

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take or the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

The Directors and proposed Directors of the Company, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. All the Directors and the proposed Directors accept responsibility accordingly. In connection with the Placing, no person is authorised to give any information or make any representation other than as contained in this document.

This document, which comprises an admission document drawn up in accordance with the PLUS Rules, has been issued in connection with the proposed application for trading of the Ordinary Shares on the PLUS Market. This document does not constitute a prospectus and has not been filed with, examined or approved by the Financial Services Authority or the UK Listing Authority.

The share capital of the Company is not at present included in the official UK list maintained by the Financial Services Authority as the UK Listing Authority. It is intended that an application will be made for the Ordinary Shares of the Company to be traded on the PLUS-quoted market, which allows trading in the shares of unlisted companies. The PLUS-quoted market, which is operated by PLUS Markets plc, a recognised investment exchange, is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. It is not classified as a Regulated Market under EU financial services law and PLUS-quoted securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in PLUS-quoted securities and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. The Company can give no assurance that an active trading market for the Ordinary Shares will develop or, if developed, be sustained following their admission to the PLUS-quoted market. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected. It is emphasised that no application is being made for admission of these securities to the Official List of the UK Listing Authority or to trading on AIM. The rules of the PLUS-quoted market are less demanding than those of the Official List or AIM.

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## **DEVILFISH GAMING PLC**

*(Incorporated in England and Wales under the Companies Act 1985 with Registered Number 6400833)*

**Placing of 12,000,000 Ordinary Shares of 1p each  
at a price of 10p per share  
and**

**Admission to trading on the PLUS Market**

**Corporate Adviser**

**Hichens, Harrison & Co Plc**

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**Share capital of the Company immediately following Admission**

<i>Amount</i>	<i>Authorised Number</i>	<i>Issued, fully paid</i>	
		<i>Amount</i>	<i>Number</i>
£500,000	50,000,000 (Ordinary Shares of 1p each)	£320,000	32,000,000

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Hichens, Harrison & Co. plc, which is authorised and regulated by the FSA and is a member of PLUS, is the Company's Corporate Adviser for the purposes of the Placing and the application for the Ordinary Shares to be admitted to trading on PLUS.

The advisers named on page 3 are acting for the Company and for no one else in relation to the arrangements proposed in this document and will not be responsible for anyone other than the Company for providing the protections afforded to clients of such advisers or for providing advice in relation to the Placing.

This document does not constitute an offer to sell, or a solicitation to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not taken, transmitted or distributed, directly or indirectly, in or into any country outside the United Kingdom where that may lead to a breach of any legal or regulatory requirements. The Ordinary Shares have not been nor will they be registered under the United States Securities Act of 1933 (as amended) nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to any US person (within the meaning of the regulations made under the US Securities Act 1933 (as amended)) or to any person with an address in Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan.

**The whole text of this document should be read. An investment in Devilfish Gaming Plc involves a high degree of risk and, in particular, attention is drawn to the section entitled "Risk Factors" in Part II of this document. An investment in the Company may not be suitable for all recipients of this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.**

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## DIRECTORS, SECRETARY AND ADVISERS

Directors	Kevin R Leech Paul Barnes Andrew Flitcroft Karl Hutson John Mulcahy	Non-Executive Chairman Chief Executive Officer ( <i>proposed</i> ) Finance Director Executive Director ( <i>proposed</i> ) Non-Executive Director ( <i>proposed</i> )
	all of PO BOX 666, 84 Talbot Road, Old Trafford Manchester, M16 0PG	
Company Secretary	Andrew Flitcroft	
Corporate Adviser and Broker	Hichens, Harrison & Co. Plc Bell Court House 11 Blomfield Street London, EC2M 1LB	
Registered Office	PO BOX 666 84 Talbot Road Old Trafford Manchester, M16 0PG	
Auditors and Reporting Accountants	Hart Shaw Europa Link Sheffield Business Park Sheffield, S9 1XU	
Solicitors to the Group	City Law Pellipar House 9 Cloak Lane London, EC4R 2RU	
Solicitors to the Placing	Keeble Hawson Protection House 16-17 East Parade Leeds, LS1 2BR	
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey, GU9 7EN	
Bankers	Barclays Private Clients International Limited PO Box 8 39-41 Broad Street St. Helier Jersey, JE4 8PU	

## DEFINITIONS

In this document, except where the context permits, the expressions set out below shall bear the following meanings:

“ <b>the Act</b> ”	the Companies Act 1985 and the Companies Act 2006, to the extent in force (as amended from time to time);
“ <b>Admission</b> ”	admission of the Ordinary Shares, in issue and to be issued pursuant to the Placing, to trading on the PLUS Market;
“ <b>Admission Document</b> ”	this document;
“ <b>AIM</b> ”	a market operated by the London Stock Exchange;
“ <b>Articles</b> ”	mean the Articles of Association of the Company;
“ <b>Company</b> ”	Devilfish Gaming plc (company number 6400833);
“ <b>Concert Party</b> ”	with the exclusion of City Law, the shareholders in DFP who exchanged their shares in DFP for shares in the Company pursuant to the Share Exchange (as defined in paragraph 3.3 of Part IV below) and being, for the avoidance of doubt, La Vignette Ventures Limited, Paul Dransfield, David Ulliott, Channel Hotels & Properties Limited, Alexis Leech, Liam Leech and Allan Leech, are deemed to be acting in concert for the purposes of the Takeover Code;
“ <b>CREST</b> ”	the relevant electronic settlement system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations);
“ <b>CREST Regulations</b> ”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755) as amended;
“ <b>Directors</b> ” or “ <b>Board</b> ”	the board of directors of the Company;
“ <b>DFP</b> ”	Devil Fish Poker Limited (company number 5529624);
“ <b>Existing Directors</b> ”	Kevin Ronald Leech and Andrew John Alec Flitcroft;
“ <b>FSA</b> ”	Financial Services Authority;
“ <b>FSMA</b> ”	Financial Services and Markets Act 2000;
“ <b>Group</b> ”	the Company and its subsidiaries following Admission;
“ <b>Hichens</b> ”	Hichens, Harrison & Co. plc;
“ <b>HMRC</b> ”	HM Revenue & Customs;
“ <b>ICTA</b> ”	Income and Corporation Taxes Act 1988;
“ <b>London Stock Exchange</b> ” or “ <b>LSE</b> ”	London Stock Exchange plc;
“ <b>Official List</b> ”	the Official List of the UK Listing Authority;
“ <b>Ordinary Shares</b> ”	ordinary shares of 1p each in the capital of the Company;

<b>“Panel”</b>	the Panel on Takeovers and Mergers;
<b>“Placing”</b>	the invitation by the Company to subscribe for the Placing Shares set out in this document;
<b>“Placing Price”</b>	10p per Placing Share;
<b>“Placing Share(s)”</b>	12,000,000 Ordinary Shares which are the subject of the Placing;
<b>“PLUS” or “PLUS Markets”</b>	PLUS Markets plc, a recognised investment exchange under section 287 of the FSMA;
<b>“PLUS quoted Market”</b>	the primary market enlisted securities securities operated by PLUS;
<b>“PLUS-quoted Securities”</b>	securities admitted to the PLUS-quoted market;
<b>“PLUS Rules”</b>	the PLUS Rules for Issuers which sets out the admission and dividend standards for companies on the PLUS-quoted market;
<b>“PIP”</b>	means Primary Information Provider;
<b>“Proposed Directors”</b>	Paul J Barnes, John Mulcahy and Karl Hutson;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers administered by the Panel;
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UK Listing Authority”</b>	the FSA, acting in its capacity as the competent authority for the purposes of Part VI of the FSMA.

## PLACING STATISTICS

Placing Price	10p
Market Capitalisation at the Placing Price on Admission	£3.2 million
Number of Ordinary Shares in issue following the Placing	32 million
Proportion of enlarged issued ordinary share capital subject to the Placing	37.5%
Number of Placing Shares, the subject of the Placing	12 million
Gross proceeds receivable by the Company pursuant to the Placing	£1,200,000
Net proceeds of the Placing receivable by the Company	£1,030,000
ISIN	GB00 B28HZ89 4

## EXPECTED TIMETABLE

	2008
Publication of this document	24 January
Admission and commencement of dealings on PLUS Market	11 February
Settlement of Placing Shares through CREST	11 February
Despatch of definitive share certificates in respect of the Placing Shares to placees by no later than	25 February

## **FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements. These statements relate to the Company's future prospects, developments and business strategies.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "intend", "may", "plan", "will" or the negative of those, or variations of comparable expressions, including references to assumptions. These statements are primarily contained in Parts I and II of this document.

The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Company are specifically described in Part II of this document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if the underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

These forward-looking statements are made only as at the date of this document. Neither the Existing Directors and Proposed Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the law, the PLUS Rules or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

## PART I

### INFORMATION ON THE COMPANY

#### 1. INTRODUCTION

The Company was incorporated in England and Wales on 16 October 2007 as a public limited company under the Companies Act 1985 to be the holding company of the entire issued share capital of DFP. On 12 November 2007 the Company entered into a share purchase agreement with DFP whereby the Company purchased the entire issued share capital of DFP by way of a share for share exchange on a 3 for 1 basis.

The Company has not yet traded. DFP is the Company's only operating (wholly-owned) subsidiary. DFP began trading on 23 December 2005. The share capital history of the Company is detailed in note 3 of Part IV of this document.

The founding directors of the Company are Kevin R Leech and Andrew J A Flitcroft. On Admission, the Board will be further strengthened by the appointments of Paul J Barnes, John Mulcahy and Karl Hutson whose biographies can be found in section 5 of this Part I.

#### 2. BACKGROUND AND COMPANY STRATEGY

DFP was originally incorporated to promote the website devilfishpoker.com through which members of the site can partake in multi-player poker via the internet. The Company made the decision to restrict marketing activities in order to review the legal environment of online gaming following legal intervention in the US and in some parts of Europe and therefore the site has not been actively promoted up to now but henceforth will be promoted in markets where such activity is not illegal.

The name "Devil Fish" is the nom de guerre of the well known UK poker professional, David Ulliott, one of the most consistent and successful international poker players since before and after the poker boom began. David Ulliott is generally regarded as the UK's best known and most recognised poker player. He is also well known outside the UK in the jurisdictions where major poker events take place. For this reason the Directors believe the "Devilfish" brand has potential for development.

##### *Software and Licence Agreement*

On 22 December 2005 DFP entered into a Software and Licence Agreement (the "**Licence**") with Game Theory Limited ("**Game Theory**"). Pursuant to the Licence (as amended on 31 October 2006), Game Theory granted DFP a non-exclusive, non-transferable licence to install, use and distribute poker software to end-users to access DFP's website, Devilfishpoker.com ("**the Software**"). Through the use of the Software, DFP is able to offer internet poker on its website. DFP is also permitted to use the "Powered by UltimateBet" tradename in connection with DFP's poker room. It is acknowledged that the Company, as licensee, outsources the operation of the gaming software to an independent licensed gaming operator.

##### *Operator's Agreement*

In November 2005, DFP entered into an operator's agreement (the "**Operator's Agreement**") with eWorld Holdings Inc. ("**eWorld**"), which is an independent licensed gaming operator. In effect, DFP is outsourcing the operation of its poker room to eWorld. eWorld provides electronic access to its servers in Kahnawake and stores DFP's poker room software licensed from Game Theory. Pursuant to the Operator's Agreement, eWorld agrees to maintain the necessary licence to carry out the "Gaming Services", (which include payment processing and internet wagering functions, and processes related to the operations of internet wagering including the maintenance of hardware).

Further details of the Licence and Operator's Agreement are set out at paragraph 12 of Part IV.

##### *Domain names*

DFP owns the trade name Devilfishpoker and owns the website domain names: Devilfishpokerroom.com and Devilfishpoker.com.



Pursuant to the Licence, DFP has licensed to Game Theory the right to incorporate its trade name(s), logos, symbols (and other proprietary content listed in Exhibit B to the Licence) in connection with the development of the Software. The domain names [www.devilfishpoker.com](http://www.devilfishpoker.com) and [www.devilfishpoker.net](http://www.devilfishpoker.net) are currently registered under licence to Game Theory.

#### *Devilfish Logos*

DFP has submitted Community Trade Mark applications to register the Devilfishpoker.com and Devilfish logos in Classes 9, 28 and 41 and has received confirmation that no third parties have objected to the application. The Company expects to receive the corresponding registration certificate in due course. (Inter alia, Class 9 covers DVDs, videos, games and computer software; Class 28 covers toys, games, playthings and equipment for playing poker and card games; and Class 41 covers gambling and gaming services).

#### *Players*

There are currently over 6,000 registered members of the site of whom over 700 have deposited monies and played cash games. The majority of players are resident in the UK and most of the remaining players are resident in other European countries.

### **3. TERMS OF THE PLACING**

Pursuant to the Placing the Company is issuing 12,000,000 Placing Shares at 10p per Placing Share to raise approximately £1,200,000 before expenses. The Placing is *subject to and conditional inter alia upon* Admission. The Placing Shares will rank, on issue, *pari passu* in all respects with the existing issued Ordinary Shares of the Company.

Admission is expected to be effective and dealings in the Ordinary Shares on PLUS are expected to commence on 11 February 2008.

Arrangements for payment for Placing Shares (including the arrangements and timetable for the return of monies to placees where their applications are not accepted in whole or in part) and the arrangements and timetable for their delivery are set out in the placing letters being sent to placees.

### **4. REASONS FOR THE PLACING AND USE OF PLACING FUNDS**

The Placing will raise approximately £1,030,000 for the Company net of expenses. The proceeds of the Placing will be used to fund the existing business, promote its expansion and develop the requisite technical and personnel infrastructure to grow revenues, to help place the Company in a stronger position to carry out due diligence on potential acquisitions and to provide working capital for the Company's initial operations in line with its marketing and growth strategy. The Directors intend to follow a cost effective approach maximising the benefits of the Licence and Operator's Agreement which enable DFP to outsource significant and substantial running costs, while focusing on marketing, affiliation and growth opportunities. In addition, the Directors intend to investigate further gaming related products other than poker.

The Directors believe that additional benefits of the Placing and Admission include:

- raising the Company's profile in the sector, thereby encouraging acquisition opportunities;
- the ability to raise funds in the future;
- the ability to attract and incentivise high calibre directors and employees by offering share options. The Directors consider the grant of options over publicly traded shares more attractive to directors and employees than the grant of options over unquoted shares which are not publicly traded;
- the ability to enter into negotiations with vendors of businesses or companies, to whom the issue of publicly traded shares as consideration is potentially more attractive than the issue of shares in an equivalent private company for which no market exists;
- the ability to attract potential merger and acquisition interest; and
- the ability to take advantage of any future change in the US regulatory environment for online gaming.

**Your attention is drawn to the Risk Factors set out in Part II of this document.**

## 5. DIRECTORS AND PROPOSED DIRECTORS

The Board currently comprises Kevin R Leech and Andrew Flitcroft. Kevin R Leech and Andrew Flitcroft will continue as directors on Admission. Subject to and conditional upon Admission, Paul Barnes, John Mulcahy and Karl Hutson have been appointed as directors of the Company.

Paragraph 8 of Part IV of this Document contains further details of current and past directorships and certain other information regarding the Directors. Brief biographies of the existing and proposed directors are as follows:

### **Existing Directors**

*Kevin Ronald Leech, Aged 64, Non-Executive Chairman*

Mr Leech made his first fortune from his family's funeral business selling out in the early 1980s to the Co-Operative Society. Shortly thereafter he invested in a biotechnology company, ML Laboratories Plc, which in 1987, after much lobbying by Mr Leech, became the first public biotechnology company to be listed on the London Stock Exchange. In the 2000 Sunday Times Rich List he was listed as the 17th richest person in the country and was Jersey's first billionaire. However, with the collapse of the dot-com sector Mr Leech suffered as he had multiple holdings in such companies. Mr Leech has been an entrepreneur over the last 30 years making investments in many private and well known companies. Mr Leech was awarded an Honorary Doctorate by Victoria College of Manchester University on 14 October 1998. Over the past few years Mr Leech has assisted Hands Around the World, a charity helping AIDS orphans in Zambia.

*Andrew John Alec Flitcroft, Aged 42, Finance Director*

Mr Flitcroft graduated with honours in Accounting and Finance at Manchester Metropolitan University, and qualified as a Chartered Accountant in 1992. Mr Flitcroft remained in practice until 1999 advising owner managed businesses. Since this date, Mr Flitcroft has acted as consultant and finance director specialising in the technology and internet sectors with particular reference to early growth companies. Mr Flitcroft has experience of venture capital backed and listed enterprises both on the UK AIM market and Nasdaq in the United States.

### **Proposed Directors**

*Paul J Barnes, Aged 44, Chief Executive Officer*

Mr Barnes graduated with honours in Electronic Engineering from University College Dublin in 1985 and obtained a Master of Business Administration (MBA) from Warwick University Business School in 1998. He spent the initial part of his career in various software development roles in The Netherlands, UK and Germany, working on financial transaction processing systems with clients such as American Express, which preceded a number of business development and management consultancy roles. Mr Barnes has held senior roles in the interactive gaming sector since 1996, including the sales and marketing of online gaming technology to the regulated lottery and casino market. In 2004, Mr Barnes set up All In Poker, a multi-player online poker site, launching the business in 2005. Following a management buy-out, All In Poker was sold in 2007. Mr Barnes has recently been involved as a gaming consultant to Groupe Lucien Barrière in France advising on the development, configuration and marketing launch of their online casino and poker business.

*John Mulcahy, Aged 41, Non-Executive Director,*

Mr Mulcahy, 41, started his professional career in corporate banking with Chemical Bank Inc. (New York and London). He subsequently spent the next 15 years working in the media and online information sectors. He worked for eight years for a world leading professional publisher, Reed Elsevier plc, in a number of roles including Corporate Strategy Manager for Reed Elsevier Worldwide and Managing Director of its Educational Publishing business in Australia, New Zealand and Singapore. Since 2000, he has been a successful entrepreneur, building up two online businesses to reach market leading positions, one in Australia and the other in Europe, and successfully selling each to global leaders in their sectors. He is currently a shareholder in a number of online businesses and takes an active role in developing their strategy and promoting their growth. Jack graduated from Trinity College Dublin with a Bachelor of Business Studies, and has an MBA from INSEAD.

*Karl Hutson, Aged 27, Executive Director*

Mr Hutson has had eight years' experience in the internet business sector. From 2002 to 2003 he was Managing Director of Stepthru Limited, an integrated network support business, focused on providing network support for small to medium businesses in the Dublin area. From 2002 to 2005 he was Junior Credit Risk Analyst for Nexgen Financial Solutions, a reinsurance and financial solutions company, and was involved with credit analysis of a large portfolio of companies. From 2005 to August 2007 he was Operations Executive for paddypowerpoker.com, the online poker site of the bookmaker Paddy Power, where he was responsible for the day-to-day operations of the site. Since August 2007 he has been a self-employed consultant, with clients such as Cardplayer Magazine, Winmedia and the Company.

## **6. FINANCIAL INFORMATION**

Financial information about the Company is set out in Part III of this Document.

As far as the Directors are aware and able to ascertain, the financial information disclosed in Part III has been prepared in accordance with the law applicable to the Company and they accept responsibility for it.

## **7. WORKING CAPITAL**

The existing Directors and the Proposed Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company and the Group will be sufficient for the period of at least twelve months following Admission.

## **8. ADMISSION TO TRADING ON PLUS**

It is intended that an application will be made for the Company's issued Ordinary Shares to be traded on the PLUS-quoted market and the Placing is conditional upon the grant of permission to trade the Ordinary Shares on the PLUS-quoted market being obtained.

Any individual wishing to buy or sell securities which are traded on the markets operated by PLUS must trade through a stockbroker (being a member of PLUS and regulated by the FSA), as the market's facilities are not available directly to the public.

The Ordinary Shares are not included in the official UK list and are not admitted to trading on a "recognised stock exchange" (which does not include the PLUS-quoted market).

Notwithstanding the fact that an application will be made for the Ordinary Shares to be admitted to the PLUS-quoted market, there is no assurance that an active trading market for the Ordinary Shares will develop or, if developed, be sustained following their admission to the PLUS-quoted market. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected. In addition, there is no guarantee that the Company's application to PLUS for its Ordinary Shares to be traded will be successful. Acceptance of the Company's application to, and continued admission to trading on the PLUS-quoted market, are entirely at the discretion of PLUS.

The Company has undertaken that it has entered into appropriate arrangements with one or more PIPs approved by the FSA to disseminate regulatory information to the market. This information is currently distributed by Bloomberg, Thomson Financial, Reuters, Telekurs, ADVFN and FT Interactive Date Europe. It is also available to private investors through the Internet at [www.plusmarketsgroup.com](http://www.plusmarketsgroup.com) and via other licensed Internet vendors.

## **9. SHARE OPTIONS AND SHARE OPTION SCHEME**

In order to incentivise the management and key employees of the Company, the Company is granting share options to certain individuals, conditional upon Admission. Each option entitles the holder to subscribe for Ordinary Shares at any time from the second anniversary of Admission until the tenth anniversary (except in the case of Mr Barnes, who can subscribe until the seventh anniversary) of the date the options were granted. Where applicable, the options are granted under the provisions of sections 527-541 and Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003, and Part 4 of Schedule 7D to the Taxation of Chargeable Gains Act 1992 (the "EMI Code").

Subject to and conditional upon Admission, options have been granted to each of Kevin Leech, Paul Barnes, Andrew Flitcroft and Karl Hutson entitling each holder to subscribe for one new Ordinary Share at 10 pence per share. Further details are set out at Part IV, paragraph 12.1.

By way of incentive, the Company has agreed, conditional upon Admission, to grant options to Paul Barnes over approximately 5 per cent. of the Ordinary Shares prior to Admission, being 1,052,632 Ordinary Shares. Each option entitles Paul Barnes to subscribe for one new Ordinary Share at 1p per share at any time from the second anniversary of Admission until the third anniversary of Admission. Further details of the options can be found in paragraph 12.1 of Part IV of this Document.

The Company has agreed, conditional upon Admission, to grant options over 2 per cent. of the Company on Admission (640,000 shares) to Hichens and to grant options over 80,000 Ordinary Shares to City Law. Each option entitles the holder to subscribe for one new Ordinary Share at 10p per share at any time until the third anniversary of Admission. Further details of the options can be found in paragraph 12.1 of Part IV of this Document.

#### **10. LOCK-IN AND ORDERLY MARKET ARRANGEMENTS**

On Admission, the Directors and persons connected with them will own 5,906,310 Ordinary Shares representing 18.46 per cent. of the share capital of the Company.

As required by the PLUS Rules, the Directors have undertaken that they will not (and will use their reasonable endeavours to procure that any person with whom they are connected for the purposes of section 839 of the Income and Corporation Taxes Act 1988 will not) during a period of twelve months from Admission transfer or dispose of or grant options over any interest in Ordinary Shares held by them. In addition, the Directors have undertaken not to transfer or dispose of any interest in Ordinary Shares or grant options over any interest in Ordinary Shares held by them for a further period of twelve months from the first anniversary of Admission, except with the prior written consent of the Company and Hichens (such consent not be unreasonably withheld or delayed). All shareholders, other than City Law, have undertaken to the Company on the same terms as the Directors. For further information see Paragraph 12 of Part IV (“Material Contracts”).

#### **11. AUTHORITY TO ALLOT SHARES FOR CASH**

The Company has put in place authorities to allot Ordinary Shares for cash under sections 80 and 95 of the Act details of which are set out in paragraph 3 of Part IV of this Document.

#### **12. SHARE DEALING CODE**

The Company has adopted and will operate a share dealing code to prevent directors and relevant employees from dealing in Ordinary Shares during close periods in accordance with Rule 46 of the PLUS Rules.

#### **13. DIVIDEND POLICY**

The Company is seeking primarily to achieve capital growth for its shareholders in the medium term. It is not the present intention of the Directors to pay a dividend on the Ordinary Shares but to retain any profits for use within the business. Once the Company has positive reserves and the Directors consider it appropriate, the Company will consider the prudent distribution of dividends.

#### **14. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Company’s Articles of Association contain certain provisions concerning the transfer of shares which are consistent with the transfer of shares in dematerialised form in CREST under the CREST Regulations. The Existing Ordinary Shares are currently enabled for settlement through CREST and application has been made to Euroclear UK & Ireland Limited to issue the New Ordinary Shares in uncertificated form. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

All the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

## **15. THE TAKEOVER CODE**

The Company will be subject to the Takeover Code.

Under Rule 9 of the Takeover Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares (as defined in the Takeover Code) which, (taken together with interests in shares already held by him and with the shares in which persons acting in concert with him are interested), carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code that person, and any person acting in concert with him, is normally required to make a general offer to all shareholders of the company for the shares not already owned by him in cash at not less than the highest price paid by him, or any person acting in concert with him, within the preceding twelve months.

Rule 9 of the Takeover Code also provides, *inter alia*, that when any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights, and such person, or any other person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights of such company in which he is interested, that person or persons acting in concert with him is normally required to make a general offer to all shareholders of the company for the shares not already owned by him in cash at not less than the highest price paid by him, or any person acting in concert with him, within the preceding twelve months.

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares, or an interest in shares, in a company, to obtain or consolidate control of that company.

For the purpose of the Takeover Code, control means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control.

Rule 9 of the Code further provides that, *inter alia*, where any person who, together with persons acting in concert with him holds over 50 per cent. of the voting rights of a company, acquires additional shares which carry voting rights, then (for so long as they continue to be acting in concert) they will not generally be required to make a general offer to the other shareholders to acquire the balance of the shares not held by that person. However, individuals will not be able to increase their percentage interests in shares through the Rule 9 threshold without Panel consent.

As at the date of this document, David Ulliott owns approximately 44.48 per cent. of the Company's Ordinary Shares. Immediately following the Placing and Admission, he will own 8,895,240 Ordinary Shares comprising approximately 27.8 per cent. of the Company's share capital.

Following Admission, the members of the Concert Party will between them hold more than 50 per cent. of the Company's voting share capital and (for so long as they continue to be treated as acting in concert) may accordingly be able to increase their aggregate interest in shares without incurring any further obligations under Rule 9 to make a general offer (altogether individual members of the Concert Party will not be able to increase their percentage shareholding through or between a Rule 9 threshold without Panel consent).

In the event that the place of central management and control of the Company was determined by the Panel to be no longer within the UK (for example, as a result of a majority of the Company's directors ceasing to be domiciled in the UK), the Takeover Code would cease to apply to the Company and its shareholders would cease to be protected by the Takeover Code.

## **16. CORPORATE GOVERNANCE**

The directors recognise the importance of sound corporate governance and intend in due course to observe the requirements of the Combined Code on Corporate Governance, as published by the Financial Reporting Council (commonly known as the Combined Code) to the extent they



consider appropriate in light of the Company's size, stage of development and resources. At present, due to the size of the Company, audit and risk management issues will be addressed by the entire Board. As the Company grows it is intended that further appointments will be made to the Board. Audit and remuneration committees will be established and the Board will consider developing further policies and procedures which reflect the principles of good governance and the Combined Code.

## **17. TAXATION**

On issue, the Ordinary Shares will not be included in the official UK list. Provided that the Company remains one which does not have any of its shares admitted to trading on a "recognised stock exchange" (which for these purposes does not include the PLUS-quoted market) and assuming that the Company remains a trading company or the holding company of a trading group for UK tax purposes, the Ordinary Shares should continue to be treated as unquoted securities qualifying for certain reliefs from UK taxation.

On the basis of information provided to HMRC, HMRC has given provisional confirmation that the Company will comply with the requirements of Schedule 28B of ICTA and that the Ordinary Shares will be eligible shares for the purposes of venture capital trusts ("VCTs"). The status of the Ordinary Shares as a qualifying holding for VCT purposes will be conditional, *inter alia*, upon the Company continuing to satisfy the relevant requirements.

HMRC has also granted the Company provisional approval, on the basis of information supplied, that shares to be issued under the Placing should be eligible for Enterprise Investment Scheme ("EIS") purposes, subject to the submission of the relevant claim form in due course. Such a claim by the Company does not guarantee EIS qualification for an individual, whose claim for relief will be conditional upon his own circumstances and is subject to holding the shares throughout the relevant three year period. In addition, for EIS Relief not to be withdrawn, the Company must comply with a number of conditions throughout the qualifying period relating to those shares.

Further information regarding taxation in relation to the Placing and Admission is set out in paragraph 11 of Part IV of this document.

If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

## **18. RISK FACTORS**

**Your attention is drawn to the risk factors set out in Part II of this document. Potential investors should carefully consider the risks described in Part II and the information contained in the rest of this document before making a decision to invest in the Company.**

## PART II

### RISK FACTORS

The attention of potential investors is drawn to the fact that the purchase of Ordinary Shares in the Company involves a variety of risks. All potential investors should carefully consider the entire contents of this document including, but not limited to, the factors described below before deciding whether or not to invest in the Company. The information below does not purport to be an exhaustive list or summary of the risks affecting the Company and the risks described are not set out in any particular order of priority. There may be additional risks of which the Directors are not aware. Investors should consider carefully these risks before making a decision to invest in the Company.

**Prospective investors are advised to consult an independent adviser authorised under the FSMA who specialises in advising on investments of this kind before making any investment decision.**

**If any of the events described below actually occur, the Company's business, financial, condition, operating results or future operations could be adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the directors, or which the directors currently deem immaterial, may also have an adverse effect upon the Company.**

A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his, her or its personal circumstances and the financial resources available to him, her or it.

Information, opinions and quotations in this document are as at the date of writing and may change without notice. The Existing Directors and Proposed Directors are under no obligation to ensure that such updates are brought to the attention of any recipient of this material.

#### **Suitability**

An investment in Ordinary Shares may not be suitable for all readers of this document. Accordingly, investors are advised to consult an appropriate person authorized under the FSMA before making their decision.

#### **Marketability of Ordinary Shares**

The Ordinary Shares are not listed or traded on any stock exchange. Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on the PLUS Market, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment.

Continued membership of the PLUS Market is entirely at the discretion of PLUS.

The market price of Ordinary Shares may not reflect the underlying value of the Company's net assets or operations. The share prices of public companies are often subject to significant fluctuations. In particular, the market for shares in smaller public companies is less liquid than for larger public companies. Consequently, the Company's share price may be subject to greater fluctuation and the Ordinary Shares may be difficult to sell.

It is likely that the Company will need to raise further funds in the future, either to complete a proposed acquisition or investment or to raise further working capital or development capital for such an acquisition or investment and the Company has in general meeting disapplied statutory pre-emption rights over the whole of its authorised but unissued share capital to facilitate this. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Placing Price, or higher. Shareholders may be materially diluted by any further issue of Ordinary Shares by the Company.

The Ordinary Shares are intended for capital growth and therefore may not be suitable as a short-term investment. Investors may not, therefore, realise their original investment at all, or within the time-frame they had originally anticipated.

Any changes to the regulatory environment, in particular the PLUS Rules, could affect the ability of the Company to maintain a trading facility on the PLUS Market.

## **Online gaming regulation**

The servers on which DFP's players partake in gaming, including real money poker gaming servers, are located in the Mohawk Territory of Kahnawake and are operated by a third party, eWorld. eWorld's licence to operate an online gaming operation on multiple websites was issued by the Kahnawake Gaming Commission in Canada. There is doubt at a federal level in Canada as to whether the Kahnawake Gaming Commission (the "KGC") has the legislative authority to issue such a licence.

The Canadian Criminal Code prohibits Internet gaming, the only exception being Internet gaming conducted by the government of a province in Canada. However, even the government of a province is not allowed to issue Internet gaming licences to others.

The Kahnawake Gaming Law was enacted in 1999 by the Kahnawake Mohawk Council to permit online gaming operators to be licensed in the Kahnawake Mohawk Territory, an Indian reserve under the Indian Act (Canada) in the province of Quebec. The sovereign power of an Indian Band (as defined in the Indian Act (Canada)), such as the Kahnawake Mohawks, to enact laws in the area of gaming, such as the Kahnawake Gaming Law, has not been upheld by Canadian courts in the past. The prohibitions on gaming provided in the Criminal Code therefore apply to the KGC and hence licences issued by the KGC may be illegal. However, the Directors have been advised that, so far as Canadian counsel is aware, no proceedings have ever been initiated by a government agency in Canada against the KGC for violations of the Criminal Code or any of its licensees. In theory, it is possible that the extent of DFP's operations in Canada may be sufficient for criminal or civil action to be taken against DFP, the Directors and for other persons and entities associated with DFP's online gaming activities. If the prosecuting authorities in Canada regarded the computers of DFP's customers in Canada as 'a device for gambling or betting' prosecutions could also be brought in Canada, under the Canadian Criminal Code against such customers. Any such action against DFP, the Group, the Directors, its customers or others could have a material adverse effect on the Group's business, revenue and financial position.

Notwithstanding that its activities are likely to be illegal under Canadian law, the Directors believe there are jurisdictional issues regarding the imposition, adjudication and enforcement of Canadian law against DFP and its directors, as DFP is not incorporated in Canada and does not have a physical presence there. The Directors believe that there are jurisdictional obstacles to the prosecution in Canada of any company without a physical presence in Canada on a criminal charge related to online gaming in Canada, or the prosecution of a director on a criminal charge related to online gaming on his own behalf or on behalf of the company of which he is a director if he were not physically present in Canada.

Enforcement action could, however, be taken by Quebec or Canadian national authorities, and no assurance can be given that new, renewed or subsequent licences or approvals that may be required by the Company in the future will be granted.

Any attempt, whether successful or not, by the Canadian authorities to bring an action against the Company or its directors would be likely to require the Company to take defensive action, resulting in legal and other costs and in the diversion of management time and resources. However, the Directors believe there are other locations to which DFP could move its operations, if such an action were brought.

## **UltimateBet ("UB")**

UltimateBet.com is one of the largest online poker gaming sites in the world and is also operated by eWorld. UB is, therefore, subject to the same online gaming licence as DFP (issued to eWorld by the KGC, as detailed in the paragraph above). The Directors understand that certain on-line poker companies, including UB, continue to accept US resident players. The Directors believe there is a risk that a claim could be brought against UB for providing illegal gaming operations in contravention of the (US) Port Securities Act of 2006. This could result in a temporary or permanent interruption to the continuing operation of UB's card rooms, and consequently have a knock-on effect on DFP's operations.

## **US players**

There is a clear statement on the Company's website that the website is not accessible to residents of the United States of America and that any attempt by United States residents to make use of the website will result in their account(s) being closed down without warning. In addition, if during Registration, a new player enters "United States" as his country, he will be prevented from registering. However, the Company cannot reasonably prevent a player from using false or misleading information or methods to play on the Company's website contrary to the Company's policy. The Company will not target US players and will not knowingly accept wagers from US players until such time as the US legislation may permit it.



### **Excapsa sale to Blast-Off**

In October 2006 Excapsa Software Inc. (“**Excapsa**”) announced the sale of its online gaming business through a sale of the shares of its Maltese wholly-owned subsidiaries, Excapsa Services Inc. and Game Theory Holdings Limited to Blast Off Limited (“**Blast Off**”), a privately owned company also based in Malta (and a previous licensee of the Excapsa Gaming Network). The directors understand that consideration for the sale payable by Blast Off was USD 130 million of which USD 10 million was to be made by way of initial payment in the form of cash and promissory note, and the remaining USD 120 million was to be paid by way of deferred consideration over the following five and a half years, (with monthly instalments of USD 1 million during the first year and USD 2 million per month thereafter). Given the relationship between GT (a wholly-owned subsidiary of Game Theory Holdings Limited) and UB, should Blast Off default in its payments to Excapsa, any consequences of such default could have a knock-on effect on UB and, ultimately, the Company’s operations.

### **Advertising online gambling**

Under the Gambling Act 2005 (the “**Act**”), which came into force on 1 September 2007, operators licensed in foreign countries are not allowed to advertise online gambling in the UK unless they are in the EEA, Gibraltar or are licensed in one of the “white-listed” jurisdictions. Only applications from Alderney, the Isle of Man and Tasmania have been accepted, whilst applications from Kahnawake and Antigua have been refused. eWorld, the Company’s operator, who holds the Kahnawake licence, is therefore currently precluded from advertising its internet gambling sites in the UK.

### **Key Personnel**

The Group’s success will depend on the retention of its Directors and any future management team. The recruitment of suitably skilled directors and retention of their services or the services of any future management team cannot be guaranteed.

### **Competition**

The Group may face competition from other entities for the same investments or acquisitions, many of which may have significantly greater financial resources than the Group.

### **Other directorships**

Investors should note that none of the Directors is in any way limited (other than by their normal duties as company directors) by way of their involvement with the Company, from acting in the management or conduct of the affairs of any other company. Should any conflicts of interest be identified, they will be declared and dealt with appropriately.

### **Economic, political, judicial, administrative, taxation or other regulatory matters**

The Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters.

### **Due diligence costs**

The Company may incur costs in conducting due diligence into potential opportunities that may not result in an acquisition being made.

### **Integration of acquisitions**

There is no guarantee that, following any acquisition, the Company will be able successfully to integrate and manage such newly acquired business.

### **Other risks**

The management of targeted companies may not always welcome pro-active involvement and may be resistant to change.

## **Legislation and Tax**

This document has been prepared on the basis of current legislation, rules and practice and the advisers' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any changes in taxation legislation and rules, and in particular any changes to bases of taxation, tax relief and rates of tax, may affect the availability of reliefs. Changes in legislation affecting the Group's business may be introduced at any time and may impact on the business operations and financial condition of the Group.

### *Remote Gaming Duty*

Recent legislation (the Remote Gaming Duty Regulations 2007) came into force on 1 September 2007 when the Gambling Act 2005 was fully implemented in September 2007 and introduced a new duty on profits secured by providers of remote gaming activities at a rate of 15 per cent. The question arose as to whether DFP could be deemed to have a gaming operation in the UK which would be chargeable to gaming duty.

The Company has taken advice from its solicitors and counsel which is in terms that as DFP does not have any premises in the UK where gaming takes place, then there is no liability to gaming duty. The Directors understand that DFP operates as a commission agent introducing clients to the Excapsa Gaming Network: DFP does not manage monies relating to the online poker gaming operation, and Game Theory is responsible for collecting the gaming income and making the necessary deductions before transferring the Net Revenue to DFP on a monthly basis in accordance with the Licence. Should DFP for any reason be deemed to have a gaming operation in the UK in the future this would have an adverse financial effect on the Company.

### **Lock-in Arrangements**

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by certain Shareholders following expiry of the lock-in period (or otherwise), as detailed in the paragraph entitled "Lock-in and Orderly Market Arrangements" in paragraph 10 of Part I of this document or the perception that these sales could occur.

### **Capital Gain**

The Ordinary Shares are intended for capital growth and therefore may not be suitable for a short-term investment. Investors may not therefore realise their original investment at all, or within the time frame they had originally anticipated.

### **Forward-looking Statements**

Forward-looking statements in this document are no guarantee of future performance and only reflect the views and assumptions as of the date of this document and are subject to risks, uncertainties, market conditions and other factors, some of which are beyond the control of the Company and are difficult to predict.

Investors should consider carefully whether investment in the Company is suitable for them in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

### **Currency risk**

The Company does transact in currencies other than pounds Sterling. All player commission and DFP net income is calculated in US dollars and converted to Sterling before being paid to the Company. The Company's performance may, therefore, be subject to exchange rate fluctuations with respect to currencies employed.

**The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an adviser authorised under the FSMA who specialises in investments of this nature before making their decision to invest.**

## PART III

### FINANCIAL INFORMATION ON DEVILFISH GAMING PLC

#### Introduction

The financial information on the Company set out below has been prepared solely for the purpose of the Admission Document.

#### Responsibility

The Directors and Proposed Directors of the Company are responsible for preparing the financial information and the contents of the document in which it is included.

#### Principal activities

The Company has the objective to establish, invest in or acquire assets, businesses or companies in the online gaming sector.

#### PRO-FORMA BALANCE SHEET

The consolidated information is based on the management accounts of Devil Fish Poker Limited at 30 September 2007 and the balance sheet of Devilfish Gaming plc at 12 November 2007.

	Note	As at 12 November	
		2007	2007
		Company	Consolidated
		£	£
<b>Fixed assets</b>			
Investment in subsidiary	2	1,950,000	
Goodwill on acquisition	3		2,008,596
Intangibles			10,000
Tangibles			526
<b>Current assets</b>		50,000	13,328
<b>Current liabilities</b>			32,450
<b>Total net assets</b>		<u>2,000,000</u>	<u>2,000,000</u>
Share capital	4	200,000	200,000
Share premium	5	1,800,000	1,800,000
		<u>2,000,000</u>	<u>2,000,000</u>

## NOTES TO THE PRO FORMA BALANCE SHEET

### 1. Statement of accounting policies

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### Group

All group subsidiaries are included in the consolidation and have been accounted for using acquisition accounting.

#### Depreciation

Tangible fixed assets are depreciated in order to write off the cost or valuation less residual value of the assets over their estimated useful lives, using the following methods and rates:

Fixtures, fittings and equipment	Straight line	33%
Computer equipment	Straight line	100%

#### Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### Goodwill

Positive goodwill arising on the purchase of subsidiaries has been capitalised and is amortised over its useful economic life of 5 years.

### 2. Fixed asset investments — company

	<u>2007</u>
	<u>£</u>
Investment in subsidiary undertakings:	
<b>Cost</b>	
At start of period	—
Additions in the period	1,950,000
At 30 September 2007	<u>1,950,000</u>

The Company's investment in subsidiary undertakings represents holdings in the following company registered in England and Wales:

	<u>Nature of business</u>	<u>Class of Share</u>	<u>% Holding</u>
Devil Fish Poker Limited	Earning commissions	Ordinary	<u>100</u>

### 3. Intangible fixed assets

#### Goodwill

	<u>Total</u>
	<u>£</u>
<b>Cost</b>	
At start of period	—
Additions	2,008,596
At 30 September 2007	<u>2,008,596</u>

#### 4. Share capital

	<u>2007</u>
	<u>£</u>
Authorised:	
Business ordinary shares of 1p each	500,000
	<u>500,000</u>
Allotted, called up and fully paid:	
Business ordinary shares of 1p each	200,000
	<u>200,000</u>

During the year 20,000,000 ordinary shares of 1p each were issued.

5,000,000 shares were issued at par. A further 15,000,000 were issued at a premium of 12p as consideration for the acquisition of the subsidiary undertaking, Devil Fish Poker Limited.

#### 5. Share premium account

	<u>2007</u>
	<u>£</u>
Arising on shares issued in the year	1,800,000
At 12 November 2007	<u>1,800,000</u>

## CORPORATE FINANCE

Europa Link, Sheffield Business Park, Sheffield, S9 1XU Telephone: 0114 251 8850 Fax: 0114 251 8851

### PRIVATE & CONFIDENTIAL

The Directors  
Devilfish Gaming Plc  
84 Talbot Road  
Old Trafford,  
Manchester  
M16 0PG

**Our Ref:** PD/CS/FJB

**Your Ref:**

24 January 2008

Dear Sirs

### Devilfish Gaming plc (“the Company”) and its subsidiary companies

We report on the financial information set out in Part III, which has been prepared for inclusion in the Admission Document dated 24 January 2008 of Devilfish Gaming plc on the basis of the accounting policies set out in note 1.

### Responsibilities

The Directors of Devilfish Gaming plc are responsible for preparing the financial information contained in Part III of the Admission Document.

It is our responsibility to form an opinion as to whether this financial information gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

### Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

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**Opinion**

In our opinion, the financial information contained in Part III of the Admission Document gives, for the purposes of the Admission Document dated 24 January 2008, a true and fair view of the state of affairs of Devilfish Gaming plc as at the dates stated and of its changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1, and has been prepared on a basis that is consistent with accounting policies to be adopted in the next annual accounts of Devilfish Gaming plc.

Yours faithfully

**Hart Shaw LLP**

## HISTORICAL FINANCIAL INFORMATION OF DEVIL FISH POKER LIMITED

### Introduction

The financial information on Devil Fish Poker Limited set out below has been prepared solely for the purpose of the Admission Document.

### Responsibility

The Directors and Proposed Directors are responsible for preparing the financial information and the contents of the document in which it is included.

### Principal activities

The principal activity of the Company continued to be that of earning commissions through signed up members gained by advertising and promoting the Company's website.

### Income statement

	<b>Period ended 30 June 2007</b>	<b>Year ended 31 December 2006</b>
	<u>£</u>	<u>£</u>
<b>Turnover</b>	5,928	12,175
Administrative expenses	<u>(96,357)</u>	<u>(467,902)</u>
<b>Operating loss</b>	<u>(90,429)</u>	<u>(455,727)</u>
Interest payable and similar charges	<u>(19,794)</u>	<u>(19,437)</u>
<b>Loss on ordinary activities before taxation</b>	<u>(110,223)</u>	<u>(475,164)</u>
Tax on loss on ordinary activities	<u>—</u>	<u>—</u>
<b>Loss for the period</b>	<u><u>(110,223)</u></u>	<u><u>(475,164)</u></u>

### Balance Sheet

	Note	<b>As at 30 June 2007</b>		<b>As at 31 December 2006</b>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b>Fixed assets</b>					
Intangible assets	1	10,000		14,583	
Tangible assets	2	<u>772</u>		<u>23,097</u>	
		10,772		37,680	
<b>Current assets</b>					
Debtors	3	<u>10,247</u>		<u>60,588</u>	
		10,247		60,588	
<b>Creditors: amounts falling due within one year</b>	4	<u>(606,306)</u>		<u>(573,332)</u>	
<b>Net current liabilities</b>		<u>(596,059)</u>		<u>(512,744)</u>	
<b>Total assets less current liabilities</b>		<u><u>(585,287)</u></u>		<u><u>(475,064)</u></u>	
<b>Capital and reserves</b>					
Called up share capital	5	100		100	
Profit and loss account	6	<u>(585,387)</u>		<u>(475,164)</u>	
<b>Shareholders' fund</b>		<u><u>(585,287)</u></u>		<u><u>(475,064)</u></u>	



## Statement of Cash Flows

	Period Ended 30 June 2007		Year Ended 31 December 2006	
	£	£	£	£
<b>Operating loss</b>		(90,429)		(455,727)
Depreciation of tangible assets		3,082		9,325
Amortisation of intangible assets		4,583		6,417
Decrease/(increase) in debtors		50,341		(60,588)
Increase in creditors within one year		19,118		366,484
<b>Cash generated from operations</b>		(13,305)		(134,089)
Receipts from sales of tangible assets	20,000		—	
Issue of ordinary share capital	—		100	
		20,000		100
<b>Application of cash</b>				
Interest paid	19,794		19,437	
Payments to acquire intangible assets	—		10,000	
Payments to acquire tangible assets	758		43,422	
		(20,552)		(72,859)
<b>Net decrease in cash</b>		(13,857)		(206,848)
Cash at bank and in hand less overdrafts at beginning of year		(206,848)		—
<b>Cash at bank and in hand less overdrafts at end of year</b>		(220,705)		(206,848)
<b>Consisting of:</b>				
Bank overdrafts		(220,705)		(206,848)
		(220,705)		(206,848)

## Accounting policies

### Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

### Turnover

Turnover represents the invoiced value of goods and services sold excluding value added tax. Turnover is due to one continuing activity: commissions earned outside of the UK. All the Company's turnover derives from within the EU.

### Intangible fixed assets

Intangible assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Devilfishpoker.com URL	–	Infinite
Website design	–	1 year

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	Straight line	–	100%
Fixtures, fittings & equipment	Straight line	–	33%

## NOTES TO THE FINANCIAL INFORMATION

### 1. Intangible fixed assets

	<u>Website Design £</u>	<u>URL £</u>	<u>Total £</u>
<b>Cost</b>			
At 1 January 2007 & at 30 June 2007	11,000	10,000	21,000
<b>Amortisation</b>			
At 1 January 2007	6,417	—	6,417
Charge for the period	4,583	—	4,583
<b>At 30 June 2007</b>	<u>11,000</u>	<u>—</u>	<u>11,000</u>
Net book value at 30 June 2007	<u>—</u>	<u>10,000</u>	<u>10,000</u>
<b>At 31 December 2006</b>	<u>4,583</u>	<u>10,000</u>	<u>14,583</u>

### 2. Tangible fixed assets

	<u>Plant and machinery, etc £</u>
<b>Cost</b>	
At 1 January 2007	32,422
Additions	757
Disposals	<u>(30,000)</u>
<b>At 30 June 2007</b>	<u>3,179</u>
<b>Depreciation</b>	
At 1 January 2007	9,325
On disposals	<u>(10,000)</u>
Charge for the period	3,082
<b>At 30 June 2007</b>	<u>2,407</u>
<b>Net book value</b>	
At 30 June 2007	<u>772</u>
<b>At 31 December 2006</b>	<u>23,097</u>

### 3. Debtors

	<u>2007 £</u>	<u>2006 £</u>
Trade debtors	759	1,756
Other debtors	<u>9,488</u>	<u>58,832</u>
	<u>10,247</u>	<u>60,588</u>

### 4. Creditors: amounts falling due within one year

	<u>2007 £</u>	<u>2006 £</u>
Bank loans and overdrafts	220,705	206,848
Trade creditors	121,757	55,930
Other creditors	<u>263,844</u>	<u>310,554</u>
	<u>606,306</u>	<u>573,332</u>

## 5. Share capital

	<u>2007</u>	<u>2006</u>
	<u>£</u>	<u>£</u>
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

## 6. Statement of movements on profit and loss account

	<u>£</u>
Balance at 1 January 2007	(475,164)
Loss for the period	<u>(110,223)</u>
<b>Balance at 30 June 2007</b>	<u>(585,387)</u>

## **CORPORATE FINANCE**

Europa Link, Sheffield Business Park, Sheffield, S9 1XU Telephone: 0114 251 8850 Fax: 0114 251 8851

### **PRIVATE & CONFIDENTIAL**

The Directors  
Devil Fish Poker Limited  
84 Talbot Road  
Old Trafford,  
Manchester  
M16 0PG

**Our Ref:** PD/CS/FJB

**Your Ref:**

24 January 2008

Dear Sirs

### **Devil Fish Poker Limited (“the Company”) and its subsidiary companies**

We report on the financial information set out in Part III, which has been prepared for inclusion in the Admission Document dated 24 January 2008 of Devilfish Gaming plc on the basis of the accounting policies set out in document.

### **Responsibilities**

The Directors of Devil Fish Poker Limited are responsible for preparing the financial information contained in Part III of the Admission Document.

It is our responsibility to form an opinion as to whether this financial information gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

### **Basis of opinion**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

The audit report, dated 14 November 2007, was unqualified.

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**Opinion**

In our opinion, the financial information contained in Part III of the Admission Document gives, for the purposes of the Admission Document dated 24 January 2008, a true and fair view of the state of affairs of Devil Fish Poker Limited as at the dates stated and of its losses, cash flows, recognised gains and losses and changes in equity for the periods then ended in accordance with the basis of preparation set out in the document and has been prepared in a form that is consistent with the accounting policies adopted in Devil Fish Poker Limited latest annual accounts.

Yours faithfully

**Hart Shaw LLP**

**PRO FORMA STATEMENT OF NET ASSETS OF  
DEVILFISH GAMING PLC AND DEVIL FISH POKER LIMITED (TOGETHER THE  
ENLARGED GROUP)**

Set out below is the unaudited pro forma statement of net assets of the Enlarged Group, prepared on the basis of the notes set out below, to illustrate how the acquisition of the Placing and admission might affect the net assets of the Company. This statement has been prepared for illustrative purposes only, and because of its nature, may not give a true and fair picture of the financial position of the Enlarged Group.

	<b>Devilfish Gaming plc 12 November 2007 Note 1</b>	<b>Devil Fish Poker Limited 30 September 2007 Note 2</b>	<b>Placing Net Proceeds Note 3</b>	<b>Adjustment Note 4</b>	<b>Group</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Non Current Assets</b>					
Investment in Subsidiary	1,950,000	—	—		1,950,000
Intangibles	—	10,000	—		10,000
Property, plant and equipment	—	526	—		526
	<u>1,950,000</u>	<u>10,526</u>	<u>—</u>		<u>1,960,526</u>
<b>Current Assets</b>					
Trade Debtors	—	729	—		729
Other Debtors and Prepayments	50,000	7,833	—	50,000	7,833
Cash and Cash Equivalents	—	4,766	1,030,000		1,034,766
	<u>50,000</u>	<u>13,328</u>	<u>1,030,000</u>	<u>-50,000</u>	<u>1,043,328</u>
Current Liabilities	—	82,450	—	50,000	132,450
Net Current Assets/(Liabilities)	<u>50,000</u>	<u>-69,122</u>	<u>1,030,000</u>		<u>1,010,878</u>
Net Assets/(Liabilities)	<u>2,000,000</u>	<u>-58,596</u>	<u>1,030,000</u>		<u>2,971,404</u>

**Notes:**

- (1) The financial information relating to Devilfish Gaming plc has been extracted, without material adjustment, from the financial information on the Company as at 12 November 2007 which is included in Part III of this document.
- (2) The financial information relating to Devil Fish Poker Limited has been extracted, without material adjustment, from the management accounts of Devil Fish Poker Limited at 30 September 2007, provided by the Directors of the Company. This information has not been audited.
- (3) The adjustment reflects the estimated gross proceeds of the Placing of approximately £1,200,000, less estimated expenses of approximately £170,000.
- (4) This adjustment reflects the inter-company debt between Devilfish Gaming plc and Devil Fish Poker Limited and the position should this debt be set-off.
- (6) The pro-forma financial information does not constitute statutory accounts within the meaning of section 240 of the Act.
- (7) Other than the matters set out in notes (3) and (4), no adjustment has been made to take account of trading, capital or other movements subsequent to the latest balance sheets and profit and loss accounts included in the financial information.

## PART IV

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY

- 1.1 The Existing Directors and the Proposed Directors of the Company (whose names appear on page 3) accept responsibility, both individually and collectively, for the information contained in this document, and for compliance with the PLUS Rules. To the best of the knowledge and belief of the Existing Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and there are no other facts, which, if omitted, would affect the import of such information.
- 1.2 In connection with this document and/or the Placing, no person is authorised to give any information or make any representations other than as contained in this document, and if given or made, such information and representation must not be relied upon as having been so authorised.

#### 2. INCORPORATION

- 2.1 The Company was incorporated and registered in England and Wales on 16 October 2007 as a public limited company with the name Devilfish Gaming Plc and registered number 6400833.
- 2.2 The Company's only operating (wholly-owned) subsidiary is DFP, which was incorporated and registered in England and Wales on 5 August 2005 as a private limited company with the name Devil Fish Poker Limited and registered number 5529624.
- 2.3 The principal legislation under which the Company operates is the Act.
- 2.4 The liability of the members of the Company is limited.
- 2.5 The registered office and principal place of business of the Company is at PO Box 666, 84 Talbot Road, Manchester M16 0PG and the Company's telephone number is 0161 873 7793.
- 2.6 The principal activity of the Company is that of a general commercial company.
- 2.7 The accounting reference date of the Company is 30 June. (This was changed from 31 October at a Board meeting held on 12 November 2007.)

#### 3. SHARE CAPITAL OF THE COMPANY

- 3.1 The Ordinary Shares are in registered form and are capable of transfer in both certificated form and uncertificated form. The register of members for the Ordinary Shares is maintained by the Company's Registrars, Share Registrars Limited.
- 3.2 At its date of incorporation the Company had an authorised share capital of £50,000 divided into 500,000 ordinary shares of £0.10 each, of which one Ordinary Share was issued to each of Mr Leech and Mr Flitcroft, the subscribers to the Company's Memorandum and Articles of Association.
- 3.3 At a meeting of the directors on 12 November 2007, it was resolved that, in connection with the Admission and Placing, the Company would purchase the whole of the issued share capital of DFP by way of share for share exchange on a three for one basis (the "**Share Exchange**") in satisfaction of the consideration for the acquisition of the shares in DFP, such consideration sum being £1.95 million. Before the Share Exchange was implemented, it was resolved that the Company assume £50,000 of outstanding debt from DFP (the "**Loan**") and that such Loan be converted into ordinary shares of 10p each in the Company (the "**Re-capitalisation**") in the following amounts:

<u>Shareholder</u>	<u>Loan Balance (£)</u>
La Vignette Ventures Ltd	21,615.10
David Ulliott	4,241.40
Channel Hotels & Properties Ltd	22,267.50
City Law	1,876.00
TOTAL	50,000.00

The two subscriber shares, which had been issued to Kevin R Leech and Andrew Flitcroft on incorporation of the Company, were transferred to La Vignette Ventures Ltd (“LVV”). The £50,000 authorised share capital was therefore issued in the following amounts:

<u>Shareholder</u>	<u>Number of shares</u>
LVV (including the two subscriber shares)	216,151
David Ulliott	42,414
Channel Hotels & Properties Ltd	222,675
City Law	18,760

- 3.4 In connection with the Share Exchange, it was resolved at the meeting on 12 November 2007 that the 500,000 ordinary shares of £0.10 each in the capital of the Company be re-designated as 5,000,000 ordinary shares of £0.01 each (the “**Re-designation**”).

The two directors of the Company, Mr Leech and Mr Flitcroft, being the initial shareholders of the Company further resolved that:

the authorised share capital of the Company be increased from £50,000 to £500,000 by the creation of 45,000,000 Ordinary Shares of £0.01 each ranking pari passu in all respects with the existing Ordinary Shares of £0.01 each in the capital of the Company;

that the directors be and are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the “**Act**”) to exercise all the powers of the company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £400,000 provided that this authority is for a period expiring five years from the date of this resolution but the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities, to the extent unused

(the “**Ordinary Resolution**”);

that the directors be and are empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) wholly for cash pursuant to the authority conferred by the previous resolution as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- a. in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
- b. otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £400,000

and shall expire five years from the date of this resolution, save that the company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired

(the “**Special Resolution**”);



- 3.5 At the board meeting on 12 November 2007, the Company resolved to enter into a share purchase agreement (the “**Share Purchase Agreement**”) between the Company and the Sellers listed in Schedule 1 to the agreement (being the shareholders in DFP). No warranties or indemnities were provided by the Sellers and the Share Purchase Agreement simply acknowledged that the Company was acquiring the existing shares in DFP in exchange for the issue of new Shares in DFG on a three for one basis. Consequently, the shareholdings in the Company as at the date of this document are the following:

<u>Shareholder</u>	<u>Number of shares</u>	<u>Percentage shareholding</u>
La Vignette Ventures Limited	5,820,310	29.1016%
Paul Dransfield	494,100	2.4705%
David Ulliott	8,895,240	44.4762%
Channel Hotels & Properties Limited	4,118,100	20.5905%
Alexis Leech	124,050	0.6203%
Liam Leech	124,050	0.6203%
Allan Leech	124,050	0.6203%
City Law	300,100	1.5005%
<b>Total number</b>	<b>20,000,000</b>	<b>100%</b>

- 3.6 At a General Meeting of the Company on 24 January 2008 the Directors were authorised to grant up to 4,800,000 options.

- 3.7 By option deeds dated 24 January 2008 the Company granted 640,000 options to Hichens, 80,000 to City Law, 640,000 to Kevin R Leech, 688,000 to Paul Barnes, 720,000 to Andrew Flitcroft and 320,000 to Karl Hutson subject to and conditional upon Admission, entitling each holder to subscribe for Ordinary Shares at 10 pence per share. Details are set out at Part I, paragraph 9.

In addition, subject to and conditional upon Admission the Company have granted options over 1,052,632 Ordinary Shares entitling Paul Barnes to subscribe for shares at 1p per share at any time from the second anniversary of Admission until the third anniversary of Admission.

- 3.8 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

- 3.9 The Company does not have in issue any securities not representing share capital.

- 3.10 There are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company.

- 3.11 As at the date of this Document, the authorised, issued and fully paid share capital of the Company is:

	<u>Authorised</u>		<u>Issued (fully paid)</u>	
	<u>Number</u>	<u>Nominal value</u>	<u>Number</u>	<u>Nominal value</u>
Ordinary Shares of 1p each	50,000,000	£500,000	20,000,000	£200,000

- 3.12 **The authorised, issued and fully paid share capital of the Company following Admission (assuming that all of the Placing Shares are issued) will be as follows:**

	<u>Authorised</u>		<u>Issued (fully paid)</u>	
	<u>Number</u>	<u>Nominal value</u>	<u>Number</u>	<u>Nominal value</u>
Ordinary Shares of 1p each	50,000,000	£500,000	32,000,000	£320,000

#### 4. SUBSIDIARY UNDERTAKINGS

The Company’s only operating subsidiary is DFP. Details of its incorporation are set out at Paragraph 2.2 of Part IV.

The Company has two dormant subsidiaries, Devil Fish Poker Room Limited (Company number 5529490) and Devil Fish Poker Academy Limited (Company number 5616377). Devil Fish Poker Room Limited was incorporated on 5 April 2005 and Devil Fish Poker Academy Limited was incorporated on 8 November 2005. Both have an authorised share capital of £100 divided into 100 shares of £1 each and an issued share capital of £1 held by DFP.

## 5. MEMORANDUM AND ARTICLES OF ASSOCIATION

### 5.1 Memorandum of Association

The Memorandum of Association of the Company provides that its principal object is to carry on business as a general commercial company. Its objects are set out in full in clause 4 of the Memorandum of Association.

### 5.2 Articles of association

The Articles of Association of the Company contain provisions *inter alia*, to the following effect:

#### 5.2.1 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares and to any other provisions of the Articles, on a show of hands every member present in person shall have one vote, and on a poll every member present in person or by proxy shall have one vote for each share held by him.

#### 5.2.2 Restrictions on voting

No member shall, unless the Board otherwise determines, be entitled, in respect of any share in the capital of the Company held by him, to vote, either in person or by proxy, at any general meeting, or separate general meeting of the holders of any class of shares of the Company, if any call or other sum presently payable by him to the Company in respect of such share remains unpaid. In the case of an equality of votes at any general meeting, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to an additional or casting vote.

#### 5.2.3 Dividends and other distributions

The Company may by ordinary resolution declare dividends, but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of the Act, the Board may pay such interim dividends (including any dividend payable at a fixed rate) as appear to the Board to be justified by the profits of the Company available for distribution.

All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may, by ordinary resolution of the Company, direct that payment of any dividend may be satisfied wholly or in part by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways. Where any difficulty arises in regard to such distribution, the Board may settle as it thinks fit. Any dividend remaining unclaimed for a period of 12 years or more after being declared or becoming due shall (if the Board so resolves) be forfeited and shall cease to remain owing by the Company.

#### 5.2.4 Transfer of Shares

All transfers of certificated shares shall be effected by an instrument in writing in any usual form or in any other form approved by the Board. Subject to the Articles, the registration of title to and transfer of any uncertificated shares shall be effected in accordance with the Uncertificated Securities Regulations 2001 and the rules of any relevant system and there shall be no requirement for a written instrument of transfer or the production of a certificate for the share to be transferred. The Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of any share which is not a fully paid share. The directors may likewise refuse to register any transfer of any share, whether fully paid or not, in favour of more than four persons jointly. The directors shall also refuse to register any transfer of a share, whether fully paid or not, made in breach of the provisions of Articles dealing with the transmission of shares. The directors may decline to register any transfer of a certificated share unless:

- a) the instrument of transfer is left at the registered office, or at such other place as the directors may from time to time determine, accompanied by the certificate(s) of the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and

- b) the instrument of transfer is in respect of only one class of share; and
- c) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

#### 5.2.5 Variation of class rights and changes of capital

If, at any time, the share capital of the Company is divided into different classes of share, the rights attached to any class or any of such rights may, subject to the provisions of the Act, whether or not the Company is being wound up, may be modified, abrogated or varied with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class.

The Company may from time to time by ordinary resolution increase its share capital by such sum, to be divided into shares of such amount, as prescribed in the resolution. All new shares shall be subject to the provisions of these Articles with reference to allotment, payment of calls, forfeiture, lien, transfer and transmission and otherwise.

The Company may by ordinary resolution:

- a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- b) subject to the Act, sub-divide its existing shares, or any of them, into shares of smaller amount and the resolution sub-dividing any share may determine that, as between the resulting shares, one or more of such shares may, as compared with the other shares, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares; and
- c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. Subject to the provisions of the Act and to any rights for the time being attached to any shares, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner.

#### 5.2.6 Restrictions on Shares

The directors may, subject to the terms of allotment of relevant shares, from time to time make such calls upon the members as they may determine in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium). If a member fails to pay any call following the directors serving a notice on him to pay such monies, any shares which are subject to the notice may be forfeited by a resolution of the Board to that effect. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share.

#### 5.2.7 Redemption and purchase of own shares

Subject to the provisions of the Act and to the rights attaching to existing shares:

- a) any shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholder on such terms and in such manner as may be provided by these Articles save that the date on or by which, or dates between which, any such shares are to be redeemed may, before the shares are issued, be fixed by the directors; and
- b) the Company may purchase any of its own shares (including any redeemable shares). As at the date of this document there are no shares in issue which are capable of being redeemed by the Company.

#### 5.2.8 Allotment of shares

Subject to the provisions of the Act or the Articles, all unissued shares (whether forming part of the original or any increased capital) shall be at the disposal of the directors who may (subject to the provisions of the Act) allot (with or without conferring a right of renunciation), grant options over, offer or otherwise deal with or dispose of them to such persons, at such times and generally on such terms and conditions as the directors may determine.

#### 5.2.9 Pre-emption rights on Allotment

Pursuant to Section 89 of the Act, the consent of the Company's Shareholders must be obtained, by means of a special resolution, before the Company may issue equity securities for cash other than pro rata to equity shareholders' existing shareholdings.

#### 5.2.10 Directors

Unless and until the Company in a general meeting determines otherwise, the number of directors shall not be less than two or more than eighteen. A director is not required to hold any shares in the capital of the Company.

Subject to the provisions of the Act, the Board may from time to time appoint one or more of its body to hold any employment or executive office (including that of chief executive or managing director) for such term and subject to such other conditions as the Board thinks fit.

The salary or remuneration of any director appointed to hold any employment or executive office may either be a fixed sum of money, or may altogether or in part be governed by the business done or profits made or otherwise determined by the Board, and may be in addition to or in lieu of any fee payable to him for his services as director pursuant to the Articles.

Directors (other than alternate directors) shall be entitled to receive by way of fees for their services as directors, such sums as the directors may from time to time determine (subject to the Articles) or such other sum as the Company may by ordinary resolution determine) and such remuneration shall be divided between the directors as they shall determine or, failing agreement, equally.

The directors are also entitled to be repaid all reasonable expenses incurred by them in the performance of their duties.

A director who pursuant to Regulations 85 and 86 of Table A has declared at a meeting of the Directors the nature of his interest in a contract, proposed contract or arrangements with the Company shall be entitled to vote in respect of that contract, proposed contract, or arrangements, or upon any matter arising there from and if he shall do so his vote shall be counted, and he may be taken into account in ascertaining whether or not a quorum is present at the meeting of the Directors or the committee at which the vote is taken."

#### 5.2.11 Borrowing Powers

Subject to the provisions of the Articles and the restrictions set out therein, the directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, or any part thereof, and, subject to the provisions of the Act to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

#### 5.2.12 General Meetings

Annual general Meetings shall be called by not less than twenty-one clear day's notice in writing and all other general meetings shall be called by not less than fourteen clear day's notice in writing (or on shorter notice if so agreed by certain thresholds depending on the type of general meeting and the nature of the resolutions to be proposed, but in no circumstances to be less than 95 per cent. of the members entitled to vote). All members are entitled to receive notice of any general meetings. A quorum at any general meeting shall be two persons entitled to vote by person or proxy.

#### 5.2.13 Winding up

Save as provided otherwise in the Articles and subject to the rights attached to any shares issued on any special terms and conditions, on a return of assets or winding up or otherwise, the surplus assets of the Company after discharge of its liabilities shall belong to and be distributed amongst the holders of shares in proportion to the number of such shares held by them respectively after deducting in respect of any share not fully paid up the amount remaining unpaid thereon (whether or not then payable).

The above is a summary only and the full provisions of the Articles are available for inspection as described in paragraph 15 of Part IV below.

## 6. DIRECTORS' AND OTHER INTERESTS

The interests of each of the Existing Directors and the Proposed Directors in the issued share capital of the Company as at the date of this document and immediately following completion of the Placing, such interests being those which are required to be notified by each director to the Company pursuant to section 5.1 of the FSA's Disclosure Rules and Transparency Rules or which will need to be entered into the register maintained under the provisions of Section 808 of the Act (or which are interests of persons connected with the directors within the meaning of section 346 of the Act, which interests would be required to be disclosed pursuant to the FSA's Disclosure Rules and Transparency Rules, and the existence of which is known or which could, with reasonable diligence, be ascertained by the Existing Directors and the Proposed Directors) as at the date of this document and immediately following the issue of the Placing Shares, are, and will be, as follows:

<i>Name</i>	<i>As at the date of this Document Ordinary Shares</i>		<i>Immediately following Admission Ordinary Shares</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
La Vignette Ventures Limited *	5,820,310	29.10	5,820,310	18.19
Andrew J A Flitcroft	—	—	50,000	0.16
Karl Hutson	—	—	36,000	0.11

\* *La Vignette Ventures Limited is held by a discretionary trust of which Kevin R Leech is a discretionary beneficiary.*

### *Options to subscribe for Ordinary Shares*

Immediately after Admission, it is intended that options will be granted to the Directors as follows:

<i>Director</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price per Ordinary Share</i>
Kevin R Leech	640,000	10p
Paul J Barnes	1,052,632	1p
	688,000	10p
Andrew J A Flitcroft	720,000	10p
Karl Hutson	320,000	10p

The options will be exercisable at any time from the second anniversary of Admission until the tenth anniversary of Admission. However, Paul Barnes may exercise at any time from the second anniversary of Admission until (i) the third anniversary of Admission, in the case of the options exercisable at 1p per share and (ii) until the seventh anniversary of Admission in the case of the options exercisable at 10p per share.

- 6.1 Other than a loan to Paul Barnes of £5,000 in respect of UK tax liability arising from the grant of certain options (as detailed at paragraph 7 below), there are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Existing Directors or Proposed Directors.
- 6.2 Save as disclosed in this Document, there are no potential conflicts of interest between any duties to the Company of the Existing Directors and Proposed Directors and their private interests or other duties.
- 6.3 Save as disclosed in this Document, no Existing Director or Proposed Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and which remains in any respect outstanding or unperformed.
- 6.4 At the date of this document and immediately following Admission, the Directors are not aware of any party (within the meaning of Part VI of the Act), other than disclosed in paragraph 6 above or set-out in this sub-paragraph 6.4, who is or immediately following the Placing will be interested directly, or indirectly, in 3 per cent. or more of the votes able to be cast at general meetings of the Company.



<u>Name</u>	<u>As at the date of this Document Ordinary Shares</u>		<u>Immediately following Admission Ordinary Shares</u>	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
David Ulliott	8,895,240	44.48	8,895,240	27.8
Channel Hotels & Properties Limited*	4,118,100	20.59	4,118,100	12.87
Mark Carmichael	—	—	2,000,000	6.25
Peter Harrison	—	—	1,000,000	3.125
Gary Moustras	—	—	1,000,000	3.125
Chris Harrison	—	—	1,000,000	3.125

\* Channel Hotels & Properties Limited is a Company controlled by David R Kirch.

## **7. DIRECTORS' SERVICE CONTRACTS, LETTERS OF APPOINTMENT AND EMOLUMENTS**

Other than as set out below, there are currently no service or consultancy agreements between any Director and the Company which do not expire or cannot be determined within 6 months, and no such contracts are proposed.

Mr Barnes's consultancy agreement may be terminated by either party giving to the other party not less than three months' notice in writing. However, in the event that the Company terminates on three months' notice before expiry of the initial term of twelve months, then provided that either the flotation of the Company has been completed or its securities listed on a recognised stock exchange, the Company shall pay Mr Barnes for the remainder of the initial twelve month term.

This agreement is subject to and conditional upon Admission. The fee to be paid to Mr Barnes on a monthly basis from December 2007 is £10,000 or €14,000 which ever is the greater. A fee of £8,500 has been paid on a monthly basis since 1 April 2007. As approved by a Board resolution dated 24 January 2008, the Company has agreed to loan to Mr Barnes £5,000 in respect of any UK tax liability arising from the grant to him of the options over 1,052,632 shares exercisable at 1p per share.

Mr Flitcroft's consultancy agreement may be terminated by either party giving to the other party not less than three months' notice in writing. However, in the event that the Company terminates on three months' notice before expiry of the initial term of twelve months, then provided that either the flotation of the Company has been completed or its securities listed on a recognised stock exchange, the Company shall pay Mr Flitcroft for the remainder of the initial twelve month term.

This agreement is subject to and conditional upon Admission. The fee to be paid to Mr Flitcroft on a monthly basis is £6,000.

Mr Hutson has entered into a consultancy agreement with the Company dated 24 January 2008, subject to and conditional upon Admission. The agreement may be terminated by either party on three months' notice. The remuneration payable to Mr Hutson is to be calculated according to the number of days worked per calendar month, as follows: €550 per day for the first 8 days worked; €400 per day for the next 4 days worked; €275 per day for any further days worked; subject to a minimum payment of two days per week and a maximum of €8,200 per calendar month, (unless otherwise agreed by the Board).

Mr Leech and Mr Mulcahy have each entered into a letter of appointment dated 24 January 2008 with the Company, subject to and conditional upon Admission. The appointments may be terminated by either party on three months' written notice and the remuneration for each individual is an annual fee of £15,000.

The aggregate remuneration (including any contingent or deferred compensation) and benefits in kind granted to the Directors by the Group during the period ended 30 June 2007 was nil. It is estimated that the aggregate remuneration of the Directors (including benefits in kind and pension contributions) for the current financial period being from 1 July 2007 to 30 June 2008 will be £293,566.47. (Remuneration to 31 December 2007 was £149,463.02. This included fees of £66,000 payable to David Ulliott, (a former director of Devil Fish Poker Limited), of which £50,000 was repaid by the issue of shares in Devil Fish Poker Limited and the Company (as detailed at paragraph 3.3 of Part IV). Estimated remuneration for the period 1 January 2008 to 30 June 2008 is £144,103.45).

## 8. ADDITIONAL INFORMATION ON THE BOARD

Other than directorships of the Company in the case of the Existing Directors only, the Existing Directors and Proposed Directors have held the following directorships or been partners in the following partnerships within the period of five years prior to the date of this Document:

<b>Director</b>	<b>Current directorships/partnerships</b>	<b>Previous directorships</b>
<b>Kevin R Leech</b>	La Vignette Ltd La Vignette Ventures Ltd Seashore Apartments Ltd Ghyll Ltd Partsworld Ltd Partsworld Engineering Ltd Kindle Ltd Glen Holdings Ltd Partsworld Product Warranty Ltd Hotpods Ltd Garden Cottage Investments Ltd Mail Direct Ltd Accura Animal Health plc Devil Fish Poker Limited	Alliall Holdings Ltd Avia 2002 Ltd Beck Ltd Boundary Property Management Ltd Buyers Guide PLC Floret Ltd Grand Hotel (Scarborough) Ltd M2L Ltd Innovation Ltd Issue Ltd Mats (UK) Ltd Millennium Properties Ltd Millennium Ventures Ltd ML Laboratories Plc Newchurch Ltd Premier Contracting & Shopfitting Ltd Quennevais Properties Ltd Seashaw Ltd Toper Ltd
<b>Andrew Flitcroft</b>	Midcross Technical Limited Devil Fish Poker Limited	Heldis Limited Flitcroft Partnership
<b>Paul Barnes</b>	<i>None</i>	IQS Interactive Quality Systems Ltd Access Gaming Systems (Europe) Ltd
<b>John Mulcahy</b>	Irish Arts Review Entertainment & Information Industries Limited RSVP Personals Europe Limited	Reed Books (Australia) Reed Educational & Professional Publishing (Australia)
<b>Karl Hutson</b>	Protaurus Retail Security Limited	Stepthru Ltd

Save as disclosed below none of the Directors have:

- 8.1 any unspent convictions in relation to fraudulent offences;
- 8.2 have been declared bankrupt or have been the subject of an individual voluntary arrangement;
- 8.3 been a director of a company which has been placed in receivership, insolvent liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;
- 8.4 been a partner in any partnership which has been placed in insolvent liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he had ceased to be a director of that company;
- 8.5 been publicly criticised or incriminated or been the subject of a sanction imposed by any statutory or regulatory authority (including designated professional bodies);
- 8.6 been the owner of any asset which has been placed in receivership or a partner in a partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership; or
- 8.7 been disqualified by a Court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

Kevin R Leech was declared *en desastre* by the Royal Courts of Jersey in October 2002 prior to a Court approved creditors voluntary arrangement in August 2004 resulting in the settlement of all claims.

In 2002, the following companies of which Kevin R Leech was a director were put into administration/receivership as part of the *desastre* process referred to above: (i) Glen Investments Ltd, (ii) Gala Consultancy Ltd, (iii) Ci4Net.com Inc and (iv) TPN Holdings PLC.

Andrew Flitcroft was the subject of an individual voluntary arrangement dated July 2004 which was settled and discharged in June 2006.

Andrew Flitcroft was previously a director of the following companies:

- (i) Laytelle (Mcr) Limited, which was placed into administrative receivership on 27 April 1999;
- (ii) Madison DCA Limited, which entered into a creditors' voluntary liquidation on 26 April 1999;
- (iii) CWJ (Radcliffe) Limited, which entered into a company voluntary arrangement on 28 September 1999; and
- (iv) Withdis Realisations Limited, which entered into a creditors' voluntary liquidation on 15 January 2001.

Andrew Flitcroft was a partner of Madisons Partnership, which went into administration in April 1999.

## 9. RELATED PARTY TRANSACTIONS

Other than as set out below there are not nor are there contemplated any related party transactions to which the Group was or will be a party.

During the period from December 2005 to mid 2006 the business of DFP was directly funded by La Vignette Ventures Limited ("**LVV Limited**"), a company registered in Jersey of which Kevin R Leech is a director. LVV is a party to the Shareholders' Agreement detailed at paragraph 12 of Part IV of this document. The Shareholders' Agreement sets out the debt to be provided by LVV. Since mid 2006, LVV Limited has paid Kevin R Leech's travel and business costs relating to the formation, operating activities and flotation of the Company. Amounts invoiced for the six month period to 30 June 2007 total £14,329 and totaled £53,815 for the period December 2005 to 31 December 2006. These figures were included in total amounts owing to creditors (as at 30 June 2007 £282,030 and as at 31 December 2006 £288,149) and were converted into ordinary shares in DFP on 12 November 2007 pursuant to a members' resolution and board meeting of the same date and into ordinary shares in the Company pursuant to resolutions passed on 12 November 2007, as detailed at section 3.3 of Part IV.

Centrix Q2 Limited (a company registered in England and Wales) ("**Centrix Q2**"), which carries out advertising, art and design and PR consultancy work for the Company, is owned by Heritage GB Plc, which in turn is owned by a discretionary trust of which Kevin R Leech is a discretionary beneficiary. Amounts invoiced during the six month period to 30 June 2007 totaled £3,092 and for the period December 2005 to 31 December 2006 £82,623. Outstanding sums due to Centrix Q2 (£2,458 as at 30 June 2007 and £11,405 as at 31 December 2006) were included within creditors.

DFP acquired a racehorse during 2006 at a cost of £30,000. The cost of the racehorse was being written down over a three year period to reflect the expected racing life of the horse. The horse was sold to LVV Limited during 2007 for £20,000.

## 10. LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings in which the Group is involved or of which the Group is aware, pending or threatened by or against any member of the Group which may have or has had a significant effect on the Group's financial position.

## 11. UNITED KINGDOM TAXATION

The statements set out below are intended only as a general guide to the tax position on the current UK tax legislation and HMRC's practice and apply only to certain categories of UK resident persons beneficially entitled to their shares held as investments. It may not apply to certain classes of shareholders, such as dealers in securities.



This summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding shares and does not generally consider tax reliefs or exemptions. All investors should consult their own professional advisers without delay.

The statements do not cover all aspects of UK taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of shares in the Company by particular investors. The statements apply only to shareholders who are the beneficial owners of the shares but are not applicable to all categories of shareholders, and in particular are not addressed to (i) shareholders who do not hold their shares as capital assets; (ii) shareholders who own (directly or indirectly) 10 per cent. or more of the Company; (iii) special classes of shareholders such as dealers in securities or currencies, broker-dealers, or investment companies; (iv) shareholders who hold shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or otherwise).

Except where indicated, the statements below in respect of the taxation of dividends and distributions and the taxation of chargeable gains only cover the principal UK tax consequences of holding shares for holders who are resident in the UK for tax purposes although it should be noted that special rules, which are not covered, apply to such holders of shares who are not domiciled in the UK.

#### 11.1 Relief available for PLUS Market securities

On issue, the Ordinary Shares will not be included in the Official List. Provided that the Company remains one which does not have any of its shares admitted to trading on a “recognised stock exchange” (which for these purposes does not include the PLUS-quoted market) and assuming that the Company remains a trading company or the holding company of a trading group for UK tax purposes, various reliefs may be available for PLUS Market securities, including Enterprise Investment Scheme relief and inheritance tax business property relief for individual investors. The precise details of reliefs are not within the scope of this summary; however any person who is in any doubt as to his or her taxation position should consult an appropriate professional adviser without delay.

#### 11.2 Taxation of Capital Gains

An individual shareholder who is either resident or ordinarily resident in the United Kingdom (whether or not domiciled there), may be liable to capital gains tax on any disposal or deemed disposal of his or her shares in the Company subject to any available exemption or relief. A disposal or deemed disposal may give rise to an allowable loss for UK Capital Gains Tax purposes.

A United Kingdom resident corporate shareholder may be liable to corporation tax on chargeable gains on any disposal of its shares in the Company.

A shareholder who is not resident (nor, in the case of an individual, ordinarily resident) in the United Kingdom, will not normally be liable to United Kingdom tax on capital gains on any disposal of shares in the Company unless the shareholder carries on a trade, profession or vocation in the United Kingdom through a branch or agency, and the shares are, or have been used, held or acquired for the purpose of such trade, profession or vocation, branch or agency. Such shareholders may be subject to foreign tax or taxes on any gain under the local laws of the territory or territories in which they reside.

An individual shareholder who has ceased to be UK resident or UK ordinarily resident for UK tax purposes on or after 17 March 1998 for a period of less than five complete tax years and who disposes of, or is deemed to dispose of, the shares in the Company during that period may also be liable to UK Chargeable Gains Tax (again subject to any exemptions or relief) as if the disposal was made in the shareholder’s year of return to the UK.

#### 11.3 Taxation of income

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company. Individual shareholders who are resident in the United Kingdom for tax purposes will be liable to income tax on the aggregate of the dividend received and the tax credit (“**the gross dividend**”). Under current UK law for individual shareholders, the value of the tax credit attached to any future dividends paid by the

Company will be one ninth of any dividend paid and will be available to set against their income tax liability. Lower and basic rate UK taxpayers will have no further liability to income tax on their dividend. Higher rate UK taxpayers will be liable to tax on all or part of the dividend plus the tax credit at 32.5 per cent. against which liability they can offset the tax credit.

No part of the tax credit is repayable no matter what the status of the recipient of the dividend.

A United Kingdom resident corporate shareholder will normally not be liable to United Kingdom corporation tax on any dividend received. No part of the tax credit will be available for set off against losses.

Shareholders who are not resident in the United Kingdom may be subject to foreign taxation in respect of the dividend received from the Company under the laws of their own country of residence as modified where applicable by any tax treaty between the UK and that country. All shareholders should consult their own tax advisers concerning their tax liabilities, both in the United Kingdom and their country or countries of residence and/or domicile, on whether they can benefit from all or any part of any tax credit and whether a relief or credit may be claimed in the jurisdiction or jurisdictions in which they are resident and/or domiciled.

#### 11.4 Stamp Duty and Stamp Duty Reserve Tax

Except in relation to depository receipt arrangements and clearance services where special rules apply, under current law, no stamp duty or SDRT will be payable on the issue of shares.

UK Stamp Duty or Stamp Duty Reserve Tax may be charged on share transfers at generally, 0.5 per cent. of the consideration paid.

**The above is a general summary of certain tax matters and is not, and should not be considered as constituting advice. Any person who is in any doubt as to his or her taxation position, or is subject to taxation in a jurisdiction or jurisdictions other than the United Kingdom, should consult an appropriate professional adviser without delay.**

## 12. MATERIAL CONTRACTS

12.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company within the period from incorporation to the date immediately preceding the date of this document or other members of the Group in the 2 years immediately preceding the date of this document and are, or may be, material:

- Corporate Adviser Agreement dated 24 January 2008 between the Company and Hichens pursuant to which the Company has appointed Hichens to act as Corporate Adviser to the Company for the purposes of PLUS. The Company will pay Hichens £15,000 plus VAT per annum upon Admission when the Company is accepted to PLUS for retaining Hichens' services as Adviser (as defined in the Corporate Adviser Agreement) following Admission.
- A Placing Agreement dated 24 January 2008 between the Company, Hichens and the Directors pursuant to which the Company appoints Hichens as its agent to procure subscribers at the Placing Price for the Placing Shares on the terms and subject to the conditions set out in such Placing Agreement and in the Placing Documents (as defined therein); The fee payable to Hichens for its services in connection with the Admission and Placing is £50,000 (exclusive of VAT). In addition, Hichens will receive an annual fee of £15,000 (exclusive of VAT) payable quarterly in advance and commission of 5 per cent. on places introduced by Hichens and 1 per cent. on other places;
- Agreement with City Law dated 19 July 2006 for the provision of legal advice and services in connection with the Admission of the Company to PLUS for a fee of £55,000 plus VAT;
- An agreement dated 15 November 2007 between the Company, Hart Shaw and Michens pursuant to which, in connection with the admission of the Company to PLUS, Hart Shaw agreed to (i) audit the accounts of the Group and (ii) act as reporting accountants for a fee of £15,000 plus VAT;

- An option agreement between the Company and Hichens dated 24 January 2008 pursuant to which the Company granted Hichens an option to acquire shares in the Company equal to 2 per cent. of the entire issued share capital of the Company as at Admission. The option may be exercised during the three year period following Admission at 10 pence per share;
- An option agreement between the Company and Paul Barnes dated 24 January 2008 pursuant to which the Company granted Paul Barnes an option to acquire Ordinary Shares in the Company equal to approximately 5 per cent. of the entire issued share capital of the Company prior to Admission (1,052,632 ordinary shares). The option may be exercised at any time from the second anniversary of Admission until the third anniversary of Admission at a price of 1p per share;
- Option agreements between the Company and each of Kevin Leech, Paul Barnes, Andrew Flitcroft, Karl Hutson and City Law dated 24 January 2008 pursuant to which the Company granted options to acquire Ordinary Shares in the Company in the following amounts:

	<i><u>Number of Ordinary Shares under option</u></i>
Kevin Leech	640,000
Paul Barnes	688,000
Andrew Flitcroft	720,000
Karl Hutson	320,000
City Law	80,000

The options may be exercised at any time from the second anniversary of Admission until the tenth anniversary (or seventh anniversary in the case of Paul Barnes' and Karl Hutson) of the date the options were granted at a price of 10p per share.

- Certain of the Directors (being Andrew Flitcroft and Karl Hutson) and shareholders in the Company prior to Admission, other than City Law have entered into lock-in agreements with the Company dated 24 January 2008 pursuant to which they have undertaken that they will not (and will use their reasonable endeavours to procure that any person with whom they are connected for the purposes of section 839 of the Income and Corporation Taxes Act 1988 will not) during a period of twelve months from Admission transfer or dispose of or grant options over any interest in Ordinary Shares held by them. In addition, they have undertaken not to transfer or dispose of any interest in Ordinary Shares or grant options over any interest in Ordinary Shares held by them for a further period of twelve months from the first anniversary of Admission except with the prior written consent of the Company and Hichens (such consent not be unreasonably withheld or delayed).
- DFP entered into a Software and Licence Agreement (the "**Licence**") with Game Theory Limited ("**Game Theory**") on 22 December 2005. Pursuant to the Licence, Game Theory grants DFP a non-exclusive, non-transferable licence to install, use and distribute poker software to end-users to access DFP's website, Devilfishpoker.com. Through the use of the software, DFP is able to operate internet poker on its website. DFP is also permitted to use the "Powered by UltimateBet" tradename in connection with DFP's poker room. The Licence acknowledges that DFP will outsource the operation of the software to an independent licensed gaming operator (see comments on Operator Agreement below).

As licensee, DFP is entitled to receive 75 per cent. of the Net Revenue (Exhibit A) and the remaining 25 per cent. is paid to GT as licensor (as per an amendment to the Licence dated 31 October 2006). Net Revenue is income from End-Users of the software less moneys due to players including bonus points, third party licence fees and applicable taxes).

Pursuant to an amendment to the Licence dated 31 October 2006 (which altered the allocation of Net Revenue from 65 and 35 per cent. respectively), the term shall run for one year from 1 November 2006. The Licence shall automatically continue for subsequent one-year terms unless either party gives at least thirty days' prior written

notice to the other party. Otherwise, either party, in its absolute discretion, may terminate by giving at least 180 days' notice of termination. No notice of termination has been received to date by either party.

Either party may terminate if the other (i) materially fails to perform or comply with the Licence or breaches any warranty set forth therein after receiving notice of the defect or breach and fails to cure such defect or breach within 5 days; (ii) becomes insolvent, enters into bankruptcy, receivership, administration, liquidation or other similar proceedings; or (iii) fails to pass the other party's "reasonable probity review".

- In November 2005, David Ulliott, on behalf of DFP, entered into an operator's agreement (the "**Operator's Agreement**") with eWorld Holdings Inc. ("**eWorld**"). Under the Operator's Agreement, eWorld agrees to operate DFP's poker site for a fee of US\$500 per month. In effect, DFP is outsourcing the operation of its poker room to eWorld. eWorld provides electronic access to its servers in Kahnawake and stores DFP's poker room software licensed from Game Theory. Pursuant to the Operator's Agreement, eWorld agrees to maintain the necessary licence to carry out the "Gaming Services", (which include payment processing and internet wagering functions, and processes related to the operations of internet wagering including the maintenance of hardware).

The term of the Operator's Agreement is the same as the term of the Licence, and may be extended in accordance with the terms of the Licence. Upon termination of the Licence for any reason, the Operator's Agreement shall immediately terminate. Otherwise, the Operator's Agreement may be terminated by DFP upon ninety days' written notice or by the eWorld upon six months notice at any time in its absolute discretion; by written agreement between the parties; or by eWorld upon thirty days' notice if required by eWorld's applicable licensing authority. Upon termination, DFP will bear the costs of obtaining alternative licensing services and any applicable hardware and software.

Either party may terminate if the other (i) materially fails to perform or comply with the Operator's Agreement or breaches any warranty set forth therein after receiving notice of the defect or breach and fails to cure such defect or breach within 5 days; (ii) becomes insolvent, enters into bankruptcy or other similar proceedings or (iii) fails to pass the other party's "reasonable probity review".

- On 23 December 2005, LVV, David Ulliott, Paul Dransfield and DFP (together the "**Shareholders**") entered into a shareholders' agreement (the "**Shareholders' Agreement**") pursuant to which the parties agree to run DFP as a joint venture. After completion, it was agreed that David Ulliott would sell to LVV 20 shares for the price of £500,000 payable in cash. (The Shareholders' Agreement acknowledges David Ulliott's expertise in the business of the worldwide promotion of poker activities including (but not limited to) the use of the name "Devil Fish" in connection with poker activities to be carried on by DFP). It is agreed that LVV will loan to DFP such sums as are necessary for DFP to meet its working capital requirements or that LVV may (in its discretion) procure banking and/or leasing or other finance facilities for DFP to meet working capital requirements. Any such sums loaned by LVV are repayable on demand (on one month's prior written notice), accrue interest at the rate of 3 per cent. over Barclays Bank plc base rate and are secured by a debenture in the form specified by LVV (to be executed on 23 December 2005). The Shareholders' Agreement came to an end when the Company acquired the entire issued share capital of DFP. In order to protect the restrictive covenant set out in clause 13 of the Shareholders' Agreement, the Shareholders entered into an agreement dated 24 January 2008 whereby they agreed that the Shareholders' Agreement would continue in full force and effect in relation to the Company, to the extent relevant (the "**Instrument of Renewal**"). The Company acknowledges that there is a possibility that the Instrument of Renewal and the Shareholders' Agreement could be interpreted as creating a concert party. Since this is not the intention, the Shareholders have subsequently revoked the Instrument of Renewal by way of a revocation deed dated 26 February 2008. The Shareholders acknowledge therein that the Shareholders' Agreement terminated when the entire issued share capital of DFP was acquired by the Company

and agree to revoke the terms of the Instrument of Renewal. The Company and DFP have instead entered into a restrictive covenant deed with Mr. Ulliott dated 26 February 2008 whereby Mr. Ulliott agrees to be bound by the terms of the restrictive covenant set out in clause 13 of the Shareholders' Agreement in respect of both the Company and DFP for so long as he holds shares in either DFG or DFP and for a period of 12 months thereafter.

- The Company has entered into a deed of undertaking dated 27 February 2008 addressed to PLUS Markets plc whereby the Company undertakes that no new arrangement shall be entered into between certain shareholders so as to potentially give rise to the presence of a concert party, without prior consultation with the Panel.

### **13. GENERAL**

- 13.1 The auditors of the Company are Hart Shaw of Europa Link, Sheffield Business Park, Sheffield S9 1XU.
- 13.2 Other than as set out herein and in particular the transactions detailed at paragraphs 3.3 and 3.4 above there has been no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information has been published.
- 13.3 The expenses of or incidental to the Placing and Admission payable by the Company are estimated to amount to approximately £170,000 (excluding VAT), including commission of £60,000 to be paid to Hichens. The net proceeds of the Placing will be approximately £1,030,000 (excluding VAT).
- 13.4 Hart Shaw has given and not withdrawn its written consent to the inclusion of references to the firm herein in the form and context in which they appear and to the inclusion of its reports and letters in the document.
- 13.5 Hichens has given and not withdrawn its written consent to the issue of this document with its name included in it and references to it in the form and context in which they appear.
- 13.6 The Company's accounting reference date is 30 June.
- 13.7 The financial information contained within this Document has been prepared in accordance with applicable law and regulations and the directors accept responsibility accordingly.
- 13.8 Other than the current application for admission of Ordinary Shares to trading on the PLUS Market, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor are there intended to be, any other arrangements for there to be dealings in the Ordinary Shares.
- 13.9 The Directors are not aware of any exceptional factors which have influenced the Company's activities nor are the Directors aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial period.
- 13.10 Save as set out in this document, there are no patents or intellectual property rights, licences or particular contracts which are of material importance to the Company's business.
- 13.11 At the date of this document the Company has no principal investments in progress.
- 13.12 Save as disclosed in this document and in particular the transfers of Ordinary Shares noted at paragraph 3 of Part IV no person (other than professional advisers otherwise disclosed in this Document) has received, directly or indirectly, from the Group during the 12 months preceding the date of this document or has entered into a contractual arrangement to receive, directly or indirectly, from the Group on or after Admission fees in excess of £10,000 or securities in the Company with a value in excess of £10,000 calculated by reference to the Placing Price or any other benefit in excess of £10,000.
- 13.13 The Ordinary Shares have not been sold, nor are they available, in whole or in part, to the public in connection with the application for Admission.

#### **14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of City Law, Pellipar House, 9 Cloak Lane, London EC4R 2RU and shall remain available for at least one month after Admission:

- 14.1 the Memorandum and Articles of Association of the Company;
- 14.2 the accountants' reports reproduced in Part III of this document;
- 14.3 the consultancy agreements and letters of appointment referred to in paragraph 7 of this Part IV;
- 14.4 the material contracts referred to in paragraph 11 of this Part IV; and
- 14.5 letters of consent referred to in paragraph 14 of this Part IV.

24 January 2008

