

5 March 2008

## Devilfish Gaming Plc

Flotation on Plus Markets

**First day of dealings today**

Over £1 million raised

Strictly embargoed until 07.00, 5 March 2008

Devilfish Gaming plc ("DFG" or the "Company"), the on-line gaming company, announces the commencement of dealings in its ordinary shares on the PLUS market today under the ticker code DEVP and the ISIN number of GB00 B28HZ89 4.

Devilfish Gaming plc is the holding company of Devil Fish Poker Limited ("DFP"), the wholly-owned subsidiary which commenced trading in December 2005. DFP was incorporated to promote Devilfishpoker.com; a membership site for internet-based multi-player poker, taking its brand name from Dave "Devilfish" Ulliott, one of the most consistent and successful international poker players and the Company's largest shareholder (27.8%). To date, the site has amassed over 6,000 registered members in the UK and other European states, with in excess of 700 depositing monies and playing cash games. DFP has already submitted Community Trade Mark applications for the registration of the Devilfishpoker.com and Devilfish logos without objection and, under the terms of a Licensing and Operator's agreement with eWorld Holdings Inc, can outsource significant running costs.

The Company is the brainchild of founding directors Kevin Leech and major shareholder David "Devilfish" Ulliott, and on Admission its Board was further strengthened by the appointment of online gambling industry expert, Paul Barnes as Chief Executive Officer, together with Karl Hutson and John Mulcahy as executive and non executive directors respectively.

### **Business Summary**

- On Admission, the Company's Board was further strengthened by the appointments of Paul Barnes, John Mulcahy and Karl Hutson.
- The Directors believe the "Devilfish" brand has potential for development
- The proceeds of the Placing will be used to fund the existing business and develop the infrastructure to grow revenues
- The proceeds of the Placing will provide working capital for the Company's initial operations in line with its marketing and growth strategy
- Capability to outsource significant running costs (under the terms of License and Operator's agreement with eWorld Holdings Inc)
- The Company will have a valuation of £3.2 million at the Placing Price on admission to the Plus Markets

### **Growth Strategy**

- The Devilfish brand will be further developed in those jurisdictions where online gaming is legal, within the UK & Ireland, European, Scandinavian and other overseas markets
- Infrastructural improvements will be implemented as a priority
- Expansion will initially take place through organic growth
- Potential further expansion through acquisitions

## **THE PLACING AND THE SECURITIES BEING ADMITTED, USE OF PROCEEDS AND REASONS FOR ADMISSION**

Pursuant to the Placing the Company has issued 12,000,000 ordinary shares of 1p each (the "Placing Shares") at 10p per Placing Share to raise £1,200,000 before expenses. The Placing Shares rank *pari passu* in all respects with the existing 20,000,000 issued ordinary shares of 1p each in the capital of the Company.

The Placing has raised 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.

### **Placing Statistics**

Placing per ordinary share (before expenses)	10p
Number of new Ordinary shares placed	12,000,000
Net proceeds of the Placing receivable by the Company	£1,030,000
Percentage of enlarged share capital subject to the Placing	<b>37.5%</b>
Market capitalisation at the placing price	£3.2 million
Number of ordinary shares in issue following admission	<b>32,000,000</b>

Hichens, Harrison & Co is acting as Corporate Adviser and Broker.

**Paul Barnes**, Chief Executive Officer, commented:

"We are delighted to be one of the few internet gaming companies to float in recent times. The funds raised from the float mean an initial market value of £3.2 million at the Placing Price, and put us in a good position to achieve solid revenue growth, in part due to the fact that we will be investing all the proceeds of the placement in the Company and in implementing our marketing strategy. We are therefore confident of further developing the Devilfish brand and of achieving our business goals".

**Kevin Leech**, non executive Chairman added:

"The strength of the Devilfish brand has been a key driver in enabling us to attract the necessary investment to list successfully on the Plus market. The flotation is set to enhance our profile amongst public investors and the public."

### **About the Directors**

#### **Kevin Ronald Leech, Non-Executive Chairman**

Mr Leech made his first fortune from his family's funeral business which he sold to the Cooperative society in the early 1980s. He invested in a biotechnology company, ML Laboratories Plc, which in 1987 became the first public biotechnology company to be listed on the London Stock Exchange. As an entrepreneur, Mr Leech has made significant investments in many private and well known companies, becoming Jersey's first billionaire.

#### **Paul J Barnes, Chief Executive Officer**

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.

#### **Andrew John Alec Flitcroft, Finance Director**

Mr Flitcroft has acted as consultant and finance director specialising in the technology and internet sectors since 1999, with a key focus on early growth companies. He has experience of venture capital backed and listed enterprises both on the UK AIM market and Nasdaq in the United States.

#### **Karl Hutson, Executive Director**

Karl Hutson has eight years experience in the internet business sector including Managing Director of Stepthru Limited, an integrated network support business, a credit risk analyst for Nexgen Financial Solutions, an Operations Executive for paddypowerpoker.com, the online poker site of the bookmaker Paddy Power, and has amassed clients that include Cardplayer Magazine, Winmedia and the Company.

#### **John Mulcahy, non-executive Director,**

Mr Mulcahy started his professional career in corporate banking with Chemical Bank Inc. (New York and London) and has held the position of Corporate Strategy Manager for Reed Elsevier plc and Managing Director of its Educational Publishing Business in Australia, New Zealand and Singapore. He has built 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 and strategist in a number of online businesses.

### **Additional information on the Directors**

The 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:

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships</i>
Kevin R Leech	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
Andrew Flitcroft	Midcross Technical Limited Devil Fish Poker Limited	Heldis Limited Flitcroft Partnership
Paul Barnes	<i>None</i>	IQS Interactive Quality Systems Ltd Access Gaming Systems (Europe) Ltd
John Mulcahy	Irish Arts Review Entertainment & Information Industries Limited RSVP Personals Europe Limited	Reed Books (Australia) Reed Educational & Professional Publishing (Australia)
Karl Hutson	Protaurus Retail Security Limited Stepthru Ltd	Stepthru Ltd

## **SUBSTANTIAL SHAREHOLDERS**

The Directors are not aware of any party (within the meaning of Part VI of the Companies Act 1985 and the Companies Act 2006 to the extent in force and as amended from time to time), other than disclosed below, who immediately following Admission will be interested directly, or indirectly, in 3% or more of the votes able to be cast at general meetings of the Company.

La Vignette Ventures Limited*	5,820,310	18.19%
Channel Hotels & Properties Limited**	4,118,100	12.87%
David Ulliott	8,895,240	27.8%
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%

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

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

## **SIGNIFICANT CHANGES**

Save for the Placing, the assumption of £50,000 of outstanding debt from DFP and the conversion of such loan into 5,000,000 Ordinary Shares in the capital of the Company and the acquisition of DFP by way of a share for share exchange for a consideration of £1.95 million, 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.

## **OUTSTANDING INSTRUMENTS CONFERRING A RIGHT TO SUBSCRIBE FOR ORDINARY SHARES**

The Company has granted share options to certain individuals entitling 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 (being 24 January 2008). 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.

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 as set out below:

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

The Company has also agreed to grant options to Paul Barnes over a further 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.

The Company has agreed to grant options over 2% of the Company on Admission (640,000 shares) to Hichens, Harrison & Co plc 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.

## **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. 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.

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.

### **Marketability of Ordinary Shares**

The Ordinary Shares are not listed or traded on any stock exchange. Notwithstanding the fact that the Ordinary Shares have been admitted to trading 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. To date, only applications from Alderney, the Isle of Man and Tasmania have been accepted. 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.

## **Enquires**

### **College Hill**

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