4Y	Revenue Growth CAGR +3Y
Wirecard AG	22%	27%	131%	17%
ACI Worldwide, Inc.	18%	13%	9%	n/a
Bottomline Technologies (de), Inc.	9%	7%	12%	6%
Optimal Payments Plc	33%	22%	-4%	n/a
Planet Payment, Inc.	-292%	3%	137%	n/a
Monitise plc	-1285%	-69%	n/a	142%
Paynova AB	-869%	n/a	88%	n/a
Mint Wireless Limited	-123%	n/a	n/a	n/a
Corum Group Limited	-1%	n/a	1%	n/a
Average	**-276%**	**0%**	**54%**	**55%**
Median	**-1%**	**10%**	**12%**	**17%**
Max (at 80% confidence level)	**335%**	**45%**	**134%**	**152%**
Min (at 80% confidence level)	**-888%**	**-44%**	**-27%**	**-42%**
Adjusted Average (at 80% confidence level)	**-150%**	**14%**	**40%**	**55%**
Adjusted Median (at 80% confidence level)	**4%**	**13%**	**11%**	**17%**

Source: Capital IQ and BDO analysis

Notes:

1. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

Appendix 5 – Comparable company growth rates – 21 September 2009

The following table provides margins and growth rates of the potentially comparable listed companies we consider to be broadly comparable Ezybonds UK.

Company Name	EBITDA Margin AVG -5Y	EBITDA Margin AVG +3Y	Revenue Growth CAGR -4Y	Revenue Growth CAGR +3Y
Wirecard AG	22%	27%	131%	15%
ACI Worldwide, Inc.	18%	14%	9%	n/a
Bottomline Technologies (de), Inc.	11%	17%	9%	n/a
Optimal Payments Plc	33%	19%	-4%	0%
Planet Payment, Inc.	-292%	9%	137%	28%
Monitise plc	-1073%	-56%	n/a	95%
Paynova AB	-869%	n/a	88%	n/a
Mint Wireless Limited	-89%	n/a	n/a	n/a
Corum Group Limited	4%	n/a	6%	n/a
Average	**-248%**	**5%**	**54%**	**34%**
Median	**4%**	**15%**	**9%**	**22%**
Max (at 80% confidence level)	**297%**	**44%**	**134%**	**88%**
Min (at 80% confidence level)	**-794%**	**-34%**	**-27%**	**-19%**
Adjusted Average (at 80% confidence level)	**-42%**	**17%**	**40%**	**14%**
Adjusted Median (at 80% confidence level)	**11%**	**17%**	**9%**	**15%**

Source: Capital IQ and BDO analysis

Notes:

1. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

Appendix 5 – Comparable company growth rates – 14 January 2010

The following table provides margins and growth rates of the potentially comparable listed companies we consider to be broadly comparable Ezybonds UK.

Company Name	EBITDA Margin AVG -5Y	EBITDA Margin AVG +3Y	Revenue Growth CAGR -4Y	Revenue Growth CAGR +3Y
Wirecard AG	24%	27%	48%	16%
ACI Worldwide, Inc.	17%	18%	7%	n/a
Bottomline Technologies (de), Inc.	11%	18%	9%	11%
Optimal Payments Plc	22%	17%	-23%	8%
Planet Payment, Inc.	-135%	9%	97%	n/a
Monitise plc	-1073%	-55%	n/a	98%
Paynova AB	-305%	n/a	50%	n/a
Mint Wireless Limited	-89%	n/a	n/a	n/a
Corum Group Limited	4%	n/a	6%	n/a
Average	**-169%**	**6%**	**28%**	**33%**
Median	**4%**	**18%**	**9%**	**13%**
Max (at 80% confidence level)	**287%**	**44%**	**79%**	**89%**
Min (at 80% confidence level)	**-626%**	**-33%**	**-23%**	**-22%**
Adjusted Average (at 80% confidence level)	**-56%**	**18%**	**16%**	**12%**
Adjusted Median (at 80% confidence level)	**7%**	**18%**	**8%**	**11%**

Source: Capital IQ and BDO analysis

Notes:

1. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

Appendix 5 – Comparable company growth rates – 25 June 2012

The following table provides margins and growth rates of the potentially comparable listed companies we consider to be broadly comparable Ezybonds UK.

Company Name	EBITDA Margin AVG -5Y	EBITDA Margin AVG +3Y	Revenue Growth CAGR -4Y	Revenue Growth CAGR +3Y
Wirecard AG	25%	28%	24%	18%
ACI Worldwide, Inc.	18%	24%	6%	n/a
Bottomline Technologies (de), Inc.	16%	19%	12%	14%
Optimal Payments Plc	2%	16%	16%	n/a
Planet Payment, Inc.	-16%	n/a	25%	n/a
Monitise plc	-645%	-15%	139%	76%
Paynova AB	-90%	n/a	9%	n/a
Mint Wireless Limited	-185%	n/a	-43%	n/a
Corum Group Limited	15%	n/a	4%	n/a
Average	**-96%**	**14%**	**21%**	**36%**
Median	**2%**	**19%**	**12%**	**18%**
Max (at 80% confidence level)	**183%**	**36%**	**83%**	**81%**
Min (at 80% confidence level)	**-374%**	**-7%**	**-41%**	**-9%**
Adjusted Average (at 80% confidence level)	**-27%**	**22%**	**14%**	**36%**
Adjusted Median (at 80% confidence level)	**8%**	**21%**	**12%**	**18%**

Source: Capital IQ and BDO analysis

Notes:

1. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

Appendix 6 – Comparable company multiples – 3 February 2009

The following table provides EBITDA multiples of the potentially comparable listed companies we consider to be broadly comparable to Ezybonds UK.

Company Name	Country	Latest Financial Year End	Market Cap as at 3/02/09 GBPm	Enterprise Value as at 3/02/09 GBPm	EBITDA Multiple FY-3 Actual	EBITDA Multiple FY-2 Actual	EBITDA Multiple FY-1 Actual	EBITDA Multiple FY Actual	EBITDA Multiple FY+1 Forecast	EBITDA Multiple FY+2 Forecast	EBITDA Multiple FY+3 Forecast
Wirecard AG	Germany	31/12/2008	417	238	27.0	14.0	8.1	5.4	4.4	3.6	3.3
ACI Worldwide, Inc.	United States	31/12/2008	417	391	8.1	7.3	18.2	8.4	9.7	n/a	n/a
Bottomline Technologies (de), Inc.	United States	30/06/2008	110	86	10.7	12.8	13.2	7.8	16.8	10.9	n/a
Optimal Payments Plc	United Kingdom	31/12/2008	57	5	0.1	0.1	nmf	1.3	0.4	0.3	n/a
Planet Payment, Inc.	United States	31/12/2008	13	23	nmf	nmf	nmf	nmf	19.7	n/a	n/a
Monitise plc	United Kingdom	30/06/2008	11	-1	n/a	nmf	nmf	nmf	0.1	0.3	nmf
Paynova AB	Sweden	31/12/2008	5	5	nmf	nmf	nmf	nmf	n/a	n/a	n/a
Mint Wireless Limited	Australia	30/06/2008	3	2	n/a	n/a	nmf	nmf	n/a	n/a	n/a
Corum Group Limited	Australia	30/06/2008	2	6	nmf	6.8	4.6	13.0	n/a	n/a	n/a
Average					**11.5**	**8.2**	**11.0**	**7.2**	**8.5**	**3.8**	**3.3**
Median					**9.4**	**7.3**	**10.7**	**7.8**	**7.0**	**2.0**	**3.3**
Max (at 80% confidence level)					**25.9**	**15.3**	**18.7**	**12.7**	**19.2**	**10.2**	***n/m***
Min (at 80% confidence level)					**-3.0**	**1.1**	**3.4**	**1.7**	**-2.2**	**-2.6**	***n/m***
Adjusted Average (at 80% confidence level)					**6.3**	**10.2**	**11.0**	**7.2**	**6.3**	**1.4**	***n/m***
Adjusted Median (at 80% confidence level)					**8.1**	**10.0**	**10.7**	**7.8**	**4.4**	**0.3**	***n/m***

Source: Capital IQ and BDO analysis

Notes:

1. Enterprise value represents the sum of market capitalisation, preferred equity, minority interest and debt, less cash.

2. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

3. Control premium of 0% has been applied to market capitalisation to calculate the multiples above.

Appendix 6 – Comparable company multiples – 3 February 2009

The following table provides revenue multiples of the potentially comparable listed companies we consider to be broadly comparable to Ezybonds UK

Company Name	Country	Latest Financial Year End	Market Cap as at 3/02/09 GBPm	Enterprise Value as at 3/02/09 GBPm	Revenue Multiple FY-3 Actual	Revenue Multiple FY-2 Actual	Revenue Multiple FY-1 Actual	Revenue Multiple FY Actual	Revenue Multiple FY+1 Forecast	Revenue Multiple FY+2 Forecast	Revenue Multiple FY+3 Forecast
Wirecard AG	Germany	31/12/2008	417	238	5.6	3.2	2.0	1.4	1.2	1.0	0.9
ACI Worldwide, Inc.	United States	31/12/2008	417	391	1.8	1.6	1.5	1.4	1.3	n/a	n/a
Bottomline Technologies (de), Inc.	United States	30/06/2008	110	86	1.3	1.2	1.0	0.9	0.9	0.8	0.8
Optimal Payments Plc	United Kingdom	31/12/2008	57	5	0.0	0.0	0.1	0.1	0.1	0.1	n/a
Planet Payment, Inc.	United States	31/12/2008	13	23	22.4	8.1	2.6	1.6	0.6	n/a	n/a
Monitise plc	United Kingdom	30/06/2008	11	-1	n/a	11.6	7.9	2.5	nmf	nmf	nmf
Paynova AB	Sweden	31/12/2008	5	5	9.7	3.4	2.6	3.1	n/a	n/a	n/a
Mint Wireless Limited	Australia	30/06/2008	3	2	n/a	n/a	2.7	0.9	n/a	n/a	n/a
Corum Group Limited	Australia	30/06/2008	2	6	0.9	0.9	0.8	0.8	n/a	n/a	n/a
Average					**6.0**	**3.8**	**2.4**	**1.4**	**0.8**	**0.6**	**0.8**
Median					**1.8**	**2.4**	**2.0**	**1.4**	**0.9**	**0.8**	**0.8**
Max (at 80% confidence level)					**16.2**	**9.0**	**5.3**	**2.6**	**1.4**	**1.3**	**0.9**
Min (at 80% confidence level)					**-4.3**	**-1.4**	**-0.5**	**0.2**	**0.2**	**0.0**	**0.8**
Adjusted Average (at 80% confidence level)					**3.2**	**2.6**	**1.7**	**1.3**	**1.0**	**0.6**	**0.8**
Adjusted Median (at 80% confidence level)					**1.5**	**1.6**	**1.7**	**1.4**	**1.0**	**0.8**	**0.8**

Source: Capital IQ and BDO analysis

Notes:

1. Enterprise value represents the sum of market capitalisation, preferred equity, minority interest and debt, less cash.

2. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

3. Control premium of 0% has been applied to market capitalisation to calculate the multiples above.

Appendix 6 – Comparable company multiples – 21 September 2009

The following table provides EBITDA multiples of the potentially comparable listed companies we consider to be broadly comparable to Ezybonds UK.

Company Name	Country	Latest Financial Year End	Market Cap as at 21/09/09 GBPm	Enterprise Value as at 21/09/09 GBPm	EBITDA Multiple FY-3 Actual	EBITDA Multiple FY-2 Actual	EBITDA Multiple FY-1 Actual	EBITDA Multiple FY Actual	EBITDA Multiple FY+1 Forecast	EBITDA Multiple FY+2 Forecast	EBITDA Multiple FY+3 Forecast
Wirecard AG	Germany	31/12/2008	767	580	64.7	33.6	19.4	13.0	10.1	8.5	7.3
ACI Worldwide, Inc.	United States	31/12/2008	335	312	7.3	6.5	16.3	7.5	9.0	7.9	n/a
Bottomline Technologies (de), Inc.	United States	30/06/2009	202	172	28.5	29.6	17.5	13.8	11.6	10.0	n/a
Optimal Payments Plc	United Kingdom	31/12/2008	64	20	0.2	0.2	nmf	3.2	2.6	2.2	1.8
Planet Payment, Inc.	United States	31/12/2008	20	27	nmf	nmf	nmf	nmf	17.7	6.4	4.5
Monitise plc	United Kingdom	30/06/2009	57	51	nmf	nmf	nmf	nmf	nmf	nmf	168.5
Paynova AB	Sweden	31/12/2008	25	25	nmf	nmf	nmf	nmf	n/a	n/a	n/a
Mint Wireless Limited	Australia	30/06/2009	4	3	n/a	nmf	nmf	nmf	n/a	n/a	n/a
Corum Group Limited	Australia	30/06/2009	5	8	7.2	4.9	13.7	nmf	n/a	n/a	n/a
Average					**21.6**	**15.0**	**16.7**	**9.4**	**10.2**	**7.0**	**45.5**
Median					**7.3**	**6.5**	**16.9**	**10.3**	**10.1**	**7.9**	**5.9**
Max (at 80% confidence level)					**55.3**	**34.8**	**19.8**	**15.8**	**17.2**	**10.8**	**150.6**
Min (at 80% confidence level)					**-12.2**	**-4.8**	**13.7**	**3.0**	**3.2**	**3.2**	**-59.6**
Adjusted Average (at 80% confidence level)					**10.8**	**15.0**	**16.7**	**9.4**	**10.2**	**8.2**	**4.5**
Adjusted Median (at 80% confidence level)					**7.2**	**6.5**	**16.9**	**10.3**	**10.1**	**8.2**	**4.5**

Source: Capital IQ and BDO analysis

Notes:

1. Enterprise value represents the sum of market capitalisation, preferred equity, minority interest and debt, less cash.

2. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

3. Control premium of 0% has been applied to market capitalisation to calculate the multiples above.

Appendix 6 – Comparable company multiples – 21 September 2009

The following table provides revenue multiples of the potentially comparable listed companies we consider to be broadly comparable to Ezybonds UK.

Company Name	Country	Latest Financial Year End	Market Cap as at 21/09/09 GBPm	Enterprise Value as at 21/09/09 GBPm	Revenue Multiple FY-3 Actual	Revenue Multiple FY-2 Actual	Revenue Multiple FY-1 Actual	Revenue Multiple FY Actual	Revenue Multiple FY+1 Forecast	Revenue Multiple FY+2 Forecast	Revenue Multiple FY+3 Forecast
Wirecard AG	Germany	31/12/2008	767	580	13.5	7.8	4.8	3.3	2.7	2.3	2.0
ACI Worldwide, Inc.	United States	31/12/2008	335	312	1.6	1.5	1.4	1.2	1.2	1.2	n/a
Bottomline Technologies (de), Inc.	United States	30/06/2009	202	172	2.7	2.3	2.1	2.0	1.9	1.7	n/a
Optimal Payments Plc	United Kingdom	31/12/2008	64	20	0.1	0.1	0.3	0.2	0.4	0.4	0.4
Planet Payment, Inc.	United States	31/12/2008	20	27	29.0	10.5	3.4	2.0	0.9	0.6	0.6
Monitise plc	United Kingdom	30/06/2009	57	51	157.9	107.1	33.9	19.0	6.8	3.8	2.4
Paynova AB	Sweden	31/12/2008	25	25	44.2	15.5	12.0	14.2	n/a	n/a	n/a
Mint Wireless Limited	Australia	30/06/2009	4	3	n/a	3.8	1.3	0.5	n/a	n/a	n/a
Corum Group Limited	Australia	30/06/2009	5	8	0.9	0.8	0.8	0.7	n/a	n/a	n/a
Average					**31.2**	**16.6**	**6.7**	**4.8**	**2.3**	**1.7**	**1.3**
Median					**8.1**	**3.8**	**2.1**	**2.0**	**1.6**	**1.5**	**1.3**
Max (at 80% confidence level)					**100.0**	**60.6**	**20.5**	**13.6**	**5.3**	**3.3**	**2.6**
Min (at 80% confidence level)					**-37.5**	**-27.4**	**-7.2**	**-4.0**	**-0.7**	**0.1**	**0.0**
Adjusted Average (at 80% confidence level)					**13.1**	**5.3**	**3.3**	**1.4**	**1.4**	**1.2**	**1.3**
Adjusted Median (at 80% confidence level)					**2.7**	**3.1**	**1.7**	**1.2**	**1.2**	**1.2**	**1.3**

Source: Capital IQ and BDO analysis

Notes:

1. Enterprise value represents the sum of market capitalisation, preferred equity, minority interest and debt, less cash.

2. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

3. Control premium of 0% has been applied to market capitalisation to calculate the multiples above.

Appendix 6 – Comparable company multiples – 14 January 2010

The following table provides EBITDA multiples of the potentially comparable listed companies we consider to be broadly comparable to Ezybonds UK.

Company Name	Country	Latest Financial Year End	Market Cap as at 14/01/10 GBPm	Enterprise Value as at 14/01/10 GBPm	EBITDA Multiple FY-3 Actual	EBITDA Multiple FY-2 Actual	EBITDA Multiple FY-1 Actual	EBITDA Multiple FY Actual	EBITDA Multiple FY+1 Forecast	EBITDA Multiple FY+2 Forecast	EBITDA Multiple FY+3 Forecast
Wirecard AG	Germany	31/12/2009	916	680	39.0	22.5	15.1	13.0	10.5	9.0	8.1
ACI Worldwide, Inc.	United States	31/12/2009	349	323	6.8	17.0	7.9	7.2	6.9	n/a	n/a
Bottomline Technologies (de), Inc.	United States	30/06/2009	274	240	40.8	42.4	25.0	19.8	15.1	12.3	n/a
Optimal Payments Plc	United Kingdom	31/12/2009	66	28	0.5	nmf	7.6	67.5	3.8	3.1	2.9
Planet Payment, Inc.	United States	31/12/2009	36	42	nmf	nmf	nmf	nmf	12.9	7.3	n/a
Monitise plc	United Kingdom	30/06/2009	81	72	nmf	nmf	nmf	nmf	nmf	nmf	239.5
Paynova AB	Sweden	31/12/2009	27	27	nmf	nmf	nmf	nmf	n/a	n/a	n/a
Mint Wireless Limited	Australia	30/06/2009	3	4	n/a	nmf	nmf	nmf	n/a	n/a	n/a
Corum Group Limited	Australia	30/06/2009	2	6	4.8	3.3	9.2	nmf	n/a	n/a	n/a
Average					**18.4**	**21.3**	**13.0**	**26.9**	**9.8**	**7.9**	**83.5**
Median					**6.8**	**19.8**	**9.2**	**16.4**	**10.5**	**8.1**	**8.1**
Max (at 80% confidence level)					**43.8**	**42.1**	**22.5**	**62.2**	**15.7**	**12.9**	**256.8**
Min (at 80% confidence level)					**-7.0**	**0.5**	**3.5**	**-8.5**	**4.0**	**3.0**	**-89.8**
Adjusted Average (at 80% confidence level)					**18.4**	**14.3**	**10.0**	**13.3**	**11.3**	**7.9**	**5.5**
Adjusted Median (at 80% confidence level)					**6.8**	**17.0**	**8.5**	**13.0**	**11.7**	**8.1**	**5.5**

Source: Capital IQ and BDO analysis

Notes:

1. Enterprise value represents the sum of market capitalisation, preferred equity, minority interest and debt, less cash.

2. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

3. Control premium of 0% has been applied to market capitalisation to calculate the multiples above.

Appendix 6 – Comparable company multiples – 14 January 2010

The following table provides revenue multiples of the potentially comparable listed companies we consider to be broadly comparable to Ezybonds UK.

Company Name	Country	Latest Financial Year End	Market Cap as at 14/01/10 GBPm	Enterprise Value as at 14/01/10 GBPm	Revenue Multiple FY-3 Actual	Revenue Multiple FY-2 Actual	Revenue Multiple FY-1 Actual	Revenue Multiple FY Actual	Revenue Multiple FY+1 Forecast	Revenue Multiple FY+2 Forecast	Revenue Multiple FY+3 Forecast
Wirecard AG	Germany	31/12/2009	916	680	9.0	5.5	3.8	3.3	2.8	2.4	2.2
ACI Worldwide, Inc.	United States	31/12/2009	349	323	1.5	1.4	1.3	1.3	1.2	n/a	n/a
Bottomline Technologies (de), Inc.	United States	30/06/2009	274	240	3.9	3.4	3.0	2.9	2.6	2.4	2.1
Optimal Payments Plc	United Kingdom	31/12/2009	66	28	0.2	0.8	0.6	0.7	0.6	0.6	0.5
Planet Payment, Inc.	United States	31/12/2009	36	42	15.0	4.9	2.9	2.6	1.0	0.8	n/a
Monitise plc	United Kingdom	30/06/2009	81	72	233.1	158.1	50.0	28.1	9.5	5.2	3.2
Paynova AB	Sweden	31/12/2009	27	27	17.0	13.1	15.5	9.7	n/a	n/a	n/a
Mint Wireless Limited	Australia	30/06/2009	3	4	n/a	2.7	1.0	0.4	n/a	n/a	n/a
Corum Group Limited	Australia	30/06/2009	2	6	0.6	0.6	0.5	0.5	n/a	n/a	n/a
Average					**35.1**	**21.2**	**8.7**	**5.5**	**3.0**	**2.3**	**2.0**
Median					**6.5**	**3.4**	**2.9**	**2.6**	**1.9**	**2.4**	**2.1**
Max (at 80% confidence level)					**138.0**	**87.2**	**29.5**	**16.9**	**7.2**	**4.6**	**3.4**
Min (at 80% confidence level)					**-67.9**	**-44.8**	**-12.0**	**-6.0**	**-1.3**	**-0.1**	**0.6**
Adjusted Average (at 80% confidence level)					**6.8**	**4.0**	**3.6**	**2.7**	**1.7**	**1.5**	**2.5**
Adjusted Median (at 80% confidence level)					**3.9**	**3.1**	**2.1**	**1.9**	**1.2**	**1.6**	**2.2**

Source: Capital IQ and BDO analysis

Notes:

1. Enterprise value represents the sum of market capitalisation, preferred equity, minority interest and debt, less cash.

2. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

3. Control premium of 0% has been applied to market capitalisation to calculate the multiples above.

Appendix 6 – Comparable company multiples – 25 June 2012

The following table provides EBITDA multiples of the potentially comparable listed companies we consider to be broadly comparable to Ezybonds UK.

Company Name	Country	Latest Financial Year End	Market Cap as at 25/06/12 GBPm	Enterprise Value as at 25/06/12 GBPm	EBITDA Multiple FY-3 Actual	EBITDA Multiple FY-2 Actual	EBITDA Multiple FY-1 Actual	EBITDA Multiple FY Actual	EBITDA Multiple FY+1 Forecast	EBITDA Multiple FY+2 Forecast	EBITDA Multiple FY+3 Forecast
Wirecard AG	Germany	31/12/2011	1314	1094	29.8	25.6	21.3	18.4	12.6	10.5	9.2
ACI Worldwide, Inc.	United States	31/12/2011	1068	1172	22.9	21.1	17.6	13.7	11.5	9.4	n/a
Bottomline Technologies (de), Inc.	United States	30/06/2011	433	359	35.4	28.0	16.5	13.5	12.3	13.3	10.4
Optimal Payments Plc	United Kingdom	31/12/2011	87	51	15.1	133.9	15.8	25.9	4.0	3.0	n/a
Planet Payment, Inc.	United States	31/12/2011	129	125	nmf	nmf	272.6	44.0	n/a	n/a	n/a
Monitise plc	United Kingdom	30/06/2011	268	258	nmf	nmf	nmf	nmf	nmf	nmf	34.7
Paynova AB	Sweden	31/12/2011	5	5	nmf	nmf	53.5	nmf	n/a	n/a	n/a
Mint Wireless Limited	Australia	30/06/2011	3	6	nmf	nmf	nmf	nmf	n/a	n/a	n/a
Corum Group Limited	Australia	30/06/2011	12	10	18.1	nmf	9.3	2.1	n/a	n/a	n/a
Average					**24.3**	**52.1**	**58.1**	**19.6**	**10.1**	**9.0**	**18.1**
Median					**22.9**	**26.8**	**17.6**	**16.1**	**11.9**	**10.0**	**10.4**
Max (at 80% confidence level)					**35.0**	**122.1**	**180.7**	**37.8**	**15.3**	**14.7**	**36.5**
Min (at 80% confidence level)					**13.6**	**-17.8**	**-64.6**	**1.3**	**4.9**	**3.4**	**-0.4**
Adjusted Average (at 80% confidence level)					**21.5**	**24.9**	**22.3**	**14.7**	**12.1**	**11.1**	**18.1**
Adjusted Median (at 80% confidence level)					**20.5**	**25.6**	**17.0**	**13.7**	**12.3**	**10.5**	**10.4**

Source: Capital IQ and BDO analysis

Notes:

1. Enterprise value represents the sum of market capitalisation, preferred equity, minority interest and debt, less cash.

2. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

3. Control premium of 0% has been applied to market capitalisation to calculate the multiples above.

Appendix 6 – Comparable company multiples – 25 June 2012

The following table provides revenue multiples of the potentially comparable listed companies we consider to be broadly comparable to Ezybonds UK.

Company Name	Country	Latest Financial Year End	Market Cap as at 25/06/12 GBPm	Enterprise Value as at 25/06/12 GBPm	Revenue Multiple FY-3 Actual	Revenue Multiple FY-2 Actual	Revenue Multiple FY-1 Actual	Revenue Multiple FY Actual	Revenue Multiple FY+1 Forecast	Revenue Multiple FY+2 Forecast	Revenue Multiple FY+3 Forecast
Wirecard AG	Germany	31/12/2011	1314	1094	7.5	6.5	5.4	4.5	3.5	2.9	2.5
ACI Worldwide, Inc.	United States	31/12/2011	1068	1172	3.7	3.8	3.7	3.3	2.6	2.3	n/a
Bottomline Technologies (de), Inc.	United States	30/06/2011	433	359	4.3	4.1	3.6	3.0	2.5	2.2	2.0
Optimal Payments Plc	United Kingdom	31/12/2011	87	51	1.2	1.5	1.4	0.7	0.6	0.5	n/a
Planet Payment, Inc.	United States	31/12/2011	129	125	8.6	7.7	6.4	4.6	n/a	n/a	n/a
Monitise plc	United Kingdom	30/06/2011	268	258	171.3	96.1	42.5	16.7	7.6	4.5	3.4
Paynova AB	Sweden	31/12/2011	5	5	2.7	1.7	1.5	1.6	n/a	n/a	n/a
Mint Wireless Limited	Australia	30/06/2011	3	6	1.7	0.7	0.6	44.6	n/a	n/a	n/a
Corum Group Limited	Australia	30/06/2011	12	10	1.0	1.0	0.9	0.9	n/a	n/a	n/a
Average					**22.4**	**13.7**	**7.3**	**8.9**	**3.4**	**2.5**	**2.6**
Median					**3.7**	**3.8**	**3.6**	**3.3**	**2.6**	**2.3**	**2.5**
Max (at 80% confidence level)					**94.1**	**53.4**	**24.4**	**27.2**	**6.7**	**4.4**	**3.5**
Min (at 80% confidence level)					**-49.2**	**-26.1**	**-9.8**	**-9.4**	**0.0**	**0.6**	**1.8**
Adjusted Average (at 80% confidence level)					**3.8**	**3.4**	**2.9**	**4.4**	**2.3**	**2.5**	**2.6**
Adjusted Median (at 80% confidence level)					**3.2**	**2.7**	**2.5**	**3.1**	**2.5**	**2.3**	**2.5**

Source: Capital IQ and BDO analysis

Notes:

1. Enterprise value represents the sum of market capitalisation, preferred equity, minority interest and debt, less cash.

2. Adjusted average and median are calculated excluding the data highlighted in grey, as they are outside the 80% confidence interval.

3. Control premium of 0% has been applied to market capitalisation to calculate the multiples above.

Appendix 7 – Discount Rate

Venture capital rates of return are generally predicted on a consideration of the development stage of the business and the risk inherent in the operations of the business. A table of indicative general venture capital rates of return depending on the development stage is set out below.

Figure 41: Venture capital IRR

Venture Capital Internal Rates of Return (IRR) (%)	Min IRR	Max IRR	Mean IRR
Stage of development:			
Seed	30	400	105
Start-up	12	200	67
Early expansion	20	100	47
Expansion or development	25	80	35
Mezzanine debt	15	40	23
Management buyout/buyin	15	50	29
Turnaround	15	40	26
Replacement	10	25	21
Overall	25	60	34

Source: the Benchmarking Australian Institutional Investment in Domestic Venture Capital Study.

Figure 42: Venture capital rates of return

Venture capital rates	Expected return on investor (%)
Seed Capital	100%
Start Up	50%
Second Round	40%
Third Round	30%
Bridge to Public Offering	25%
Turnaround Company	50%
Leveraged Buy Out	35%

Source: David and Laura Gladstone, "Venture Capital Investing", p190

A description of the stages of development and venture capital is set out below:

- *Seed capital:* - companies with an idea and not much else. Represent the riskiest level of embryonic intangible asset investment and requires the highest rate of return. Funds are used for basic research and possibly a prototype. Revenue is not considered part of management's immediate goals.
- *Start up:* - companies may have the prototype which works. However, the prototype requires further development before a mass production version is finalised. Positive net cash flows are envisaged to be several years away.
- *Second round: - companies may have experienced success in commercial production of a product and/or services. However, expansion of market penetration requires significant investment which debt financiers (e.g. banks) are unwilling to provide. The company may be at this stage profitable but small, or unprofitable and needing to achieve economies of scale to reach break even.*
- *Third round:* - companies begin to be more profitable and able to obtain limited debt financing; venture capital still provides a vital role in providing funds if alternate and more cost effective funds are not sourced.

The later stages have relatively lower risk than the earlier stages because the company is most likely nearing positive cash flows where it can fund itself.

The high rates of returns are required to compensate for the high risk associated with a venture capital investment depending of the stage of development.

Appendix 8 – After tax cash flows prior to escalation of the Royalty rate

Our analysis of the after tax cash flows for Ezybonds UK as at 3 February 2009 is set out in the table below (Royalty rate of 15%):

Period	FP09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Terminal
£000's	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	Period
Gross Income	3,985	18,313	31,557	45,495	60,915	78,516	97,277	115,656	131,725	143,441	149,026	152,007
Gross income growth (%)	*n/m*	*360%*	*72%*	*44%*	*34%*	*29%*	*24%*	*19%*	*14%*	*9%*	*4%*	*2%*
Net operting profit	3,515	17,056	30,278	44,152	59,505	76,698	95,024	112,978	128,675	140,119	145,575	148,486
Net operating profit growth (%)	*n/m*	*385%*	*78%*	*46%*	*35%*	*29%*	*24%*	*19%*	*14%*	*9%*	*4%*	*2%*
add/deduct interest expense/revenue	(16)	(74)	(128)	(184)	(246)	(318)	(393)	(468)	(533)	(580)	(603)	(615)
EBIT	**3,499**	**16,982**	**30,150**	**43,968**	**59,258**	**76,381**	**94,631**	**112,510**	**128,142**	**139,539**	**144,972**	**147,872**
Net present value - FP09 to FY19	(33)	(102)	(104)	(106)	(108)	(110)	(113)	(115)	(117)	(120)	(122)	(124)
EBITDA	**3,465**	**16,880**	**30,046**	**43,862**	**59,150**	**76,270**	**94,518**	**112,395**	**128,025**	**139,419**	**144,850**	**147,747**
Less notional tax	300	3,566	6,332	9,233	12,444	16,040	19,872	23,627	26,910	29,303	30,444	31,053
Add/deduct change in working capital	-	(365)	(265)	(279)	(308)	(352)	(375)	(368)	(321)	(234)	(112)	(60)
Add tax shield on depreciation	7	21	22	22	23	23	24	24	25	25	26	26
Free cash flow to firm	**3,173**	**12,970**	**23,472**	**34,372**	**46,420**	**59,901**	**74,294**	**88,425**	**100,818**	**109,907**	**114,320**	**116,661**

Source: Management and BDO Analysis

Our analysis of the after tax cash flows for Ezybonds UK as at 21 September 2009 is set out in the table below (Royalty rate 25%):

Period	FP10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Terminal
£000's	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	Period
Gross Income	8,497	27,120	46,734	67,375	90,211	116,276	144,059	171,278	195,075	212,424	220,696	225,110
Gross income growth (%)	*n/m*	*219%*	*72%*	*44%*	*34%*	*29%*	*24%*	*19%*	*14%*	*9%*	*4%*	*2%*
Net operting profit	7,420	25,863	45,455	66,031	88,800	114,458	141,807	168,599	192,024	209,103	217,245	221,590
Net operating profit growth (%)	*n/m*	*249%*	*76%*	*45%*	*34%*	*29%*	*24%*	*19%*	*14%*	*9%*	*4%*	*2%*
add/deduct interest expense/revenue	(34)	(110)	(189)	(272)	(365)	(470)	(583)	(693)	(789)	(859)	(892)	(910)
EBIT	**7,385**	**25,754**	**45,266**	**65,759**	**88,435**	**113,988**	**141,224**	**167,907**	**191,235**	**208,243**	**216,352**	**220,679**
Depreciation	(75)	(102)	(104)	(106)	(108)	(110)	(113)	(115)	(117)	(120)	(122)	(124)
EBITDA	**7,310**	**25,652**	**45,162**	**65,653**	**88,327**	**113,877**	**141,111**	**167,792**	**191,118**	**208,124**	**216,230**	**220,555**
Less notional tax	1,109	5,408	9,506	13,809	18,571	23,937	29,657	35,260	40,159	43,731	45,434	46,343
Add/deduct change in working capital	-	(538)	(392)	(413)	(457)	(521)	(556)	(544)	(476)	(347)	(165)	(88)
Add tax shield on depreciation	16	21	22	22	23	23	24	24	25	25	26	26
Free cash flow to firm	**6,217**	**19,727**	**35,285**	**51,453**	**69,322**	**89,442**	**110,922**	**132,011**	**150,507**	**164,071**	**170,656**	**174,150**

Our analysis of the after tax cash flows for Ezybonds UK as at 14 January 2010 is set out in the table below (Royalty rate 35%):

Period	FP10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Terminal
£000's	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	Period
Gross Income	6,592	26,964	47,286	69,046	93,879	122,480	153,057	182,851	208,387	226,028	232,731	237,385
Gross income growth (%)	*n/m*	*309%*	*75%*	*46%*	*36%*	*30%*	*25%*	*19%*	*14%*	*8%*	*3%*	*2%*
Net operting profit	6,004	25,708	46,007	67,703	92,468	120,639	150,757	180,103	205,255	222,631	229,234	233,818
Net operating profit growth (%)	*n/m*	*328%*	*79%*	*47%*	*37%*	*30%*	*25%*	*19%*	*14%*	*8%*	*3%*	*2%*
add/deduct interest expense/revenue	(27)	(109)	(191)	(279)	(380)	(495)	(619)	(739)	(843)	(914)	(941)	(960)
EBIT	**5,978**	**25,599**	**45,816**	**67,423**	**92,089**	**120,144**	**150,138**	**179,364**	**204,413**	**221,717**	**228,292**	**232,858**
Depreciation	(50)	(102)	(104)	(106)	(108)	(110)	(113)	(115)	(117)	(120)	(122)	(124)
EBITDA	**5,928**	**25,497**	**45,712**	**67,317**	**91,980**	**120,033**	**150,026**	**179,249**	**204,296**	**221,598**	**228,171**	**232,734**
Less notional tax	814	5,376	9,621	14,159	19,339	25,230	31,529	37,666	42,927	46,561	47,941	48,900
Add/deduct change in working capital		(535)	(406)	(435)	(497)	(572)	(612)	(596)	(511)	(353)	(134)	(93)
Add tax shield on depreciation	11	21	22	22	23	23	24	24	25	25	26	26
Free cash flow to firm	**5,124**	**19,607**	**35,706**	**52,745**	**72,168**	**94,254**	**117,909**	**141,011**	**160,883**	**174,709**	**180,121**	**183,767**

Our analysis of the after tax cash flows for Ezybonds UK as at 25 June 2012 is set out in the table below (Royalty rate of 50%):

Period	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Terminal
£000's	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	Period
Gross Income	8,662	29,466	54,342	84,030	122,602	170,298	224,629	280,568	330,798	366,865	381,185	388,808
Gross income growth (%)	*n/m*	*240%*	*84%*	*55%*	*46%*	*39%*	*32%*	*25%*	*18%*	*11%*	*4%*	*2%*
Net operting profit	7,483	28,209	53,062	82,686	121,191	168,339	222,044	277,340	326,992	362,644	376,799	384,335
Net operating profit growth (%)	*n/m*	*277%*	*88%*	*56%*	*47%*	*39%*	*32%*	*25%*	*18%*	*11%*	*4%*	*2%*
add/deduct interest expense/revenue	(35)	(119)	(220)	(340)	(496)	(689)	(908)	(1,135)	(1,338)	(1,484)	(1,541)	(1,572)
EBIT	**7,448**	**28,090**	**52,842**	**82,347**	**120,696**	**167,650**	**221,136**	**276,205**	**325,654**	**361,161**	**375,257**	**382,762**
Depreciation	(100)	(102)	(104)	(106)	(108)	(110)	(113)	(115)	(117)	(120)	(122)	(124)
EBITDA	**7,348**	**27,988**	**52,738**	**82,240**	**120,587**	**167,540**	**221,023**	**276,090**	**325,537**	**361,041**	**375,135**	**382,638**
Less notional tax	1,146	5,899	11,097	17,293	25,346	35,207	46,438	58,003	68,387	75,844	78,804	80,380
Add/deduct change in working capital	(171)	(416)	(498)	(594)	(771)	(954)	(1,087)	(1,119)	(1,005)	(721)	(286)	(152)
Add tax shield on depreciation	21	21	22	22	23	23	24	24	25	25	26	26
Free cash flow to firm	**6,053**	**21,695**	**41,166**	**64,376**	**94,493**	**131,402**	**173,521**	**216,992**	**256,170**	**284,501**	**296,070**	**302,131**

We have estimated notional taxation expense to analyse the cash flows from a post tax perspective using the UK tax rate of 21%. We have also calculated notional working capital to be 2% of the change in revenue. We have estimated depreciation based on depreciation incurred in FY11 of £100k and grown it based on inflation. We have also estimated tax shield on depreciation. The shaded periods relate to BDO's projections to normalise gross income and net profit growth by decreasing growth annually by 5% for 3 February 2009, 5% for 21 September 2009, 5.5% for 14 January 2010 and 7% for 25 June 2012.

Appendix 9 – After tax cash flows post escalation of the Royalty rate

Our analysis of the after tax cash flows for Ezybonds UK post escalation of Royalty to 25% on 3 February 2009 is set out in the table below:

Period	FP09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Terminal
£000's	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	Period
Gross Income	6,641	30,521	52,596	75,826	101,526	130,861	162,128	192,760	219,542	239,068	248,377	253,344
Gross income growth (%)	*n/m*	*360%*	*72%*	*44%*	*34%*	*29%*	*24%*	*19%*	*14%*	*9%*	*4%*	*2%*
Net operting profit	6,171	29,265	51,316	74,482	100,115	129,042	159,875	190,082	216,492	235,746	244,926	249,824
Net operating profit growth (%)	*n/m*	*374%*	*75%*	*45%*	*34%*	*29%*	*24%*	*19%*	*14%*	*9%*	*4%*	*2%*
add/deduct interest expense/revenue	(27)	(123)	(213)	(307)	(411)	(529)	(656)	(780)	(888)	(967)	(1,004)	(1,025)
EBIT	**6,144**	**29,141**	**51,104**	**74,175**	**99,705**	**128,513**	**159,220**	**189,302**	**215,604**	**234,779**	**243,921**	**248,800**
Net present value - FP09 to FY19	(33)	(102)	(104)	(106)	(108)	(110)	(113)	(115)	(117)	(120)	(122)	(124)
EBITDA	**6,111**	**29,039**	**51,000**	**74,069**	**99,596**	**128,403**	**159,107**	**189,188**	**215,487**	**234,660**	**243,799**	**248,675**
Less notional tax	855	6,120	10,732	15,577	20,938	26,988	33,436	39,754	45,277	49,304	51,223	52,248
Add/deduct change in working capital	-	(609)	(441)	(465)	(514)	(587)	(625)	(613)	(536)	(391)	(186)	(99)
Add tax shield on depreciation	7	21	22	22	23	23	24	24	25	25	26	26
Free cash flow to firm	**5,263**	**22,332**	**39,848**	**58,050**	**78,167**	**100,851**	**125,069**	**148,846**	**169,699**	**184,991**	**192,415**	**196,354**

Source: Management and BDO Analysis

Our analysis of the after tax cash flows for Ezybonds UK post escalation of Royalty to 35% on 21 September 2009 is set out in the table below:

Period	FP10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Terminal
£000's	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	Period
Gross Income	11,896	37,968	65,428	94,325	126,295	162,787	201,683	239,789	273,105	297,394	308,974	315,154
Gross income growth (%)	*n/m*	*219%*	*72%*	*44%*	*34%*	*29%*	*24%*	*19%*	*14%*	*9%*	*4%*	*2%*
Net operting profit	10,818	36,711	64,148	92,981	124,885	160,969	199,430	237,110	270,054	294,072	305,523	311,633
Net operating profit growth (%)	*n/m*	*239%*	*75%*	*45%*	*34%*	*29%*	*24%*	*19%*	*14%*	*9%*	*4%*	*2%*
add/deduct interest expense/revenue	(48)	(154)	(265)	(381)	(511)	(658)	(816)	(970)	(1,104)	(1,203)	(1,249)	(1,274)
EBIT	**10,770**	**36,558**	**63,884**	**92,600**	**124,374**	**160,310**	**198,615**	**236,141**	**268,950**	**292,870**	**304,273**	**310,359**
Depreciation	(75)	(102)	(104)	(106)	(108)	(110)	(113)	(115)	(117)	(120)	(122)	(124)
EBITDA	**10,695**	**36,456**	**63,780**	**92,494**	**124,266**	**160,200**	**198,502**	**236,026**	**268,832**	**292,750**	**304,152**	**310,235**
Less notional tax	1,820	7,677	13,416	19,446	26,119	33,665	41,709	49,590	56,479	61,503	63,897	65,175
Add/deduct change in working capital	-	(755)	(549)	(578)	(639)	(730)	(778)	(762)	(666)	(486)	(232)	(124)
Add tax shield on depreciation	16	21	22	22	23	23	24	24	25	25	26	26
Free cash flow to firm	**8,891**	**28,045**	**49,837**	**72,492**	**97,530**	**125,828**	**156,039**	**185,698**	**211,711**	**230,787**	**240,048**	**244,962**

Source: Management and BDO Analysis

Our analysis of the after tax cash flows for Ezybonds UK post escalation of Royalty to 50% on 14 January 2010 is set out in the table below:

Period	FP10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Terminal
£000's	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	Period
Gross Income	9,418	38,520	67,552	98,637	134,113	174,971	218,653	261,215	297,695	322,897	332,473	339,122
Gross income growth (%)	*n/m*	*309%*	*75%*	*46%*	*36%*	*30%*	*25%*	*19%*	*14%*	*8%*	*3%*	*2%*
Net operting profit	8,830	37,264	66,272	97,294	132,702	173,130	216,353	258,468	294,564	319,500	328,975	335,555
Net operating profit growth (%)	*n/m*	*322%*	*78%*	*47%*	*36%*	*30%*	*25%*	*19%*	*14%*	*8%*	*3%*	*2%*
add/deduct interest expense/revenue	(38)	(156)	(273)	(399)	(542)	(708)	(884)	(1,056)	(1,204)	(1,306)	(1,345)	(1,371)
EBIT	**8,791**	**37,108**	**65,999**	**96,895**	**132,160**	**172,423**	**215,469**	**257,411**	**293,360**	**318,195**	**327,631**	**334,184**
Depreciation	(50)	(102)	(104)	(106)	(108)	(110)	(113)	(115)	(117)	(120)	(122)	(124)
EBITDA	**8,741**	**37,006**	**65,895**	**96,789**	**132,051**	**172,312**	**215,356**	**257,296**	**293,243**	**318,075**	**327,509**	**334,059**
Less notional tax	1,405	7,793	13,860	20,348	27,754	36,209	45,249	54,056	61,606	66,821	68,802	70,179
Add/deduct change in working capital		(766)	(581)	(622)	(710)	(817)	(874)	(851)	(730)	(504)	(192)	(133)
Add tax shield on depreciation	11	21	22	22	23	23	24	24	25	25	26	26
Free cash flow to firm	**7,347**	**28,468**	**51,477**	**75,841**	**103,611**	**135,310**	**169,258**	**202,413**	**230,932**	**250,775**	**258,541**	**263,774**

Source: Management and BDO Analysis

Our analysis of the after tax cash flows for Ezybonds UK post escalation of Royalty to 60% on 26 June 2012 is set out in the table below:

Period	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Terminal
£000's	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	(F)	Period
Gross Income	10,395	35,359	65,210	100,836	147,123	204,358	269,554	336,682	396,958	440,239	457,421	466,570
Gross income growth (%)	*n/m*	*240%*	*84%*	*55%*	*46%*	*39%*	*32%*	*25%*	*18%*	*11%*	*4%*	*2%*
Net operting profit	9,216	34,103	63,931	99,492	145,712	202,398	266,970	333,453	393,152	436,017	453,036	462,096
Net operating profit growth (%)	*n/m*	*270%*	*87%*	*56%*	*46%*	*39%*	*32%*	*25%*	*18%*	*11%*	*4%*	*2%*
add/deduct interest expense/revenue	(42)	(143)	(264)	(408)	(595)	(826)	(1,090)	(1,362)	(1,605)	(1,780)	(1,850)	(1,887)
EBIT	**9,174**	**33,960**	**63,667**	**99,085**	**145,117**	**201,572**	**265,880**	**332,092**	**391,546**	**434,237**	**451,186**	**460,209**
Depreciation	(100)	(102)	(104)	(106)	(108)	(110)	(113)	(115)	(117)	(120)	(122)	(124)
EBITDA	**9,074**	**33,858**	**63,563**	**98,978**	**145,009**	**201,461**	**265,767**	**331,977**	**391,429**	**434,118**	**451,064**	**460,085**
Less notional tax	1,508	7,132	13,370	20,808	30,475	42,330	55,835	69,739	82,225	91,190	94,749	96,644
Add/deduct change in working capital	(205)	(499)	(597)	(713)	(926)	(1,145)	(1,304)	(1,343)	(1,206)	(866)	(344)	(183)
Add tax shield on depreciation	21	21	22	22	23	23	24	24	25	25	26	26
Free cash flow to firm	**7,381**	**26,248**	**49,618**	**77,480**	**113,631**	**158,010**	**208,652**	**260,919**	**308,024**	**342,087**	**355,997**	**363,284**

Source: Management and BDO Analysis

We have estimated notional taxation expense to analyse the cash flows from a post tax perspective using the UK tax rate of 21%. We have also calculated notional working capital to be 2% of the change in revenue. We have estimated depreciation based on depreciation incurred in FY11 of £100k and grown it based on inflation. We have also estimated tax shield on depreciation. The shaded periods relate to BDO's projections to normalise gross income and net profit growth by decreasing growth annually by 5% for 3 February 2009, 5% for 21 September 2009, 5.5% for 14 January 2010 and 7% for 25 June 2012.

Appendix 10 – Discounted cash flow calculations – 3 February 2009 prior to escalation of the Royalty rate

£000's		FP09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Terminal
Valuation Date	03-Feb-09												
Number of days in a year		149	365	365	366	365	365	365	366	365	365	365	
Midpoint of cash flows		16/04/2009	30/12/2009	30/12/2010	30/12/2011	30/12/2012	30/12/2013	30/12/2014	30/12/2015	30/12/2016	30/12/2017	30/12/2018	
Number of days from valuation date		73	330	695	1061	1426	1791	2156	2522	2887	3252	3617	
Discount period		0.49	0.90	1.90	2.90	3.91	4.91	5.91	6.89	7.91	8.91	9.91	
Free cash flows to firm		**3,173**	**12,970**	**23,472**	**34,372**	**46,420**	**59,901**	**74,294**	**88,425**	**100,818**	**109,907**	**114,320**	**116,661**
Low value:													
Discount rate	60.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		3,173	12,970	23,472	34,372	46,420	59,901	74,294	88,425	100,818	109,907	114,320	201,139
Discount factor		0.80	0.65	0.41	0.26	0.16	0.10	0.06	0.04	0.02	0.02	0.01	0.01
Present value of cash flow		**2,524**	**8,480**	**9,591**	**8,806**	**7,400**	**5,968**	**4,626**	**3,470**	**2,449**	**1,669**	**1,085**	**1,909**
Net present value - FP09 to FY19		**56,069**											
Net present value - terminal		**1,909**											
Enterprise value		**57,978**											
High value:													
Discount rate	50.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		3,173	12,970	23,472	34,372	46,420	59,901	74,294	88,425	100,818	109,907	114,320	243,043
Discount factor		0.82	0.69	0.46	0.31	0.21	0.14	0.09	0.06	0.04	0.03	0.02	0.02
Present value of cash flow		**2,605**	**8,990**	**10,845**	**10,616**	**9,522**	**8,192**	**6,773**	**5,413**	**4,081**	**2,966**	**2,057**	**4,372**
Net present value - FP09 to FY19		**72,059**											
Net present value - terminal		**4,372**											
Enterprise value		**76,431**											
Mid Point Value:													
Net present value - FP09 to FY19		**64,064**											
Net present value - terminal		**3,140**											
Enterprise value		**67,204**											

Source: Management and BDO analysis

Appendix 10 – Discounted cash flow calculations – 21 September 2009 prior to escalation of the Royalty rate

£000's		FP10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Terminal
Valuation Date	21/09/2009												
Number of days in a year		272	365	366	365	365	365	366	365	365	365	366	
Midpoint of cash flows		14/02/2010	30/12/2010	30/12/2011	30/12/2012	30/12/2013	30/12/2014	30/12/2015	30/12/2016	30/12/2017	30/12/2018	30/12/2019	
Number of days from valuation date		146	465	831	1196	1561	1926	2292	2657	3022	3387	3753	
Discount period		0.54	1.27	2.27	3.28	4.28	5.28	6.26	7.28	8.28	9.28	10.25	
Free cash flows to firm		**6,217**	**19,727**	**35,285**	**51,453**	**69,322**	**89,442**	**110,922**	**132,011**	**150,507**	**164,071**	**170,656**	**174,150**
Low value:													
Discount rate	60.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		6,217	19,727	35,285	51,453	69,322	89,442	110,922	132,011	150,507	164,071	170,656	300,259
Discount factor		0.78	0.55	0.34	0.21	0.13	0.08	0.05	0.03	0.02	0.01	0.01	0.01
Present value of cash flow		**4,831**	**10,840**	**12,146**	**11,030**	**9,288**	**7,490**	**5,848**	**4,312**	**3,073**	**2,094**	**1,378**	**2,425**
Net present value - FP10 to FY20		**72,329**											
Net present value - terminal		**2,425**											
Enterprise value		**74,754**											
High value:													
Discount rate	50.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		6,217	19,727	35,285	51,453	69,322	89,442	110,922	132,011	150,507	164,071	170,656	362,813
Discount factor		0.80	0.60	0.40	0.26	0.18	0.12	0.08	0.05	0.03	0.02	0.02	0.02
Present value of cash flow		**5,001**	**11,768**	**14,061**	**13,627**	**12,240**	**10,528**	**8,760**	**6,899**	**5,243**	**3,811**	**2,671**	**5,679**
Net present value - FP10 to FY20		**94,610**											
Net present value - terminal		**5,679**											
Enterprise value		**100,289**											
Mid Point Value:													
Net present value - FP10 to FY20		**83,469**											
Net present value - terminal		**4,052**											
Enterprise value		**87,521**											

Source: Management and BDO analysis

Appendix 10 – Discounted cash flow calculations – 14 January 2010 prior to escalation of the Royalty rate

£000's		FP10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Terminal
Valuation Date	14/01/2010												
Number of days in a year		180	365	366	365	365	365	366	365	365	365	366	
Midpoint of cash flows		1/04/2010	30/12/2010	30/12/2011	30/12/2012	30/12/2013	30/12/2014	30/12/2015	30/12/2016	30/12/2017	30/12/2018	30/12/2019	
Number of days from valuation date		77	350	716	1081	1446	1811	2177	2542	2907	3272	3638	
Discount period		0.43	0.96	1.95	2.96	3.96	4.96	5.95	6.96	7.96	8.96	9.94	
Free cash flows to firm		**5,124**	**19,607**	**35,706**	**52,745**	**72,168**	**94,254**	**117,909**	**141,011**	**160,883**	**174,709**	**180,121**	**183,767**
Low value:													
Discount rate	60.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		5,124	19,607	35,706	52,745	72,168	94,254	117,909	141,011	160,883	174,709	180,121	316,839
Discount factor		0.82	0.64	0.40	0.25	0.16	0.10	0.06	0.04	0.02	0.01	0.01	0.01
Present value of cash flow		**4,191**	**12,493**	**14,246**	**13,112**	**11,212**	**9,152**	**7,206**	**5,342**	**3,809**	**2,585**	**1,686**	**2,966**
Net present value - FP10 to FY20		**85,035**											
Net present value - terminal		**2,966**											
Enterprise value		**88,001**											
High value:													
Discount rate	50.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		5,124	19,607	35,706	52,745	72,168	94,254	117,909	141,011	160,883	174,709	180,121	382,847
Discount factor		0.84	0.68	0.45	0.30	0.20	0.13	0.09	0.06	0.04	0.03	0.02	0.02
Present value of cash flow		**4,308**	**13,291**	**16,162**	**15,873**	**14,479**	**12,607**	**10,577**	**8,373**	**6,369**	**4,611**	**3,202**	**6,807**
Net present value - FP10 to FY20		**109,852**											
Net present value - terminal		**6,807**											
Enterprise value		**116,659**											
Mid Point Value:													
Net present value - FP10 to FY20		**97,444**											
Net present value - terminal		**4,886**											
Enterprise value		**102,330**											

Source: Management and BDO analysis

Appendix 10 – Discounted cash flow calculations – 25 June 2012 prior to escalation of the Royalty rate

£000's		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Terminal
Valuation Date	25/06/2012												
Number of days in a year		364	365	365	366	365	365	365	366	365	365	365	
Midpoint of cash flows		30/12/2012	30/12/2013	30/12/2014	30/12/2015	30/12/2016	30/12/2017	30/12/2018	30/12/2019	30/12/2020	30/12/2021	30/12/2022	
Number of days from valuation date		188	553	918	1284	1649	2014	2379	2745	3110	3475	3840	
Discount period		0.52	1.52	2.52	3.51	4.52	5.52	6.52	7.50	8.52	9.52	10.52	
Free cash flows to firm		**6,053**	**21,695**	**41,166**	**64,376**	**94,493**	**131,402**	**173,521**	**216,992**	**256,170**	**284,501**	**296,070**	**302,131**
Low value:													
Discount rate	55.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		6,053	21,695	41,166	64,376	94,493	131,402	173,521	216,992	256,170	284,501	296,070	570,059
Discount factor		0.80	0.51	0.33	0.22	0.14	0.09	0.06	0.04	0.02	0.02	0.01	0.01
Present value of cash flow		**4,827**	**11,168**	**13,672**	**13,844**	**13,047**	**11,705**	**9,973**	**8,114**	**6,121**	**4,386**	**2,944**	**5,669**
Net present value - FY13 to FY23		**99,801**											
Net present value - terminal		**5,669**											
Enterprise value		**105,470**											
High value:													
Discount rate	45.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		6,053	21,695	41,166	64,376	94,493	131,402	173,521	216,992	256,170	284,501	296,070	702,631
Discount factor		0.83	0.57	0.39	0.27	0.19	0.13	0.09	0.06	0.04	0.03	0.02	0.02
Present value of cash flow		**4,996**	**12,356**	**16,169**	**17,492**	**17,635**	**16,912**	**15,402**	**13,378**	**10,804**	**8,275**	**5,939**	**14,094**
Net present value - FY13 to FY23		**139,358**											
Net present value - terminal		**14,094**											
Enterprise value		**153,453**											
Mid Point Value:													
Net present value - FY13 to FY23		**119,580**											
Net present value - terminal		**9,882**											
Enterprise value		**129,461**											

Source: Management and BDOCF analysis

Appendix 11 – Discounted cash flow calculations – 3 February 2009 post escalation of the Royalty rate

£000's		FP09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Terminal
Valuation Date	03-Feb-09												
Number of days in a year		149	365	365	366	365	365	365	366	365	365	365	
Midpoint of cash flows		16/04/2009	30/12/2009	30/12/2010	30/12/2011	30/12/2012	30/12/2013	30/12/2014	30/12/2015	30/12/2016	30/12/2017	30/12/2018	
Number of days from valuation date		73	330	695	1061	1426	1791	2156	2522	2887	3252	3617	
Discount period		0.49	0.90	1.90	2.90	3.91	4.91	5.91	6.89	7.91	8.91	9.91	
Free cash flows to firm		**5,263**	**22,332**	**39,848**	**58,050**	**78,167**	**100,851**	**125,069**	**148,846**	**169,699**	**184,991**	**192,415**	**196,354**
Low value:													
Discount rate	60.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		5,263	22,332	39,848	58,050	78,167	100,851	125,069	148,846	169,699	184,991	192,415	338,542
Discount factor		0.80	0.65	0.41	0.26	0.16	0.10	0.06	0.04	0.02	0.02	0.01	0.01
Present value of cash flow		**4,187**	**14,601**	**16,283**	**14,872**	**12,461**	**10,048**	**7,788**	**5,841**	**4,123**	**2,809**	**1,826**	**3,213**
Net present value - FP09 to FY19		**94,839**											
Net present value - terminal		**3,213**											
Enterprise value		**98,051**											
High value:													
Discount rate	50.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		5,263	22,332	39,848	58,050	78,167	100,851	125,069	148,846	169,699	184,991	192,415	409,071
Discount factor		0.82	0.69	0.46	0.31	0.21	0.14	0.09	0.06	0.04	0.03	0.02	0.02
Present value of cash flow		**4,320**	**15,478**	**18,412**	**17,930**	**16,035**	**13,792**	**11,403**	**9,111**	**6,869**	**4,992**	**3,461**	**7,359**
Net present value - FP09 to FY19		**121,803**											
Net present value - terminal		**7,359**											
Enterprise value		**129,162**											
Mid Point Value:													
Net present value - FP09 to FY19		**108,321**											
Net present value - terminal		**5,286**											
Enterprise value		**113,607**											

Source: Management and BDO analysis

Appendix 11 – Discounted cash flow calculations – 21 September 2009 post escalation of the Royalty rate

£000's		FP10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Terminal
Valuation Date	21/09/2009												
Number of days in a year		272	365	366	365	365	365	366	365	365	365	366	
Midpoint of cash flows		14/02/2010	30/12/2010	30/12/2011	30/12/2012	30/12/2013	30/12/2014	30/12/2015	30/12/2016	30/12/2017	30/12/2018	30/12/2019	
Number of days from valuation date		146	465	831	1196	1561	1926	2292	2657	3022	3387	3753	
Discount period		0.54	1.27	2.27	3.28	4.28	5.28	6.26	7.28	8.28	9.28	10.25	
Free cash flows to firm		**8,891**	**28,045**	**49,837**	**72,492**	**97,530**	**125,828**	**156,039**	**185,698**	**211,711**	**230,787**	**240,048**	**244,962**
Low value:													
Discount rate	60.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		8,891	28,045	49,837	72,492	97,530	125,828	156,039	185,698	211,711	230,787	240,048	422,348
Discount factor		0.78	0.55	0.34	0.21	0.13	0.08	0.05	0.03	0.02	0.01	0.01	0.01
Present value of cash flow		**6,909**	**15,410**	**17,154**	**15,540**	**13,067**	**10,536**	**8,227**	**6,066**	**4,323**	**2,945**	**1,939**	**3,411**
Net present value - FP10 to FY20		**102,116**											
Net present value - terminal		**3,411**											
Enterprise value		**105,527**											
High value:													
Discount rate	50.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		8,891	28,045	49,837	72,492	97,530	125,828	156,039	185,698	211,711	230,787	240,048	510,337
Discount factor		0.80	0.60	0.40	0.26	0.18	0.12	0.08	0.05	0.03	0.02	0.02	0.02
Present value of cash flow		**7,152**	**16,731**	**19,860**	**19,200**	**17,221**	**14,811**	**12,324**	**9,704**	**7,376**	**5,360**	**3,757**	**7,988**
Net present value - FP10 to FY20		**133,495**											
Net present value - terminal		**7,988**											
Enterprise value		**141,483**											
Mid Point Value:													
Net present value - FP10 to FY20		**117,806**											
Net present value - terminal		**5,700**											
Enterprise value		**123,505**											

Source: Management and BDO analysis

Appendix 11 – Discounted cash flow calculations – 14 January 2010 post escalation of the Royalty rate

£000's		FP10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Terminal
Valuation Date	14/01/2010												
Number of days in a year		180	365	366	365	365	365	366	365	365	365	366	
Midpoint of cash flows		1/04/2010	30/12/2010	30/12/2011	30/12/2012	30/12/2013	30/12/2014	30/12/2015	30/12/2016	30/12/2017	30/12/2018	30/12/2019	
Number of days from valuation date		77	350	716	1081	1446	1811	2177	2542	2907	3272	3638	
Discount period		0.43	0.96	1.95	2.96	3.96	4.96	5.95	6.96	7.96	8.96	9.94	
Free cash flows to firm		**7,347**	**28,468**	**51,477**	**75,841**	**103,611**	**135,310**	**169,258**	**202,413**	**230,932**	**250,775**	**258,541**	**263,774**
Low value:													
Discount rate	60.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		7,347	28,468	51,477	75,841	103,611	135,310	169,258	202,413	230,932	250,775	258,541	454,782
Discount factor		0.82	0.64	0.40	0.25	0.16	0.10	0.06	0.04	0.02	0.01	0.01	0.01
Present value of cash flow		**6,009**	**18,140**	**20,539**	**18,853**	**16,097**	**13,139**	**10,344**	**7,668**	**5,468**	**3,711**	**2,420**	**4,257**
Net present value - FP10 to FY20		**122,388**											
Net present value - terminal		**4,257**											
Enterprise value		**126,645**											
High value:													
Discount rate	50.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		7,347	28,468	51,477	75,841	103,611	135,310	169,258	202,413	230,932	250,775	258,541	549,529
Discount factor		0.84	0.68	0.45	0.30	0.20	0.13	0.09	0.06	0.04	0.03	0.02	0.02
Present value of cash flow		**6,177**	**19,298**	**23,301**	**22,824**	**20,787**	**18,098**	**15,184**	**12,019**	**9,142**	**6,618**	**4,597**	**9,770**
Net present value - FP10 to FY20		**158,044**											
Net present value - terminal		**9,770**											
Enterprise value		**167,814**											
Mid Point Value:													
Net present value - FP10 to FY20		**140,216**											
Net present value - terminal		**7,014**											
Enterprise value		**147,230**											

Source: Management and BDO analysis

Appendix 11 – Discounted cash flow calculations – 25 June 2012 post escalation of the Royalty rate

£000's		FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Terminal
Valuation Date	25/06/2012												
Number of days in a year		364	365	365	366	365	365	365	366	365	365	365	
Midpoint of cash flows		30/12/2012	30/12/2013	30/12/2014	30/12/2015	30/12/2016	30/12/2017	30/12/2018	30/12/2019	30/12/2020	30/12/2021	30/12/2022	
Number of days from valuation date		188	553	918	1284	1649	2014	2379	2745	3110	3475	3840	
Discount period		0.52	1.52	2.52	3.51	4.52	5.52	6.52	7.50	8.52	9.52	10.52	
Free cash flows to firm		**7,381**	**26,248**	**49,618**	**77,480**	**113,631**	**158,010**	**208,652**	**260,919**	**308,024**	**342,087**	**355,997**	**363,284**
Low value:													
Discount rate	55.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		7,381	26,248	49,618	77,480	113,631	158,010	208,652	260,919	308,024	342,087	355,997	685,442
Discount factor		0.80	0.51	0.33	0.22	0.14	0.09	0.06	0.04	0.02	0.02	0.01	0.01
Present value of cash flow		**5,886**	**13,512**	**16,479**	**16,662**	**15,690**	**14,076**	**11,992**	**9,756**	**7,360**	**5,273**	**3,540**	**6,817**
Net present value - FY13 to FY23		**120,226**											
Net present value - terminal		**6,817**											
Enterprise value		**127,043**											
High value:													
Discount rate	45.0%												
Terminal growth rate	2.0%												
Free Cash Flow to Firm		7,381	26,248	49,618	77,480	113,631	158,010	208,652	260,919	308,024	342,087	355,997	844,847
Discount factor		0.83	0.57	0.39	0.27	0.19	0.13	0.09	0.06	0.04	0.03	0.02	0.02
Present value of cash flow		**6,092**	**14,949**	**19,489**	**21,052**	**21,206**	**20,337**	**18,521**	**16,087**	**12,991**	**9,950**	**7,141**	**16,947**
Net present value - FY13 to FY23		**167,815**											
Net present value - terminal		**16,947**											
Enterprise value		**184,763**											
Mid Point Value:													
Net present value - FY13 to FY23		**144,021**											
Net present value - terminal		**11,882**											
Enterprise value		**155,903**											

Source: Management and BDOCF analysis

Appendix 12 – Proceeds from share options and warrants

The following table summarises the proceeds expected from the outstanding share options and warrants. For the purposes of the valuations, we have assumed that the proceeds occur as at the Valuation Dates. We do not believe that the timing of the proceeds would have a material impact on the values.

Period	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	31-Dec-12
£					
30,000 Options under the unapproved share option scheme exercisable @30p before 21 April 2009	9,000				
160,000 Options under the unapproved share option scheme exercisable @30p before 30 April 2009	48,000				
97,188,508 share warrants exercisable @ 20p before 30 Sept 2009	19,437,702				
100,668,508 share warrants exercisable @ 20p before 30 Sept 2009		20,133,702			
1,000,000 share warrants exercisable @ 50p before 30 March 2010	500,000	500,000			
600,000 Options under the unapproved share option scheme exercisable @20p before 31 May 2011	120,000	120,000	120,000		
100,668,508 share warrants exercisable @ 10p before 30 July 2011			10,066,851		
120,668,508 share warrants exercisable @ 10p before 30 March 2012				12,066,851	
120,668,508 share warrants exercisable @ 3.5p before 15 Dec 2013					4,223,398
	20,114,702	**20,753,702**	**10,186,851**	**12,066,851**	**4,223,398**

Source: Ezybonds UK financial statements

Note: There were 1 million warrants outstanding as at 30 June 2008 and 30 June 2009 exercisable at 100p exercisable before 30 Sept 2010

Appendix 13 – Glossary

Terms	Definition
£	British Pound Sterling (unless otherwise stated)
AIM	Alternative Investment Market
APES 225	APES 225 "*Valuation Services*"
ATM	Automatic Teller Machine
AUASB	Australian Auditing and Assurance Standards Board
BDO	BDO (East Coast) Partnership
CAGR	Compound Annual Growth Rate
CAPM	Capital Asset Pricing Model
CFME	Capitalisation of future maintainable earnings
Companies Act	Companies Act 2006
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGPS	Ezybonds Global Payments System
Ezypromotions	Ezypromotions Ltd
Ezybonds UK	Ezybonds (UK) Plc
FY	Financial year ended/ending 30 June
GBP	British Pound Sterling
HMRC	Her Majesty's Revenue & Customs Office
IBIS World	IBIS World Pty Ltd
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
Industry	Finance Industry

Terms	Definition
IRR	Internal Rate of Return
Management	Management of Ezybonds UK
NPV	Net Present Value
PMG	Plus Markets Group
POS	Point of Sale
Preference Shares	Redeemable convertible non-cumulative 'A' class preference shares
SMS	Short Messaging Services
UK/Irish GAAP	UK/Irish Generally Accepted Accounting Principles
UK	United Kingdom
USD	United States Dollar
Report	Valuation Report
Royalty	Entitlement to royalties to be paid by Ezybonds Inc to Ezypromotions, a 100% subsidiary of Ezybonds UK
Shares	100% of the ordinary shares in Ezybonds UK
SWOT	Strengths, weaknesses, opportunities, and threats
Valuation Dates	3 February 2009, 21 September 2009, 14 January 2010 and 25 June 2012
VWAP	Volume weighted average price
WACC	Weighted Average Cost of Capital
WEO	World Economic Outlook