

# Devilfish Gaming plc

## Announcement of Interim Results

Devilfish Gaming Plc ("DFG", "the Company"), the multi-channel branded online gaming business, today announces results for the half-year to 31 December 2008.

### Highlights include:

- Strong growth in poker revenue
  - Daily poker revenues now frequently exceeding €3,000 per day.
  - Four fold increase in monthly poker revenue from July 2008 to Jan 2009
  - Gross poker revenue for Jan 2009 over €76,000 with continued encouraging growth
- Strong continuing increase in overall poker network liquidity
  - The liquidity on the Company's poker network, Entraction, increased by 108% during 2008
  - Entraction have recently entered the Top 10 poker networks ranked in order of poker liquidity
- Strong upward trend in company's key performance indicators
  - Yield per active player rising from €22 in June 2008 to €94 in Jan 2009
  - Total number of registered users signed up since our re-launch on the Entraction network is now over 8,000 with ca. 2,400 of these being active cash or tournament players
  - 30 and 90 day rolling active players are now 625 and 1,055 respectively
- Acquisition of Paramin Poker, a Hungarian on-line poker site
- Launch of "Devilfish Partners" affiliate program
- Integration of Income Access affiliate marketing software
- Brand development through several marketing channels

Paul Barnes, CEO, commented:

"Following the successful but demanding float process, and the subsequent establishment of key supplier relationships and infrastructure to start trading, the business has really come on strong during the period, and we therefore feel we can justify our continuing confidence in the inherent brand equity of Devilfish and so are excited about our future prospects as a company as we move to the next stage in our growth. Further, to achieve present revenue levels in a short space of time with a low cost base in the current competitive marketplace and difficult economic climate is very encouraging."

### Directors' Report

#### Incorporation

Devilfish Gaming Plc was incorporated on 16 October 2007, and on 12 November 2007 purchased 100% of the share capital of Devil Fish Poker Limited, which had been incorporated on 5 August 2005 and had started trading in December 2005. Following the float, Devilfish Gaming plc re-designed, and then re-launched its online gaming business at Devilfish.com on 19 May 2008.

#### Principal activities and review of the business

The principal activity of the Group is to develop the Devilfish brand and promote the devilfish.com website and associated websites through which members can participate in multi-player poker and other online gaming products via the internet.

The Company has a "Turnkey" Partner Agreement with Entraction ([www.entraction.com](http://www.entraction.com)). Entraction's gaming licenses are held in Malta allowing the Company to promote itself legally, inter alia, in the UK. The Agreement with Entraction provides DFG with two poker rooms as well as two online casinos offering a comprehensive range of popular gaming products.

During the period, we and others feel Devilfish.com has been established as the flagship brand on the Entraction network.

It is the Board's opinion that our choice of Entraction as our primary supplier has been validated, as (i) they have recently entered the Top 10 poker networks ranked in order of poker liquidity, moving from 15<sup>th</sup> position earlier in 2008 (source pokerscout.com) (ii) they have delivered a wide range of compelling new software features vastly improving the player experience on devilfish.com (iii) they have experienced an increase in traffic of over 100% during 2008

With regard to DFG, from the start we have implemented a low cost operation whereby the small core team of online gaming professionals focuses on the marketing and development of the Devilfish brand and the gaming products, while outsourcing all non-critical gaming operations, IT, customer support, payments processing, banner graphics and hosting to third party suppliers.

In terms of drivers of revenues and margins there have been significant changes to the network rules during the period including (i) rake calculation now aligned with industry norm giving approx. 7% built-in increase in gross poker revenues (ii) restructuring of the VIP points system to increase the contribution per unit player rake per VIP point by 20% (iii) restructuring of the VIP Cash Back loyalty program to appeal to a wider player base while reducing the maximum payout from 60% to 45% (iv) strategic pushing back of the willingness to allow "rake-back" payments to players on the network.

**Poker:** DFG is currently focusing on our primary product Devilfish Poker. We have seen strong month on month growth in poker from practically €0 revenues at launch to a position where we are now frequently exceeding €3,000 per day, with January 2009 poker revenues coming in at over €76,000 gross. The total number of registered users signed up since our re-launch on Entraction is now over 8,000 with ca. 2,400 of these being active cash or tournament players, whereby the 30 and 90 day rolling active players are 625 and 1,055 respectively, with yield per active player rising from €22 in June 2008 to €94 currently. The overall key performance indicators show a clear strong upward trend.

**Casino:** DFG also offers the Fire and Ice casinos accessible at [devilfishcasinos.com](http://devilfishcasinos.com), as well as Caribbean Stud Poker, and these casino games, totalling over 170, are currently promoted as side games to the existing database. It is our intention to invest in the wider promotion of the casino games via affiliates and other means during 2009.

**Bingo:** With regard to Devilfish Bingo, we have not yet been able to launch due to issues beyond our control involving 3<sup>rd</sup> party suppliers. It had been our intention to launch Devilfish Bingo in Q4 2008 and generate additional revenues during the period. We are in regular contact with Entraction to fix a launch date at the earliest opportunity.

**Acquisitions:** DFG made an acquisition during the reporting period whereby the player database of Paramin Poker (Hungary) was transferred to the Company. The transaction involved no up front payment, with Paramin Poker receiving a percentage of future revenue arising from their players. It is our intention to continue to observe the market for further consolidation opportunities.

**Affiliate Program:** DFG outsources a portion of the marketing effort to 3<sup>rd</sup> party specialists or "Affiliates", who are remunerated on a sales commission basis. In Nov 2008 DFG launched the affiliate program in conjunction with industry-leading software provider Income Access. Income Access gives our affiliates a best-of-breed interface to manage their player recruitment, as well as giving DFG a functionally rich administration environment. The affiliate program is branded as "Devilfish Partners" ([www.devilfishpartners.com](http://www.devilfishpartners.com)).

**Marketing:** In terms of marketing effort during the 6-month reporting period, we adopted a marketing mix focused on extracting maximum value from the strength of the Devilfish brand and striving to minimise the cost-per acquisition of players. The mix consisted of extensive B2C gaming-related PR, financial PR, affiliate marketing, online banner advertising, viral marketing via social networks, TV feature

programming and other media exposure, editorial and advertorial cover, exposure via large poker forums, appearances at live poker events and industry trade shows, as well as the initial steps towards a search engine optimisation (SEO) strategy.

**Cost Management:** With regard to advertising and other indirect marketing activities and sponsorships, in view of the very challenging economic environment, we decided in September 2008 cut this spending dramatically.

Our main marketing effort for now, involves devising regular on-brand promotions in tandem with clever targeted PR, while developing the affiliate side of the business further, the latter incurring cost-of-sales substantially proportional to incremental affiliate generated revenue.

In addition to reducing our marketing budgets, we have implemented further temporary cost-cutting measures, including (i) reducing the size of the board (ii) deferring a significant portion of directors' and senior executives' fees (iii) and cancelling non-essential service agreements. We believe this is prudent and demonstrates the directors' commitment to the business.

**Management Team:** During the period the experienced management team was further strengthened by our new Executive Chairman David Boden, formerly a main Board Director with The Rank Group PLC responsible for their Gaming Division, including Grosvenor Casinos, Mecca Bingo, and Blue Square online gaming business.

**Brand:** Given our continued encouraging growth in spite of low advertising spend we feel that we are demonstrating and benefiting from the inherent strength of the Devilfish brand, which augurs well for the future.

**Partners:** We are keen to investigate co-operation opportunities with strategic partners, with whom we can open new distribution paths to exploiting the Devilfish brand, and are opening dialogue with several such parties.

**US position:** It is to be noted that DFG is keen to enter the US market whenever legal to do so, and we regard ourselves as one of the few listed, unblemished, compliant companies who benefit from existing strong brand recognition in the USA.

The directors do not recommend payment of a dividend.

### **Future developments**

It remains our intention to launch online bingo in 2009, assuming the above mentioned 3<sup>rd</sup> party issues have been clarified. We believe this is a positive move into a growth market which will attract an additional player demographic and revenue stream to Devilfish. We also have the option to offer our players a Sportsbook gaming product although the timings of this are yet to be decided. In addition we are investigating other innovative niche high-yield gaming products where we see an optimal mix of high brand value and low competition.

**David Boden**  
**Executive Chairman**

**Paul Barnes**  
**Chief Executive officer**

**23 February 2009**

## INTERIM INCOME STATEMENT (UNAUDITED)

For the six months ended 31 December 2008

	<i>Consolidated</i> <i>Devilfish Gaming Plc</i>		<i>Company Only</i> <i>Devil Fish Poker Ltd</i>	
	<i>6 mths to</i> <i>31 Dec</i> <i>2008</i> £ GBP	<i>12 Nov to</i> <i>31 Dec</i> <i>2007</i> £ GBP	<i>6 mths to</i> <i>31 Dec</i> <i>2008</i> £ GBP	<i>6 mths to</i> <i>31 Dec</i> <i>2007</i> £ GBP
Turnover	<u>237,599</u>	<u>1,515</u>	<u>237,599</u>	<u>7,136</u>
Operating Expenses	332,367	13,510	320,361	103,747
Administrative Expenses	275,404	37,771	79,583	166,450
Operating Loss on ordinary activities before taxation	<u>(370,172)</u>	<u>(49,766)</u>	<u>(162,345)</u>	<u>(263,061)</u>
Interest Payable/(Receivable) and Similar Charges	(7,595)	1,065	(61)	13,919
Loss on ordinary activities before taxation	<u>(362,577)</u>	<u>(50,831)</u>	<u>(162,284)</u>	<u>(276,980)</u>
Tax on Profit on Ordinary Activities	-	-	-	-
Retained Loss for Period	<u><u>(362,577)</u></u>	<u><u>(50,831)</u></u>	<u><u>(162,284)</u></u>	<u><u>(276,980)</u></u>

### NOTES:

- The financial statements were approved by the Board on 23 February 2009.
- The above figures are unaudited and are for a period which is not the year end and therefore are not a consolidation of the statutory results of the group companies. However, the interim figures have been reviewed by the auditors.
- The Directors of Devilfish Gaming Plc accept responsibility for this announcement.

### Enquires

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### About Devilfish Gaming

Devilfish Gaming Plc (Ticker "DEVP") takes its name from the well known poker professional David "Devilfish" Ulliott, who is active in promoting the business. Ulliott is one of Europe's best known, entertaining and recognised poker players with many large wins including World Series of Poker and World Poker Tour titles to his name. The company is publicly quoted, having floated on London's PLUS market in March 2008. The company does not accept wagers from the USA, but will do if the USA authorities allow it in the future.