

kpmg

Consolidated Financial Statements of

**CHARTWELL TECHNOLOGY INC.**

(formerly Chartwell Ventures Ltd.)

(Revised - See Note 1)

Years ended October 31, 1999 and 1998

## **AUDITORS' REPORT TO THE SHAREHOLDERS**

We have audited the consolidated balance sheets of Chartwell Technology Inc. as at October 31, 1999 and 1998 and the consolidated statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

These financial statements replace those previously prepared as at and for the years ended October 31, 1999 and 1998 as explained in note 1 to the financial statements. The previously issued financial statements were reported on by another Chartered Accountant on December 17, 1999.

Signed "**KPMG LLP**"

Chartered Accountants

Calgary, Canada  
May 9, 2000

# CHARTWELL TECHNOLOGY INC.

Consolidated Balance Sheets

(Revised - See Note 1)

October 31, 1999 and 1998

	1999	1998
<b>Assets</b>		
Current assets:		
Cash	\$ 609,909	\$ 838,406
Accounts receivable (note 11)	336,785	61,064
Prepaid expenses	66,473	—
	<u>1,013,167</u>	<u>899,470</u>
Capital assets (note 6)	134,080	247,634
Deferred software development costs (note 7)	440,294	—
	<u>\$ 1,587,541</u>	<u>\$ 1,147,104</u>

## Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 347,805	\$ 11,486
Current portion of obligations under capital lease	88,570	—
Current portion of deferred revenue	299,137	—
	<u>735,512</u>	<u>11,486</u>
Long-term debt (note 8)	42,625	—
Deferred revenue	123,666	—
Obligations under capital lease (note 9)	171,654	—
Shareholders' equity:		
Share capital (note 10)	3,712,551	2,211,001
Deficit	(3,198,467)	(1,075,383)
	<u>514,084</u>	<u>1,135,618</u>
Continuing operations (note 2)		
Commitments (note 16)		
Subsequent events (notes 10(c) and 17)		
	<u>\$ 1,587,541</u>	<u>\$ 1,147,104</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Signed by "Barry H. Foster" \_\_\_\_\_ Director

Signed by "Darold H. Foster" \_\_\_\_\_ Director

# CHARTWELL TECHNOLOGY INC.

Consolidated Statements of Loss and Deficit

(Revised - See Note 1)

Years ended October 31, 1999 and 1998

	1999	1998
		(Restated)
Revenue:		
Software license fees	\$ 194,208	\$ -
Equipment sales and consulting	41,320	-
	235,528	-
Expenses:		
Software development	1,208,096	-
Equipment sales and consulting	46,993	-
General and administrative	622,476	121,173
Interest	64,425	264
Depreciation and amortization	51,675	855
Amortization of deferred software development costs	108,824	-
Interest and other	(26,814)	(30,115)
Write-off of acquired inventory and equipment	158,745	-
	2,234,420	92,177
Loss from continuing operations	(1,998,892)	(92,177)
Loss from discontinued oil and gas operations (note 5)	(124,192)	(103,721)
Net loss	(2,123,084)	(195,898)
Deficit, beginning of year (note 15)	(1,075,383)	(879,485)
Deficit, end of year	\$ (3,198,467)	\$ (1,075,383)
Net loss per share (note 14):		
Before discontinued operations	\$ (0.18)	\$ (0.01)
Basic	\$ (0.19)	\$ (0.02)

See accompanying notes to consolidated financial statements.

# CHARTWELL TECHNOLOGY INC.

Consolidated Statements of Cash Flow

(Revised - See Note 1)

Years ended October 31, 1999 and 1998

	1999	1998
Cash provided by (used in):		
Operations:		
Net loss from continuing operations	\$(1,998,892)	\$ (92,177)
Items not involving cash:		
Write-off of acquired inventory and equipment	158,745	-
Depletion, depreciation and amortization	56,167	131,602
Amortization of deferred software development costs	108,824	-
Cash used by operations	(1,675,156)	39,425
Change in non-cash working capital	121,703	(15,408)
	(1,553,453)	24,017
Financing:		
Issue of debenture for cash	500,000	-
Issue of shares	18,750	-
Issue of Special Warrants, net of expenses	932,800	-
Repayment of lease obligations	(73,711)	-
Repayment of long-term debt	(5,223)	-
	1,372,616	-
Investments:		
Cash acquired on acquisition of Gateway Technology Inc. (note 4)	68,285	-
Software development costs	(157,490)	-
Purchase of capital assets	(75,410)	-
	(164,615)	-
Discontinued operations:		
Operating loss	(10,795)	(103,721)
Proceeds on sale of petroleum and natural gas properties	127,750	-
	(116,955)	(103,721)
Decrease in cash	(228,497)	(79,704)
Cash, beginning of year	838,406	918,110
Cash, end of year	\$ 609,909	\$ 838,406

See accompanying notes to consolidated financial statements.

# CHARTWELL TECHNOLOGY INC.

## Notes to Consolidated Financial Statements

Years ended October 31, 1999 and 1998

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Chartwell Technology Inc. (the "Company") was incorporated pursuant to the Company Act of British Columbia on December 16, 1987. The Company was extra provincially registered in the Province of Alberta on June 21, 1994 and continued from British Columbia under the Business Corporation Act (Alberta) on December 18, 1995. On December 8, 1998 it changed its name from Chartwell Ventures Ltd.

### 1. Revision of financial statements.

These financial statements replace those previously prepared as at and for the years ended October 31, 1999 and 1998. Material accounting and reporting changes contained in these financial statements are described below:

#### 1999 Financial statements

(a) Accounting for the acquisition of Gateway Technology Inc. ("GTI"):

This acquisition is fully described in note 4. As originally reported, the purchase price included \$1,000,000 of contingent consideration, the ultimate payment of which could not be determined beyond a reasonable doubt. The acquisition price has been reduced by \$1,000,000 as follows:

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Goodwill reduction	\$ 1,360,471
Re-allocation of purchase to deferred software development costs, net of amortization	(360,471)
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Reduction of share capital	<hr/> \$ 1,000,000

Amortization expense was reduced by \$200,000.

- (b) Development costs of \$268,426 previously capitalized have been expensed. As a result, software expense have increased by \$268,426 and amortization of deferred software development costs have decreased by \$54,685.
- (c) Initial license fee revenue of \$422,803 previously recognized has been deferred in accordance with the Company's accounting policy for initial license fee revenue
- (d) Interest income of \$26,814 has been reclassified from discontinued operations to interest income.
- (e) \$14,703 of accounts receivable previously considered collectible have been expensed as a bad debt.
- (f) The royalty commitment described in note 16(a) was not previously disclosed.

# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 2

Years ended October 31, 1999 and 1998

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## 1. Revision of financial statements (continued):

### 1998 Financial statements

- (g) Depletion of petroleum and natural gas properties has increased by \$80,000 as the carrying value of those properties exceeded the estimated future net revenues from production of the royalties as calculated using a ceiling test.

## 2. Continuing operations:

The Company has no history of generating cash flow from operations. Although the Company has begun to earn license revenue from its software, that revenue is not yet at a level at which profitability can be sustained. The Company is dependent upon its ability to raise debt and equity capital to fund continuing operations.

## 3. Significant accounting policies:

### (a) Basis of presentation:

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Gateway Technology Inc. The accounting policies of the Company are in accordance with generally accepted accounting principles in Canada.

### (b) Cash:

Cash consists of cash on hand with banking institutions and term deposits with original maturities of less than three months.

### (c) Capital assets:

Capital assets are recorded at cost and amortization is provided for on a declining balance basis on the following rates:

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Capital assets under lease	30%
Computer equipment	30%
Furniture and equipment	20%

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The Company followed the full cost method of accounting for its petroleum and natural gas operations whereby all costs of exploring for and developing petroleum and natural gas properties and related reserves were capitalized into a single Canadian cost centre. Such costs include land acquisition costs, geological and geophysical expenses, cost of drilling both productive and non-productive wells, tangible production equipment, and that portion of general and administrative expenses directly attributable to exploration and development activities.

# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 3

Years ended October 31, 1999 and 1998

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### 3. Significant accounting policies (continued):

(c) Capital assets (continued):

The Company applied a "ceiling test" to capitalized costs to ensure that such costs do not exceed the estimated value of future net revenues from estimated production of proven reserves, using prices and costs in effect at the Company's year-end. Future net revenues are calculated after deducting general and administrative costs, financing costs, income taxes and future site restoration and abandonment costs.

Capitalized costs are depleted using the unit-of-production method based on estimated proven reserves, before royalties, as determined by an independent engineer. For purposes of the depletion calculation, natural gas reserves and production are converted to equivalent volumes of crude petroleum based on the energy equivalent ratio of six thousand cubic feet of natural gas to one barrel of crude petroleum.

(d) Research and deferred software development costs:

Research costs are expensed as incurred. Costs related to the development of software are expensed as incurred unless such costs meet the criteria for deferral and amortization under generally accepted accounting principles. To October 31, 1999, the Company has deferred the purchase cost of acquired software which is being amortized over its expected useful life of five years. No other software development costs have been deferred.

(e) Foreign currency translation:

The Company uses the temporal method of foreign currency translation to translate the accounts of its foreign subsidiary. Monetary items are translated to Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

(f) Revenue recognition:

Revenue from software licensing consists of an initial license fee and/or royalty fees. The initial license fees are recognized over the life of the initial term and royalty license fees are recorded on an accrual basis.

(g) Use of estimates:

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 4

Years ended October 31, 1999 and 1998

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### 3. Significant accounting policies (continued):

(h) Income taxes:

The Company follows the deferral method of accounting for income taxes whereby the income tax provision is based on income reported in the accounts. Under this method, the company has not provided for income taxes or benefits thereon as a result of the uncertainty of future income to utilize the losses.

(i) Stock option plan:

The Company has a stock option plan which is described in note 9(e). No compensation expense is recognized for the plan when stock options are issued. The consideration paid on exercise of stock options is credited to share capital.

### 4. Acquisition of wholly-owned subsidiary:

On November 1, 1998, the Company acquired all of the issued and outstanding shares of Gateway Technology Inc. ("GTI"), a United States Corporation, by issuing 1,000,000 common shares in escrow and 50,000 common shares, at \$1.00 per share, to a third party as a finder's fee. Under the terms of the Escrow Agreement, the 1,000,000 shares are held and released on the basis of one share for each \$1.00 of cash flow from operations generated by GTI. Shares remaining in Escrow at October 31, 2003 are to be returned to the Company and cancelled. Since the likelihood of positive future cash flows in GTI cannot be determined beyond a reasonable doubt, these shares are contingent consideration and their issue, although recognized in these financial statements have been valued at \$nil consideration. As shares are released from escrow, they will be recorded as an additional cost of the acquisition at that time. GTI is a development stage corporation and is a computer hardware and software integrator that specializes in Internet and Intranet based computing. The acquisition has been accounted for as a purchase and accordingly the results of operations of this business have been consolidated since the date of acquisition. The following is a summary of the purchase consideration and net assets acquired:

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Cash	\$ 68,285
Software	391,628
Capital assets	229,839
Net working capital deficiency	(341,947)
Long-term debt	(297,805)
<b>Net assets acquired</b>	<b>\$ 50,000</b>

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# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 5

Years ended October 31, 1999 and 1998

## 5. Discontinued operations:

On February 1, 1999, the Company sold its petroleum and natural gas properties business segment for cash proceeds of \$127,750. The Company recognized a loss of \$113,397 on the sale. The operating results of this business segment for all years presented are reflected as "discontinued operations".

The statement of earnings for the petroleum and natural gas properties business segment was as follows:

	Period ended February 1, 1999	Year ended October 31, 1998
Revenue	\$ 27,911	\$ 137,411
Royalties	(8,316)	(32,267)
	19,595	105,144
Expenses:		
Operating	25,898	78,118
Depletion	4,492	130,747
	30,390	208,865
Loss on disposition	(113,397)	-
Loss from discontinued operations	\$ (124,192)	\$ (103,721)

Included in depletion expense for the year ended October 31, 1998 is \$80,000 relating to a write-down of petroleum and natural gas properties.

## 6. Capital assets:

1999	Cost	Accumulated depreciation and depletion	Net book value
Capital assets under lease	\$ 46,322	\$ 9,264	\$ 37,058
Computer equipment	89,806	27,892	61,914
Furniture and equipment	50,984	15,876	35,108
	\$ 187,112	\$ 53,032	\$ 134,080

# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 6

Years ended October 31, 1999 and 1998

## 6. Capital assets (continued):

1998	Cost	Accumulated depreciation and depletion	Net book value
Computer equipment	\$ 3,353	\$ 1,358	\$ 1,995
Petroleum and natural gas properties	740,000	494,361	245,639
	\$ 743,353	\$ 495,719	\$ 247,634

## 7. Deferred software development costs:

	1999	1998
Software development costs	\$ 549,118	\$ -
Less: accumulated amortization	(108,824)	-
Net book value	\$ 440,294	\$ -

## 8. Long-term debt:

	1999	1998
Loan in the amount of U.S.\$23,582 with no set terms of repayment or interest charged; unsecured	\$ 33,326	\$ -
Loan in the amount of U.S.\$6,580 with no set terms of repayment or interest charged; unsecured	9,299	-
	\$ 42,625	\$ -

# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 7

Years ended October 31, 1999 and 1998

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## 9. Capital leases:

The capital lease obligations were incurred to purchase computers, video conferencing and office equipment and are payable in U.S. dollars. The following is a summary of the capital lease obligations:

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Capital lease obligations	\$ 260,224
Less current portion	(88,570)
	<hr/> \$ 171,654 <hr/>

The following is a schedule by years of future minimum lease payments together with the net present value as at October 31, 1999:

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Year ending:	
2000	\$ 126,328
2001	124,179
2002	74,877
2003	4,962
2004	2,895
Total minimum lease payments	<hr/> 333,241
Less interest amount	(73,017)
	<hr/> \$ 260,224 <hr/>

# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 8

Years ended October 31, 1999 and 1998

## 10. Share capital:

(a) Authorized:

100,000,000 common shares without par value

(b) Issued:

	Number of shares	Amount
Common shares:		
Balance, October 31, 1998	9,630,501	\$ 2,211,001
Issued on acquisition of Gateway Technology Inc. (note 4)	1,000,000	–
Issued for finder's fee on acquisition of Gateway Technology Inc. (note 4)	50,000	50,000
Issued for cash on exercise of stock options	125,000	18,750
Issued on conversion of debentures payable	500,000	500,000
<b>Balance, October 31, 1999</b>	<b>11,305,501</b>	<b>\$ 2,779,751</b>
Special Warrants:		
Issued for cash (ii)	500,000	\$ 1,000,000
Issue costs	–	(67,200)
<b>Balance, October 31, 1999</b>	<b>500,000</b>	<b>\$ 932,800</b>
<b>Total share capital, October 31, 1999</b>		<b>\$ 3,712,551</b>

(i) 375,000 shares are held in escrow on behalf of the principals of the Company and are subject to the direction and determination of the regulatory authorities in the Province of British Columbia.

101,660 shares are held in escrow on behalf of the principals of the Company and subject to the direction and determination of the regulatory authorities in the Province of Alberta. Release is expected on the fifth anniversary of its February 9, 1996 prospectus.

Pursuant to the Company's acquisition of all of the issued shares of GTI, 1,000,000 shares are held in escrow and are releaseable from time to time as to one escrowed share for each \$1.00 of cash flow generated by GTI subsequent to its acquisition by the Company.

# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 9

Years ended October 31, 1999 and 1998

## 10. Share capital (continued):

(b) Issued:

(ii) During the year the Company received \$1,000,000 through a private placement of 500,000 Special Warrants. The Special Warrants originally entitled the holder to acquire one common share and one warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of \$2.50 until May 26, 2000. The Company agreed to use its best efforts to clear the securities underlying the Special Warrants by prospectus on or before September 24, 1999. The Company did not complete the prospectus filing and, accordingly, the Special Warrants are now convertible or exchangeable for 1.1 common shares and 1.1 warrants each.

(iii) The Company has agreed to issue an additional 25,000 shares as a finder's fee in connection with the acquisition of GTI. This additional share issue will be subject to regulatory approval and will be subject to escrow as determined by regulatory authorities.

(c) Stock options:

The Company has a stock option plan for its directors, officers, employees and key consultants whereby an amount of options to a maximum of 10% of the issued common shares may be granted subject to certain terms and conditions. Stock option vesting privileges are at the discretion of the Board.

Changes in the number of options, with these weighted average exercise prices are summarized below:

	1999		1998	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Stock options outstanding, beginning of year	503,400	\$ 0.52	503,400	\$ 0.52
Granted	708,334	2.21	–	–
Exercised	(125,000)	0.15	–	–
Forfeited	(189,200)	0.64	–	–
Stock options outstanding, end of year	897,534	\$ 1.88	503,400	\$ 0.52

# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 10

Years ended October 31, 1999 and 1998

## 10. Share capital (continued):

### (c) Stock options (continued):

The following table summarizes information about the stock options outstanding at October 31, 1999:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
\$ 0.64 - \$ 1.00	422,534	2.8	\$ 0.84	422,534	\$ 0.84
1.50 - 2.10	175,000	4.2	1.83	175,000	1.83
3.30 - 3.40	300,000	4.6	3.38	175,000	3.36
<b>\$ 0.64 - \$ 3.40</b>	<b>897,534</b>	<b>3.7</b>	<b>\$ 1.88</b>	<b>772,534</b>	<b>\$ 1.64</b>

On November 1, 1999 the Company issued 125,400 options each at an exercise price of \$4.00. 50,000 of the options vest immediately with no restriction on exercise. 75,400 vest on October 31, 2000 and one-third are exercisable annually commencing October 31, 2000.

### (d) Warrants:

The Company also has 250,000 warrants outstanding which are exercisable at a price of \$1.25 per share, expiring November 30, 2000, and 500,000 Special Warrants outstanding (as explained in note 9(b)).

## 11. Related party transactions:

In the normal course of business, the Company paid legal fees of \$103,091, consulting fees of \$51,000 and travel expenses of \$17,894 to various directors of the Company. These transactions were measured at the exchange amount and recorded in general and administrative expenses.

The Company's wholly-owned subsidiary, GTI, has entered into employment agreements with officers of GTI to provide management services. During the period \$135,838 was paid under these agreements and included in general and administrative expenses.

Included in accounts receivable is \$80,440 (1998 \$50,577) due from Company officers, directors and employees.

# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 11

Years ended October 31, 1999 and 1998

## 12. Income taxes:

Income tax recovery differs from the amount that would be computed by applying the basic combined Canadian federal and provincial statutory income tax rate to loss for the year. The reasons for the differences are as follows:

	1999	1998
Net loss	\$ (1,998,892)	\$ (195,898)
Combined Canadian federal and provincial statutory rate	44.6%	44.6%
Computed recovery	(891,506)	(87,371)
Non-tax-based amortization	31,939	–
Difference in foreign tax rates	60,000	–
Benefit of loss carryforwards not recognized	799,567	87,371
Actual recovery	\$ –	\$ –

As at October 31, 1999, the Company has unrecognized loss carry-forwards for income tax purposes of approximately \$1,659,843 available for deduction against future years' taxable income. These loss carry-forwards expire as follows:

2000	\$ 32,954
2001	43,454
2002	123,412
2003	85,773
2004	136,870
2005	140,519
2006	1,096,861
	\$ 1,659,843

In addition, for income tax purposes the subsidiary has available U.S. loss carry-forward of \$820,284 benefits of which are recognized only when utilized to reduce taxable income in a year. Those losses expire between 2013 and 2014.

# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 12

Years ended October 31, 1999 and 1998

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## 13. Financial instruments:

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, capital lease obligations and long-term debt. The fair value of these financial instruments approximate their carrying values, unless otherwise noted. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial statements.

## 14. Per share amounts:

Loss per share has been calculated using the weighted average number of common shares outstanding during the year and excludes Special Warrants. The weighted average number of shares outstanding for the year ended October 31, 1999 was 10,906,801 (1998 - 9,630,501). Fully diluted amounts per share have not been shown as the results would be anti-dilutive.

## 15. Correction of prior period error:

In 1997, depletion of petroleum and natural gas properties was overstated by \$80,000 due to an incorrect calculation. This accounting error has been corrected retroactively and has increased the previously reported carrying value of petroleum and natural gas properties and has decreased the previously reported deficit at November 1, 1997 by \$80,000.

## 16. Commitments:

### (a) Royalty:

Pursuant to a software acquisition agreement, the Company is required to pay a royalty of 5% of net receipts received in connection with the operation and management of an online or Intranet/Internet entertainment and game playing website by clients of the Company or other licensing of the software by the Company. The Company has granted a first fixed charge on the software to the Royalty holder.

### (b) Operating leases:

The Company operates from leased premises. Future minimum annual payments under the leases are as follows:

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2000	\$	121,000
2001		121,000
2002		121,000
2003		121,000
2004		60,500

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# CHARTWELL TECHNOLOGY INC.

Notes to Consolidated Financial Statements, Page 13

Years ended October 31, 1999 and 1998

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## **17. Subsequent events:**

- (a) Subsequent to October 31, 1999, the Company issued 3.1 million Special Warrants at a price of \$3.25 each. Each Special Warrant entitles the holder to receive, at no additional cost, one common share and one-half common share purchase warrant. One whole warrant entitles the holder to purchase one common share at a price of \$3.80, exercisable for a period of one year from the date of issue.
- (b) Subsequent to October 31, 1999 the Company sold its Internet gaming software application, Casino Casino, to its wholly-owned subsidiary, Gamingtech Corporation ("Gamingtech"), a Belize company. The sale included the source code for the Casino Casino software and exclusive rights to all gaming or wagering applications of the software. The Company and its wholly-owned subsidiary, Gateway Technology Inc., have also assigned to Gamingtech all existing licensing agreements relating to the Casino Casino software. The effective date of the sale was November 1, 1999. Gamingtech operates independently of the Company and there are no common employees, officers or directors.