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This document, which is an Admission Document in relation to AIM a market operated by the London Stock Exchange, has been drawn up in accordance with the AIM Rules for Companies. It does not comprise a prospectus in accordance with the Prospectus Rules of the UK Listing Authority and has therefore not been approved by the Financial Services Authority as a prospectus. No regulatory authority in the Isle of Man has passed comments upon or approved the accuracy of this document.

The Directors of GVC Holdings PLC, whose names appear on page 9 of this document, and GVC Holdings PLC accept responsibility for the information contained in this document and individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of those Directors and GVC Holdings PLC (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 this document makes no omission likely to affect the import of such information.

Application has been made for the whole of the issued ordinary share capital of GVC Holdings PLC to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the GVC Holdings Shares will commence on AIM on Monday 24 May 2010. No application is currently intended to be made for the GVC Holdings Shares to be admitted to listing or dealt in on any other exchange.

AIM 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. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

GVC HOLDINGS PLC

(Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 2006 with registered number 4685V)

ADMISSION TO THE AIM MARKET OF THE LONDON STOCK EXCHANGE

NOMINATED ADVISER & BROKER ARBUTHNOT SECURITIES LIMITED

Share capital immediately upon Admission

Issued and fully paid

<i>Amount</i>	<i>Number</i>
€311,357.62	31,135,762

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From the date of this document until the date that is one month after the date on which Admission takes place (which is expected to be Monday 24 May 2010), copies of this document will be available at GVC Holdings PLC's website, www.gamingvc.com, and free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Arbuthnot Securities Limited. The Company's website (www.gamingvc.com) will also contain all other information required by Rule 26 of the AIM Rules.

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DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“2006 Act”	the Companies Act 2006 (as amended) of the Isle of Man
“Active Customers”	customers who have either won or wagered more than €50 Net Gaming Revenue in CasinoClub
“Admission”	the admission of the issued ordinary share capital of GVC Holdings to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the rules for AIM companies and their nominated advisers published by the London Stock Exchange from time to time
“Arbuthnot” or “Nominated Adviser”	Arbuthnot Securities Limited, a company incorporated in England and Wales with registered number 00762818 which is acting as nominated adviser and broker (as defined in the AIM Rules) to the Company and Gaming VC
“Articles of Association” or “Articles”	the articles of association of the Company
“Audit Committee”	the audit committee of the GVC Group which will continue in respect of the Redomiciled Group
“Betaland”	a branded website used by the GVC Group
“Betboo”	a branded website used by the GVC Group
“Boss Media”	Boss Media AB, a company incorporated in Sweden with registered number 556400-0353 and a major supplier of gaming software
“Boss Media Malta Casino”	Boss Media Malta Casino Ltd, a company incorporated in Malta with registered number C40930, whose registered office is at Portomaso Business Tower, Level 5, Suite 4, Portomaso PTM01, Malta and being a subsidiary of Boss Media
“Boss Media Malta Casino Software Licence Agreement”	the software licence agreement dated 27 March 2009 between Boss Media Malta Casino and Gaming VC Corporation, more fully described at paragraph 14.7 of Part 4 of this document
“Boss Media Malta Poker”	Boss Media Malta Poker Ltd, a company incorporated in Malta with registered number C37593, whose registered office is at Portomaso Business Tower, Level 5, Suite 4, Portomaso PTM01, Malta and being a subsidiary of Boss Media
“Brand Names”	the various brand names used by the GVC Group including Betaland, Betboo, CasinoClub, Poker Kings, CasinoClub Poker and Winzingo
“BST”	British Summer Time
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are open in London for general business
“Cancellation”	the cancellation of the admission of the Gaming VC Shares to trading on AIM in accordance with the AIM Rules

“CasinoClub Poker”	a branded website used by the GVC Group
“CET”	Central European Time
“City Code”	The City Code on Takeovers and Mergers
“CasinoClub”	a branded website used by the GVC Group
“Clean EBITDA”	earnings before interest, tax depreciation and amortisation and before exceptional items and share option charges
“Combined Code”	The Combined Code on Corporate Governance published by the Financial Reporting Council from time to time
“Company” or “GVC Holdings”	GVC Holdings PLC, a company incorporated and registered in the Isle of Man under the 2006 Act with registered number 4685V whose registered office is at 15-19 Athol Street, Douglas, Isle of Man IM1 1LB
“Contribution”	gross profit after marketing and affiliate charges and before operating costs and exceptional items
“Contribution Agreement”	the agreement dated 19 April 2010 pursuant to which the Transfer will be effected under which all assets and liabilities of Gaming VC (save for the Subscriber Shares and certain agreements such as those with certain professional advisers) will be transferred to GVC Holdings in consideration of the issue by GVC Holdings of the Transfer Shares to the Company, more fully described at paragraph 14.2 of Part 4 of this document
“CREST”	the relevant system (as defined in the Regulations) for paperless settlement of trades in securities and the holding of uncertificated securities which is administered by Euroclear in accordance with the UK Uncertificated Securities Regulations 2001
“Depository Interest”	the dematerialised depository interests representing underlying Gaming VC Shares
“Directors” or “Board”	the directors of the Company at the date of this document and as they are expected to be on Admission whose names are set out on page 9 of this document
“Distribution”	the distribution by the Liquidator of Gaming VC’s remaining assets (being the Distribution Shares) to the Gaming VC Shareholders as described in Part 1 of this document
“Distribution Shares” and each a “Distribution Share”	the entire issued share capital of the Company as at Admission, being together the Subscriber Shares and the Transfer Shares
“ECJ”	European Court of Justice
“EGM”	the extraordinary general meeting of the Gaming VC Shareholders to be held on or around Friday 21 May 2010 before a notary public in Luxembourg (and any further extraordinary general meeting in case of adjournment of the meeting or reconvening of the said meeting) to consider and, if thought fit, pass the Redomiciliation Resolutions
“EU”	European Union
“Euro” or “€”	the monetary unit of the European Union’s single currency

“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 02878738 and the operator of CREST
“ESOP”	the Gaming VC Holdings S.A. Share Option Plan
“Executive Directors”	the executive directors of the Company, being Kenneth Alexander and Richard Cooper
“Forte”	Forte Serviços de Desenvolvimento de Software e Suporte em Informatica Ltda, a limited liability company with head offices at Rua Sebastião Bach, No.307, 1° andar, Bairro Vila Leopoldina, in the capital city of the State of São Paulo, CEP 05304-020, enrolled with CNPJ/MF (Legal Entities’ National Registrar) under No. 09.106.935/0001-21
“FSA”	the Financial Services Authority of the United Kingdom
“FSMA”	the Financial Services Market Act 2000, as amended from time to time
“Gaming VC”	Gaming VC Holdings SA, a <i>société anonyme</i> (public limited liability company) incorporated under the laws of the Grand-Duchy of Luxembourg registered with the Luxembourg Register of Commerce and Companies under number B 104.348, whose registered office is at 13-15 Avenue de la Liberté, L-1931 Luxembourg
“Gaming VC Corporation”	Gaming VC Corporation Limited, a company incorporated in Malta with registered number C40551 whose registered office is at 2nd Floor, Palazzo Ca Brungnera, Valley Road, Birkirkara, BKR 9024, Malta
“Gaming VC Shares” and each a “Gaming VC Share”	fully paid ordinary shares in registered form of €1.24 par value each in the capital of Gaming VC of which 31,135,762 are in issue at the date of this document
“Gaming VC Shareholders”	the shareholders of Gaming VC
“Gamologist”	Gamologist Limited, a company incorporated in Malta with registration number C41637 whose registered office is at 46/2 South Street, Valletta VLT 1101
“Gomifer”	Gomifer Sociedad Anónima, a society incorporated under the laws of Uruguay with headquarters at Zonamerica Ruta 8, Km 17500, Edificio Beta 4 Esc 104, Montevideo, Uruguay
“GVC BV”	GVC Corporation B.V., a company incorporated pursuant to the laws of the Netherlands Antilles, whose principal place of business is Emancipate Boulevard 29, Purdaco, the Netherland Antilles
“GVC Group”	Gaming VC and its subsidiaries at the date of this document
“GVC Holdings Shares” and each a “GVC Holdings Share”	fully paid ordinary shares in registered form of €0.01 par value each in the capital of the Company
“ITG”	the German Interstate Treaty on Gambling

“Intera”	Intera N.V., a public limited company incorporated under the laws of the Netherlands Antilles with its registered office address at Brionplein 4, Curaçao, Netherlands Antilles and registered with the Commercial Register of the Curaçao Chamber of Commerce and Industry under number 104656
“Liquidation”	the members voluntary liquidation of Gaming VC forming part of the Redomiciliation
“Liquidator”	KPMG S.à.r.l. of 9, Allée Scheffer, L-2520 Luxembourg
“London Stock Exchange”	London Stock Exchange plc
“LTIP”	the GVC Holdings PLC 2010 Long Term Incentive Plan
“LTIP Resolution”	the Gaming VC Shareholder resolution to be proposed at the EGM approving the introduction of the LTIP
“Luxembourg Registrars”	ATC Corporate Services (Luxembourg) S.A. of 13-15 Avenue de la Liberté, L-1931 Luxembourg
“Material Territories”	the jurisdictions from where the GVC Group accepts the majority of its revenues being Germany, Italy, Austria, Spain and Brazil
“Member State”	a member state of the European Union
“Net Entertainment”	Net Entertainment Malta Ltd, a company incorporated in Malta with registered number C34838 whose registered office is at Suite A, Dolphin Court A, Embassy Way, Ta’Xbiex MSD11, Malta
“Net Gaming Revenue” or “NGR”	the fair value of consideration received or receivable. In sports betting, NGR is calculated as the gains and losses in respect of bets placed on sporting events which have taken place in the period, stated net of betting taxes and certain promotional bonuses. In casino and gaming, NGR represents the net win in respect of bets placed in games that have concluded in the period, stated net of certain promotional bonuses. In poker, NGR represents the rake or commission for games that have concluded in the period, net of certain promotional bonuses
“Non-executive Directors”	the non-executive directors of the Company, being Lee Feldman, Karl Diacono and Nigel Blythe-Tinker
“Parlay”	Parlay Entertainment Limited, a corporation incorporated pursuant to the laws of Barbados
“Playtech”	Playtech Software Limited, a company incorporated in the British Virgin Islands whose registered address is at Trident Chambers, Road Town, Tortola, British Virgin Islands
“Poker Kings”	a branded website used by the GVC Group
“Record Date”	the day on which Gaming VC is dissolved and put into liquidation, which is expected to be Friday 21 May 2010
“Redomiciliation”	the transfer of the GVC Group’s domicile from Luxembourg to the Isle of Man, comprising the Transfer, Liquidation, Distribution, Cancellation and Admission, as described in paragraph 1 of Part I of this document
“Redomiciled Group”	the GVC Group following the Redomiciliation

“Redomiciliation Resolutions”	the Gaming VC Shareholder resolutions to be proposed at the EGM approving the Redomiciliation
“Regulations”	the Uncertificated Securities Regulations 2006 of the Isle of Man (Statutory Document Number 743/06) including any modifications or any regulations made in substitution under sections 48 and 215 of the 2006 Act and for the time being in force
“Remuneration Committee”	the remuneration committee of the GVC Group which will continue in respect of the Redomiciled Group
“SDRT”	Stamp Duty Reserve Tax
“Shareholders” and each a “Shareholder”	the holders of GVC Holdings Shares
“Share Incentive Schemes”	the LTIP and the ESOP
“sportsbook”	sports betting operation
“Sterling” or “£”	the lawful currency of the UK
“Subscriber Shares”	the 100 GVC Holdings Shares held by Gaming VC at the date of this document
“Suspension”	the suspension of the admission of the Gaming VC Shares to trading on AIM in accordance with the AIM Rules
“Takeover Code”	the City Code on Takeovers and Mergers of the United Kingdom
“Transfer”	the transfer of Gaming VC’s assets and liabilities (save for the Subscriber Shares and certain agreements such as those with certain professional advisers) to GVC Holdings pursuant to the Contribution Agreement
“Transfer Shares”	the 31,135,662 GVC Holdings Shares (together with additional GVC Holdings Shares equal to the number of Gaming VC Shares over which any options are exercised prior to the Transfer) to be issued to Gaming VC pursuant to the Contribution Agreement
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“US”	the United States of America
“Users”	the registered users who have opened an online account with any of the Brand Names
“WebDollar”	WebDollar Limited, a company incorporated in Antigua and a subsidiary of Boss Media
“Winzingo”	a branded website used by the GVC Group

All references to times in this document are to CET unless otherwise stated. References to the singular shall include references to the plural, where applicable and *vice versa*.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and/or date</i>
Publication of this document	Monday 19 April 2010
Termination of Depositary Interest arrangements	4.30 p.m. (BST) on Thursday 20 May 2010
Date and time of the Suspension	7.00 a.m. (BST) on Friday 21 May 2010
Extraordinary General Meeting	10.00 a.m. on Friday 21 May 2010
Date of the Transfer	Friday 21 May 2010
Appointment of the Liquidator becomes effective	Friday 21 May 2010
Record Date for the Distribution	Friday 21 May 2010
Date of the Distribution	Friday 21 May 2010
Date and time of the Cancellation	7.00 a.m. (BST) on Monday 24 May 2010
Date and time of the Admission	8.00 a.m. (BST) on Monday 24 May 2010
Crediting of CREST accounts in respect of the GVC Holdings Shares	Monday 24 May 2010
Despatch of share certificates in respect of the GVC Holdings Shares	Within 10 Business Days of the date of Admission

Each of the times and dates in the above timetable may be subject to change.

DIRECTORS AND ADVISERS

Directors	Lee Feldman (<i>Non-executive Chairman</i>) Kenneth Jack Alexander (<i>Chief Executive</i>) Richard Quentin Mortimer Cooper (<i>Group Finance Director</i>) Karl Diacono (<i>Non-executive Director</i>) Nigel Edwin Blythe-Tinker (<i>Non-executive Director</i>)
Registered office	15-19 Athol Street Douglas Isle of Man IM1 1LB
Website	www.gamingvc.com
Nominated Adviser and Broker	Arbuthnot Securities Limited Arbuthnot House 20 Ropemaker Street London EC2Y 9AR United Kingdom
Reporting accountants	Grant Thornton UK LLP Churchill House Chalvey Road East Slough SL1 1LS United Kingdom
Proposed Auditors	Grant Thornton (Isle of Man) Limited Third Floor Exchange House 54-58 Athol Street Douglas IM1 1JD Isle of Man
UK Solicitors to the Company	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW United Kingdom
Isle of Man Legal Advisors to the Company	Cains Advocates Limited 15-19 Athol Street Douglas IM1 1LB Isle of Man
Registrars	Capita Registrars (Isle of Man) Limited 3rd Floor Exchange House 54-62 Athol Street Douglas IM1 1JD Isle of Man

**Administrators and
Registered Agent**

Cains Fiduciaries Limited
15-19 Athol Street
Douglas
IM1 1LB
Isle of Man

Liquidator

KPMG Advisory S.à.r.l
9, Allée Scheffer
L-2520 Luxembourg

PART 1

THE COMPANY AND ITS BUSINESS ACTIVITIES

1. INTRODUCTION

The Company's predecessor company, Gaming VC, was admitted to AIM on 21 December 2004. On 17 December 2009, Gaming VC announced its intention to seek the formal approval of the Gaming VC Shareholders for a redomiciliation of the GVC Group from Luxembourg to the Isle of Man by way of a transfer of Gaming VC's assets and liabilities to the Company, a newly incorporated Isle of Man company. An EGM has been convened for Friday 21 May 2010 to seek the Gaming VC Shareholders' support for the implementation of the proposed Redomiciliation and related matters.

The Redomiciliation involves the transfer of Gaming VC's assets and liabilities to the Company and comprises a number of distinct steps (as set out below).

(i) *The Transfer*

Pursuant to the laws of Luxembourg, and subject to prior Gaming VC Shareholder approval, Gaming VC will transfer its entire assets and liabilities to the Company (save for the Subscriber Shares and certain agreements such as those with certain professional advisers) pursuant to the Contribution Agreement (the terms of which are summarised in paragraph 14.2 of Part 4 of this document) in consideration for the issue by the Company to Gaming VC of the Transfer Shares. The Transfer will be conditional on the Liquidation being approved.

(ii) *The Liquidation*

Immediately following the Transfer, and subject to prior Gaming VC Shareholder approval, Gaming VC will be dissolved and put into members' voluntary liquidation and the Liquidator will be appointed. Gaming VC will be deemed to exist solely for the purpose of its liquidation.

(iii) *The Distribution*

Once appointed, the Liquidator will make the Distribution to Shareholders (including the former Depository Interest holders).

Pursuant to the Distribution, Gaming VC Shareholders will receive one GVC Holdings Share for every Gaming VC Share (or Depository Interest) they hold when Gaming VC is put into liquidation. As a result, the Shareholders will hold the issued share capital of GVC Holdings in the same proportions as they currently hold the issued share capital of Gaming VC and the ownership and issued share capital of the Company will mirror the ownership and issued share capital of Gaming VC immediately prior to the Transfer and the Distribution, save that the GVC Holdings Shares will carry a lower par value than the Gaming VC Shares.

Following the Distribution, Shareholders will hold both GVC Holdings Shares and Gaming VC Shares (with the latter having ceased to hold any intrinsic value).

(iv) *Suspension, Cancellation and Admission*

It is expected that trading in the Gaming VC Shares will be suspended at 7.00 a.m. (BST) on Friday 21 May 2010 (being the day of the EGM) and that the admission of Gaming VC to AIM will be subsequently cancelled. Application will be made for the issued share capital of GVC Holdings to be admitted to trading on AIM in its place.

It is anticipated that the Cancellation and Admission will take place at 7.00 a.m. (BST) and 8.00 a.m. (BST) (respectively) on Monday 24 May 2010 (being the Business Day after the EGM) or, if the EGM is adjourned or reconvened, the Business Day following the date of the adjourned or reconvened EGM.

2. BUSINESS

Overview

GVC Holdings is a new Isle of Man company which was incorporated on 5 January 2010 to assume the business and operations of Gaming VC, the Luxembourg incorporated holding company for the GVC Group, as part of the redomiciliation of the GVC Group from Luxembourg to the Isle of Man.

The GVC Group is primarily a European online gaming and sports betting group. Licensed in Malta and Curaçao, its principal brand is CasinoClub, a leading online casino website for German-speaking markets. Other key brands include Betaland and Betboo, which are focused on the Southern European and Brazilian markets respectively. The GVC Group also owns an online bingo site, Winzingo, and has plans to launch an additional sportsbook offering into new territories and may expand the CasinoClub brand. Importantly, the GVC Group does not accept, and has never accepted, wagers from US customers.

The GVC Group operates from offices in Israel and Malta which provide customer service, marketing and operational support for the CasinoClub and Betaland operations respectively; the operations of Winzingo and Betboo are outsourced to third party providers. The Maltese office also contains the central finance, IT and other support functions. In total, as at 31 December 2009, the GVC Group had some 70 employees and contractors.

Segmental analysis

Set out below is a segmental analysis of Net Gaming Revenue, Contribution and Clean EBITDA by individual brand based on audited published accounts and unaudited management accounts for the relevant financial periods:

<i>Figures in €'000 save where stated otherwise</i>	<i>Year ended 31 December 2007 (Restated)⁽¹⁾</i>	<i>Year ended 31 December 2008</i>	<i>Year ended 31 December 2009</i>
Net Gaming Revenue			
CasinoClub	40,639	36,475	29,626
Betaland	2,000	13,356	20,826
Winzingo	–	254	1,326
Betboo	–	–	2,180
Total	<u>42,639</u>	<u>50,085</u>	<u>53,958</u>
Gaming	41,564	43,802	44,713
Sports	1,075	6,283	9,245
Total	<u>42,639</u>	<u>50,085</u>	<u>53,958</u>
Contribution			
CasinoClub	26,942	25,841	20,640
Betaland	335	2,152	5,012
Winzingo	–	(61)	507
Betboo	–	–	1,373
Total	<u>27,277</u>	<u>27,932</u>	<u>27,534</u>
Clean EBITDA			
CasinoClub	24,845	23,856	18,399
Betaland	(327)	(1,231)	1,741
Winzingo	–	(61)	(222)
Betboo	–	–	103
	<u>24,518</u>	<u>22,564</u>	<u>20,021</u>
Central costs	(4,535)	(3,016)	(2,593)
Total	<u>19,983</u>	<u>19,548</u>	<u>17,428</u>

<i>Figures in €'000 save where stated otherwise</i>	<i>Year ended 31 December 2007 (Restated)⁽¹⁾</i>	<i>Year ended 31 December 2008</i>	<i>Year ended 31 December 2009</i>
<i>Clean EBITDA margin</i>			
<i>CasinoClub</i>	61%	65%	62%
<i>Betaland</i>	(16)%	(9)%	8%
<i>Winzingo</i>	–	(24)%	(17)%
<i>Betboo</i>	–	–	5%
<i>Total</i>	47%	39%	32%

Note:

(1) Net Gaming Revenue for the year ended 31 December 2007 has been restated to exclude €68,000 Betting Tax Duty.

CasinoClub

Originally launched in 2001, CasinoClub is a leading online casino website for German-speaking markets with around 20,000 Active Customers in 2009, including a significant legacy base of high-spending customers. The business was built on the established readership of a German language magazine for roulette enthusiasts coupled with extensive marketing. As one of the first online gaming sites targeted at German speaking players, it swiftly established a significant, loyal and high-spending customer base in German-speaking markets, many of whom remain players today.

Development of the original CasinoClub games and software was outsourced to a third party, Boss Media, which also provided operational support and electronic payment processing services. These arrangements were renegotiated in the summer of 2007 and again in early 2009. The GVC Group now licenses the games and related software from Boss Media in return for a royalty based on Net Gaming Revenue. It also uses the electronic payment processing services of Boss Media's subsidiary, Webdollar, in return for a commission based on the deposit value and pass through of third party costs. All customer service activities are now undertaken by the GVC Group in-house.

Over time, the CasinoClub customer base has matured and the number of Active Customers has started to decline. The number of Active Customers fell by 17 per cent. in 2008 leading to a fall of 10 per cent. in Net Gaming Revenue. The rate of decline in Active Customers slowed in 2009 to 16 per cent. as CasinoClub stepped up its marketing efforts and new players were recruited to replace those becoming inactive. Despite the slowing rate of decline in Active Customers, however, Net Gaming Revenue fell 19 per cent. in 2009. The Company believes that this is because average spend for new customers is lower than that of more established customers.

The Clean EBITDA margin remained in excess of 60 per cent. in 2009.

CasinoClub has applied additional management resource to the area of marketing and customer retention in order both to limit the decline in the number of Active Customers and to support spend per customer. Marketing activities include the operation of an intensive customer relationship management system with a dedicated department focused on higher-spending customers, the launch of new games and continued publication of the original CasinoClub magazine among other activities.

CasinoClub operates out of the GVC Group's Maltese subsidiary under a Maltese licence.

CasinoClub offers progressive jackpots on slot machines. Unlike some operators, it does not participate in any progressive jackpot pooling scheme and bears its own jackpot losses, accounting for them in the period in which they fall. Total jackpot losses amounted to €2.6 million, €3.1 million and €4.0 million in the years to 31 December 2007, 2008 and 2009 respectively and the largest individual jackpot loss over this period was €400,000.

Despite the decline in its legacy customer base CasinoClub remains highly profitable generating over 50 per cent. of GVC Group Net Gaming Revenue and over 90 per cent. of GVC Group Clean EBITDA before central costs in the year ended 31 December 2009.

Betaland

Betaland is an online sportsbook, casino and poker website focused on customers in Southern Europe. It was launched in September 2007 and operates under a licence from the Malta Lotteries and Gaming Authority. Net Gaming Revenue in the year ended 31 December 2009 was split approximately 43 per cent. sports and 57 per cent. gaming.

Betaland has adopted an affiliate marketing approach using a network of third-party agents to introduce customers to its sites. Net Gaming Revenues have grown rapidly since its launch and Betaland now has over 27,000 customer accounts.

Software and electronic payment processing for Betaland's sports, casino and poker operations is licensed from Gamologist and Boss Media respectively. The GVC Group also employs a team of traders and odds compilers in Malta for its sports activities. GVC Group policy is not to hedge the outcome of sports fixtures.

Betaland also offers progressive jackpots on slot machines. Unlike CasinoClub, however, it participates in a progressive jackpot pooling scheme under which it subscribes to a central fund and shares jackpot losses with other operators.

Betaland has grown its Net Gaming Revenue rapidly since launch and, after initially generating losses, generated positive Clean EBITDA during the year ended 31 December 2009 for the first time. It represented some 39 per cent. of GVC Group Net Gaming Revenue and some 9 per cent. of GVC Group Clean EBITDA before central costs for the year ended 31 December 2009. Its Clean EBITDA margin is expected, however, to remain significantly lower than that for CasinoClub because of the commission payable to affiliates amounting in total to some 60 per cent. of Net Gaming Revenue and the more volatile margins on sportsbook business.

Betboo

Betboo was established in 2005 to provide online bingo, sportsbook, casino and poker access to South American customers. It was acquired by Gaming VC in July 2009 for an initial consideration of US\$4 million (plus deferred consideration based on performance) and in the 3 months ending 31 December 2009 had over 4,000 active customers. It generated unaudited Net Gaming Revenue of \$4.4 million for the 12 months to 30 June 2009 and, in July 2009, was operating at a break even profit before tax position.

The deferred consideration, which is capped at US\$26 million and is payable in cash, will be calculated by reference to five times the audited profit after tax for the 12 month period up to the third anniversary of the acquisition less any interim payments.

The Betboo business has no employees, but instead has service contracts with third party companies, which supply customer relationship management and IT support services. The business has its own software for bingo and sportsbook and uses third-party software for poker and casino.

Winzingo

Winzingo is an online bingo site focused on the Spanish market. Launched by the GVC Group in February 2008 and with an affiliate marketing model, it had around 600 active customers per month during 2009. It is licensed in the Netherlands Antilles and uses software licensed from Parlay.

Winzingo generated around 2 per cent. of GVC Group Net Gaming Revenue and made a loss at Clean EBITDA level during the year ended 31 December 2009.

3. STRATEGY

The GVC Group announced in January 2010 three elements to its strategy:

1. Additional marketing expenditure to protect the core CasinoClub business in Germany;
2. Marketing investment to expand CasinoClub outside German speaking markets; and

3. Launch of additional sportsbooks in new territories to replicate the success the GVC Group has had in Italy.

The GVC Group announced the recruitment of two experienced managers, Jon Salmon and Jim Humberstone to lead these initiatives.

4. REGULATORY ENVIRONMENT

4.1 *Overview*

- 4.1.1 The regulation of online gambling presents possible risks to the Redomiciled Group both from existing regulation and regulation which may be introduced or changed in the future. These possible risks are described separately in Part 2 of this document.
- 4.1.2 The legal justification for the operation of the online gambling industry has, for many years, been founded on the assertion that, if online gambling is legal from the country of supply, then the laws in the country of receipt would have specifically to outlaw the activity of the customer (remotely participating in online gambling) or support services (with a presence in the jurisdiction) in order to render the operator's activities illegal and entitle the country where the customer is located or support services are sourced to assert jurisdiction.
- 4.1.3 The GVC Group, along with other online gambling companies, generally relies on this argument by supplying services only from jurisdictions in which it holds a valid gambling licence and from where it is legal to operate. It couples this with refraining from having an established physical presence in jurisdictions where its activities are expressly prohibited by local law unless the GVC Group has been advised that enforcement risk is minimal.
- 4.1.4 The position regarding online gambling varies widely from country to country. Certain jurisdictions, however, have passed laws that purport to have extraterritorial effect. These jurisdictions may argue that an online gambling operator was acting illegally in the country of receipt in accepting wagers from its citizens. By contrast, a number of countries have not passed legislation in relation to online gambling but may introduce it. Some jurisdictions have not updated legislation focused on land-based gambling which may be interpreted in an unfavourable way to online gambling. Different jurisdictions have different views to determining where gambling takes place and which jurisdiction's law applies and these views may change from time to time.
- 4.1.5 The gambling industry lobbies for the regulation of online gambling. It also lobbies against national anti-gambling laws on the ground that (at least in some places) they are a means of protecting fiscal rather than social or moral interests. Although supra-national authorities such as the European Commission, the European Court of Justice or the World Trade Organisation police freedoms to trade cross border, it is not always clear that they will ultimately support these arguments in connection with the online gambling sector.
- 4.1.6 The GVC Group monitors legal and regulatory developments in all of the Material Territories closely and generally keeps abreast of legal and regulatory developments affecting the online gambling industry as a whole.

4.2 *Licences*

The GVC Group currently holds the following betting and gaming licences and approvals:

<i>Web domain</i>	<i>Activity</i>	<i>Licensing Jurisdiction</i>
www.betaland.com	Sportsbook	Malta
	Grinder Live casino	Malta
	Boss Download casino	Malta
	NetEnt Flash Casino	Malta
	Chartwell Flash casino	Alderney
	Boss poker	Malta

<i>Web domain</i>	<i>Activity</i>	<i>Licensing Jurisdiction</i>
www.betaland.pl	Sportsbook	Malta
	Grinder Live casino	Malta
	Boss Download casino	Malta
	NetEnt Flash Casino	Malta
	Chartwell Flash casino	Alderney
	Boss poker	Malta
www.betaland.ro	Sportsbook	Malta
	Grinder Live casino	Malta
	Boss Download casino	Malta
	NetEnt Flash Casino	Malta
	Chartwell Flash casino	Alderney
	Boss poker	Malta
www.betaland.cz	Sportsbook	Malta
	Grinder Live casino	Malta
	Boss Download casino	Malta
	NetEnt Flash Casino	Malta
	Chartwell Flash casino	Alderney
	Boss poker	Malta
www.betaland.hu	Sportsbook	Malta
	Grinder Live casino	Malta
	Boss Download casino	Malta
	NetEnt Flash Casino	Malta
	Chartwell Flash casino	Alderney
	Boss poker	Malta
www.casinoclub.com	Boss download casino	Malta
www.casinoclub.net	Boss download casino	Malta
www.casino-club.com	Boss download casino	Malta
www.casinoclub-poker.com	Boss Poker	Malta
www.pokerkings.com	Boss Poker	Malta

4.3 *European Union Countries*

4.3.1 The Treaty on the Functionality of the European Union (“TFEU”) enshrines the principle that each Member State can freely trade with others. Unjustified restrictions by a Member State’s domestic law on the supply and movement of goods, services, people and capital are not permitted. However, Member States are permitted to impose discriminatory restrictions in order to safeguard the public interest (e.g. the protection of players and society at large and the prevention of crime). Some Member States may implement lawful monopolistic regimes that accord with these public interest requirements.

4.3.2 A number of Member States including France, Belgium, Denmark, Sweden, Spain and the Czech Republic have indicated that they will open up their markets or have, in the case of Italy, already done so. While helpful, the extent to which they will do so has yet to be determined. Such a move may be motivated by a desire to generate revenue through taxes and licence fees. It is unclear whether it will be lawful for the Member State to require non domestic operators to obtain a local licence and account for tax if they wish to target and supply gambling services to customers based there.

4.3.3 It is questionable whether a Member State could legitimately grant licences to domestic operators, while at the same time prohibiting operators licensed in other Member States from trading with its citizens. This may be particularly so where the Member State’s licensing requirements are not as stringent as the requirements in the other Member State and could not therefore be justified as being legitimate to prevent fraud, crime or other social harm.

- 4.3.4 Some Member States are likely to lobby for acceptance of a local licensing requirement as it guarantees them revenue through tax and licence fees. Whether the European Commission (and European Court of Justice via cases referred to it) will generally support this is unclear. The recent European Court of Justice case that ruled in favour of Casa da Misericórdia de Lisboa's continued monopoly rights in Portugal may embolden monopoly operators.
- 4.3.5 Local licences may become the norm in the EU, rather than the exception. If the Redomiciled Group is able to obtain local licences, it will benefit from a strengthened legal position. However, it would also be likely to face operational issues, which the existing and proposed licensing regimes have given rise to, or would give rise to, if implemented in the way currently envisaged.

4.4 *Country specific regulatory overview*

The following analysis provides a country by country overview of the key legal and regulatory issues within the jurisdictions from where the GVC Group accepts the majority of its revenues.

Germany

- 4.4.1 Online gambling is generally prohibited in Germany by the Interstate Treaty on Gambling (ITG), which came into force on 1 January 2008 and is valid until 31 December 2011 (although it could be extended further by the state prime ministers). A total ban on private internet gambling operations was introduced as a part of the ITG and applies whether an operator is foreign or domestic, state-run or private. It prohibits both advertising for gambling on television, the internet and by all telecommunications media as well as advertising for unlawful gambling via the internet. Article 284 of the German Criminal Code (StGB) imposes criminal sanctions on operators who provide online gambling services in Germany without "permission of a public authority" and Article 285 StGB makes it illegal for the customer to participate in such unauthorised activities.
- 4.4.2 In order to enforce the online gambling prohibition, the ITG (section 9 para. 1 subpara. 4 and 5) makes it possible for state gambling authorities to block financial transactions and internet services providers (ISP). No such provisions have yet been activated. Furthermore neither the German ISPs nor the German payment providers agreed to the state request to voluntarily block internet gambling services. An additional barrier used in Germany is geotargeting. After the treaty came into effect, the various state authorities demanded that operators close down their websites completely or use geotargeting.
- 4.4.3 Up until 2010, which is the year by the end of which the ITG is to be evaluated by the legislator and the gaming industry concerning, for instance, its effectiveness in reaching its aims, no website operated by a server located abroad has been blocked. Neither ISP-Blocking nor Financial Blocking, both of which are regulated in the ITG as enforcement tools, have ever been used so far due to the resistance of the ISP and the banking industry.
- 4.4.4 Further, politicians are beginning to take steps towards legalising internet gambling. In a statement issued in mid April 2010, Mr. Christian Dürr, the parliamentary leader of the German Liberal Party, the FDP, in Lower Saxony, followed the government of the Federal State of Schleswig-Holstein and called for a reform of the ITG, stressing that experts in the fields of addiction, economics and law are all opposed to a ban on internet gambling as a suitable tool to properly regulate the gaming industry. A controlled liberalisation from 2012 onwards could be the roadmap to be used in Germany. A common political decision is expected at the end of 2010.
- 4.4.5 The European Commission has initiated formal infringement proceedings regarding the ITG. The commission expressed concern that a complete ban on the use of the internet was, amongst other things, neither proportionate nor justified and that German gambling law as a whole may not be consistent as its provisions do not apply to horse racing or slot machines which are regulated at federal level. In addition, Germany is awaiting the ECJ judgments relating to eight

referred gambling cases, in the hope that some clarity will be provided on the legal status of the country's state-based and often prohibitory approach to gambling regulation.

- 4.4.6 In March 2010, the new Commissioner for the Internal Market, Michel Barnier, again put up for discussion the question regarding how online gaming should be regulated in Europe. He announced a Green Paper on possible policy options that will be published by the end of the year. As nine infringement procedures are currently pending in the area of cross-border sports-betting, there is a perceived need for a change in national legislation to ensure compliance with EU rules. By means of the Green Paper, a constructive dialogue is being sought with the European Parliament, the Member States and stakeholders concerned in order to find alternative solutions for the still ongoing infringement procedures.
- 4.4.7 Approximately 43 per cent. of the GVC Group's Net Gaming Revenue for the year ended 31 December 2009 was generated from the German market.

Italy

- 4.4.8 Italy is already a fully liberalised jurisdiction which allows internet gaming subject to the holding of a locally-granted gaming licence. Since the disposal of GVC Corporation S.p.A, the GVC Group no longer has an Italian licence. The GVC Group operates in the EU under the GVC Group's licence which was granted in Malta.
- 4.4.9 Approximately 39 per cent. of the GVC Group's Net Gaming Revenue for the year ended 31 December 2009 was generated from the Italian market.

Austria

- 4.4.10 The primary law regarding gaming activities in Austria is the Austrian Gaming Act, which, among other things, prohibits a cross-border supply of gambling activities in Austria, as gambling activities via electronic media (i.e. online casino, lottery and poker games) offered internationally are subject to the national gambling monopoly. Section 56 of the Austrian Gaming Act contains provisions concerning the advertisement of gambling products. In general, only the concessionaries of the gambling monopoly are allowed to advertise gambling products within Austria. However, due to several court decisions which determined that some provisions of the Austrian Gaming Act are discriminatory and non-compliant with EU law, Austrian Courts have refrained from enforcing these provisions.
- 4.4.11 Besides the Austrian Gaming Act, Article 168 of the Austrian Criminal Code imposes criminal sanctions on operators and promoters of games of chance who seek to obtain revenues for themselves or for third parties, as well as on professional participants.
- 4.4.12 Following the infringement proceedings launched by the European Commission, the Austrian Gaming Act has been subject to several changes in previous years. However, concerns regarding the compatibility of the Act with EU legislation remain, in particular over the issue of the provision of cross border gambling services, as Austria has amended the Act to allow land based casino operators based in the EU to promote their services, yet did not extend this right to apply to online gambling operators licensed in the EU.
- 4.4.13 Regarding the latest developments, it seems that one approach taken by the government is to tax stakes wagered with illegal gaming operators. As part of the pending gaming reforms, the Austrian Fees Act is set to be amended, deeming bets entered into domestic territory as subject to domestic tax with the result that the Austrian government on the one hand declares internet gambling to be illegal while seeking to tax it on the other hand.
- 4.4.14 Approximately 7 per cent. of the GVC Group's Net Gaming Revenue for the year ended 31 December 2009 was generated from the Austrian market.

Spain

- 4.4.15 Under Organic Act no. 12/1995 (as amended by Act no. 42/2006) and Act no. 34/1987, Spanish law expressly prohibits the provision and promotion of gambling that is carried on in Spain without authorisation. These regulations apply to offshore online gambling (such as that carried out by the GVC Group) where such activity has a “permanent establishment” in Spain. The GVC Group has a Spanish language website, extended online and offline marketing activities and has hired Spanish companies which provide marketing services and call-centre services to the GVC Group’s Spanish customers. Nonetheless, to date, the Spanish authorities have adopted a permissive approach towards the operation and/or advertising of non-authorised remote gambling activities.
- 4.4.16 Spain is expected to introduce a specific nationwide licensing regime for online gambling in due course. It is also likely that before such national regime is put in place, several regional governments will enact their own licensing systems, even though the scope of such regimes will be limited to the corresponding regional territories.
- 4.4.17 In the short term (and while no new regulations are introduced), the expectation is that the tolerant approach of the Spanish authorities will continue towards offshore online gambling operators such as the GVC Group, even where arguably they have a permanent establishment in Spain, unless aggressive marketing practices (i.e. practices that have not been tolerated by the Spanish authorities such as, for example, prime-time TV advertisement campaigns) are used.
- 4.4.18 Approximately 3 per cent. of the GVC Group’s Net Gaming Revenue for the year ended 31 December 2009 was generated from the Spanish market.

Brazil

- 4.4.19 The principal piece of legislation applicable to the Brazilian online sector is Article 50 of the Criminal Contraventions Law of 1941, which makes it an offence to ‘establish or exploit gaming/betting in a public place or one accessible by the public’. While there might be academic and practical debate surrounding the applicability of these provisions to online gambling (especially in relation to the internet being considered, or not, a place or space accessible by the public), the matter has not been considered by the local courts.
- 4.4.20 In the context of the above, while the GVC Group is unaware of any actions having been taken by the Brazilian authorities to block transactions or impose penalties on banks and credit and debit card companies processing payment transactions involving offshore online gaming and betting providers and their customers in Brazil, the GVC Group has been advised that Brazilian legislation currently in force does permit such entities to act accordingly, especially if it is ultimately determined that the provision of online gaming and betting services (even if furnished by duly licensed offshore online providers) to Brazilian residents is considered an illegal activity in Brazil. Further, Article 814 of the Brazilian Civil Code determines that, except for legally permitted gaming and betting, debts resulting from illegal gaming and betting cannot be enforced for payment.
- 4.4.21 In the meantime, the GVC Group (which has no established physical presence in Brazil) has been able to advertise in the jurisdiction.
- 4.4.22 There is currently governmental discussion regarding the regulation of online gambling, with several bills of law (for and against offline and online gambling) currently under way before the Brazilian Congress. The timeframes for such bills of law are currently unclear.
- 4.4.23 The GVC Group acquired its Brazilian business on 2 July 2009. Approximately 4 per cent. of the GVC Group’s Net Gaming Revenue for the year ended 31 December 2009 was generated from the Brazilian market.

5. SUMMARY FINANCIAL INFORMATION

Set out below is summarised financial information on the GVC Group for the three financial periods ended 31 December 2009 which has been extracted from the historical financial information on Gaming VC referred to in Part 3 of this document:

<i>Figures in €'000 save where stated otherwise</i>	<i>Year ended 31 December 2007 (Restated)</i>	<i>Year ended 31 December 2008</i>	<i>Year ended 31 December 2009</i>
Net Gaming Revenue	42,639	50,085	53,958
Gross Profit	33,405	40,922	44,525
Contribution	27,277	27,932	27,534
Other operating costs	(7,294)	(8,384)	(10,106)
Clean EBITDA	19,983	19,548	17,428
Exceptional items	–	(1,917)	(1,538)
Share option charges	(815)	(557)	(213)
Depreciation and amortisation	(2,976)	(716)	(1,449)
Operating Profit	16,192	16,358	14,228
Profit before tax	16,631	16,903	13,820
Earnings per share – diluted	€0.534	€0.521	€0.424
Earnings per share – diluted before exceptional items	€0.534	€0.582	€0.473
Dividends per share – declared	€0.40	€0.40	€0.20
Total equity attributable to the Company's shareholders ⁽¹⁾	71,962	76,608	77,821
Net cash and cash equivalents	15,859	18,834	19,195

Note:

- (1) Net Gaming Revenue for the year ended 31 December 2007 has been restated to exclude 68,000 Betting Tax Duty. Figures for the year ended 31 December 2007 have also been restated to reflect (i) the transfer of €1,236,000 Affiliate Commission from Cost of Sales into other operating costs and (ii) to show foreign exchange charges of €312,000 previously shown as financial expense within other operating costs.

The GVC Group's underlying performance over the three years ended 31 December 2009 reflects the offsetting impacts of the mature, declining but still highly profitable CasinoClub business and the younger, less profitable but rapidly growing Betaland business described in paragraph 2 above.

6. CURRENT TRADING AND FUTURE PROSPECTS

In its announcement of its preliminary results for the year ended 31 December 2009 released on 19 April 2010, the GVC Group stated:

The first three months of 2010 have been broadly in line with budget. Group revenues were €14.8 million compared to €14.9 million in Q1 2009. The following table illustrates revenues per business unit compared to the previous four quarters and the relevant sports margin percentage for comparison:

	<i>Q1-09</i>	<i>Q2-09</i>	<i>Q3-09</i>	<i>Q4-09</i>	<i>Q1-10</i>
Betaland					
– number of bets (in 000's)	1,289	1,017	722	1,167	1,621
– average bet size	€12.6	€15.2	€13.9	€10.5	€9.9
– value of bets	16,299	15,475	10,006	12,271	16,018
– betting margin %	23.40%	8.80%	14.38%	23.69%	15.03%
– sports revenues net of					
taxes and duties	3,645	1,220	1,355	2,837	2,392
– gaming revenues	2,968	3,061	2,279	3,461	3,932
– total revenues	6,613	4,281	3,634	6,298	6,324
CasinoClub	8,021	7,038	7,123	7,443	7,093
Betboo	–	–	1,126	1,054	1,027
Winzingo	242	314	378	392	325
	<u>14,876</u>	<u>11,633</u>	<u>12,261</u>	<u>15,187</u>	<u>14,769</u>

CasinoClub is running in line with management's expectations with NGR around 5 per cent. lower than in Q4 2009.

Betaland's sports margin percentage for Q1 2009 was favourably affected by a large number of shock results in Serie A in Italy. In Q1 2010, the margin of 15 per cent. is closer to the long-term running margin. The Board is encouraged that the number of bets has increased by around one third since Q1 2009. Gaming revenues from Betaland have also increased by just under €1 million since Q1 2009.

Betboo is trading in line with management's expectations, which are broadly to increase the customer base whilst remaining at break-even level. The number of new funded customer accounts grew by 66 per cent. to 2,462 compared with 1,480 in Q1 2009. The number of active players was 5,440 compared to 3,622 in Q1 2009.

The GVC Group announced in January 2010 its new three part strategy and the resulting financial impact of these elements was expected to be €7 million in 2010, however the expansion of CasinoClub outside German speaking markets has been delayed pending the dispute with Boss Media Malta Casino (further information can be found in paragraph 13 of Part 4 of this document) and as a result the Redomiciled Group now expects to invest a total of €5 million during 2010, €2 million lower than earlier anticipated.

Whilst the gaming industry continues to face challenging economic conditions, the Board believes that the Redomiciled Group has the right team and strategy in place to trade through this and to continue to pay dividends to its shareholders.

7. DIRECTORS AND SENIOR MANAGEMENT

Directors

On Admission, the Board will comprise two Executive Directors and three Non-executive Directors (including the Chairman):

Lee Feldman (*age 42*) *Non-executive Chairman*

Lee holds a law degree from Columbia University and is currently the Managing Partner of Twin Lakes Capital, a private equity firm based in New York City. He joined the Board on 4 March 2010 and has served on the board of directors of Gaming VC as a non-executive director since its admission to AIM in December 2004 and as Chairman since September 2008. He is a member of both the GVC Group Audit and Remuneration Committees and will remain a member of each of these committees within the Redomiciled Group. He currently serves on a number of boards, including MacKenzie-Childs LLC, LRN Corporation and RM Auctions Inc. Prior to joining Twin Lakes Capital, he was a partner at Softbank Capital Partners, a US private equity fund focused on technology and media enterprises. He is a US citizen.

Kenneth Alexander (age 40) *Chief Executive*

Kenneth joined the Board on 4 March 2010 and has served on the board of directors of Gaming VC since February 2007 when he joined the GVC Group as Chief Executive. He was formerly Finance Director, then Managing Director, of the European operations of Sportingbet plc, the AIM listed internet gaming and sportsbetting company which he joined in 2000. He is a member of the Institute of Chartered Accountants of Scotland and previously worked for Grant Thornton.

Richard Cooper (age 49) *Group Finance Director*

Richard joined the Board on 4 March 2010 and has served on the board of directors of Gaming VC since December 2008 when he joined the GVC Group as Group Finance Director. He spent the early part of his career in the financial markets where he was finance director at the principal UK subsidiary of the Tullett and Tokyo Group (a forerunner of Tullett Prebon plc) and Chief Financial Officer at Fidelity Brokerage. He then undertook a number of restructuring roles including working as finance director at Patsystems Group plc. In early 2005, he became a founder director of Trident Gaming plc which bought, developed and then sold the Gamebookers business. He is a qualified Chartered Accountant.

Karl Diacono (age 47) *Non-executive Director*

Karl joined the Board on 4 March 2010 and has served on the board of directors of Gaming VC as a non-executive Director since December 2008. He chairs the GVC Group Audit Committee and serves on the Remuneration Committee and will continue to chair the Audit Committee and to serve on the Remuneration Committee within the Redomiciled Group. He holds a Masters Degree in Management and is currently CEO of Fenlex Corporate Services Limited, a corporate service provider based in Malta, and managing director of Impetus Europe Consulting Group. He is also a non-executive director of various online gaming companies and is actively involved in the hospitality industry. Karl is also a Director of Gaming VC Corporation, a Maltese subsidiary of the GVC Group to which Fenlex Corporate Services Limited also provides certain payroll and administrative services. He is a Maltese citizen.

Nigel Blythe-Tinker (age 59) *Non-executive Director*

Nigel joined the Board on 4 March 2010 and has served on the board of directors of Gaming VC as a non-executive Director since its admission to AIM in December 2004 and as Chairman from December 2004 to November 2006. He chairs the GVC Group Remuneration Committee and serves on the Audit Committee and will continue to chair the Remuneration Committee and to serve on the Audit Committee within the Redomiciled Group. He is also the Executive Chairman of Pentasia Limited, (a recruitment business specialising in the gaming sector) and is a director of Uluvka Limited (a vodka business). He was previously a consultant and adviser to Coral Eurobet Limited and, from 1999 to 2004, group company secretary and head of legal at William Hill plc as well as a member of the executive management team. Prior to this, he held various senior executive positions at Michael Page plc, Thorn Lighting Group plc, Framlington Group plc and The Rank Organisation plc.

The Company is currently seeking to appoint an additional independent non-executive Director.

Further information on the Directors, including interests held by them in the share capital of the Company, is given in Part 4 of this document.

Senior management

Other members of senior management include:

Jon Salmon – *Head of CasinoClub*

Jon joined the GVC Group in January 2010 as Managing Director of CasinoClub and is responsible both for its expansion into new geographic markets and for additional marketing spend to maintain the existing German business. He was formerly Chief Marketing Officer for PartyGaming Plc and founder and former managing director of Ads Dot Com.

Jim Humberstone – Head of Betaland excluding Southern Europe

Jim Humberstone will be joining the GVC Group in April 2010 to spearhead the expansion of the Betaland sportsbook offering into new geographical markets. He was formerly South Eastern Europe Regional Sales Manager for Sportingbet plc and previously spent two and a half years as Head of Sportsbook for Sportingbet plc, building its market-leading sports betting product.

Almir Ribeiro – Co-head of Betboo

After obtaining a law degree, Almir has had 12 years experience in the internet business. From early on, Almir started developing websites and working with video streaming and has had more than 8 years experience running software development for gaming and also creating and operating a gaming business in the Latin America gaming industry.

Wado Russo – Co-head of Betboo

After obtaining a degree in economics, Wado has been an entrepreneur since 1996. He has around 10 years experience of the internet business, running software development for gaming and also creating and operating a gaming business in the Latin America gaming industry.

8. SHARE INCENTIVE SCHEMES

8.1 ESOP

Options to acquire ordinary shares in Gaming VC (“Options” and each an “Option”) are currently outstanding under the terms of the ESOP. Gaming VC has agreed with the Company to vary, subject to the agreement of each holder of Options conditional on the Transfer, the terms of certain of these Options so as to become options over GVC Holdings Shares rather than Gaming VC Shares. Further details of the ESOP and the variations to the terms of the Options are set out in paragraph 10.2 of Part 4 of this document.

On Admission, Options will be outstanding under the ESOP to acquire up to 829,590 GVC Holdings Shares, representing up to approximately 2.7 per cent. of GVC Holdings’ issued share capital, at exercise prices ranging from 100p to 138.16p per share. Further details of the Options held by Directors are set out in paragraph 7.2 of Part 4 of this document.

8.2 LTIP

In order to incentivise employees of the Group, the Company’s Remuneration Committee (the “Remuneration Committee”) is proposing to adopt a new long term incentive plan, the GVC Holdings PLC 2010 Long Term Incentive Plan, subject to Gaming VC Shareholder approval of the LTIP Resolution at the EGM. The LTIP will become effective upon Admission. A summary of the terms of the LTIP is contained in paragraph 10.1 of Part 4 of this document.

Shortly following Admission, and subject to Gaming VC Shareholder approval of the LTIP at the EGM, the Remuneration Committee intends to grant options to Directors and selected staff members and consultants over, in aggregate, 2,500,00 GVC Holdings Shares representing approximately 8.0 per cent. of the GVC Holdings Shares in issue upon Admission assuming no prior exercise of Options. Further details of the grants to be made to Directors are set out in paragraph 7.3 of Part 4 of this document.

It is the Remuneration Committee’s intention that no further awards under the LTIP will be granted to any holder of an award granted on or shortly following Admission, within the period of two years following the date of grant of the relevant awards.

9. CORPORATE GOVERNANCE

9.1 The Directors recognise the importance of sound and effective corporate governance commensurate with the status of the Company as a company admitted to trading on AIM, as well as taking into account the interests of Shareholders. Whilst the Company is not subject to the Combined Code

applicable to companies listed on the Official List, it intends to comply, as far as practicable and applicable, with the Corporate Governance Guidelines for AIM Companies as published by the Quoted Companies Alliance.

- 9.2 An Audit Committee and a Remuneration Committee were established by the GVC Group and will continue in respect of the Redomiciled Group. In view of the small size of the Board, the Directors do not currently consider it appropriate to appoint a Nominations Committee.
- 9.3 The Company will normally hold at least six board meetings throughout the year. The Board is responsible for formulating, reviewing and approving the Redomiciled Group's strategy, budgets, major investments and acquisitions.
- 9.4 The Audit Committee is chaired by Karl Diacono and is also attended by Richard Cooper by invitation. It meets at least twice each year and is responsible for ensuring that the financial performance is properly monitored and reported on and for meeting with the auditors and reviewing reports from the auditors relating to accounts and internal control systems.
- 9.5 The Remuneration Committee is chaired by Nigel Blythe-Tinker. It reviews the performance of the Executive Directors and sets the scale and structure of their remuneration. It also reviews the basis of their service agreements with due regard to the interests of the Shareholders and makes recommendations to the Directors concerning the allocation of share options to employees. No Director is permitted to be present or participate in discussions or decisions concerning his own remuneration.
- 9.6 The Company has adopted a share dealing code for Directors' and key employees' share dealings which the Directors believe is appropriate for an AIM quoted company. The Directors will comply with Rule 21 of the AIM Rules relating to Directors' dealings and in addition will take all reasonable steps to ensure compliance by the Redomiciled Group's applicable employees.

10. DIVIDEND POLICY

- 10.1 The Directors expect, in the absence of unforeseen circumstances, to declare a special dividend, payable in June 2010 in lieu of any Gaming VC final dividend in respect of the year ended 31 December 2009, of not less than €0.50 per GVC Holdings Share.
- 10.2 The level of the Redomiciled Group's future dividends will be affected by the Redomiciled Group's strategic initiatives and as previously announced, profits for 2010 are expected to be materially lower than in 2009. However, the Redomiciled Group intends to continue to pay out approximately 75 per cent. of net cash generated by way of dividend, subject, in 2012, to being able to fund the expected deferred consideration payable on 30 September 2012 in respect of the acquisition of Betboo.

11. TAXATION

General information regarding UK, Isle of Man and United States Federal taxation in relation to Admission is set out in paragraph 11 of Part 4 of this document. **If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.**

12. RISK FACTORS

An investment in the Company carries an unusually high level of risk. Your attention is drawn to the "Risk Factors" in Part 2 of this document.

13. FURTHER INFORMATION

Your attention is drawn to the further information in Parts 2 – 4 of this document.

PART 2

RISK FACTORS

The Directors consider the following risks to be the most significant for potential investors in the Company. The following factors do not purport to be a complete list or explanation of all the risk factors involved in investing in the Company. In particular, the Company's performance may be affected by changes in the market and/or economic conditions and/or in legal, regulatory and tax requirements. **Additional risks and uncertainties not presently known to the Company or the Directors or that they currently deem immaterial may also impair the Redomiciled Group's business operations. The business, financial condition or result of operations of the Redomiciled Group could be materially and adversely affected by any of these risks. The trading price of the GVC Holdings Shares could decline due to any of these risks and investors could lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or that the Directors do not currently anticipate to be material, may also have an adverse effect on the Redomiciled Group's business and financial position.**

1. GENERAL INVESTMENT RISKS

- 1.1 The GVC Holdings Shares may not be a suitable investment for all investors. Before making a decision to invest, investors are advised to consult an appropriate independent adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. The value of the GVC Holdings Shares and the income received from them can go down as well as up and investors may get back less than their original investment or may lose the whole of their investment.
- 1.2 An investment in a share that is traded on AIM is likely to carry a higher risk than an investment in a share listed on the Official List of the UK Listing Authority.
- 1.3 The market price of the GVC Holdings Shares may not reflect the underlying value of the assets of the Company. The market in the GVC Holdings Shares may be illiquid or subject to sudden or large fluctuations and it may be difficult for investors to sell their GVC Holdings Shares and they may receive less than the amount originally invested.
- 1.4 The Company has no current plans for subsequent offers of shares. However, it is possible that the Company may decide to offer additional shares in the future. An additional offering or significant sale of shares in the Company by any of the Company's major shareholders could have an adverse effect on the market price of any outstanding GVC Holdings Shares. Further issues of shares may be dilutive to the Company's existing shareholders or may result in the issuance of shares where rights, preferences and privileges are senior to those attaching to the GVC Holdings Shares.
- 1.5 The ability of the Company to pay dividends on the GVC Holdings Shares is dependent upon, among other things, the Directors being satisfied as to the Company's solvency and it having sufficient cash resources out of which any proposed dividend may be paid. The Company can give no assurance that it will be able to pay a dividend on the GVC Holdings Shares in the future.

2. SHARE PRICE VOLATILITY

- 2.1 A number of factors, many of which are outside the Company's control, may cause the Company's share price and the income derived from the Company's shares to fluctuate significantly in the future. These factors may include:
 - 2.1.1 the Redomiciled Group's ability to attract new customers and retain existing customers in the face of strong competition in the provision of online gaming and sports betting services;
 - 2.1.2 whether the strong relationship which currently exists between major sporting events and increased betting activity continues in the future;
 - 2.1.3 the rate at which the public increases its use of the internet to conduct online sports betting;

- 2.1.4 fluctuations in foreign exchange rates which could affect the Euro equivalent revenue obtained from the various jurisdictions in which the Redomiciled Group has customers and in the Sterling to Euro exchange rate as the Redomiciled Group's share price is quoted in Sterling;
- 2.1.5 the state of the global economy; and
- 2.1.6 publicly traded securities can experience significant price and trading volume fluctuations that are unrelated to the operating performance of the companies that have issued them.

3. LEGISLATIVE AND REGULATORY RISKS

3.1 *Risks relating to the gambling industry*

- 3.1.1 Current legislation or regulation may be interpreted or amended in such a way as to prohibit certain activities of the Redomiciled Group or legislation may be implemented which deregulates online gambling with commercially undesirable consequences.
- 3.1.2 The legal justification for the operation of the online gambling industry has, for many years, been founded on the assertion that, if online gambling is legal from the country of supply, then the laws in the country of receipt would have specifically to outlaw the activity of the customer (remotely participating in online gambling) or support services (with a presence in the jurisdiction) in order to render the operator's activities illegal and entitle the country where the customer is located or support services are sourced to assert jurisdiction. The GVC Group, along with other online gambling companies, generally relies on this argument by supplying services only from jurisdictions in which it holds a valid gambling licence and from where it is legal to operate. It couples this with refraining from having a physical presence in jurisdictions where its activities are not clearly legal.
- 3.1.3 Certain jurisdictions, however, have passed laws that purport to have extraterritorial effect. These jurisdictions may argue that the GVC Group has been and is acting illegally in the country of receipt in accepting wagers from its citizens. These jurisdictions include Germany and Italy. In the year ending 31 December 2009, 82 per cent. of the GVC Group's revenue was derived from Germany and Italy.
- 3.1.4 A number of countries have not passed legislation in relation to online gambling but may introduce it. Some jurisdictions have not updated legislation focused on land-based gambling which may be interpreted in an unfavourable way to online gambling. Others have different approaches to determining where gambling takes place and which jurisdiction's law applies.
- 3.1.5 The gambling industry lobbies for the regulation of online gambling. It also lobbies against national anti-gambling laws on the ground that they are a means of protecting fiscal rather than social or moral interests. Although supra-national authorities such as the European Commission, the European Court of Justice or the World Trade Organisation purport to police freedoms to trade cross border, it is not always clear that they will ultimately support these arguments.
- 3.1.6 Even if a jurisdiction decides to regulate online gaming, it may not be commercially desirable to secure a licence. For example, the legislation may impose tax or limits on the pay out or product types. The number of licences available may be finite and may preclude the Redomiciled Group from obtaining a licence.
- 3.1.7 The following summarises some specific country risks of the nature described above known to the GVC Group which are relevant to the GVC Group's business. These are correct at the date of this document but may be liable to change in the future.

3.2 *Germany*

- 3.2.1 Most German authorities consider online gambling operators – regardless of whether or not they are licensed in a European country – to act illegally if they accept clients located in

Germany. In relation to the operation of gambling websites which are targeting German residents, the potential areas of liability can roughly be divided into the following groups:

- (a) Violation of **Criminal Law**: The central provision of German criminal law is § 284 StGB (see above under regulatory environment). This makes the operation of (§ 284 Section 1 and Section 3 StGB), and advertising for (§ 284 Section 4 StGB), illegal gambling subject to penalty. However, conflicting domestic court decisions on the legality of German law relating to online gambling (in light of the uncertainty of the application of Article 284 to online gambling businesses licensed outside Germany, in particular by other Member States, and the legality of the ITG under EU law) may continue to contribute to the general lack of appetite for enforcement action pending clarification from the EU, or any ECJ ruling. Since the ITG came into force on 1 January 2008, no representative of an EU-licensed online gambling provider nor any of its advertisers in Germany, nor any participant of such online games in Germany have been sentenced to a fine or an imprisonment.
- (b) Violation of **Administrative Law**: The violation of administrative law regulations can also have a direct influence on the activities of an online service which is offered from outside Germany. For instance, administrative fines can be imposed against providers. However, a successful enforcement – at least abroad – is likely to fail because of the lack of administrative competence for foreign territories.
- (c) Violation of **Competition Law**: In case of violation of the Law against Unfair Competition (UWG), claims for damages and injunctive relief could be brought by competitors.
- (d) Violation of **IT-Law**: Violations of regulations of IT law can lead to warning notices or fines.

3.2.2 In summary, a risk of civil, administrative or criminal sanctions exists against online operators who target the German market. The GVC Group does not have, nor will the Redomiciled Group have, a physical presence in Germany through employees or assets which reduces the risk of criminal proceedings. However, enforcement action could still be taken against local marketing partners and affiliates which could result in a loss of revenue from the jurisdiction. Finally, whereas it is rather unlikely that criminal proceedings would, or could be brought against individuals outside the territory, a successful civil claim for damages may have a negative impact on the revenue of the Redomiciled Group and/or cause severe disruption to the Redomiciled Group's business on the basis of the need to defend and/or appeal any such claims.

3.3 *Austria*

3.3.1 An operator licensed in another country would be operating illegally if it operates in Austria and/or receives bets from Austrian residents. Such interventions in the Austrian monopoly can evoke liabilities in the fields of civil law, competition law or administrative law.

3.3.2 Although Austrian Courts have often refrained from enforcing advertising prohibitions, operators still risk being charged for illegal gambling advertisements according to section 52 of the Austrian Gaming Act.

3.3.3 Furthermore, according to Article 168 of the Austrian Criminal Code, the operation, promotion or professional participation in games of chance are subject to penalties. Intentional infringements can result in a penalty of up to 6 months of imprisonment.

3.4 *Spain*

3.4.1 Under Spanish law the operation and/or promotion of online gambling activities that have not been previously authorised by the Spanish authorities may constitute a criminal or an administrative infringement. In this respect, an online operator shall be deemed subject to

Spanish law (and, therefore, potentially subject to the above-mentioned sanctions) where the gambling activities at issue are specifically focused in the Spanish territory.

- 3.4.2 In order to consider whether such activities are effectively being carried out in Spain, Article 2 of the Spanish E-Commerce Act (Act no. 34/2002) provides that any operator holding a “permanent establishment” directed to the provision of remote electronic services in Spain shall be considered subject to Spanish law. In this respect, the GVC Group has launched Spanish-related online gambling platforms, with a telephone hot-line service for Spanish-speaking users, which is accessible through a Spanish telephone number. Moreover, the GVC Group has hired a Spanish media agency for the provision of marketing services of its online gambling platforms in Spain. These platforms are advertised in the Spanish media and internet portals and are also promoted through a network of Spanish online affiliates. Taking into account all these factors, the GVC Group could be eventually considered as operating non-authorised online gambling activities specifically focused on the Spanish market and, as a result, could face criminal or administrative actions.
- 3.4.3 Nevertheless, the Spanish authorities have traditionally adopted a tolerant approach with respect to these types of operations. To date, no criminal proceedings have been filed against the representatives of off-shore internet gambling operators and no major administrative enforcement actions have been launched as a consequence of the operation of such activities in Spain. However, from a legal perspective, this permissive approach cannot fully be relied upon as the Spanish authorities are entitled to adopt at any moment a tougher approach and file enforcement actions in connection with online gambling operations.
- 3.4.4 It is likely that this tolerant approach will be applied until a new regulatory system specifically dealing with internet gambling activities is enacted by the Spanish authorities. Once such a new framework becomes effective, enforcement actions will most likely be more common vis-à-vis the operation and/or promotion of non-authorised gambling activities. It is also generally considered probable that, under such a new regulatory system, no criminal sanctions will be applied but they will be limited to administrative sanctions (mainly fines, ineligibility for authorisations or loss of authorisations for a given term).
- 3.4.5 Once the new state regulatory framework becomes effective, the Redomiciled Group should apply to obtain the authorisations permitting the operation of its activities in Spain. In order to obtain such authorisations the Redomiciled Group may incur different costs, such as those deriving from the filing of financial guarantees in order to be allowed to operate in Spain or from obtaining official certification of the corresponding technical infrastructure. In addition, in the event that the Spanish authorities require amendments to the operation of the Spanish business (e.g. transfer of users to a new certified platform), further costs could be incurred.
- 3.4.6 In the event that the Redomiciled Group did not file such applications to operate its online gambling platforms in Spain or did not obtain such authorisations, the exploitation of its gambling activities could be deemed illegal and could give rise to enforcement proceedings, potentially leading to the cessation of those activities in Spain, as well as to fines.

3.5 ***Brazil***

- 3.5.1 As set out in paragraphs 4.4.19 to 4.4.23 of Part 1 of this document, the law relating to online gaming and betting is currently ambiguous in Brazil with there being views both for and against the legality of it.
- 3.5.2 In the event that online gambling is considered to be illegal in Brazil, and even if an online gambling operator is located in a jurisdiction where such activity is legal, criminal liability may potentially attach to the legal representatives (i.e. management) of such operators if it is determined that they committed criminal contravention under Brazilian law by specifically targeting the Brazilian market and permitting access by Brazilian residents to their websites.

Brazilian resident customers of unauthorised gaming and betting operations can also face charges for having committed a criminal offence.

3.5.3 Further, difficulties in collecting illegal gambling debts from Brazilian residents may also arise under the Brazilian Civil Code. The illegality of gaming and betting in Brazil could also trigger prohibition and restrictions on local advertising. Moreover, administrative sanctions and/or penalties may also apply, in the form of the blockage of remittances of funds abroad from Brazil (processed by banks or credit and debit card companies) on the basis of the illegality of gambling. Theoretically, class actions could potentially be taken by the Brazilian Public Prosecution Service (*Ministério Público*) or by consumer associations, based on the Brazilian Consumer Protection Code (to the extent that the relationship established between the overseas online gaming provider and the Brazilian player is deemed a consumer relationship) potentially resulting in damages being payable by the Redomiciled Group.

3.6 *Netherlands Antilles*

The provision of online gaming is permitted in the Netherland Antilles provided that the operator has a valid licence granted by the Curaçao Gaming Commission (or a sub-licence granted by a licensee).

3.7 *United States of America*

3.7.1 Although the GVC Group does not base any of its business elements in the US, nor does it take any US wagers, one of the Company's Directors is a US citizen. The US has made a number of attempts to curb online gambling, although the prosecutions which have been successfully undertaken have only related to US individuals whose businesses take US wagers and include US sports book wagers. This is because the Interstate Wire Act 1961 (18 U.S.C. Section 1084), the statute most frequently cited, only refers to sports wagering as distinct from casino gaming. However, funds for gaming advertising (for poker tournaments on television) were seized last year by US Marshals.

3.7.2 *CasinoClub* blocks all US wagers and the Redomiciled Group will continue to block all US wagers and does not intend to advertise in the US. In addition, the Redomiciled Group will not maintain any of its assets, including bank accounts, in the US. However, there is a minimal risk that the US authorities might seek to curb any participation by individuals in online gaming, although there is a greater risk that such participation will be precluded only if adequate money laundering checks are not incorporated and fully implemented by online gaming operators.

3.8 *Other jurisdictions*

3.8.1 The Directors have taken legal advice with regard to the Redomiciled Group's activities in those countries which the Directors consider to be the principal countries of residence for the Redomiciled Group's registered customers. In general terms, the Redomiciled Group's activities may constitute, in a manner which varies between countries, a breach of the applicable criminal and/or civil legislation in many of those countries and may thereby potentially expose the Company, other Redomiciled Group companies and/or their directors to fines and other sanctions. Investors should be aware that the Directors have not taken legal advice or made investigations in relation to the position with regard to the Redomiciled Group's activities in jurisdictions where the Redomiciled Group has insignificant customer numbers. It is possible that, subject to the courts in the relevant countries being able to establish jurisdiction, the Redomiciled Group's activities may constitute criminal or other offences in such jurisdictions exposing the Company, other Redomiciled Group companies and/or their directors to sanctions, the nature and magnitude of which the Directors are presently unaware.

3.8.2 Furthermore, the Directors cannot predict when (or if) the regulatory or legislative regime in any such jurisdiction will change, what changes (if any) will be made and what effect (if any) such changes will have on the Redomiciled Group's activities. For example, there is a possibility that a tax authority in such a jurisdiction could seek to contend that the profits the Redomiciled Group generates in that jurisdiction could be subject to tax there by virtue of the

online facilities constituting a permanent establishment, branch or agency in that jurisdiction. Investors should be aware that any such changes could have an adverse effect on the Redomiciled Group's business and financial position.

3.9 ***Enforcement action***

- 3.9.1 The GVC Group monitors regulatory developments in its material markets affecting the online gambling industry. It also reviews the risk of individuals within the GVC Group being arrested or prosecuted or its assets being seized or frozen or other enforcement action being taken.
- 3.9.2 To minimize these risks, the Redomiciled Group will consider blocking customers in certain jurisdictions, curtailing or ceasing marketing programmes, introducing travel restrictions for its staff, removing assets from certain jurisdictions or, in the case of bank accounts, ensuring that monies are swept regularly into accounts held in jurisdictions where legality of the activity is not in question. However, there is no guarantee that these precautions will protect against all enforcement risks.
- 3.9.3 The Redomiciled Group may not review gambling regulation in every jurisdiction from which it may accept or facilitate bets, or from which its online advertising can be accessed, unless the market has become material in revenue terms or the Redomiciled Group decides to market actively into that territory or to locate employees or material assets there. It may not commission a legal opinion, as to do so would be commercially impractical. There is, therefore, an increased risk that enforcement initiatives may be undertaken in such a territory or that individuals within the Redomiciled Group will not be aware of the risk of travelling in and out of those territories.

3.10 ***Dependence on regulatory licences***

- 3.10.1 Various GVC Group members currently hold licences in respect of their respective gambling related activities.
- 3.10.2 There is no guarantee that any licences or approvals will be renewed and, even where renewed, that this will occur on terms favourable to the Redomiciled Group. Similarly there is no guarantee that licences will not be terminated early, or that any current tax payable on online gambling activities from the relevant jurisdiction will not increase, any of which could materially affect the Redomiciled Group's business and profitability as well as cause business disruption if it was required to relocate its technical infrastructure and operations to another licensing jurisdiction.
- 3.10.3 If these licences or approvals were terminated or not renewed or any such renewals were on less favourable terms, the Directors would consider seeking licences from other jurisdictions. However, there can be no guarantee that the Redomiciled Group would be able to obtain licences or approvals in other jurisdictions or that any such licences or approvals would be on more favourable terms or that the regulation provided by any such licences or approvals would be as appealing to the Redomiciled Group's customers. The Redomiciled Group's business and profitability could be adversely affected by any failure to obtain a renewal of any of these licences or by their early termination or by their renewal on less favourable terms.

3.11 ***Licences in European jurisdictions***

- 3.11.1 EU law may not provide protection against a Member State's national legislation even though the GVC Group has a licence in another Member State.
- 3.11.2 The Treaty on the Functionality of the European Union ("TFEU") enshrines the principle that each Member State can freely trade with others. Unjustified restrictions by a Member State's domestic law on the supply and movement of goods, services, people and capital are not permitted.

- 3.11.3 However, Member States are permitted to impose discriminatory restrictions in order to safeguard the public interest (e.g. the protection of players and society at large and the prevention of crime). Some Member States may implement lawful monopolistic regimes that accord with these public interest requirements. If they do so, there is a risk that the Redomiciled Group may face additional restrictions or enforcement actions.
- 3.11.4 A number of Member States (France, Belgium, Denmark, Sweden, Spain and the Czech Republic) have indicated that they will open up their markets (or have, in the case of Italy, already done so). While helpful, the extent to which they will do so has yet to be determined. They may be motivated by a desire to create revenue through taxes and licence fees. It is unclear whether it will be lawful for a Member State to require non domestic operators to obtain a local licence and account for tax if they wish to target and supply gambling services to customers based there.
- 3.11.5 It is questionable whether a Member State could legitimately grant licences to domestic operators, while at the same time prohibiting operators licensed in other Member States from trading with its citizens. This may be particularly so where the Member State's licensing requirements are not as stringent as the requirements in the other Member State and could not therefore be justified as being legitimate to prevent fraud, crime or other social harm.
- 3.11.6 Some Member States are likely to lobby for acceptance of a local licensing requirement as it guarantees them revenue through tax and licence fees. Whether the European Commission (and European Court of Justice via cases referred to it) will generally support this remains to be seen. The recent European Court of Justice case that ruled in favour of Casa da Misericórdia de Lisboa's continued monopoly rights in Portugal is likely to embolden monopoly operators.
- 3.11.7 The risk remains that local licences become the norm in the EU, rather than the exception. If the Redomiciled Group elects to obtain local licences, it will benefit from a strengthened legal position. However it would also be likely to face operational issues, which the existing and proposed licensing regimes have given rise to, or would give rise to, if implemented in the way currently envisaged. To the extent that local licences are not obtained by the Redomiciled Group, due, for example, to their limited availability, the Redomiciled Group may face the risk of increased enforcement initiatives from local authorities in EU jurisdictions.
- 3.12 ***Possibility of a requirement to exit a market of a Member State***
- 3.12.1 The Redomiciled Group may need to exit a Member State even though the Member State's national legislation is contrary to EU law.
- 3.12.2 If the Redomiciled Group supplies its services into an EU Member State under an EU licence and the Member State brings an action against the Redomiciled Group on the basis of domestic laws which breach EU law, the Redomiciled Group's position may legitimately be defended in court (appealed, if necessary, to the European Court of Justice). However, the Redomiciled Group may nevertheless decide for pressing commercial reasons to exit the market on the basis of such enforcement initiatives, in light of the immediate threat to the people it employs, entities or people with whom it contracts or its assets in that jurisdiction and/or the cost of defending any such actions.
- 3.13 ***Possibility of a requirement to exit or withdraw products from certain markets***
- 3.13.1 The Redomiciled Group may be required to exit or withdraw products from certain markets if the risks of successful enforcement action may be too high or if a key supplier or regulator requires the market to be blocked, or if it is otherwise expedient.
- 3.13.2 If the Redomiciled Group takes the view that in any jurisdiction the risk of litigation or enforcement action is too high, or too costly, it may decide to exit a market or block the supply of certain products within that territory.

- 3.13.3 Key suppliers such as payment processors, banks or software suppliers, or a regulator of the Redomiciled Group as a condition of an ongoing licence, may determine that a condition of the Redomiciled Group's ongoing use of their products and services, or the continuation of the licence, is that it should block custom from certain territories, which may cause business disruption and loss should the Redomiciled Group either need to switch suppliers at short notice or discontinue business in certain territories, either permanently (while such suppliers are necessary) or pending the expiry of contract notice periods and/or the sourcing of alternative suppliers.
- 3.13.4 The Redomiciled Group may determine that its connections with certain jurisdictions through the location of employees, even in jurisdictions which do not create any material revenue, may expose those employees to enforcement action and/or lead to those functions that the employees carry out, being stopped. If the Redomiciled Group is forced to either block custom from such territories, or relocate employees, it may cause business disruption and financial loss.

4. INTELLECTUAL PROPERTY

4.1 *Protection of intellectual property*

- 4.1.1 The GVC Group appreciates the value of its intellectual property and currently takes appropriate measures, including where appropriate legal action, to protect its rights in its proprietary technology and website content. Failure to protect the Redomiciled Group's intellectual property may result in someone else copying or otherwise obtaining and using its proprietary content and technology without its authorisation. There may not be adequate protection for intellectual property rights in every country in which the Redomiciled Group's services are made available, and policing unauthorised use of proprietary information, particularly on the internet, is difficult and expensive.
- 4.1.2 The absence of a registered trade mark may make it more difficult for the Redomiciled Group to prevent others from using the same or a similar name. The Directors have become aware of registered trade marks, or pending applications to register trade marks, for sports betting and gaming services in key jurisdictions which include words which may be considered to be similar to "GVC" or other brands used by the Redomiciled Group. The pending applications may not be capable of registration and may not proceed to registration.
- 4.1.3 The steps that the GVC Group has taken to protect its intellectual property may be inadequate to prevent the misappropriation of its proprietary information or other intellectual property rights. Any misappropriation of the Redomiciled Group's intellectual property could have a negative effect on the Redomiciled Group's business, its operating results and the value of its brand. Furthermore, in future, the Redomiciled Group may need to go to court to enforce its intellectual property rights, to protect trade secrets or to determine the validity or scope of the proprietary rights of others. Litigation relating to the Redomiciled Group's intellectual property, whether instigated by the Redomiciled Group to protect its rights or arising out of alleged infringement of third party rights, might result in substantial costs and the diversion of resources and management attention.

4.2 *Domain names*

The Redomiciled Group has acquired a number of domain names around the world. However, if the Redomiciled Group is unable to acquire or use a domain name which incorporates the word "GVC" (or other brands of the Redomiciled Group) in all countries in which it operates, or into which it may seek to expand its operations, its ability to trade or compete effectively may be impaired. Notwithstanding any recovery efforts through the courts or domain name dispute bodies, and whilst it is relatively easy to register a domain name, it does not follow that the Redomiciled Group is free to use its domain names in all jurisdictions in which it operates. It is possible that the Redomiciled Group's domain names could infringe a prior third party trade mark registration in certain jurisdictions or someone may have common law or other related rights (based on reputation in the

name) which may prevent the Redomiciled Group from using its domain name. The global nature of the internet means competing or conflicting intellectual property rights can exist anywhere and are very difficult to monitor. The Redomiciled Group intends to continue to acquire domain names as suitable opportunities arise. The acquisition and maintenance of domain names generally is regulated by applicable laws, as they are applied by the courts, government agencies and their designees and internet domain name regulatory bodies, and is subject to change. Internet domain name regulatory bodies may establish additional top level domains, appoint additional domain name registrars or modify the requirements for holding domain names. Depending on the laws of the particular jurisdiction, the Redomiciled Group might not be able to offer products and services under a domain name which incorporates the word 'GVC' (or other brands of the Redomiciled Group).

5. DEPENDENCE ON INTERNATIONAL PAYMENT PROCESSING SYSTEMS

- 5.1 The GVC Group's current ability to accept bets placed by customers and transfer funds internationally is dependent on the GVC Group's access to global payments and multi-currency processing systems. If the GVC Group's current arrangements for the provision of such systems were to be terminated, the Redomiciled Group would seek to obtain multi-currency and international funds transfer capability from another provider. There is no guarantee this would be possible, or that the quality of the services would remain the same. Any termination of the GVC Group's current arrangements could adversely affect the Redomiciled Group's business and profitability.
- 5.2 In addition, if there is any deterioration in quality of the payment processing services, or any interruption to the services provided by third parties providing the services, or if such services are unable to cope with demands placed upon them, or if any increased processing charges for services are imposed, potential customers may be deterred from using the Company's products. Moreover, there is a risk that certain of the third parties used to transfer monies become unwilling or unable to pay the sums due to the Redomiciled Group, in circumstances where the Redomiciled Group would find it difficult and/or time consuming to bring a claim for recovery of such sums.

6. OTHER

6.1 *Dependence on key executives and personnel*

6.1.1 The GVC Group currently depends upon the expertise and continued service of certain key executives and other personnel. The Company's future performance is heavily dependent on its ability to retain the expertise of its Directors and a small number of senior managers, and to attract the services of, retain and motivate suitable personnel. Although the Company has entered into service agreements with the Executive Directors, its performance would be adversely affected if they were to resign or become unavailable due to illness or incapacity. The Company does not currently carry key man insurance in the event of this latter event.

6.1.2 Furthermore, the Redomiciled Group's ability to expand its operations to accommodate its anticipated growth will also depend upon its ability to attract and retain additional qualified gaming experts and other personnel in the finance, management, marketing and technical areas. If the Redomiciled Group fails to attract and retain such personnel it may be difficult for the Redomiciled Group to manage its business and meet its objectives and its operational and/or financial results may be adversely affected.

6.2 *Current economic and financial uncertainty*

Recent turmoil in the financial, debt and commodities market has had a significant adverse impact on certain sectors of the economy. Although, at present, the future effect of the present economic conditions is unclear, economic and financial uncertainty or further deterioration in certain sectors of the economy may adversely affect the Redomiciled Group's business and ultimately its earnings and share price.

6.3 *Technological Solutions*

The GVC Group has systems and controls in place which seek to ensure that the GVC Group does not unwittingly offer betting and/or gaming products into certain jurisdictions. The GVC Group, through its payment processing partners, currently blocks any form of online gambling from individuals with US and Israeli addresses and/or with a form of deposit method registered to a US or Israeli address by tools provided by the software provider of the relevant brand. However, there is no guarantee that the technical blocks which the GVC Group currently has in place to comply with its policy will be entirely effective and could place the Company in breach of relevant laws and regulations and/or in breach of relevant licences or key contracts, or wider obligations which would also have a material adverse effect on the financial position of the Redomiciled Group. Likewise, applications for a licence in some jurisdictions, will depend upon proven blocking during the application process, and thereafter for certain types of products.

6.4 *Default by customers*

6.4.1 The GVC Group is subject to risks of payment default by customers. Chargebacks on credit cards occur when the cardholder seeks to reverse a card transaction due to a challenge to the validity of a transaction. Typical reasons for such action include: (i) the unauthorised use of cardholder's details; or (ii) a cardholder's claim that a merchant failed to perform. In the GVC Group's business, there is the possibility of customers seeking to reverse a losing stake by falsely claiming that they did not authorise the use of their credit card. The risk of such chargeback transactions is greater in respect of certain markets. Investors should be aware that if the Redomiciled Group's chargeback rates become excessive, credit card associations could levy additional costs, fines or withdraw their service. The Directors place great emphasis on proper procedures to control chargebacks. The rate of chargebacks experienced is however, to some extent, out of the Redomiciled Group's control.

6.4.2 In addition, the Redomiciled Group is also exposed to the risk that receipt of deposits through automated clearing houses is sometimes rejected, resulting in default of payment by customers. Typical reasons for rejection of the transactions are: (i) that the account from which the payment instruction is made has insufficient funds to make the payment (this could arise where the customer is unaware that he has insufficient funds or it could be a fraudulent attempt to abuse the deposit clearing period by attempting to use the deposit to win sufficient money to pay up the account before the clearing period ends); (ii) the unauthorised use of an account holder's details; or (iii) a false claim of unauthorised use by a customer seeking to reverse a losing stake. The GVC Group currently has measures in place to monitor and prevent such instances of default of payment by customers arising. However, there can be no assurance that these efforts will be successful and the Redomiciled Group's business and profitability may be adversely affected by customers' payment defaults.

6.5 *Reliance on third party software suppliers and other technology suppliers*

6.5.1 The GVC Group's business and technology systems and platforms depend on the services of a variety of software and payment processing third parties, the principal ones being Boss Media Malta Casino, Boss Media Malta Poker, Net Entertainment, Gamologist and Playtech and WebDollar. If there is any interruption to the products or services provided by these software and payment providers or their products or services are not as scaleable as anticipated or at all, or if there are problems in upgrading such products or services, the Redomiciled Group's business will be adversely affected, and the Redomiciled Group may be unable to find adequate replacement services on a timely basis or at all and/or at a reasonable price. Moreover, users are discriminating about the nature of the products offered and, if Boss Media Malta Casino, Boss Media Malta Poker, Net Entertainment, Gamologist and Playtech and/or WebDollar do not provide new and improved products on a regular basis, the Redomiciled Group may lose market share.

- 6.5.2 There is a risk that if the Redomiciled Group's contracts with such third parties are terminated and not renewed, or not renewed on favourable terms, or if the Redomiciled Group does not get the level of support (in terms of updates and technical assistance) it requires as it grows, this will materially impact upon the Redomiciled Group's financial conditions and performance going forward.
- 6.5.3 The Redomiciled Group is also dependent upon such software suppliers defending any challenges to their intellectual property; any litigation that arises as a result of such change could materially impact upon the Redomiciled Group's business and, even if legal actions were successfully defended disrupt the Redomiciled Group's business in the interim, divert management time and result in significant cost and expense.
- 6.5.4 The GVC Group relies on bandwidth providers, communications carriers, data centres and other third parties for key aspects of the process of providing products and services to its customers. Some of these service providers operate from countries where the relevant service provision is not well developed. Any failure or interruption in the services and products provided by these third parties could restrict the Redomiciled Group's ability to operate certain of its businesses, which could in turn have a material adverse effect on its financial position. In addition, a number of the GVC Group's existing contracts with third party suppliers are of a long-term nature. There may be circumstances in which the Redomiciled Group wishes to terminate its arrangements with such suppliers due to poor performance or other reasons but is unable to do so. Any such circumstance may have material adverse effect on the Redomiciled Group's reputation, business, financial condition and results of operations.

6.6 *Disruption to suppliers*

- 6.6.1 The financial condition of the Redomiciled Group may be adversely affected by any disruption to its suppliers which are themselves dependent on third parties' regulatory approvals being maintained.
- 6.6.2 The GVC Group uses third party software products as the foundation of its online gambling services. In certain territories, such suppliers are dependent themselves upon local licences. The GVC Group is reliant on the relevant third party supplier to do all that is necessary in maintaining such licences. Insofar as any of these licences are withdrawn or not maintained on favourable terms it could have an adverse effect upon such third party suppliers and hence on the continuity of supply to the Redomiciled Group which, in turn, would have a material adverse effect on the financial position of the Redomiciled Group.
- 6.6.3 As referred to in paragraph 13.2 of Part 4 of this document, the GVC Group is shortly to commence proceedings against Boss Media Malta Casino, its most significant software supplier.

6.7 *Prosecution of affiliates or intermediaries of the Redomiciled Group*

- 6.7.1 A significant proportion of the GVC Group's gambling business is dependent upon support by an affiliate network. The purpose of the affiliate network is first to promote the GVC Group's online gambling services, either in relation to home play by customers or in conjunction with premises outlets (such as internet cafés) and, second, to facilitate payment by and to customers in relation to the online gambling activity.
- 6.7.2 The Redomiciled Group's business and financial position may be adversely affected insofar as local gambling laws or regulations are applied to prevent such affiliates and related sub-agents from continuing to conduct business in that territory. In addition, the relevant enforcement agencies may apply laws that are non-gambling specific in order to stop, restrict or prevent business activity (including laws relating to currency controls, unauthorised money changing, money laundering and similar). Moreover, legal actions, even if successfully defended, could result in material disruption to the Redomiciled Group's business and adversely effect the Redomiciled Group's financial condition.

6.7.3 Whilst a number of online gambling companies rely upon the apparent unwillingness or inability of regulators generally to bring actions against businesses with no physical presence in the jurisdiction, in most cases the affiliates on which the GVC Group currently relies will have a physical presence in each of the Material Territories as well as the network of sub-agents to whom they outsource elements of their promotional activities. This places them at a greater risk of local enforcement.

6.8 ***The possibility of onerous regulation governing provision of payment processing, deposit taking and financial services***

6.8.1 The GVC Group is currently reliant on payment processors to facilitate the movement of funds between it and its customer base. Anything that could interfere with its relationships with payment service providers would have a material adverse effect on the business. Any introduction of legislation or regulations restricting financial transactions with online gambling operators or prohibiting the use of credit cards and other banking instruments for online gambling transactions, or any other increase in stringency of regulation of financial transactions, whether in general or in relation to the online gambling industry in particular, may restrict the Redomiciled Group's ability to accept payment from its customers or facilitate withdrawals from them. Certain governments may seek to impede the online gambling industry by introducing legislation or through enforcement measures designed to prevent customers or financial institutions based in their jurisdictions from transferring money to online gambling operations. This may result in the providers of payment systems for a particular market deciding to cease providing their services for such market. There may be a limited availability of alternative systems. As a result, payment service providers may increase their charges to the Redomiciled Group or its customers, and/or the Redomiciled Group may be required to source new payment systems providers of lesser quality than those providers previously used to service a particular market. The likelihood of any such legislation or enforcement measures is greater in certain markets which seek to protect their state gambling monopolies and/or which have foreign currency or exchange control restrictions. The tightening of money laundering regulations may also affect the speed and convenience of payment processing systems, resulting in added inconvenience to customers. Any such developments in these or other markets may have a material and adverse effect on the Redomiciled Group's future financial position.

6.8.2 Customers of the Redomiciled Group may be required to deposit sums in advance of their participation in the Redomiciled Group's products and services. In certain jurisdictions, the receipt and holding by the Redomiciled Group company in question of such funds may amount to "deposit taking" which require the recipient of such funds to seek the appropriate financial services authorisation. Moreover, even if it was not regarded as deposit taking, an integrated wallet system such as that currently used by the GVC Group may require it to obtain an e-money issuer's licence for customer supplies within Europe, which again would require a form of financial services approval. In order to ensure compliance with such regulations or to relocate the funds to a different jurisdiction that has not adopted equivalent financial services legislation, the Redomiciled Group would suffer commercial upheaval and related costs, which would have an adverse impact on the Redomiciled Group's financial performance.

6.9 ***Compliance with other laws and regulations***

6.9.1 In addition to the laws and regulations relating to gambling, the GVC Group is subject to a wide variety of laws and regulatory requirements, non-compliance or deemed non-compliance which could result in serious financial and other penalties for the Redomiciled Group. Compliance with all such laws and regulations creates complex regulatory obligations which involves a risk (in not being fully compliant) and additional potential burdens (in being fully compliant).

6.9.2 For example, handling, or any form of facilitating the use of criminal property, is a crime in most jurisdictions, irrespective of the intention to launder money (i.e. to disguise or conceal its

provenance). This gives rise to issues when monies are held in certain territories should the authorities wish to freeze their onward payment or use and/or give rise to tracing claims outside the territory. In addition, the Redomiciled Group must comply with data protection and privacy laws. In the event that confidential information is wrongfully used or misappropriated by the Redomiciled Group, the Redomiciled Group could face legal sanctions. The GVC Group relies upon database administrators, engineers, contractors and employees to maintain its databases, and there is a risk that any of these people could wrongfully use, misappropriate or otherwise unlawfully or improperly exploit customer data. It is possible that laws in various jurisdictions may be introduced or interpreted in a manner which is inconsistent with the GVC Group's existing data practices, and which could, therefore, have a material adverse effect on the Redomiciled Group.

6.10 *Underage or compulsive gambling*

While the profile of the online gambling industry differs from that of the rest of the gambling industry in terms of consumer protection and problem gambling, the reputation of the online gambling industry is affected by the operations of, and issues associated with, the gambling industry as a whole. The attraction of gambling to some minors and players for whom gambling activities assume too great a role in their lives poses a challenge to the industry in which the GVC Group operates. The GVC Group is committed only to market its products to, and accept business from, adult participants and to promoting responsible gambling best practices and operating procedures at all times. Social responsibility policies also now form a key requirement in most first tier licensing regimes. Concerns are expressed from time to time as to: (i) the ability of online gambling companies to block minors from participation at gambling sites and (ii) the possible increase in compulsive gambling due to online gambling. Publicity regarding such concerns and those relating to the wider gambling industry could harm the Redomiciled Group's brands and wider reputation (and hence value). If the perception develops that the online gambling industry or the gambling industry as a whole is failing to adequately protect minors and vulnerable players, it may face increased regulation, which could adversely impact the Redomiciled Group's business. Damage to the industry's reputation could also lead to a lack of support for the industry from governments and other legislative bodies and from the public, all of which may have a material adverse effect on the Redomiciled Group's business. Moreover, although litigation in relation to problem gambling has yet to be successful in the markets in which the GVC Group operates, it cannot be ruled out that there will be successful claims for damages in the future by which a compulsive gambler or his dependants will recover monies wagered or damages for emotional distress or similar.

6.11 *Dependence on the continued popularity of online betting and gambling*

Online gambling is a relatively new phenomenon and the Redomiciled Group's success is dependent on its continued popularity. The online gambling industry is highly competitive and the Redomiciled Group will need to develop other online gambling products and services that will continue to attract and retain a broad range of customers. As a result, the Redomiciled Group must continue to invest significant resources in research and development in order to enhance its website, technology and its existing products and services and introduce new high-quality products and services that will appeal to customers. If the Redomiciled Group is unable to predict user preferences or industry changes, or if the Redomiciled Group is unable to modify its products and services on a timely basis, the Redomiciled Group may lose customers and marketing affiliates. Its operating results would also suffer if its innovations are not responsive to the needs of its customers or are not appropriately timed with market opportunity or are not effectively brought to market. As technology continues to develop, the Redomiciled Group's competitors may be able to offer products that are, or that are perceived to be, substantially similar to or better than those of the Redomiciled Group.

6.12 *Competition within the online gambling industry may affect the Redomiciled Group's financial performance*

6.12.1 The online gambling industry is highly competitive. Moreover, if the legality of online gambling was clarified and confirmed in the Material Territories (to the extent it is not clear

at present), the Redomiciled Group would be likely to face increased competition from companies that do not currently offer online gambling services in those territories. These companies could extend beyond those operating in the online gambling industry to include those that offer computer based games, internet companies or entities that have established gambling brands based on bricks and mortar businesses.

6.12.2 If the Redomiciled Group's competitors introduce new services or distribute new technologies, or if the industry generally adopts practices that do not mirror those of the Redomiciled Group, the GVC Group's existing services and products and proprietary technology may be considered obsolete. The Redomiciled Group's ability to compete in the market and its financial position would suffer if it was unable to respond to technological advances and emerging industry standards in a timely and cost-effective manner.

6.12.3 The Redomiciled Group's success and growth will depend on its ability to implement advances in gambling technology and services in an ongoing manner. Failure to adapt to changing market needs and developing opportunities will hamper the Redomiciled Group's ability to retain existing players and sustain growth.

6.13 *New entrants to the market*

The Redomiciled Group will always be at risk that new entrants to the market are able to procure, by way of acquisition or licence, the benefit of the underlying technology required to operate a gambling business of the nature carried on by the Redomiciled Group. New entrants may take the form of existing gambling operators who have as yet not sought to develop their business in the Redomiciled Group's key markets or companies which have not to date had any involvement in the gambling industry. As such technology is generally available, the technical barriers to entry to the market may be perceived as relatively low. A successful entry into the market would require significant investment in marketing and relationship-building as well as industry knowledge. Therefore, while technological barriers may be overcome relatively quickly, the Directors believe that there would be significant cost and other material barriers to overcome. However, if any new entrant was able to establish a foothold in the market, this would have a corresponding negative effect on the financial prospects of the Redomiciled Group.

6.14 *Additional capital requirements to fund operations and finance growth*

The Directors believe that, based on the current business plan and expected customer growth, together with the GVC Group's existing assets and future cash flows, its working capital is sufficient for the Redomiciled Group's current requirements. However, if the Redomiciled Group's working capital needs exceed current expectations, then the Redomiciled Group may need to raise additional capital from equity or debt sources. Further equity financing may be dilutive to Shareholders or result in the issuance of securities whose rights, preferences and privileges are senior to those Shareholders. If any such future funding requirements are met through additional debt financing, the Company may be required to adhere to covenants restricting its future operational and financing activities. If the Company is unable to secure additional funds when needed or cannot do so on terms which it finds acceptable, the Company may be unable to expand its operations or take full advantage of future commercial opportunities or respond adequately to competitive pressures, any of which may have an adverse effect on the Redomiciled Group's business and operations.

6.15 *The need to expand into new markets*

The growth of the Redomiciled Group's business depends partly on its ability to establish its business in new markets throughout the world. Whilst the GVC Group currently takes appropriate precautions when establishing new markets, establishing new markets may involve greater legal, regulatory and commercial risks than those associated with the GVC Group's current operations.

6.16 *Further expansion cannot be assured*

6.16.1 The majority of the Redomiciled Group's revenue is generated from outside the United Kingdom. A key element of the Redomiciled Group's current strategy involves expanding the Redomiciled Group's business internationally. The Redomiciled Group cannot assure prospective investors that its international marketing efforts will be successful and that its online gaming and sports betting services will maintain current levels of international revenue or generate significant additional international revenues. In order to achieve wide-spread acceptance in each country targeted by the Redomiciled Group, the Directors believe the Redomiciled Group must tailor its gaming and sports betting services to the unique customs and cultures of that country. Learning the customs and cultures of various countries, particularly with respect to gaming and sports betting practices, is difficult and the Redomiciled Group's failure adequately to do so could slow its growth and/or ability to maintain revenues in those countries. For example, the provision of sports betting services to local markets will involve the compilation of odds on local sporting events which will not be possible without local expertise. The Redomiciled Group's failure to obtain such expertise could impair its growth and/or ability to maintain revenues in such local markets. The Redomiciled Group also faces other risks related to international expansion, including delays in the acceptance of the internet as a medium of commerce and gaming and sports betting in international markets and difficulties in managing international operations due to distance, language and cultural differences.

6.16.2 In addition, international expansion exposes the Redomiciled Group to risks associated with tariffs and trade barriers and limitations on fund transfers; exchange rate fluctuations; potential adverse tax consequences; challenges of developing, maintaining and supporting local language and currency capabilities; greater risk of chargebacks and higher levels of fraud in some countries; legal and regulatory restrictions; currency exchange rate fluctuations; foreign exchange controls that might prevent the Redomiciled Group from repatriating cash; political and economic instability and export restrictions; and higher costs associated with doing business internationally. Any of these risks could harm the Redomiciled Group's international expansion efforts, which would in turn have a material adverse effect on its business, revenue and financial position.

6.17 *The ability to manage future growth*

The planned expansion of the Redomiciled Group's business will place additional demands on the Redomiciled Group's management, customer support, marketing, administrative and technological resources. Management can not be certain that it will be able to manage successfully the Redomiciled Group's anticipated growth. If the Redomiciled Group is unable to manage its growth effectively, its business, financial condition or results of operations could be adversely affected.

6.18 *Technological change to the market for online gambling products and services*

The market for online gambling products and services is characterised by technological developments, new product and service introductions and evolving industry standards. The emergence of new products and services and the evolution of existing ones will require the Redomiciled Group to use leading technologies effectively, continue to develop the Redomiciled Group's technological expertise, enhance its current products and services and continue to improve the performance, features and reliability of its technology and advanced information systems. Furthermore, the widespread adoption of new internet technologies or standards could require substantial expenditure to replace, upgrade, modify or adapt the Redomiciled Group's technology and systems, which could have an adverse impact on the Redomiciled Group's business, financial condition and results of operations.

6.19 *Economic and consumer trends affecting the Redomiciled Group's products and services*

6.19.1 Current demand for the GVC Group's products and services is influenced by general economic and consumer trends which are beyond the GVC Group's control. There can be no

assurance that the Redomiciled Group's business, financial condition and results of operations will not be adversely affected by general economic or consumer trends. In particular, the current difficult global economic conditions are unprecedented in the GVC Group's operating history, and if such conditions continue or worsen, there can be no assurance that they will not have a material adverse effect on the Redomiciled Group's business, financial condition and results of operations.

6.19.2 The Redomiciled Group will not always be able to predict accurately the impact of changes in economic conditions or consumer preferences on the Redomiciled Group's business, financial condition and results of operations. In particular (i) the online gambling market is relatively new as compared with the gambling industry as a whole and there is insufficient history for the Redomiciled Group to predict the impact that changes in economic conditions or consumer preferences will have on the Redomiciled Group's business, financial condition and results of operations; and (ii) although a downturn in the economy of any jurisdiction in which the Redomiciled Group operates may adversely affect the Redomiciled Group's business, financial condition and results of operations, the extent of such impact is uncertain.

6.20 *System failures and breaches of security*

The successful operation of the Redomiciled Group's business depends upon maintaining the integrity and operation of its computer and communication systems supplied and maintained by third parties such as Boss Media Malta Casino, Boss Media Malta Poker, Net Entertainment, Gamologist, Playtech and WebDollar. However, these systems and operations are vulnerable to damage or interruption from events which are beyond the control of the Redomiciled Group, Boss Media Malta Casino, Boss Media Malta Poker, Net Entertainment, Gamologist, Playtech and WebDollar such as:

- (a) fire, flood and other natural disasters;
- (b) power loss or telecommunications or data network failure;
- (c) improper or negligent operation of the Redomiciled Group's systems by employees of the Redomiciled Group, Boss Media Malta Casino, Boss Media Malta Poker, Net Entertainment, Gamologist and Playtech or WebDollar and unauthorised physical or electronic access; and
- (d) interruptions to internet system integrity generally as the result of attacks by computer hackers, viruses or other types of security breaches.

Any such damage or interruptions could impair the Redomiciled Group's ability to provide its services and result in significant disruption to the Redomiciled Group and its customers. This could be harmful to the Redomiciled Group's reputation and deter current or potential customers from using the Redomiciled Group's services. There can be no guarantee that the Redomiciled Group's security measures will protect it from all breaches of security, and any such breach of security could have an adverse effect on the Redomiciled Group's business, results of operations or financial condition.

6.21 *Dependence on strong brand identities*

The GVC Group's success depends on its strong brands and if the Redomiciled Group is not able to maintain and enhance its brand, its ability to expand its base of customers, advertisers and affiliates will be impaired and its business and operating results will be harmed. The Directors believe that the brand identity that the GVC Group has developed has significantly contributed to the success of its business. The Directors also believe that maintaining and enhancing the GVC brands are important to expanding its base of customers, advertisers and affiliates. Maintaining and enhancing its brand may require the Redomiciled Group to make substantial investments and these investments may not be successful. If the Redomiciled Group fails to promote and maintain the GVC brands, or if it incurs excessive expenses in this effort, its business, revenue and financial position will be materially and adversely affected. The Directors anticipate that, as the market becomes increasingly competitive, maintaining and enhancing the Redomiciled Group's brands may become increasingly difficult.

6.22 ***Dependence on the internet and telecommunications***

The GVC Group's business is dependent on the internet and on the continued growth and maintenance of the internet infrastructure. There can be no assurance that the internet infrastructure will continue to be able to support the demands placed on it by continued growth in the number of users of and amount of traffic on the internet. The rate at which internet use and traffic is able to increase will depend, *inter alia*, on the speed at which technological improvements can (i) expand the means and reduce the costs of access to the internet, (ii) enhance the ease and speed of internet use (iii) increase the capacity and reliability of the internet infrastructure and (iv) increase the level of consumer and business confidence in the security and reliability of internet transactions. internet infrastructure may be unable to support the demands placed on it and could suffer due to delays in the development or adoption of new standards and protocols to handle increased levels of internet activity. In addition, viruses, worms and similar programmes may harm the performance of the internet. The internet has experienced and may in the future experience outages and delays. These outages and delays could reduce the level of internet usage as well as its ability to operate.

6.23 ***Dependence on technology and advanced information systems***

The GVC Group's operations are highly dependent on technology and advanced information systems and there is a risk that such technology or systems could fail. There can be no assurance that such technology or systems will not be subject to damage or interruption caused by human error, unauthorised access, increase in volume of usage of online services, natural hazards or disasters or other similarly disruptive events, or will be able to support a significant increase in online traffic or increased customer numbers. Any failure or disruption of, or damage to, the Redomiciled Group's technology or systems, could have a material adverse effect on the Redomiciled Group's business, financial condition or results of operations. In particular any damage to, or failure of, the Redomiciled Group's online systems could result in interruptions to the Redomiciled Group's financial controls and customer service systems. The GVC Group has (and the Redomiciled Group will continue to have) in place data recovery and systems recovery procedures and security measures in the event of failure or disruption of, or damage to, the Redomiciled Group's technology or systems, but such procedures and measures may not anticipate, prevent or mitigate any material adverse effect of such failure, disruption or damage on the Redomiciled Group's business, financial condition and results of operations.

6.24 ***Vulnerability to hacker intrusion, 'DDoS', malicious viruses and other cyber crime attacks***

As with all online gambling companies, the Redomiciled Group will be vulnerable to cyber-crime attacks, which could adversely affect its business. Examples include distributed denial of service (or DDoS) attacks and other forms of cyber crime, such as attempts by computer hackers to gain access to the Redomiciled Group's systems and databases for the purpose of manipulating results which may cause systems failure, business disruption and have a materially adverse effect on the Redomiciled Group's financial condition. The GVC Group currently employs (and the Redomiciled Group will continue to employ) intrusion detection and prevention measures, but nevertheless such attacks are, by their nature, technologically sophisticated and therefore may be difficult or impossible to detect and defend. If the Redomiciled Group's protection and prevention devices were to fail or to be circumvented, its reputation may be harmed which could in turn have a material adverse effect on the Redomiciled Group's financial position.

6.25 ***Vulnerability to hackers stealing customers details for the purposes of Identity Theft***

The Redomiciled Group's operations could be materially and adversely affected by breaches of security and systems intrusions conducted for the purpose of stealing the personal information of customers held by the Redomiciled Group. Any such activity would harm the Redomiciled Group's reputation and deter current or potential customers from using the Redomiciled Group's services and have a material adverse effect on the Redomiciled Group's financial position.

6.26 *Vulnerability to player fraud*

The online gambling industry is vulnerable to attack by customers through collusion and fraud. For example, collusion can be effected between online poker players adopting sophisticated computer programmes to play games automatically. The GVC Group has implemented detection and prevention controls to minimise the opportunities for fraudulent play, but is aware of the need to continually monitor and develop such protections. If the Redomiciled Group failed to detect instances of collusion and other fraud, in addition to the Redomiciled Group suffering losses itself customers' experience could be affected, they could lose as a consequence and could become dissatisfied.

6.27 *Failure to comply with all the anti-money laundering obligations*

The GVC Group currently receives deposits and other payments from customers in the normal course of its business. The receipt of monies from customers imposes anti-money laundering and other obligations and potential liabilities on the GVC Group. While the GVC Group has (and the Redomiciled Group will continue to have) processes in place regarding customer profiling and identification of customers' source of funds, such processes may fail or prove to be inadequate whether in respect of the source of customers' funds or otherwise. Any such failure or inadequacy could have a material adverse effect on the Redomiciled Group's financial position.

6.28 *Confidentiality of customer information*

The GVC Group is (and the Redomiciled Group will continue to be) dependent on suppliers who have access to customer information complying with the confidentiality obligations imposed on them by the GVC Group. If such suppliers used such customer information for purposes other than those permitted by the relevant supply agreements, or if such suppliers allowed others to access such customer information either inadvertently or otherwise, claims may be made against the Redomiciled Group. Any such claims may have a material adverse effect on the Redomiciled Group's financial position.

6.29 *Significant losses with respect to individual events or betting outcomes*

The GVC Group's fixed-odds betting products involve betting where winnings are paid on the basis of the stake placed and the odds quoted, rather than derived from a pool of stake money received from all customers. A bookmaker's odds are determined so as to provide an average return to the bookmaker over a large number of events and therefore, over the long term, the gross win percentage for the GVC Group has remained fairly constant. However, there is an inherently high level of variation in gross win percentage event-by-event and day-by-day. The GVC Group has systems and controls in place which seek to reduce the risk of daily losses occurring on a gross win basis but there can be no assurance that these will be effective in reducing the Redomiciled Group's exposure to this risk. As a result, in the short term, there is less certainty of generating a positive gross win and the Redomiciled Group may experience (and has from time to time experienced) significant losses with respect to individual events or betting outcomes, in particular, if large individual bets are placed on an individual event or betting outcome or series of events or betting outcomes by customers. Any significant losses on a gross win basis could have a material adverse effect on the Redomiciled Group's cash flows and therefore a material adverse effect on its business, financial condition and results of operations.

6.30 *Significant losses with respect to progressive jackpots*

6.30.1 *Betaland progressive jackpots*

The progressive jackpot fund in which the Betaland site participates is part of a network scheme – that is to say it is built up based on the gaming activity of every player from every operator in the network – at the end of each month, each operator pays into the central fund the amount added into it as calculated from the play of their own customers and receives back from the fund the value of jackpots won by their own customers (less a deduction to re-seed the jackpot to its starting value). If GVC Group customers never win such a jackpot, the GVC Group still has to pay into the fund, but it has the peace of mind that if one of its customers does win a substantial jackpot then the GVC Group does not have to carry that cost itself – it

is basically an insurance policy, but one which provides a strong revenue-generating tool in the jackpot games themselves. Any significant losses with respect to the Betaland progressive jackpots could have a material adverse effect on the Redomiciled Group's cash flows and therefore a material adverse effect on its business, financial condition and results of operations.

6.30.2 *CasinoClub progressive jackpots*

Unlike Betaland, CasinoClub does not participate in the network progressive jackpot scheme, instead it offers an equivalent system in which only its own customers participate. This means that CasinoClub makes no contributions to the central fund as it builds up (since it is the only operator in the scheme, this would serve no purpose), and should a CasinoClub customer win the progressive jackpot there is no central fund to cover the payout so the cost of this would be taken directly to the income statement in the period in which it would be won.

6.31 ***Failure to determine accurately the odds at which the Redomiciled Group will accept bets***

The GVC Group currently employs a team of odds compilers (who determine the odds at which the Redomiciled Group accepts bets in relation to any particular event) and risk managers who seek to control liabilities in relation to the GVC Group's business. There can be no assurance that errors of judgement or other mistakes will not be made in relation to the compilation of odds or that the systems the GVC Group currently has in place to limit risk will be consistently successful. Any significant misjudgements or mistakes made by the Redomiciled Group in relation to odds compilation and/or incurring significant losses on a gross win basis which could have a material adverse effect on the Redomiciled Group's business, financial condition and results of operations. The nature of the GVC Group's fixed-odds betting products means that the Redomiciled Group could be subject to unlimited exposure. The GVC Group does currently operate sophisticated risk management to limit its daily exposure, on a market-wide and individual player basis, but the risk for the Redomiciled Group remains that were such systems to fail the protection they afford would be rendered ineffective.

6.32 ***Business being subject to sports schedules***

The betting operations of the GVC Group (and those of the Redomiciled Group following Admission) are subject to the seasonal variations dictated by the sporting calendar, which will have an effect on the Redomiciled Group's financial performance. The majority of the GVC Group's current revenue is generated from bets placed on European football, which has an off-season in the summer that can cause a corresponding, temporary decrease in the GVC Group's revenue. The Redomiciled Group's ability to generate revenues is also affected by the scheduling of major football events that do not occur annually, notably the FIFA World Cup and UEFA European Championships. In addition, the Redomiciled Group's ability to generate revenue will be dependent on the progression of certain teams within specific tournaments and the failure, for example, of the national football teams in the Material Territories to qualify for or progress through the 2010 FIFA World Cup may have adverse consequences on the Redomiciled Group's financial performance. Cancellation or curtailment of significant sporting events, for example due to adverse weather or the outbreak of infectious diseases, or the failure of certain sporting teams to qualify for sporting events, may adversely impact the Redomiciled Group's business, financial condition and results of operations for the relevant period.

6.33 ***Payments to sporting bodies or event rights holders***

Gambling operators can be liable to make contributions to sporting bodies, such as The Horserace Levy Board in the UK as a way of ensuring certain revenues generated from betting on sports are used to benefit those sports or related interests. The GVC Group is not currently required to make such payments. The Redomiciled Group may be required to make similar payments in the future as a condition of its licences or as a condition of licences it applies for in the future. Any requirement to pay additional levies would have a material adverse effect on the Redomiciled Group's business, as would any liability the Redomiciled Group may have to pay royalties or other types of levy to the organisers of sporting events as the concept of the "right-to-bet" is further developed. In all such cases, the level of any such levy, fee or royalty will be outside the control of the Redomiciled Group.

The Redomiciled Group cannot predict with any certainty what future payments may be required for the success of its business in the future.

7. INTERESTS OF MAJOR SHAREHOLDERS

Following Admission, certain Shareholders will hold substantial shareholdings in the Company. These major Shareholders may be able to exercise significant influence over the Company's corporate actions which require Shareholder approval.

AN INVESTMENT IN THE COMPANY MAY NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS DOCUMENT. POTENTIAL INVESTORS ARE ACCORDINGLY ADVISED TO CONSULT A PERSON AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 WHO SPECIALISES IN INVESTMENTS OF THIS KIND, OR AN APPROPRIATELY QUALIFIED TAXATION ADVISER, PRIOR TO INVESTING.

PART 3

FINANCIAL INFORMATION

Section A: Historical Financial Information on the Company

The Company was incorporated and registered in the Isle of Man on 5 January 2010 as a company limited by shares with the name of GVC Holdings PLC, and has, to date, not traded or published any accounts since its incorporation.

The issued share capital on incorporation was one share of one euro (€1).

Section B: Information on Gaming VC incorporated by reference

In accordance with Rule 28 of the AIM Rules, this document does not contain historical financial information on Gaming VC, GVC Holdings' predecessor company, which would otherwise be required under Section 20 of Annex I of the AIM Rules.

This information is available on Gaming VC's website, as follows;

- Gaming VC's audited results for the year ended 31 December 2007 are available at:
http://www.gamingvc.com/annual_reports/2007/01.asp
- Gaming VC's audited results for the year ended 31 December 2008 are available at:
http://www.gamingvc.com/annual_reports/2008/01.asp
- Gaming VC's audited results for the year ended 31 December 2009 are available at:
http://www.gamingvc.com/annual_reports/2009/01.asp

Shareholders or other recipients of this document may request a copy of the above information incorporated by reference from the Company at its registered office, which is set out on page 9 of this document.

A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless requested.

PART 4

ADDITIONAL INFORMATION

1. THE COMPANY

- 1.1 The Company was incorporated and registered in the Isle of Man under the 2006 Act with registered number 4685V on 5 January 2010 as a company limited by shares with the name of GVC Holdings PLC.
- 1.2 The Company operates under the 2006 Act and the liability of its members is limited.

2. SHARE CAPITAL

- 2.1 The issued share capital on incorporation was one ordinary share of one euro (€1) issued to the subscriber. On 29 March 2010, this one ordinary share of one euro (€1) was sub-divided into 100 ordinary shares of €0.01 par value each (being the “Subscriber Shares”).
- 2.2 On 29 March 2010, the Subscriber Shares were transferred to Gaming VC.
- 2.3 In consideration for the transfer of the assets and liabilities of Gaming VC to the Company under the terms of the Contribution Agreement, the Company will allot and issue the Transfer Shares to Gaming VC.
- 2.4 The issued share capital of the Company (all of which will be fully paid) immediately following Admission will be 31,135,762 ordinary shares each with a par value of €0.01 (plus any additional GVC Holdings Shares equal to the number of Gaming VC Shares over which any options are exercised prior to the Transfer).
- 2.5 There are currently no rights outstanding to acquire GVC Holdings Shares. The Company has however agreed that, conditional on the Transfer and the agreement of the individual option holders, certain of the outstanding options to acquire Gaming VC Shares granted under the rules of the ESOP will continue to subsist but will become options in respect of GVC Holdings Shares. Details of the total number of rights to acquire GVC Holdings Shares expected to be outstanding on Admission are as set out below:

<i>Number</i>	<i>Exercise price</i>	<i>Exercise period</i>	<i>Vesting schedule/conditions</i>
233,333	100p	01.03.2008 – 01.03.2017	50,000 shares on 1 July 2010 and 50,000 each 3 months thereafter
291,667	126p	12.12.2009 – 12.12.2018	25,000 shares on 1 July 2010 and 25,000 each 3 months thereafter
154,590	129p	15.05.2008 – 15.05.2017	25% on the first anniversary of grant and in 36 monthly instalments thereafter
150,000	138.16p	26.02.2009 – 26.02.2018	25% on the first anniversary of grant and in 36 monthly instalments thereafter

- 2.6 Save in respect of the issue of the Transfer Shares in connection with the Redomiciliation referred to in paragraph 2.3 above and the rights to acquire GVC Holdings Shares referred to in paragraph 2.5 above or under the rules of the LTIP, since the date of incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration, no person has any preferential subscription rights for any share capital of the Company and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.
- 2.7 By a written composite resolution of the Shareholders dated 29 March 2010, it was resolved that:

- 2.7.1 the memorandum of association of the Company (referred to in paragraph 4.1 of this Part 4) be amended;
- 2.7.2 the Articles (referred to in paragraph 4.2 of this Part 4) be adopted; and
- 2.7.3 subject to Admission taking place, the Directors be authorised to allot GVC Holdings Shares in the Company for cash as if the provisions of article 5.2 of the Articles did not apply, provided that this power shall be limited to the allotment of 4,670,364 GVC Holdings Shares (such authority to expire at the first annual general meeting of the Company following the passing of the resolution except that the Directors may allot GVC Holdings Shares pursuant to the authority in pursuance of an offer or agreement made prior to the first annual general meeting and which requires GVC Holdings Shares to be allotted after such meeting).

3. SUBSIDIARY UNDERTAKINGS

Following Admission, the Company will act as the holding company of the Redomiciled Group and will have the following subsidiaries:

<i>Name</i>	<i>Country of incorporation</i>	<i>Business activity</i>
Gaming VC Corporation Limited	Malta	Licensed operator
Intertronic Limited	Malta	Payment processor
GVC Corporation B.V.	Netherlands Antilles	Service company
Intera N.V.	Netherlands Antilles	Owner of the Betboo brand
Gaming VC (Cyprus) Limited	Cyprus	Intermediate holding company
Gaming VC Cyprus 2 Limited	Cyprus	Intermediate holding company
Gaming VC (Jersey) Limited ¹	Jersey	Dormant company ²
GVC Administration Services Limited	UK	Administration company

- 1 The board of directors of Gaming VC (Jersey) Limited have submitted an application to the Jersey Financial Services Commission to convert Gaming VC (Jersey) Limited into a Netherlands Antilles private limited company. It is the intention that the converted company will merge with the GVC Group's existing Netherlands Antilles company, GVC Corporation B.V.
- 2 Gaming VC (Jersey) Limited holds a debt from GVC Corporation B.V., but is otherwise dormant.

4. MEMORANDUM AND ARTICLES OF ASSOCIATION

Set out below is a summary of the Company's memorandum of association and the Articles. Persons seeking a detailed explanation of any provisions of Isle of Man law or the differences between it and the laws of Luxembourg, England and Wales or any jurisdiction with which they may be more familiar are recommended to seek legal advice.

4.1 *Memorandum of Association*

The Company has, subject to the 2006 Act, the capacity and the rights, powers and privileges of an individual. Furthermore, the memorandum of association of the Company does not set out any restrictions on the exercise of the rights, powers and privileges of the Company.

4.2 *Articles of Association*

The following is a summary of the principal provisions of the Articles:

4.2.1 *Capital Structures*

Unless the Company shall by resolution otherwise direct, the amount of share capital of the Company available for issue is €400,000 divided into 40,000,000 GVC Holdings Shares.

4.2.2 *Variation of rights*

Subject to the provisions of the 2006 Act, if at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share

or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in par value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles. This paragraph shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied. Subject to the terms of issue or the rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the Board resolving that a class of shares is to become or cease to be a share or class of shares or a renounceable right of allotment or a share, title to which is permitted to be transferred by means of a relevant system in accordance with the Regulations.

4.2.3 *Alteration of capital*

To the extent that the shares in the capital of the Company comprise shares with a par value, the Company in general meeting may from time to time by ordinary resolution:

- (a) increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
- (b) consolidate and/or divide, re-designate or redenominate or convert all or any of its share capital into shares of larger or smaller par value, into shares having a purchase price of another currency or into different classes of shares than its existing shares; and
- (c) sub-divide its shares or any of them into shares of smaller par value and may by such resolution determine that as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, 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 but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

Subject to compliance with the solvency test (as defined in section 49 of the 2006 Act) and to any rights for the time being attached to any shares, the Company may by special resolution reduce its paid up share capital.

4.2.4 *Issue of GVC Holdings Shares*

Subject to the provisions of the Articles summarised in paragraph 4.2.5 below, (Pre-emption rights), and subject to any resolution of the Company, all unissued shares in the Company shall be at the disposal of the Board and the Board may allot, grant options over or otherwise deal with or dispose of them to such persons, at such times and on such terms as the Board may decide.

4.2.5 *Pre-emption rights*

There are no statutory pre-emption rights under Isle of Man law which have automatic application. Such rights are therefore embodied in the Articles as follows:

Subject as indicated in the paragraph below, and unless the Company shall by special resolution otherwise direct, unissued shares in the capital of the Company shall only be allotted for cash in accordance with the following provisions:

- (a) all shares to be allotted (the “**offer shares**”) shall first be offered to the members of the Company to whom the Directors determine such shares can be offered without the Company incurring securities offering compliance costs which, in the opinion of the

Directors, would be burdensome given the number of members in the relevant jurisdiction in relation to which such compliance costs would be incurred (the “**relevant members**”);

- (b) the offer to relevant members set out in sub-paragraph (a) above (the “**offer**”) shall be made in proportion to the existing holdings of shares of relevant members;
- (c) the offer shall be made by written notice (the “**offer notice**”) from the Directors specifying the number and price of the offer shares and shall invite each relevant member to state in writing within a period, not being less than fourteen days, whether they are willing to accept any offer shares and, if so, the maximum number of offer shares they are willing to take;
- (d) at the expiration of the time specified for acceptance in the offer notice the Directors shall allocate the offer shares to or amongst the relevant members who shall have notified to the Directors their willingness to take any of the offer shares but so that no relevant member shall be obliged to take more than the maximum number of shares notified by him under sub-paragraph (c) above; and
- (e) if any offer shares remain unallocated after the offer, the Directors shall be entitled to allot, grant options over or otherwise dispose of those shares to such persons on such terms and in such manner as they think fit save that those shares shall not be disposed of on terms which are more favourable to their subscribers than the terms on which they were offered to the relevant members.

The pre-emption rights described above shall not apply to the allotment of any shares for a consideration other than cash or in connection with an employees’ share scheme (as defined in the Articles), and, accordingly, the Directors may allot or otherwise dispose of any unissued shares in the capital of the Company for a consideration other than cash to such persons at such times and generally on such terms as they may think fit.

A reference in the foregoing paragraphs to the allotment of any shares includes the grant of a right to subscribe for, or to convert any securities into, shares but such reference does not include the allotment of any relevant shares pursuant to such a right and without prejudice to the foregoing paragraphs shall not apply to the allotment of any shares pursuant to a right to such allotment granted prior to the first working day following Admission.

4.2.6 *Voting Rights*

Subject to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting every member who (being an individual) is present in person or by proxy, not being himself a member entitled to vote, shall on a show of hands have one vote and every member who (being a corporation) is present by duly authorised corporate representative or by proxy shall on a show of hands have one vote, and on a poll every member present in person or by proxy shall have one vote for each share of which he is the holder.

4.2.7 *Dividends*

Subject to the provisions of the Articles, the Company may, subject to the satisfaction of the solvency test (as defined in section 49 of the 2006 Act), by resolution declare that out of profits available for distribution in accordance with Isle of Man law dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the Board. Notwithstanding the foregoing, the Board may (subject to satisfaction of the solvency test) declare and pay such interim dividends as appear to be justified by the profits and financial position of the Company without the prior sanction of a resolution of the members. The special dividend referred to in paragraph 10.1 of Part 1 of this document will be an interim dividend for the purposes of the Articles.

4.2.8 *Transfer of shares*

Each member may transfer all or any of his shares in the case of certificated shares by instrument of transfer in writing in any usual form or in any form approved by the Board or in the case of uncertificated shares without a written instrument in accordance with the Regulations. Any written instrument shall contain the business or residential address of the transferee and be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Company's register of members as the holder of the share.

No transfer of any share shall be made:

- (a) to a minor; or
- (b) to a bankrupt; or
- (c) to any person who is, or may be, suffering from mental disorder and either:
 - (i) has been admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 (an Act of Parliament in the United Kingdom) or any similar statute relating to mental health (whether in the United Kingdom, the Isle of Man or elsewhere); or
 - (ii) an order has been made by any court having jurisdiction (whether in the United Kingdom, the Isle of Man or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs,

and the Directors shall refuse to register the purported transfer of a share to any such person.

The Board may in its absolute discretion and without giving any reason refuse to register any transfer of a certificated share unless:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of a share on which the Company has no lien;
- (c) it is in respect of only one class of shares;
- (d) it is in favour of a single transferee or not more than four joint transferees;
- (e) it is duly stamped (if so required);
- (f) it is delivered for registration to the registered agent of the Company, or such other person as the Board may from time to time appoint, accompanied (except in the case of a transfer where a certificate has not been required to be issued) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so; and
- (g) the holding of such share would not result in a regulatory, pecuniary, legal, taxation or material administrative disadvantage to the Company or its shareholders as a whole

provided that where any such share is listed on AIM such discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.

Notwithstanding the foregoing, the Board shall have the right to refuse (and cause the Company to refuse) to register any transfer of shares which is in favour of a Prohibited Person (as defined in paragraph 4.2.9 below).

The registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding thirty days in any year) as the Board may from time to time determine (subject to the Regulations in the case of any shares of a class which is a

Participating Security as defined below). Notice of closure of the register of members of the Company shall be given in accordance with the requirements of the 2006 Act.

The Board shall register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a share or class of shares or a renounceable right of allotment of a share (“**Participating Security**”), title to which is permitted to be transferred by means of a relevant uncertificated system in accordance with the Regulations, held in uncertificated form in accordance with the Regulations, except that the Board may refuse (subject to any relevant requirements applicable to the recognised investment exchange(s) to which the shares of the Company are admitted) to register any such transfer or renunciation which is in favour of more than four persons jointly or in any other circumstance permitted by the Regulations.

4.2.9 *Compulsory transfer of shares*

- (a) If it shall come to the notice of the Board that any shares are or may be owned or held directly or beneficially by any person in breach of any law or requirement of any country or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the Board, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the Board to be relevant) would in the reasonable opinion of the Board, cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company which it or they might not otherwise have suffered or incurred (collectively, a “**Prohibited Person**”) the Board may serve written notice (hereinafter called a “**Transfer Notice**”) upon the person (or any one of such persons whose shares are registered in joint names) appearing in the register as the holder (the “**Vendor**”) of any of the shares concerned (the “**Relevant Shares**”) requiring the Vendor within ten days (or such extended time as in all the circumstances the Board consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the Board, is not a Prohibited Person (such a person being hereinafter called an “**Eligible Transferee**”). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Shares to which it relates pursuant to the provisions referred to in the paragraph below, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.
- (b) If within ten days after the giving of a Transfer Notice (or such extended time as in the circumstances the Board consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Board, the Company may sell the Relevant Shares on behalf of the holder thereof by instructing a London Stock Exchange member firm to sell them at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale the Board may authorise in writing any officer or employee of the Company to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the purchaser and in relation to an uncertificated share may require Euroclear to convert the share into certificated form and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The Eligible Transferee is not bound to see to the application of the purchase money and the title of the Eligible Transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company’s costs of the sale, shall be paid by the Company to the Vendor or, if reasonable enquiries have failed to establish the location of the Vendor, into a trust account at a bank designated by the Company, the associated costs of which shall be borne by such trust account. The Company may

register or cause the registration of the Eligible Transferee as holder of the Relevant Shares and thereupon the Eligible Transferee shall become absolutely entitled thereto.

- (c) A person who becomes aware that he is, or is likely to be, a Prohibited Person, shall forthwith, unless he has already received a Transfer Notice pursuant to the above provisions either transfer the shares to one or more Eligible Transferees or give a request in writing to the Board for the issue of a Transfer Notice in accordance with the above provisions. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.
- (d) Subject to the provisions of the Articles, the Board shall, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Board to serve a Transfer Notice in respect thereof. The Board may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as it requires upon any matter connected with or in relation to such holders of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than ten clear days after service of the notice requiring the same) as may be specified by the Board in the said notice, the Board may, in its absolute discretion, treat any share held by such a holder or joint holders or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to service a Transfer Notice in respect thereof.
- (e) The Board will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions and such actions by the Board shall be conclusive and binding on all persons concerned and shall not be open to challenge. The exercise of the powers conferred by the provisions referred to in this paragraph 4.2.9 (*Compulsory transfer of shares*) may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or indirect beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Board at the relevant date provided that the said powers have been exercised in good faith.

Neither the Company nor the Board shall be liable to indemnify, reimburse or compensate any member in respect of any cost, liability or expense (including, without limitation, any taxes or duties imposed, paid or suffered under the laws of the United Kingdom, the Isle of Man or any other jurisdiction) arising from or by reference to any sale or forfeiture of any shares as described in this paragraph 4.2.9.

4.2.10 *Directors*

At every annual general meeting one third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one third shall retire from office by rotation provided that if there is only one Director who is subject to retirement by rotation, he shall retire.

4.2.11 *Directors' Interests*

A Director who to his knowledge is in any way (directly or indirectly) interested in any contract arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered if he knows his interest then exists or, in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

Save as provided below, a Director shall not vote on or be counted in the quorum in relation to any resolution of the Board or of a committee of the Board concerning any contract,

arrangement, transaction or any proposal whatsoever to which the Company is or is to be a party and in which (together with any interest of any person connected with him within the meaning of section 252 to 255 of the UK Companies Act 2006) he has (directly or indirectly) an interest which is material (other than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through the Company) or a duty which conflicts with the interests of the Company unless his duty or interest arises only because the resolution relates to one of the matters set out in the following sub-paragraphs in which case he shall be entitled to vote and be counted in the quorum:

- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (c) where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (d) relating to another company in which he and any persons connected with him (within the meaning of sections 252 to 255 of the UK Companies Act 2006) do not to his knowledge hold an interest in shares (as that term is used in sections 820 to 825 of the UK Companies Act 2006) representing 1 per cent. or more of either any class of the equity share capital, or the voting rights, in such company;
- (e) relating to an arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (f) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

An interest of a person who is, for any purpose of the UK Companies Act 2006 (excluding any such modification thereof not in force when the Articles became binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director otherwise has.

A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or termination) of two or more Directors to offices or places of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case, each of the Directors concerned (if not otherwise debarred from voting under the Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

The Directors (other than alternate directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding in aggregate six hundred thousand pounds £600,000 per annum or such other sum as the Company in general meeting shall from time to time determine). An Executive Director

may be paid money in addition to any fee payable to him for his services as a Director. Each Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as a Director.

Subject to the 2006 Act, the Company may indemnify every Director, alternate Director or other officer of the Company (other than an auditor) to the fullest extent permitted by law.

4.2.12 *Disclosure of interests*

Shareholders of the Company are required under the AIM Rules to notify the Company of substantial interests in the Company's voting shares. As an Isle of Man incorporated company, the Company and its shareholders are not required by statutory law to comply with all of the notification requirements of the Disclosure and Transparency Rules (the "DTR") published by the UK Listing Authority. However the Company is required by the AIM Rules to use all reasonable endeavours to comply with the notification of the requirements of DTR 5.3.1 which extends the disclosure requirements to include certain financial instruments which entitle the holder to acquire voting shares or have similar economic effect.

Every person who to his knowledge becomes interested, or becomes aware that he is or has become interested, in 3 per cent. or more of the shares for the time being in issue of any relevant class of shares of the Company, shall be under an obligation to give to the Company notice in writing of that fact, specifying the following information:

- (a) the number of shares of the relevant class in which he was to his knowledge interested immediately after the obligation arose and the percentage of voting rights in the Company held through those shares (and/or any other direct or indirect holding of Relevant Financial Instruments (meaning a financial instrument relating to the Company's securities in respect of which disclosure would be required under DTR 5.3.1 if the Company were incorporated in England) in such shares);
- (b) the chain of controlled undertakings through which voting rights are effectively held, if applicable;
- (c) the date on which the threshold was reached or crossed;
- (d) the identity and address of each registered holder of such shares and of any person entitled to exercise voting rights on behalf of that holder; and
- (e) in respect of any notification of voting rights arising from the holding of Relevant Financial Instruments, the following shall be required:
 - (i) the resulting situation in terms of voting rights;
 - (ii) if applicable, the chain of controlled undertakings through which financial instruments are effectively held;
 - (iii) the date on which the threshold was reached or crossed;
 - (iv) for instruments with an exercise period, an indication of that date or time period where shares will or can be acquired, if applicable;
 - (v) date of maturity or expiration of the instrument; and
 - (vi) the identity of the holder,

(collectively, the "**Relevant Information**").

Every person who ceases to be interested, or becomes aware that he has ceased to be interested, in 3 per cent. or more of the shares for the time being in issue of any relevant class of shares of the Company, shall be under an obligation to give to the Company notice in writing of that fact, specifying the Relevant Information.

Where:

- (i) a person is to his knowledge, interested in 3 per cent. or more of the shares for the time being in issue of any relevant class of shares of the Company; and
- (ii) there occurs to his knowledge, or he becomes aware that there has occurred, an integer change in his percentage interest in the shares of that class for the time being in issue;

that person shall be under an obligation to give to the Company notice in writing of the change, specifying the Relevant Information.

An obligation to give a notice to the Company under the above provisions shall be fulfilled without delay and in any event before the end of the second working day after the day on which it arises.

The Directors shall keep a register (the “**Register of Substantial Interests**”) and shall procure that, whenever the Company receives information from a person in consequence of the fulfilment of an obligation imposed on him by that Article, that information is within three working days thereafter inscribed in the Register of Substantial Interests against that person’s name, together with the date of the inscription.

4.2.13 *Suspension of rights*

The Board may at any time serve a notice (“**Information Notice**”) upon a member requiring the member to disclose to the Board in writing within such period (being no less than ten days and not more than thirty days) as may be specified in the notice, information relating to any beneficial interest of any third party or any other interest of any kind whatsoever which a third party may have in relation to any or all shares registered in the member’s name. If a member has been issued with an Information Notice and has failed in relation to any shares the subject of the Information Notice (“**notice shares**”) to furnish any information required by such notice within the time period specified therein, then the Board may at any time following fourteen days from the expiry of the date on which the information required to be furnished pursuant to the relevant Information Notice is due to be received by the Board, serve on the relevant holder a notice (in this paragraph called a “**disenfranchisement notice**”) whereupon the following sanctions shall apply:

- (a) **Voting**
the member shall not with effect from the service of the disenfranchisement notice be entitled in respect of the notice shares to attend or to vote (either in person or by representative or proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (b) **Dividends and transfers**
where the notice shares represent at least 0.25 per cent. in par value of their class:
 - (i) any dividend or other money payable in respect of the notice shares shall be withheld by the Company, which shall not have any obligation to pay interest on it and the member shall not be entitled to elect pursuant to the Articles to receive shares instead of that dividend; and
 - (ii) subject in the case of uncertificated shares to the Regulations, no transfer, other than an approved transfer, or any notice shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant Information Notice and the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

4.2.14 *Borrowing powers*

Subject to the other provisions of the Articles and to the 2006 Act, the Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

4.2.15 *General Meetings*

The Board shall convene in each year a general meeting of the members of the Company called the annual general meeting; any annual general meeting shall be held at such time and place as the Board may determine. Notwithstanding the foregoing, the first annual general meeting of the Company shall be held in 2011.

All general meetings, other than annual general meetings, shall be called extraordinary general meetings.

The Board may convene any extraordinary general meeting whenever it thinks fit. At any meeting convened on such requisition (or any meeting requisitioned pursuant to section 67(2) of the 2006 Act) no business shall be transacted except that stated by the requisition or proposed by the Board. If there are not sufficient members of the Board to convene a general meeting, any Director or any member of the Company may call a general meeting.

Any annual general meeting and any extraordinary general meeting convened for the passing of a special resolution or a resolution appointing a person as a Director shall be convened by not less than twenty-one clear days' notice in writing. Other extraordinary general meetings shall be convened by not less than fourteen clear days' notice in writing. Notwithstanding that a meeting is convened by shorter notice than that specified in the Articles, it shall be deemed to have been properly convened if it is so agreed by all the members entitled to attend and vote at the meeting.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Subject to the provisions of the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member, or one person entitled to attend and to vote on the business to be transacted, being a member holding not less than one-tenth of the issued share capital of the Company and being present in person or by proxy shall be a quorum. (The provisions of section 67(4) of the 2006 Act, which permit members to attend by electronic means or telephone, are excluded.) If within fifteen minutes (or such longer interval not exceeding one hour as the chairman in his absolute discretion thinks fit) from the time appointed for the holding of a general meeting a quorum is not present, or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, the meeting shall stand adjourned to later on the same day, to the same day in the next week at the same time and place, or to such other day and at such time and place as the chairman (or, in default, the Board) may determine, being not less than fourteen nor more than twenty-eight days thereafter. If at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting one member present in person or by proxy or (being a corporation) by a duly authorised representative shall be a quorum. If no such quorum is present or, if during the adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved. The Company shall give at least seven clear days' notice of any meeting adjourned through lack of quorum (where such meeting is adjourned to a day being not less than fourteen nor more than twenty-eight days thereafter).

4.2.16 *Winding up*

If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively, subject to the rights attached to any shares which may be issued on special terms or conditions.

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company and may for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members but if any division is resolved otherwise than in accordance with such rights the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 222 of the Isle of Man Companies Act 1931 (which provision applies to the Company (with statutory modification) pursuant to the 2006 Act). The liquidator may with the like sanction vest the whole or any part of the assets in trustees on such trusts for the benefit of the members as he shall determine but no member shall be compelled to accept any assets on which there is a liability.

A resolution sanctioning a transfer or sale to another company duly passed pursuant to Section 222 of the Isle of Man Companies Act 1931 (which provision applies to the Company (with statutory modification) pursuant to the 2006 Act) may in the like manner authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights and any such determination shall be binding on all the members, subject to the right of dissent and consequential rights conferred by the said section.

5. SUMMARY OF ISLE OF MAN COMPANY LAW

5.1 *Isle of Man summary*

The Isle of Man is an internally self-governing dependent territory of the British Crown. It is politically and constitutionally separate from the UK and has its own legal system and jurisprudence based on English common law principles. The UK Government is, however, responsible for the Island's foreign affairs and defence and, with the Island's consent, the UK Parliament may legislate for the Island in some areas of common concern (such as nationality and immigration matters).

The Isle of Man's relationship with the European Union is set out in Protocol 3 of the Act of Accession annexed to the Treaty of Accession 1972, by virtue of which the UK became a member of the European Community. The Island is neither a member state nor an associate member of the European Community. By virtue of Protocol 3, the Island is part of the customs territory of the EU. Therefore the common customs tariff, levies and other agricultural import measures apply to trade between the Island and non-member countries. There is free movement of goods and agricultural products between the Island and the EU, but the EU provisions which relate to trade in financial services and products and those in respect of the free movement of persons, services and capital do not apply to the Island. Consequently, European Community law has direct application to the Island only for very limited purposes.

5.2 *Corporate law in the Isle of Man*

The 2006 Act came into force on 1 November 2006 and introduced a new simplified Isle of Man corporate vehicle (based on the international business company model available in a number of other jurisdictions). The 2006 Act is largely a stand alone piece of legislation and companies incorporated

under the 2006 Act (“**2006 Companies**”) co-exist with present and future companies incorporated under the existing Isle of Man Companies Acts 1931-2009 (“**1931 Companies**”).

5.3 **Key Features of a 2006 Company**

A 2006 Company is a legal entity in its own right, separate from its members, and will continue in existence until it is dissolved in the same way as 1931 Companies. Every 2006 Company is required, at all times, to have:

- (a) a registered agent in the Isle of Man who holds the appropriate licence granted by the Isle of Man Financial Supervision Commission (ensuring that there is a licensed professional on the Isle of Man overseeing the administration of the company); and
- (b) a registered office address in the Isle of Man.

5.4 **Power and Capacity**

The doctrine of ultra vires does not apply to 2006 Companies. The 2006 Act expressly states that, notwithstanding any provision to the contrary in a company’s memorandum or articles of association and irrespective of corporate benefit and whether or not it is in the best interests of a company to do so, a company has unlimited capacity to carry on or undertake any business or activity, to do, or to be subject to, any act or to enter into any transaction.

Notwithstanding this, the directors of 2006 Companies are still subject to the various duties imposed on directors by common law and statute as well as fiduciary duties (such as the duty to act *bona fide* in the best interests of the company).

5.5 **Directors**

Unlike a 1931 Company, a 2006 Company is permitted to have a single director which may be an individual or, subject to compliance with certain requirements, a body corporate.

5.6 **Members**

The 2006 Act contains very few prescriptive rules relating to members’ meetings. Companies are not required to hold annual general meetings and the 2006 Act allows members meetings to be held at such time and in such places, within or outside the Isle of Man, as the convener of the meeting considers appropriate. However, as is the case with the Articles (see paragraph 4.2.15 (*General Meetings*) above), more prescriptive requirements relating to members’ meetings can be included in a company’s articles of association.

Subject to contrary provision in the 2006 Act or in a company’s memorandum or articles, members exercise their powers by resolutions:

- (a) passed at a meeting of the members; or
- (b) passed as a written resolution.

The concept of “ordinary”, “special” and “extraordinary” resolutions is not recognised under the 2006 Act and resolutions passed at a members meeting only require the approval of a member or members holding in excess of 50 per cent. of the voting rights exercised in relation thereto. However, as permitted under the 2006 Act, the Articles incorporate the concept of a “special resolution” (requiring the approval of members holding 75 per cent. or more of the voting rights exercised in relation thereto) in relation to certain matters.

5.7 **Shares**

The provisions relating to shares and share capital in the 2006 Act are more relaxed than the equivalent provisions applying to 1931 Companies.

The 2006 Act provides that shares in a company may (without limitation):

- (a) be convertible, common or ordinary;
- (b) be redeemable at the option of the shareholder or the company or either of them;
- (c) confer preferential rights to distributions;
- (d) confer special, limited or conditional rights, including voting rights; or
- (e) entitle participation only in certain assets.

5.8 *Distributions and the Solvency Test*

The 2006 Act introduces a new definition of “distribution” in relation to a distribution by a 2006 Company of its assets to its members. A “distribution” essentially means the direct or indirect transfer of company assets or the incurring of a debt by a company to or for the benefit of a member and includes the payment of dividends and the redemption, purchase or other acquisition by a company of its own shares.

The 2006 Act permits the directors of a company to authorise a distribution by the company to its members at such time and of such amount as they think fit if they are satisfied, on reasonable grounds, that the company will, immediately after the distribution, satisfy the solvency test.

A company satisfies the “solvency test” if:

- (a) it is able to pay its debts as they become due in the normal course of its business; and
- (b) the value of its assets exceeds the value of its liabilities.

The solvency test replaces the traditional capital maintenance requirements which apply to 1931 Companies. Provided that the solvency test has been satisfied, dividends may be paid and shares redeemed or purchased out of any capital or profits of the company.

5.9 *Accounting Records*

The 2006 Act requires a company to keep reliable accounting records which:

- (a) correctly explain the transactions of the company;
- (b) enable the financial position of the company to be determined with reasonable accuracy at any time; and
- (c) allow financial statements to be prepared.

5.10 *Offering Documents*

The 2006 Act does not distinguish between public and private companies and (subject to any restrictions in a company’s memorandum or articles of association) a 2006 Company can offer its securities to the public.

If an offering document is issued in relation to a 2006 Company, the criteria with which that offering document must comply are far less prescriptive than the traditional prospectus requirements which apply to 1931 Companies. The 2006 Act simply requires the directors of a 2006 Company to ensure that any offering document issued in relation to that company:

- (a) contains all material information relating to the offer or invitation contained therein (i) that the intended recipients would reasonably expect to be included therein in order to enable them to make an informed decision as to whether or not to accept the offer or make the application referred to therein; and (ii) of which the directors or proposed directors were aware at the time of issue of the offering document or of which they would have been aware had they made such enquiries as would have been reasonable in all the circumstances; and
- (b) sets out such information fairly and accurately.

5.11 *Statutory Books*

Originals or copies (as appropriate) of various documents, including the constitutional documents, statutory books and accounting records of a 2006 Company, are required to be kept at the office of the 2006 Company's registered agent.

6. TAKEOVERS

6.1 *Takeover Code*

Following Admission, the Company will be subject to the provisions of the Takeover Code, including the rules regarding mandatory takeover offers set out in the Takeover Code. Under Rule 9 of the Takeover Code, when (i) a person acquires an interest in shares which, when taken together with shares in which he or persons acting in concert with him (as defined in the Takeover Code) are interested, carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code or (ii) any person who, together with persons acting in concert with him, is interested in shares carrying not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the Takeover Code, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.

6.2 *Compulsory acquisition procedure*

6.2.1 Pursuant to section 160 of the 2006 Act, where a scheme or contract involving the transfer of GVC Holdings Shares to another person (the “**transferee**”) has been approved by the holders of not less than 90 per cent. in value of the shares affected within the 16 weeks after the offer being made, the transferee may, at any time within 8 weeks after the transferee has acquired or contracted to acquire the GVC Holdings Shares, give notice in the prescribed manner to any dissenting Shareholder that it desires to acquire such dissenting Shareholders' GVC Holdings Shares, and where such notice is given the transferee shall, unless (on application made by the dissenting Shareholder within one month from the date on which the notice is given) the court thinks fit to order otherwise, be entitled and bound to acquire those GVC Holdings Shares on terms which under the scheme or contract the GVC Holdings Shares of the approving Shareholders are to be transferred to the transferee (or on such terms as may be permitted by variation under the 2006 Act in certain circumstances).

6.2.2 Where such a notice has been given by the transferee and the court has not, on application made by the dissenting Shareholder, ordered to the contrary or any pending application to the court by the dissenting Shareholder has been disposed of, the transferee shall send a copy of the notice to the Company and pay or transfer to the Company the consideration representing the price payable for the GVC Holdings Shares which the transferee is entitled to acquire and the Company shall thereupon register the transferee as the holder of those GVC Holdings Shares. The Company shall be required to hold such sums in a separate bank account on trust for the dissenting Shareholders.

7. DIRECTORS' AND OTHER INTERESTS

7.1 *Directors' shareholdings*

The following table sets out the interests of the Directors, their immediate families and persons connected with the Directors (within the meaning of section 252-255 of the UK Companies Act 2006), all of which are beneficial unless otherwise stated, in the issued share capital of:

- (i) Gaming VC, as at 16 April 2010, being the latest practicable date prior to the publication of this document; and
- (ii) the Company, as they will be on at Admission.

<i>Name of director</i>	<i>Share Capital</i>			
	<i>Gaming VC before Admission</i>		<i>Company on Admission</i>	
	<i>No. of issued</i>	<i>Percentage</i>	<i>No. of issued</i>	<i>Percentage</i>
	<i>Gaming VC</i>	<i>of issued</i>	<i>GVC Holdings</i>	<i>of issued</i>
	<i>Shares</i>	<i>share capital</i>	<i>Shares</i>	<i>share capital</i>
Kenneth Alexander	–	–	–	–
Richard Cooper	–	–	–	–
Lee Feldman	12,000	0.04	12,000	0.04
Karl Diacono	–	–	–	–
Nigel Blythe-Tinker	–	–	–	–

7.2 *Directors' options*

Upon Admission, the Directors are expected to be interested in options over GVC Holdings Shares which remain outstanding as follows:

<i>Director</i>	<i>Number of GVC Holdings Shares subject to options</i>	<i>Exercise Period</i>	<i>Exercise Price</i>
Kenneth Alexander	233,333	01.03.2008 – 01.03.2017	100p
Richard Cooper	291,667	12.12.2009 – 12.12.2018	126p
Lee Feldman	–	–	–
Karl Diacono	–	–	–
Nigel Blythe-Tinker	–	–	–

Each of the Executive Directors has agreed to retain the GVC Holdings Shares which he acquires on exercise of his options until the date of his cessation of employment with the Redomiciled Group (save that each Executive Director will be permitted to sell sufficient of the GVC Holdings Shares acquired on exercise to enable him to fund the exercise price of such options and any income tax and social security contribution liabilities which arise on exercise).

7.3 *Proposed grant of LTIP Awards to Directors*

Following Admission, it is intended that the Directors will be granted options over GVC Holdings Shares under the rules of the LTIP as follows:

<i>Director</i>	<i>Number of GVC Holdings Shares subject to options</i>	<i>Exercise Period</i>	<i>Exercise Price</i>
Kenneth Alexander	800,000	First anniversary of grant to the tenth anniversary of date of grant	213p
Richard Cooper	400,000	First anniversary of grant to the tenth anniversary of date of grant	213p
Lee Feldman	400,000	First anniversary of grant to the tenth anniversary of date of grant	213p
Karl Diacono	–	–	–
Nigel Blythe-Tinker	75,000	First anniversary of grant to the tenth anniversary of date of grant	213p

Each of the Executive Directors will agree to retain the GVC Holdings Shares which he acquires on exercise of his awards under the LTIP until the date of his cessation of employment with the Redomiciled Group (save that each Executive Director will be permitted to sell sufficient of the GVC Holdings Shares acquired on exercise to enable him to fund the exercise price of such awards and any income tax and social security contribution liabilities which arise on exercise).

7.4 Save as set out in **paragraphs** 7.1, 7.2 and 7.3 above, as at Admission, no Director will, and no person so connected with a Director has, or is expected to have, any interest in the share capital of the Company or any of its subsidiaries or any options over the Company's shares.

7.5 **Major Shareholders**

Set out below are, in so far as is known to the Company, the names of those persons other than the Directors who, directly or indirectly:

- (i) have an interest in 3 per cent. or more of the issued share capital of Gaming VC, as at 16 April 2010, being the latest practicable date prior to the publication of this document; and
- (ii) will have an interest in 3 per cent. or more of the issued share capital of the Company, at Admission.

<i>Name</i>	<i>Share Capital</i>			
	<i>Gaming VC before Admission</i>		<i>GVC Holdings</i>	
	<i>No. of issued Gaming VC Shares</i>	<i>Percentage of issued share capital</i>	<i>No. of issued Shares</i>	<i>Percentage of issued share capital</i>
Audley Capital Management Limited	9,109,911	29.3%	9,109,911	29.3%
Ora (Guernsey) Limited	2,629,885	8.4%	2,629,885	8.4%
Steve Barlow	1,951,927	6.3%	1,951,927	6.3%
Capital Research and Management Co	1,491,800	4.8%	1,491,800	4.8%
Crédit Agricole Chevreux International Limited	1,406,500	4.5%	1,406,500	4.5%
M&G Investment Management	1,400,000	4.5%	1,400,000	4.5%

7.6 No holder of GVC Holdings Shares referred to in this paragraph 7 has voting rights different from other holders of GVC Holdings Shares.

7.7 As at 16 April 2010 (being the latest practicable date prior to publication of this document) save as disclosed in this paragraph 7, the Company is not aware of any person or persons who, directly or indirectly, owns or controls the Company.

7.8 Save as disclosed above, no Director or member of a Director's family has, or will have upon Admission, any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the GVC Holdings Shares.

7.9 The following related party transactions are disclosed by the Company:

7.9.1 Nigel Blythe-Tinker is a director of Pentasia Limited, a recruitment company specialising in services to the betting and gaming sector. In the 12 months to 31 December 2009, Pentasia Limited received €67,566 from the GVC Group.

7.9.2 Karl Diacono is a director of Fenlex Corporate Services Limited ("Fenlex"), a corporate services provider. In the year ended 31 December 2009, the GVC Group paid to Fenlex aggregate fees in the sum of €52,780.

7.9.3 Richard Cooper, along with his wife, is a director and beneficial shareholder of Rousset Capital Limited ("RCL"). In the year ended 31 December 2009, RCL provided meeting room and conference services to the GVC Group amounting to aggregate fees of £12,600.

7.9.4 On 27 January 2010 Kenneth Alexander and Richard Cooper entered into agreements with Gaming VC for the cancellation of their vested share options. Kenneth Alexander agreed to cancel 566,667 options in return for a compensation payment of £629,000 and Richard Cooper agreed to cancel 108,333 options in return for a compensation payment of £92,000.

8. ADDITIONAL INFORMATION ON THE DIRECTORS

8.1 Other than their directorships of the Redomiciled Group companies, directorships and partnerships currently held by the Directors and held over the five years preceding the date of this document are as follows those companies marked with an asterisk being dormant:

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
Kenneth Alexander	Gaming VC Holdings S.A. ⁽¹⁾ GVC Administration Services Limited	Gaming VC Corporation Limited ⁽¹⁾ Sporting Odds Limited Interactive Sports Limited Finlaw 215 Limited* Ozmosa Limited*
Richard Cooper	Gaming VC Holdings S.A. ⁽¹⁾ GVC Administration Services Limited Rousset Capital Limited (formerly named IPO Grooming Limited)	Gbkers Group Limited ⁽²⁾ Gbkers UK Limited ⁽²⁾ Trident Gaming Management Services Limited ⁽²⁾ Betbug Limited* TGMS (Canada) Inc ^(1,2) Selwood Place Holdings Limited* ⁽¹⁾ Trident (No.2) Limited* ^(1,2)
Lee Feldman	Gaming VC Holdings S.A. ⁽¹⁾ LRN Corporation ⁽¹⁾ RM Auctions ⁽¹⁾ Twin Lakes Capital LLC ⁽¹⁾	People PC ⁽¹⁾ STI Ventures ⁽¹⁾
Karl Diacono	Gaming VC Holdings S.A. ⁽¹⁾ 36 Gaming Limited (formerly Ibutler Games Limited) ⁽¹⁾ ATAC Holdings Malta Limited ⁽¹⁾ Bertil Pa Internet Bingo Limited ⁽¹⁾ Bet3G Limited ⁽¹⁾ Bonobet Limited ⁽¹⁾ CSU Corporate Services Limited ⁽¹⁾ Fenlex Corporate Services Limited ⁽¹⁾ Fenlex Holding and Services Limited ⁽¹⁾ Lexicom Translation Services Limited ⁽¹⁾ Gaming VC Corporation Limited ⁽¹⁾ H&P Corporate Services Limited ⁽¹⁾ Ibutler Casino Impetus Europe Consulting Group Limited ⁽¹⁾ KAD Services Limited (formerly KAD Yachting Limited) Know How Gaming Limited ⁽¹⁾ Lexicom Translation Services Limited Metropolis Limited ⁽¹⁾ Noubet Games Limited ⁽¹⁾ Rubino Catering Limited RVG Tech Limited ⁽¹⁾ Snowie Holding Limited ⁽¹⁾ Snowie International Limited ⁽¹⁾ Snowie Solutions Limited ⁽¹⁾ Tempo Gaming Limited ⁽¹⁾ Trinity International Trade Limited ⁽¹⁾ Besedo Limited	Accerta Limited ^(1,3) Diacono Limited ⁽¹⁾ Evanescent Limited ⁽¹⁾ Sclavo Diagnostics S.P.A. ⁽¹⁾

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
Nigel Blythe-Tinker	Gaming VC Holdings S.A. ⁽¹⁾ Pentasia Limited Uluvka Limited	New Media Lottery PLC Sports Media Group PLC

Notes:

- (1) Incorporated outside the United Kingdom.
- (2) Subsidiary undertakings of Trident Gaming plc.
- (3) Mr. Diacono is a director of Accerta Limited which is in dissolution (as of 31 January 2008). Accerta Limited was set up to for a specific project and once the project was completed it was decided to put the company into voluntary liquidation. There is not expected to be a shortfall to creditors.

8.2 Save as disclosed above none of the Directors have:

- 8.2.1 any unspent convictions in relation to indictable offences;
- 8.2.2 had a bankruptcy order made against him or made an individual voluntary arrangement;
- 8.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary arrangement or made any composition or arrangement with its creditors generally or of any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company;
- 8.2.4 been a partner in a partnership which has been placed in compulsory liquidation, administration or made a partnership voluntary arrangement whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- 8.2.5 had any asset placed in receivership or any asset of a partnership in which he was a partner placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership; or
- 8.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies) or 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.

9. DIRECTORS' SERVICE AND CONSULTANCY AGREEMENTS AND EMOLUMENTS

9.1 The Directors have entered into service agreements or appointment letters with the Company as follows:

9.1.1 *Executive Directors*

Each of the Executive Directors has entered into a service agreement with the Company which will take effect upon the Transfer. The principal terms are summarised below:

<i>Director</i>	<i>Job title</i>	<i>Annual salary/fee</i>	<i>Other benefits</i>	<i>Date of Service Agreement</i>
Kenneth Alexander	Chief Executive Officer	£500,000	Health and life cover	19 April 2010
Richard Cooper	Chief Financial Officer	£275,000	Health and life cover	19 April 2010

The service agreements are terminable on 12 months' notice by either the Company or the Executive Director. The salaries are subject to annual review by the Company's Board (through the Remuneration Committee). The eligibility of each Executive Director to participate in bonus schemes will be set by the Remuneration Committee in its sole discretion. In addition, the Remuneration Committee has discretion to award the Executive Directors additional bonuses.

The Executive Directors will be entitled to 25 working days annual holiday plus usual UK bank holidays.

Each of the Executive Directors is also subject to non-competition, non-solicitation, non-dealing and non-poaching covenants in favour of the Company for a period of 12 months following the cessation of their employment.

The service agreements are governed by English law.

9.1.2 *Annual bonus scheme for Executive Directors*

The Remuneration Committee has decided that Executive Directors' annual bonuses should, in future, be linked directly to the dividends paid by the Company. Accordingly, each of Kenneth Alexander and Richard Cooper will receive a bonus each year equal to the dividends (excluding the special dividend expected to be paid in June 2010) that would have been paid by the Company to that Director in the relevant period in respect of the GVC Holdings Shares subject to unexercised awards granted under the LTIP to that Director as if those awards had already been exercised (and the GVC Holdings Shares issued) at the record date for payment of the relevant dividend.

9.1.3 *Non-executive Directors*

Each of the Non-executive Directors has entered into a letter of appointment with the Company which takes effect on the date of signing. However, the continuation of each appointment is conditional on completion of the Transfer. The principal terms are summarised below:

<i>Director</i>	<i>Job title</i>	<i>Annual salary/fee</i>	<i>Other benefits</i>	<i>Date of Letter of Appointment</i>
Lee Feldman	Non-executive Chairman	£130,000	–	19 April 2010
Karl Diacono	Non-executive Director	€50,000	–	19 April 2010
Nigel Blythe-Tinker	Non-executive Director	£85,000	–	19 April 2010

The Non-executive Director letters of appointment are terminable on three months' written notice by either party. The appointments are contingent on satisfactory performance and will cease without compensation in the event that the Non-executive Director is not re-elected by Shareholders in accordance with the Articles.

If at any time, a Non-executive Director is considering taking on any new directorships, appointments or interests which might give rise to a conflict of interest with the Company, he must first discuss the matter with the Company's Chairman and obtain a Board resolution authorising such appointment.

The Remuneration Committee has discretion to award the Non-executive Directors additional bonuses.

The Non-executive Director letters of appointment are governed by Isle of Man law.

- 9.2 The Company has granted an indemnity to each Director in relation to all expenses, including legal fees, and all judgements, fines and amounts paid in settlement and reasonably incurred by the relevant Director who is a party to any legal proceedings by reason of the fact that the relevant Director is or was a director of the Company. The indemnity is subject to the 2006 Act.
- 9.3 Save as set out in paragraph 9.1 of this Part 4 above, there are no existing or proposed service agreements between any of the Directors and the Company or any member of the Redomiciled Group.
- 9.4 Other than payment of salary and benefits in lieu of notice the Directors' service contracts and letters of appointment do not provide for benefits upon termination of employment.

- 9.5 The aggregate remuneration paid and benefits in kind granted to the Directors including amounts paid from all members of the GVC Group during the year ended 31 December 2008 amounted to €1,255,000.
- 9.6 The aggregate remuneration paid and benefits in kind granted to the Directors including amounts paid from all members of the GVC Group during the year ended 31 December 2009 amounted to €1,519,000.
- 9.7 The aggregate amount payable and benefits in kind to be granted to the Directors under the arrangements in force at the date of this document during the financial year ending 31 December 2010 are estimated to amount to €1,466,000. This amount does neither take into account the one-off discretionary payments of £643,000 paid to Kenneth Alexander and £332,000 paid to Richard Cooper in January 2010, nor does it include the payments to buy-out their vested share options which amounted to £629,000 and £92,000 for Kenneth Alexander and Richard Cooper respectively. Payments made in January 2010 in respect to the normal performance based bonus payments for 2009 are included in the amounts shown in paragraph 9.6 above. The discretionary payments were in recognition of Kenneth Alexander's and Richard Cooper's importance to the business and their lack of participation in a long-term incentive plan.

10. SHARE INCENTIVE SCHEMES

10.1 *GVC Holdings PLC 2010 Long Term Incentive Plan*

The principal terms of the LTIP may be summarised as follows:

10.1.1 *Eligibility*

All employees of the Company's group (the "**Group**"), all directors (including Non-executive directors) of the Group and all consultants and other providers of services to the Group are eligible to participate in the LTIP.

10.1.2 *Grant of Awards*

Share awards ("**Awards**") may be granted to eligible persons in the absolute discretion of the Board.

Awards will entitle the holder of the Award (the "**Award Holder**") to acquire ordinary shares in the Company on payment of the award price (see below). Awards will be granted free of charge and will be non transferable (other than in the event of the death of the Award Holder).

When granting an Award, the Board may commit the Company to satisfying the Award either by the allotment and issue of new ordinary shares or by procuring the transfer of ordinary shares which are already in issue.

On the grant of an Award, the Board may make its exercise dependent on the satisfaction of an objective condition designed to measure the performance of the Company and/or the Award Holder. It is anticipated that the initial grant of Awards under the LTIP (the "**Initial Awards**") will be made on or shortly following Admission. Initial Awards granted to employees below Board level and to consultants will be subject to a performance condition which will require the Company's average share price over a period of 30 dealing days to reach £3.00 per ordinary share before the Initial Awards are capable of being exercised. Once the performance condition has been satisfied, the Initial Awards will be exercisable, to the extent vested (see below under the heading "Vesting, Exercise and Lapse of Awards") until the tenth anniversary of their date of grant.

No performance conditions will apply to the Initial Awards granted to the Directors.

10.1.3 *Period for the grant of Awards*

Awards may be granted within 42 days immediately following Admission or within 42 days immediately following the announcement of the Company's annual or half-yearly results. In exceptional circumstances, Awards may be granted at other times.

10.1.4 *Overall limit*

No Award may be granted under the LTIP if it would cause the aggregate number of ordinary shares that are capable of being issued pursuant to Awards granted under the LTIP, when aggregated with the number of ordinary shares issued or issuable pursuant to rights to subscribe for ordinary shares granted during the preceding ten years under the LTIP or any other employee share scheme established by any company in the Group, to exceed 13.5 per cent. of the Company's issued ordinary share capital at the proposed date of grant.

Ordinary shares subject to rights to acquire ordinary shares granted under the LTIP or any other employee share scheme established by any company in the Group that have lapsed or been surrendered are excluded when calculating the overall limit. If Awards are to be satisfied by a transfer of existing ordinary shares, the percentage limit stated above will not apply.

10.1.5 *Award price*

The award price per ordinary share will be determined by the Board at the time of grant of each Award but must be no less than the par value of an ordinary share if the Award is capable of being satisfied by the issue of ordinary shares.

It is anticipated that the Initial Awards to be granted to the Directors will be granted with an award price of £2.13 per ordinary share. The Initial Awards to be granted to employees below Board level and to consultants will be granted with an award price of either €0.01 (being the par value of a GVC Holdings Share) or £1.50 per ordinary share.

10.1.6 *Vesting, exercise and lapse of Awards*

On the grant of an Award the Board will specify the terms on which the Awards vest. Awards will normally only be exercisable to the extent vested and to the extent that the performance conditions which apply to them (if any) have been satisfied.

It is expected that the Initial Awards will vest over a three year period as follows: one third of the ordinary shares subject to each award will vest 12 months after the date of grant of the awards and the balance of the ordinary shares will vest in eight equal quarterly installments over the following 24 months.

Once vested, Awards will normally be exercisable up to ten years from the date of grant at the end of which period they will lapse.

Awards will normally lapse on cessation of employment or office or on termination of the Award Holder's contract for services. If an Award Holder ceases to be employed or hold office within the Group or to provide services to the Group on the grounds of injury, ill health, disability, sale of the Award Holder's employing company or the Company with which he holds office or to which he provides services out of the Group or the undertaking in which he is employed or with which he holds office or to which he provides services being transferred out of the Group, the Award holder may exercise his subsisting Awards to the extent to which they have vested at the date of cessation for the period of 6 months from cessation after which period the Awards will lapse.

If an Award Holder ceases to be employed by or hold office within the Group or to provide services to the Group by reason of gross misconduct or any other reason justifying summary dismissal or the immediate termination of the Award holder's office or contract for services, the Award shall lapse on the date of such cessation.

If an Award Holder ceases to be employed by or hold office within the Group or to provide services to any Company in the Group for any other reason, then any subsisting Awards held by the Award Holder will not be exercisable for a period of 60 days from the date of cessation provided that, within that 60 day period the Board may notify the Award Holder in writing that his Awards will not lapse and will be exercisable to the extent and for such period as is determined by the Board. If no such notification is given, the Awards will lapse at the end of the 60 day period.

If an Award Holder dies, his personal representatives may exercise his outstanding Awards before the earlier of the expiry of 12 months from the date of his death and the expiry of the award period applying to the Awards. The Awards will lapse thereafter.

10.1.7 *Change of control*

In the event of a takeover, a scheme of arrangement (other than a scheme of arrangement for the purposes of creating a new holding company) or voluntary winding up of the Company, early exercise of Awards is permitted. Vesting of Awards is accelerated in these circumstances.

In the event of a takeover or scheme of arrangement, Award Holders may be given the opportunity to exchange their Awards for equivalent awards over shares in the acquiring company.

10.1.8 *Variation of share capital*

In the event of certain variations of the ordinary share capital of the Company (including a capitalisation issue, a rights issue, a subdivision or consolidation of shares or reduction in capital) the Board may adjust the Award price of and the number of ordinary shares comprised in subsisting Awards and the description of such shares in such manner as the Board considers to be in its opinion fair and reasonable.

10.1.9 *Rights attaching to ordinary shares*

Ordinary shares issued on the exercise of an Award will be identical to and rank equally with all other ordinary shares in issue. However, an Award Holder shall not be entitled to any dividend or other distribution by the Company in respect of the ordinary shares issued or transferred to him where the relevant record date fell before the date on which the ordinary shares were issued or transferred to the Award Holder.

10.1.10 *Amendment*

The Board may make any amendment to the LTIP, provided that amendments to certain important rules (including those relating to (a) the overall limit on the number of ordinary shares subject to the LTIP, (b) eligibility to participate in the LTIP and (c) the basis for determining an individual's entitlement to, and the terms of, ordinary shares) to the advantage of Award Holders may only be made with the sanction of the Shareholders of the Company in general meeting.

The requirement to obtain the approval of Shareholders will not apply to minor amendments to benefit the administration of the LTIP or to amendments to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, future participants or any company in the Group.

If an amendment would materially disadvantage an Award Holder, the Board will require written consent from the affected Award Holder or consent in writing from at least 75 per cent. of those affected by such an alteration.

10.1.11 *Termination*

The LTIP will terminate ten years after the date of Admission or earlier, if the Board so determines.

10.2 *Gaming VC Holdings S.A Share Option Plan*

Options to acquire ordinary shares in Gaming VC granted under the ESOP are currently outstanding (“**Options**”). The rules of the ESOP provide that all of the Options will lapse on commencement of the winding-up of Gaming VC. However, the board of directors of Gaming VC has agreed with the Board to vary the terms of the Options conditional on the Transfer and subject to the agreement of each holder of Options (other than holders of Options with an exercise price of 420p per Gaming VC Share) (the “**Option Variation**”) so that the Options will not lapse on the appointment of the Liquidator. As the Gaming VC Shares will be cancelled in the process of the Liquidation, it will not be possible for the Options to subsist in respect of Gaming VC Shares following the Liquidation. Accordingly, the terms of the Options held by those individuals who consent to the Option Variation will also be varied to provide that the Gaming VC Shares subject to the Option will be replaced by GVC Holdings Shares.

The total amount payable for the exercise of each Option will be the same after the Option Variation as before the Option Variation. Further, the number of GVC Holdings Shares subject to each Option immediately after the Option Variation takes effect will be the same as the number of Gaming VC Shares subject to the Options immediately before the Option Variation takes effect.

The Option Variation will be subject to the Transfer and will be effected immediately prior to the appointment of the Liquidator. Following the Option Variation taking effect, the rules of the ESOP shall apply to the Options as if references to the “Company” and to “Shares” throughout the ESOP are references to GVC Holdings and to GVC Holdings Shares respectively.

Following the Liquidation, no options will be capable of being granted under the terms of the ESOP.

The principal terms of the ESOP which will apply to the Options following the Option Variation taking effect may be summarised as follows:

10.2.1 *Vesting, exercise and lapse of Options*

The Options will normally be exercisable only to the extent that they have vested. The Options normally vest and become exercisable as to one quarter of the ordinary shares comprised within those options on the first anniversary of the date of grant with the balance vesting in 36 equal monthly instalments over the next three years and will remain exercisable until 10 years after the date of grant at the end of which period they will lapse.

Each of the Executive Directors holds Options and is expected to consent to the Option Variation in respect of his Options by entering into a deed of variation with the Company and Gaming VC. As a condition of his participation in the Option Variation, each of the Executive Directors is expected to agree to an alteration to the terms on which his Options vest so that, following the Option Variation taking effect, vesting of his Options will take place on a quarterly basis rather than the monthly basis on which his Options currently vest (the annual rate at which his Options vest will remain unchanged).

Options will cease vesting on cessation of employment unless the Board determines otherwise within three months of cessation of employment and Options will lapse if the holder of the Option (the “Option Holder”) ceases to be employed within the Group by reason of gross misconduct, fraud or dishonesty.

10.2.2 *Change of control*

In the event of a takeover, vesting of the replacement options will be accelerated and early exercise of the Options will be permitted for a maximum period of 6 months immediately following the date of the takeover, after which period the Options will lapse.

10.2.3 *Variation of share capital*

In the event of certain variations of the ordinary share capital of the Company (including a capitalisation issue, a rights issue, a subdivision or consolidation of shares or reduction in

capital) the Board may adjust the option price of and the number of ordinary shares comprised in the Options and the par value of such ordinary shares in such manner as it considers appropriate (subject to the agreement of the Company's auditors).

10.2.4 *Rights attaching to ordinary shares*

Ordinary shares issued on the exercise of an Option will be identical to and rank equally with all other ordinary shares in issue. However, an Option Holder shall not be entitled to any dividend or other distribution by the Company in respect of the ordinary shares issued or transferred to him where the relevant record date fell before the date on which the ordinary shares were issued or transferred to the Option Holder.

10.2.5 *Amendment*

The Board may make any amendment to the ESOP, provided that no amendment may operate to vary adversely the terms of the replacement options granted unless it is made (a) with the consent in writing of such number of Option Holders as hold 75 per cent. of the ordinary shares which would be issued or transferred if all the replacement options granted were exercised, or (b) by a resolution at a meeting of Option Holders passed by not less than 75 per cent. of the Option Holders who attend and vote.

10.2.6 *Termination*

The Board may terminate the ESOP at any time.

11. TAXATION

The statements set out below are intended only as a general guide to current aspects of Isle of Man and UK tax law and practices of the local tax authorities of those countries, as described herein. No statements are made with respect to the tax treatment of the ownership or disposal of GVC Holdings Shares in any other jurisdiction and Shareholders who are citizens of, or resident or ordinarily resident in, countries other than Isle of Man and the UK are strongly encouraged to seek independent professional advice in connection with the local tax consequences of investing in GVC Holdings Shares.

11.1 *UK Taxation*

The following statements are a general description of certain UK tax consequences relating to the acquisition, ownership and disposition of GVC Holdings Shares. These statements are based on current UK tax legislation and current practice of HM Revenue and Customs ("HMRC").

The statements only apply to shareholders who are resident in the UK, and the case of individuals, ordinarily resident and domiciled in the UK. They may not apply to certain categories of shareholders such as trustees, dealers, and shareholders who (together with associates and connected persons) have a 10 per cent. or greater interest in the Company.

GVC Holdings Shares acquired by employees may be subject to the provisions of ITEPA 2003, which are not considered below.

The statements are not exhaustive and do not deal with all potential tax issues that may affect a particular investor. All shareholders are strongly advised to obtain independent tax advice as to the consequences of acquiring, owning and disposing of GVC Holdings Shares.

11.1.1 *The Company*

The directors intend to manage and control the company outside the UK. On this basis the company should not be treated as resident in the UK for tax purposes.

11.1.2 *Taxation of dividends*

No UK withholding tax will be payable in respect of any dividends the Company may pay on GVC Holdings Shares.

In the event that dividends are paid under deduction of withholding tax, shareholders may be able to obtain credit against their income tax or corporation tax liability for all or part of any tax so withheld.

11.1.3 *UK individuals*

Shareholders who are individuals will be liable to income tax on the gross amount of dividends received ie the total of the dividend and the related notional tax credit. Dividend income is treated as forming the highest part of the individual's income. Shareholders will be liable to income tax at a rate of 10 per cent. (for the tax year 2010/2011) to the extent that the dividend falls within the savings or basic rate bands of income, or 32.5 per cent. (for the tax year 2010/2011) to the extent that the dividend falls within the higher rate band of income. Finance Act 2009 introduced a higher rate of income tax on dividends of 42.5 per cent. for individuals with income in excess of £150,000, which applies for the tax year 2010/2011 and onwards.

Dividends will carry a notional tax credit equal to one-ninth of the cash dividend (i.e. 10 per cent. of the aggregate of the cash dividend and associated tax credit). This credit will reduce the income tax liability of an individual shareholder such that a shareholder who is otherwise liable to pay tax at only the savings rate or basic rate of income tax will have no further liability to income tax in respect of dividends.

11.1.4 *UK companies*

Following changes introduced by the Finance Act 2009, dividends received by shareholders which are medium or large companies may be exempt from taxation, subject to detailed conditions being met.

Dividends received by shareholders which are small companies will not be exempt.

Companies receiving dividends which are not exempt will be liable to corporation tax at the usual rate of corporation tax (28 per cent. for the tax year 2010/2011 for companies paying the full rate of corporation tax).

11.1.5 *Capital gains*

(a) *Individuals*

Any gain realised on a sale or other disposal of GVC Holdings Shares (including from liquidation or dissolution of the Company) by shareholders who are individuals may be subject to capital gains tax.

The amount of the gain will be the difference between the acquisition cost (together with incidental costs of acquisition and disposal) of the GVC Holdings Shares and the disposal proceeds.

Gains are subject to tax at a rate of 18 per cent. Individual shareholders who are employees or officers of the Company and who hold at least 5 per cent. of the GVC Holdings Shares may be entitled to Entrepreneurs' Relief which reduces the rate of capital gains tax to 10 per cent.

Individuals may also be able to deduct other amounts including all or part of their annual exemption (£10,100 for the year 2010/2011) and any capital losses available to them.

(b) Companies

Any gain realised on a sale or other disposal of GVC Holdings Shares (including from liquidation or dissolution of the Company) by shareholders who are companies may be subject to corporation tax on chargeable gains.

The amount of the gain will be the difference between the acquisition cost (together with incidental costs of acquisition and disposal) of the GVC Holdings Shares and the disposal proceeds.

Companies may be entitled to indexation allowance which increases the acquisition cost of GVC Holdings Shares in accordance with the rise in the Retail Prices Index.

(c) Non-residents

Individuals who dispose of GVC Holdings Shares while they are temporarily non-resident for UK tax purposes may still be liable to UK tax on any capital gain realised.

Individuals who are not resident in the UK may be subject to capital gains tax if they carry on a trade, profession or vocation in the UK through a branch or agency for the purpose of which GVC Holdings Shares are or have been used, held or acquired.

Companies which are not resident in the UK may be subject to corporation tax on chargeable gains if they carry on a trade in the UK through a permanent establishment for the purpose of which GVC Holdings Shares are or have been used, held or acquired.

11.1.6 *United Kingdom anti-avoidance legislation*

Shareholders who are individuals and ordinarily resident in the United Kingdom should be aware of the provisions of sections 714 – 751 of the Income Tax Act 2007 which may render them liable to UK income tax in respect of undistributed income of the Company. These provisions will not apply if the individual can show either (i) that it would not be reasonable to draw the conclusion, from all the circumstances of the case, that the purpose of avoiding liability to taxation was the purpose or one of the purposes for which the relevant transactions or any of them were effected, or (ii) that all the relevant transactions were genuinely commercial and that it would not be reasonable to draw the conclusion from all the circumstances of the case that any one or more of those transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

11.1.7 *Stamp duty and stamp duty reserve tax (“SDRT”)*

The statements below do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depository arrangements or clearance services, who may be liable at a higher rate.

No stamp duty or SDRT should be payable on the issue of GVC Holdings Shares.

11.1.8 *GVC Holdings Shares held in certificated Form*

Any instrument effecting or evidencing a transfer of GVC Holdings Shares held in certificated form which is executed in the UK may not (except in criminal proceedings) be given in evidence or be available for any purpose whatsoever in the UK unless duly stamped. Any instrument of transfer executed outside the UK which relates to any matter or thing done, or to be done in the UK may not (except in criminal proceedings) be given in evidence or be available for any purpose whatsoever in the UK, unless duly stamped after it has first been received in the UK. The rate of stamp duty is 0.5 per cent. on the value of the consideration for the relevant transfer, rounded up to the next multiple of £5. However, transfers where the consideration is below £1,000 are exempt from stamp duty. Interest on the stamp duty will accrue from 30 days after the date the instrument is executed.

No charge to stamp duty will arise in relation to the transfer of GVC Holdings Shares held in certificated form provided that all instruments relating to the transfer are executed and retained outside the UK and no do not relate to matters or actions performed in the UK.

No charge to SDRT will arise in respect of an agreement to transfer GVC Holdings Shares held in certificated form, provided such GVC Holdings Shares are not registered in any register kept in the UK by or on behalf of the Company.

11.1.9 *GVC Holdings Shares held in uncertificated form*

No stamp duty or SDRT should arise on the transfer of GVC Holdings Shares to CREST for conversion into uncertificated form, unless the transfer is for consideration.

Sales of GVC Holdings Shares within CREST will generally be liable to SDRT at the rate of 0.5 per cent. of the value of the consideration for the transfer. The SDRT is normally settled by CREST, on behalf of the purchaser or transferee, on the same day as the sale, but otherwise is payable on the “accountable date” for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made.

11.2 *Isle of Man taxation*

The statements set out below are intended only as a general guide to current aspects of Isle of Man taxation. The summary does not purport to be an exhaustive analysis of all potential Isle of Man tax. If you are in any doubt as to your tax position or if you may be subject to tax in any other jurisdiction, you are strongly recommended to consult an appropriate professional adviser.

11.2.1 *Tax residence in the Isle of Man*

The Company is resident for taxation purposes in the Isle of Man by virtue of being incorporated in the Isle of Man.

11.2.2 *Capital taxes in the Isle of Man*

The Isle of Man has a regime for the taxation of income, but there are no capital duties, stamp taxes or inheritance taxes in the Isle of Man. No Isle of Man stamp duty or SDRT will be payable on the issue or transfer of, or any other dealing in, the GVC Holdings Shares.

11.2.3 *Zero rate of corporate income tax in the Isle of Man*

The Isle of Man now operates a zero rate of tax for most corporate taxpayers. This will include the Company. Under this regime, the Company will technically be subject to taxation on its income in the Isle of Man, but the rate of tax will be zero; there will be no withholding to be made by the Company on account of Isle of Man tax in respect of dividends paid by the Company.

In certain circumstances the distributable profits of companies will be attributed and assessed to tax on the Isle of Man resident shareholders. However, upon admission, the Company will obtain the benefit of exemption from this regime that is afforded to companies whose shares are traded on a recognised stock exchange.

11.2.4 *Deductions in respect of Isle of Man employees*

The application of the zero rate of corporate income tax described above does not affect the liability of a company to deduct and account for income tax under the Isle of Man Income Tax (Instalment Payments) Act 1974 or national insurance contributions, if applicable, although this is not expected to be relevant to the Company as it does not have, nor does it currently intend to engage, any Isle of Man employees.

11.2.5 *EU Savings Directive*

Directive 2003/48 of the European Union on the taxation of savings income seeks to bring about the effective taxation of interest payments in a beneficial owner's member state of tax residence through the automatic exchange of information on cross border interest payments to individual beneficial owners. During the transitional period set out in the Directive, three Member States (namely Austria, Belgium and Luxembourg) shall not be required to exchange information but shall apply a withholding tax to savings income covered by the Directive. The Isle of Man has entered into agreements with all the Member States to apply a retention tax during the transitional period in the same manner as the withholding tax under the Directive and, thereafter, to apply automatic exchange of information. These measures now apply in the Isle of Man, but the Directive does not currently extend to dividend payments.

11.2.6 *Isle of Man probate*

In the event of the death of a sole holder of GVC Holdings Shares an Isle of Man grant of probate or administration may be required, in respect of which certain fees will be payable to the Isle of Man government.

11.3 ***United States Federal Tax considerations***

11.3.1 *Circular 230 Disclosure*

To ensure compliance with US Treasury Department Circular 230, potential investors are hereby notified that: (A) any discussion of US federal tax issues in this document is not intended or written to be relied upon, and cannot be relied upon, by potential investors for the purpose of avoiding penalties that may be imposed on potential investors under the Internal Revenue Code of 1986, as amended, (B) such discussion is included herein in connection with the promotion or marketing (within the meaning of Circular 230) by GVC Holdings of the transactions or matters addressed herein and (C) potential investors should seek tax advice based on their particular circumstances from an independent tax advisor.

11.3.2 *United States Federal Income Tax Consequences*

The following discussion outlines certain potential US federal income tax consequences of the acquisition, ownership and disposition of the shares. This discussion only applies to a US Shareholder (as defined below) of the shares that holds the same as capital assets for US federal income tax purposes. This discussion does not address all of the US federal income tax consequences that may be relevant to a US Shareholder in light of the holder's particular circumstances and does not apply to US Shareholders subject to special rules, such as dealers in securities, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, tax-exempt entities (including pension plans), certain financial institutions, life insurance companies, persons liable for alternative minimum tax, persons that hold the shares through a partnership or other pass-through entity, persons whose functional currency is not the US dollar, US expatriates, persons holding shares as part of a straddle, hedging, conversion or integrated transaction, persons that acquired shares pursuant to the exercise of any employee share option or otherwise as compensation, or holders of 10 per cent. or more of GVC Holdings' voting shares.

This discussion is based on the Internal Revenue Code of 1986, as amended ("Code"), its legislative history, existing regulations, published rulings and published court decisions, all of which are subject to change at any time, possibly on a retroactive basis.

A holder of the shares is a "US Shareholder" if it is a beneficial owner of such shares and is (i) an individual citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate whose income is subject to US federal income tax regardless of its source, or (iv) a trust, if (1) a court in the United States can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust or (2) the trust

has a valid election in effect under applicable US Treasury regulations to be treated as a US person. **Potential investors should consult their own tax advisors regarding the US federal, state, local and other tax consequences of acquiring, owning and disposing of shares in their particular circumstances.**

11.3.3 *Taxation of Dividends*

Subject to the passive foreign investment company rules discussed below, a US Shareholder must generally include in gross income as a dividend the gross amount, as determined in US dollars as discussed below, of any distribution made by GVC Holdings out of its current or accumulated earnings and profits (as determined for US federal income tax purposes). A US Shareholder must treat the amount of any tax withheld from any dividend as an additional distribution for this purpose even though such shareholder does not, in fact receive the amount withheld as tax. To the extent, if any, that the amount of any distribution exceeds GVC Holdings's current or accumulated earnings and profits, it will be treated first as a tax-free return of tax basis in the shares (thereby reducing such tax basis and potentially increasing the amount of any gain or decreasing the amount of any loss recognized on the subsequent sale or disposition of such shares) and thereafter as capital gain. Since GVC Holdings does not calculate earnings and profits for US tax purposes, however, a US Shareholder should expect not to be able to establish that any portion of the distribution would be treated as recovery of basis or capital gain. Any dividends received by a US Shareholder that is a corporation may not be eligible for the corporate dividends-received deduction.

For taxable years beginning before 1 January 2011, dividends received by US Shareholders that are individuals, estates or trusts from "qualified foreign corporations," as defined in Section 1(h)(11) of the Code, may be treated as "qualified dividend income" taxed at preferential tax rates provided the recipient meets certain holding period requirements. Section 1(h)(11) of the Code defines a "qualified foreign corporation" to include a foreign corporation that is eligible for the benefits of one of certain comprehensive income tax treaties with the United States that include an exchange of information program. GVC Holdings expects that it will likely not be eligible for the benefits of a treaty and thus will likely not constitute a "qualified foreign corporation." Dividends received in a taxable year when GVC Holdings does not constitute a "qualified foreign corporation," will be subject to US federal income tax at ordinary income tax rates.

The amount of the dividend that any US Shareholder must include in income is the US dollar value of the gross amount of the dividend, determined at the spot exchange rate on the date the dividend distribution is included in a US Shareholder's income, regardless of whether the payment is, in fact, converted into US dollars. Any gain or loss resulting from currency exchange fluctuations during the period from the date a US Shareholder includes the dividend payment in income to the date such shareholder converts the payment into US dollars generally will be treated as ordinary income or loss. Such gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Subject to certain limitations, tax withheld from a dividend distribution by GVC Holdings, if any, will be creditable against a US Shareholder's US federal income tax liability with respect to the dividend. If a refund of the tax withheld is available to potential investors under the laws of the withholding jurisdiction, the amount of tax withheld that is refundable will not be eligible for such credit against their US federal income tax liability (and will not be eligible for the deduction against their US federal taxable income). Dividends will be income from sources outside the United States and generally will constitute "passive category income" but could, in the case of certain US Shareholders, constitute "general category income". As an alternative to claiming a foreign tax credit, a US Shareholder may elect to claim a US tax deduction for such tax, but only for a year in which the US Shareholder elects to do so with respect to all foreign income taxes.

The dividend and foreign tax credit rules are complex and a US Shareholder should consult its own tax advisor regarding these rules and how these rules may affect its US federal, state, local and other income tax situation.

11.3.4 *Taxation of Gains on Dispositions of Shares*

Subject to the passive foreign investment company rules discussed below, a US Shareholder who sells or otherwise disposes of the shares will generally recognize capital gain or loss for US federal income tax purposes equal to the difference between the US dollar value of the amount realized and the US Shareholder's tax basis, determined in US dollars at the time of purchase, in such shareholder's shares. Capital gain of a non-corporate US Shareholder is generally eligible for preferential tax rates, and for taxable years beginning before 1 January 2011 is generally taxed at a maximum rate of 15 per cent., when the property has been held for more than one year. The deductibility of capital losses is subject to significant limitations. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. If a US Shareholder receives any foreign currency on the sale of the shares, such shareholder may recognize US-source ordinary income or loss as a result of currency fluctuations between the date of the sale of the shares and the date the sales proceeds are converted into US dollars.

11.3.5 *Passive Foreign Investment Company ("PFIC") Rules*

GVC Holdings management has not determined and undertakes no obligation now or in the future to determine if its shares should be treated as shares of a passive foreign investment company, or PFIC, for US federal income tax purposes. This conclusion is a factual determination that is made annually at the end of the taxable year and therefore there can be no assurance that GVC Holdings will not be or has not been classified as a PFIC for the current or any prior taxable year or for any future taxable year.

A non-US corporation is a PFIC if, for any taxable year, either (i) 75 per cent. or more of its gross income is "passive income" or (ii) the average, by fair market value (or, if the corporation is not publicly traded and either is a controlled foreign corporation or makes an election, by adjusted tax basis), of its assets that produce or are held for the production of "passive income" is 50 per cent. or more. "Passive income" generally includes dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions.

US Shareholders owning shares of a PFIC are subject to special rules with respect to certain excess distributions on, and gain realized on dispositions of, PFIC stock. Under these special tax rules (i) the excess distribution or gain will be allocated ratably over a US shareholder's holding period for the shares, (ii) the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which GVC Holdings became a PFIC, will be treated as ordinary income, and (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and the interest charge generally applicable to under payments of tax will be imposed on the resulting tax attributable to each such year. Subject to certain limitations, US Shareholders owning, actually or constructively, marketable stock (as defined in regulations promulgated under the PFIC provisions of the Code) in a PFIC will be permitted to elect to mark that stock to market annually, rather than be subject to the tax regime described above. Amounts included in or deducted from income under this alternative (and actual gains and losses realized upon disposition, subject to certain limitations) will be treated as ordinary gains and losses. A US Shareholder should consult his or her tax advisors regarding the potential application of the PFIC rules to the ownership of shares.

11.3.6 *Backup Withholding and Information Reporting*

Dividend payments and other taxable payments made within the United States or through certain US-related financial intermediaries generally will be subject to information reporting requirements and backup withholding tax unless such US Shareholder (i) is a corporation or

other exempt recipient or (ii) in the case of backup withholding, provides a correct taxpayer identification number and certifies appropriately. US Shareholders who are required to establish their exempt status or provide a taxpayer identification number generally must provide such certifications on Internal Revenue Service Form W-9.

Backup withholding is not an additional tax. The amount of any backup withholding will be allowed as a credit against a US Shareholder's US federal income tax liability and may entitle a US Shareholder to a refund if the required information is furnished to the Internal Revenue Service.

12. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company and the Redomiciled Group will, from Admission, be sufficient for their present requirements that is for at least 12 months from the date of Admission.

13. LITIGATION

13.1 *Notice of Termination of Italian operations of Gaming VC Corporation of Malta from Boss Media*

A judicial protest was filed in Malta by Gaming VC Corporation on 21 January 2010 refuting the notice of termination sent by Boss Media Malta Casino and Boss Media Malta Poker (together "Boss") in order to terminate the services provided by Boss to Gaming VC Corporation by which Gaming VC Corporation is offering a number of games in Italy using the Boss platform. The judicial protest was filed on the grounds that the said termination letters do not fulfil the termination requirements as set out in the licence agreements currently existing between Boss and Gaming VC Corporation dated 27 March 2009 and should therefore be considered unlawful. Gaming VC Corporation, by means of judicial process, is requiring Boss to withdraw such notice of termination and, in the event that such notice of termination is not withdrawn, Gaming VC Corporation will sue for damages.

13.2 *Dispute involving Gaming VC Corporation and Boss Media AB and Boss Casino Ltd*

A dispute has arisen in relation to the Boss Media Malta Casino Software Licence Agreement. Boss Media Malta Casino's obligations under the Boss Media Malta Casino Software Licence Agreement are guaranteed by its parent company, Boss Media. The Boss Media Malta Casino Software Licence Agreement is governed by the laws of Malta and is subject to the jurisdiction of the Courts of Malta.

In 2008, GTECH (a company incorporated and registered in the United States) acquired control of Boss Media and Boss Media Malta Casino. GTECH also owns St. Minver Limited (a company incorporated and registered in Gibraltar). St. Minver Limited has a licence from the Gibraltar Gaming Authority to offer online games on the internet. St. Minver Limited offers games on the internet on behalf of clients under this licence. In 2006, Lottomatica S.p.A. (a company incorporated and registered in Italy) acquired GTECH.

The background to the dispute is that certain third parties have obtained unauthorised access to Gaming VC Corporation's customer database and have been unlawfully targeting Gaming VC Corporation's customers, thereby causing Gaming VC Corporation very substantial damage. Gaming VC Corporation alleges that employees and/or representatives of Boss Media Malta Casino, Boss Media and/or St. Minver Limited have been involved in this unauthorised activity.

Nabarro LLP, acting on behalf of Gaming VC Corporation, have written to Boss Media Malta Casino setting out Gaming VC Corporation's concerns about the misuse of its database. A copy of this letter was sent to Boss Media and GTECH. Ganado & Associates Advocates, acting on behalf of Boss Media Malta Casino, has denied the allegations.

Gaming VC Corporation has instructed Fenech & Fenech Advocates in Malta. Court proceedings are expected to be commenced shortly in Malta by Gaming VC Corporation. Substantial damages will be claimed.

13.3 *Complaint involving an individual User*

The Maltese Lotteries and Gaming Authority has received a complaint from an individual User. The player alleges that he took part in gambling on CasinoClub between the dates of 8 October 2009 and 11 October 2009 and won, during this time, a sum in excess of €1.1 million. The User states that he telephoned CasinoClub requesting for his account to be locked on the basis that he is addicted to gambling and did not want to be able to gamble any more.

The User is alleging that this urgent request was not met by CasinoClub, which subsequently led to further gambling by the individual and, on 12 October 2009, after intermittent wins he lost the whole amount of the money.

On 29 October 2009, the individual's lawyer wrote on his behalf to Gaming VC Corporation and demanded the payment of this sum. On 17 November 2009, a letter was received by Gaming VC, which stated that no response had been received from Gaming VC Corporation Ltd.

The GVC Group does not agree with the individual's allegations and intends to contest the claim.

- 13.4 Other than as set out above, there are no active, pending or threatened legal or arbitration proceedings against, or being brought by, the Company or any member of the Redomiciled Group which are having or may have a significant effect on the Redomiciled Group's financial position.

14. MATERIAL CONTRACTS

- 14.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the GVC Group within the period of two years preceding the date of this document which are or may be material:

14.2 *Contribution Agreement*

On 19 April 2010, a contribution agreement was entered into between Gaming VC (as the "Contributor") and GVC Holdings (as the "Contributee") relating to the transfer and contribution from Gaming VC to GVC Holdings of all the assets and liabilities of Gaming VC (save for the Subscriber Shares and certain agreements such as those with certain professional advisers) (the "Contribution"). The consideration for the Contribution is the issue of the Transfer Shares to Gaming VC at completion (being the date of the EGM and the moment immediately following the adoption of the Redomiciliation Resolutions or such other date as may be agreed between the parties ("Completion")).

The Contribution is conditional on:

- (a) relevant third party consents being obtained. Where any consent or agreement of any third party is required for the effective transfer of the benefit of any part of the business of Gaming VC and such consent has not been obtained prior to Completion, the contribution of that part of the business of Gaming VC shall, notwithstanding completion, be conditional on that consent or agreement being obtained. Pending consent being obtained, Gaming VC shall hold the relevant part of the assets on behalf of (i.e. for the benefit and at the risk of) GVC Holdings; and
- (b) the Redomiciliation Resolutions being passed at the EGM.

If such consent or agreement is refused or is not obtained on or before the first anniversary of the date of the agreement (or such later date as GVC Holdings may determine) and there is no lawful method reasonably available to the parties by which full enjoyment of the relevant parts of the business of Gaming VC can be transferred to GVC Holdings, the parties shall consider what action to take.

The Contribution Agreement is governed by Luxembourg law.

14.3 *Agreement with the Liquidator*

On 19 April 2010, Gaming VC, the Company and the Liquidator entered into a liquidation agreement pursuant to which the Company agreed to indemnify Gaming VC and the Liquidator (in its capacity as liquidator of Gaming VC) in respect of any and all liabilities that they may incur during the course of the Liquidation.

The indemnity is given in consideration of the Liquidator's agreement to carry out the Liquidation in accordance with the terms set out in a circular posted on or around 19 April 2010 to Gaming VC Shareholders.

14.4 *Nomad and Broker Agreement*

The Company and Arbuthnot entered into a nominated adviser and broker agreement on 19 April 2010 pursuant to which Arbuthnot agreed to act as the Company's nominated adviser and broker in relation to the Company's continuing obligations as required by the AIM Rules. The agreement contains certain undertakings given by the Company and the Directors and indemnities in respect of, *inter alia*, compliance with applicable laws and regulations. The Company has agreed to pay Arbuthnot a fee of £50,000 per annum rising in line with RPI and additional fees in respect of any related party transactions (as defined in the AIM Rules). Such fees will be subject to discussion at the time but will be a minimum of £5,000 for each transaction. The agreement remains in force until terminated by either Arbuthnot or the Company on 30 days' notice save in respect of a material breach when it may be terminated forthwith.

The agreement is governed by the law of England and Wales.

14.5 *Introduction Agreement*

Pursuant to a letter dated 19 April 2010, the Company appointed Arbuthnot as financial adviser and broker to the Company and Gaming VC in connection with the Redomiciliation. Arbuthnot will provide advice and assistance to the Company in respect of the Redomiciliation in terms customary to those which would be expected from a financial adviser and broker in the circumstances. In consideration for such services, the Company will pay Arbuthnot the following fees:

- (a) a stage payment of €50,000;
- (b) a retainer fee of €10,000 per month;
- (c) on Admission, a fee of €125,000,

save that the total fees payable by the Company pursuant to (a), (b) and (c) above shall not exceed €125,000 in aggregate.

Pursuant to the letter, the Company also gives Arbuthnot customary warranties for a transaction of this type.

14.6 *Poker Partner Agreement*

Gaming VC Corporation and Boss Media Malta Poker have entered into a poker partner agreement dated 27 March 2009 pursuant to which Boss Poker has granted Gaming VC Corporation a promotion and distribution licence to promote the internet poker room operated by Boss Media Malta Poker under the name of International Poker Network (the "Service").

Pursuant to the terms of the agreement, Boss Media Malta Poker agreed to grant to Gaming VC Corporation a licence to advertise, market and promote the Service through Boss Poker's poker software product (the "Poker Software"). Gaming VC Corporation intends to market the Service under its own name by using customised versions of the Poker Software that refers the customers of Gaming VC Corporation ("Users") to the Service and enables gambling on different poker games.

The Poker Software includes the Betaland brand, the Casino Club Poker brand, the Poker Club Russia brand and the Poker Kings Brand. Gaming VC Corporation is able to extend the brands under which

the Poker Software is operated after notification to Boss Media Malta Poker and after approval by the Lotteries and Gaming Authority of Malta.

Pursuant to the terms of the agreement, Boss Media Malta Poker reimburses Gaming VC Corporation for its promotional services and Gaming VC Corporation reimburses Boss Media Malta Poker for the production and use of the Poker Software.

The agreement has an initial term of 2 years and, if either party has not terminated the agreement within 3 months written notice before the end of the term, the agreement will be automatically renewed for further 1 year periods.

The agreement is governed by the laws of Malta.

14.7 ***Boss Media Malta Casino Software Licence Agreement***

Gaming VC Corporation and Boss Media Malta Casino entered into a software licence agreement dated 27 March 2009 pursuant to which Boss Media Malta Casino granted Gaming VC Corporation a licence to use certain software in relation to its online casino.

Gaming VC Corporation pays to Boss Media Malta Casino a monthly licence fee calculated on the basis of Gaming VC Corporation's net revenues pertaining to and generated from Gaming VC Corporation's operation of the online casino (calculated in accordance with the terms of the agreement). Gaming VC Corporation also pays to Boss Media Malta Casino a commission for certain third party integrations as set out in the agreement.

The agreement is effective until 30 June 2012 (the "Initial Term") and shall be automatically renewable for indefinite terms subject to the fact that (a) Boss Media Malta Casino may terminate the agreement by giving 12 months written notice to Gaming VC Corporation and (b) Gaming VC Corporation may terminate the agreement in, *inter alia*, the following ways:

- (i) by giving 4 months written notice to Boss Media Malta Casino prior to the expiry of the Initial Term;
- (ii) following expiry of the Initial Term by giving 4 months written notice any time to Boss Media Malta Casino;
- (iii) in the event of a change of control of Boss Media Malta Casino by giving 4 months written notice to Boss Media Malta Casino and provided that the termination is made no later than 5 business days from the day of the change of control.

A non-defaulting party may terminate the agreement if (i) the other party materially fails to perform or comply with any provision of the agreement and does not rectify the breach within 2 weeks of receiving notice requiring rectification or (ii) if the other party suffers an insolvency event.

Pursuant to the terms of the agreement, the parties agree that Boss Media Malta Casino, upon providing 6 months written notice to Gaming VC Corporation may restrict the availability of the casino software (or any part of it) to customers in certain territories if a regulatory or judicial entity in such territory has taken legal, regulatory or economic action against Gaming VC Corporation or any of its affiliates.

Boss Media Malta Casino's total cumulative liability to Gaming VC under the agreement other than as a result of Boss Media Malta Casino's negligence, gross misconduct or fraudulent act or omission, is limited to 100 per cent. of the aggregate amount of the licence fee or fees paid for the 12 months prior to the relevant claim.

The agreement is governed by the laws of Malta.

14.8 ***Operation and Maintenance Agreement with Boss Media Malta Casino***

Gaming VC Corporation and Boss Media Malta Casino entered into an operation and maintenance agreement dated 27 March 2009 pursuant to which Boss Media Malta Casino agreed to provide operation and maintenance services to Gaming VC Corporation in relation to an online casino which has been licensed to Gaming VC Corporation pursuant to the Boss Media Malta Casino Software Licence Agreement (as referred to above at paragraph 14.7 of this Part 4).

Boss Media Malta Casino is entitled to certain fixed monthly fees as set out in the agreement.

The agreement is effective until 30 June 2012 (the “Initial Term”) and shall be automatically renewable for indefinite terms subject to the fact that (a) Boss Media Malta Casino may terminate the agreement by giving 12 months written notice to Gaming VC Corporation and (b) Gaming VC Corporation may terminate the agreement in, *inter alia*, the following ways:

- (i) by giving 4 months written notice to Boss Media Malta Casino prior to the expiry of the Initial Term;
- (ii) following expiry of the Initial Term by giving 4 months written notice any time to Boss Media Malta Casino;
- (iii) in the event of a change of control of Boss Media Malta Casino by giving 4 months written notice to Boss Media Malta Casino and provided that the termination is made no later than 5 business days from the day of the change of control.

The agreement is governed by the laws of Malta.

14.9 ***Agreement with Net Entertainment***

Gaming VC Corporation and Net Entertainment entered into a software licence and operation agreement dated 18 June 2008 pursuant to which Net Entertainment granted to Gaming VC Corporation a non-exclusive, non-licensable, non-assignable and a non-transferable license in respect of certain software (owned by the group of companies of which Net Entertainment is a part) to be used by Gaming VC Corporation for the purpose of Gaming VC Corporation providing online casino games to its customers in the Maltese jurisdiction.

A monthly fee is payable by Gaming VC Corporation to Net Entertainment, which is calculated based on the monthly results of the online casino. The monthly fee is subject to a minimum fee (which is deductible from the monthly fee) of €4,000 to cover Net Entertainment’s hosting of the software, technical support and software upgrades.

The agreement is valid for 3 years and renews itself automatically at the end of each period with another 2 years unless terminated by either party giving a minimum of 90 days notice in writing prior to the expiration date of the relevant term.

The agreement can be terminated in a number of circumstances:

- (a) by Net Entertainment, at any time on the giving of 7 days notice to Gaming VC Corporation, if Net Entertainment is under legal prosecution for the content and aim of the agreement;
- (b) by either party at any time if at any time, after 90 days written notice to the other, the other party fails to remedy a material breach of the agreement;
- (c) by Net Entertainment if Gaming VC Corporation fails to pay any amount due to be paid under the agreement;
- (d) by Net Entertainment if any competitor of Net Entertainment directly or indirectly acquires control (meaning more than 50 per cent. of the voting control of Gaming VC Corporation or otherwise a controlling interest) over Gaming VC Corporation.

The agreement is governed by the laws of Malta.

14.10 *Agreement with Sportradar AG (“Sportradar”)*

Sportradar and Gaming VC Corporation entered into a services agreement on 9 May 2008 pursuant to which Sportradar undertook to deliver to Gaming VC Corporation the ‘Live Odds Administration’ service package, which is an administrative service of live bets for various sport events including updated odds suggestions for direct use throughout the event and opening and closing of odds and events at critical times.

Pursuant to the terms of the agreement, Gaming VC Corporation may use the services only for its domains www.betaland.com, www.betpro.it and any other website fully owned and controlled by Gaming VC Corporation (up to a maximum of 10 websites).

Gaming VC Corporation pays Sportradar a monthly fee for the services.

The term of the agreement expired on 1 May 2009. Although the agreement was not formally extended, the parties are continuing their contractual obligations on a formal notice basis. The agreement may be terminated upon notice by either party at any time during the agreement for good cause with immediate effect, on account of which it would be unreasonable to continue the agreement.

The Betradar Agreement is governed by the laws of Switzerland.

14.11 *Licence and Maintenance Agreement with Gamologist*

Gaming VC Corporation and Gamologist entered into a software license and maintenance agreement dated 21 August 2007 pursuant to which Gamologist agreed to develop an interactive betting website for Gaming VC Corporation and provide maintenance services in respect of the software being licensed under the agreement.

Pursuant to the terms of the agreement, Gamologist granted Gaming VC Corporation a non-exclusive, non-transferable license to use the betting software.

Pursuant to the terms of the agreement, Gamologist was responsible for the design and development of the betting system and the loading of the software onto the relevant server. Following completion of the set-up, Gaming VC Corporation is solely responsible for the operation of the betting software and all server and website maintenance and all other associated costs and expenses.

Gaming VC Corporation paid to Gamologist a fee on each of the date of the agreement and the date on which the software was installed. In addition, Gaming VC Corporation pays Gamologist a maintenance and support fee in connection with the website www.betaland.com that is calculated as a percentage of the monthly turnover.

The initial term of the agreement was 2 years from the date on which betting software was been installed and shall be automatically renewed for further terms of 2 years each, provided that the party wishing to terminate the agreement will give written notice to the other party informing that party of such at least nine months prior to the expiration of the then current term.

Gaming VC Corporation agreed to indemnify Gamologist against any loss that it suffers as a result of its customers using the betting software or Gaming VC Corporation’s operation and management of the software.

The agreement is governed by the laws of Malta.

14.12 *Loan and Marketing Agreement*

GVC BV, New Town Capital Ltd (“New Town”) and Sovereign Investments Limited (as shareholder of New Town) entered into a loan and marketing agreement dated 12 November 2007 pursuant to which GVC BV engaged New Town to provide services in connection with the integration of online marketing of Winzingo via the internet.

During the term of the agreement, New Town will earn a commission of the gross revenue received by GVC BV less certain operating and marketing costs incurred by GVC BV.

Pursuant to the terms of the agreement, GVC BV provided a working capital facility. In its 2008 financial statements, the GVC Group wrote off €1,075,000 of the working capital advanced.

The agreement is for a term of 3 years (unless terminated in accordance with the agreement) and will automatically renew at the end of the term for successive one year periods, unless one party provides written notice to the other party ninety days prior to the expected expiration period.

Either party may suspend performance and/or terminate the agreement immediately upon written notice at any time if the other party (i) is in material breach of any term of the agreement and fails to cure such breach within 15 days after written notice of such breach; or (ii) suffers an insolvency event.

The Loan and Marketing Agreement is governed by the laws of Netherland Antilles.

14.13 *Deed of Amendment to the Software Licence Agreement with Playtech*

A deed of amendment (the “Deed of Amendment”) dated 1 October 2009 was entered into between Playtech and Intera in relation to a software licence agreement dated April 2008 between Playtech and BTW Bing Sociedad de Responsabilidad Limitada for the provision of certain computer software to operate an online gaming system (the “Software Licence Agreement”) which was novated to Intera on 20 April 2009 pursuant to a deed of novation.

Pursuant to the Deed of Amendment, Playtech granted Intera a licence to use certain branded games offered by Playtech as part of the online gaming system (“Marvel Branded Games”) under the terms of the Deed of Amendment and in accordance with the terms of the Software Licence Agreement.

Pursuant to the terms of the Deed of Amendment, Intera provides Playtech with a full indemnity in respect of all losses which may be sustained by Playtech in connection with the Marvel Branded Games.

14.14 *Forte and Gomifer Agreements*

14.14.1 *Agreement for the rendering of Software Development and Technical Support Services*

Intera and Forte entered into an agreement for the rendering of software development and technical support services dated 2 July 2009 pursuant to which Intera acquired certain technology developed by Forte.

Intera engages Forte to render development, customisation and maintenance services with respect to computer programs customised for Intera. The services shall be rendered by Forte to Intera on a non-exclusive basis for a term of 1 year (which shall be automatically renewed for subsequent periods of 1 year unless one of the parties notifies the other party not less than 90 days prior to the end of the initial term or any renewed term of its intent not to renew the agreement).

The services to be provided by Forte include:

- (a) developing, installing and implementing the software;
- (b) managing the development of the software;
- (c) testing the functional and technical features and performance of the software;
- (d) providing the documentation and the user manual which will enable averagely skilled personnel of Intera to operate the software; and
- (e) providing any additional services which are normally deemed necessary in order to develop a software package such as that required by Intera.

All intellectual property rights with regard to the software developed by Forte under the agreement will be owned exclusively by Intera.

Forte shall be entitled to a service fee payable by Intera as calculated in accordance with the terms of the agreement.

Either party may terminate the agreement with immediate effect if (i) the other party breaches or fails to perform any of the terms or conditions of the agreement and fails to remedy such breach within 15 calendar days after written notice from the terminating party to remedy the same or (ii) if the other party suffers an insolvency event.

In addition, Intera may terminate the agreement if there is any change of control over Forte.

Any disputes arising under the agreement shall be determined by the English courts.

14.14.2 *Service Agreement for the rendering of Customer Service and Operation Support*

Intera and Gomifer entered into an agreement dated 2 July 2009 pursuant to which Intera engaged Gomifer to render customer service and operational support and execute the management of operations in order to control the day-to-day activities, making telephone channels and internet available for the rendering of clarification services to users of Intera's websites.

Gomifer is entitled to receive a service fee for the services provided under the agreement, the amount of which is variable and is calculated in accordance with the terms of the agreement. The minimum monthly fee payable by Intera to Gomifer is €50,000.

The term of the agreement is for a period of 1 year, which shall be automatically renewed for subsequent periods of 1 year unless one of the parties notifies the other party not less than 90 days prior to the end of the initial term or any renewed term of its intent not to renew the agreement.

Either party may terminate the agreement with immediate effect if (i) the other party breaches or fails to perform any of the terms or conditions of the agreement and fails to remedy such breach within 30 calendar days after written notice from the terminating party to remedy the same or (ii) if the other party suffers an insolvency event. In addition, Intera may terminate the agreement if there is any change of control over Gomifer.

The agreement may be terminated at any time by either party upon written notice with acknowledgement of receipt sent by either party to the other party, with due observance of a notice period of 120 days.

The agreement is governed and construed in accordance with the laws of the Netherlands Antilles.

14.15 *Parlay Agreement*

GVC BV and Parlay entered into a software licence agreement on 8 February 2008 (the "Licence Agreement") pursuant to which Parlay granted GVC BV a licence to use certain software for the purpose of GVC BV providing to its customers an internet bingo game.

Pursuant to the Licence Agreement and in addition to an implementation fee, GVC BV committed to paying Parlay, on a monthly basis, a royalty based on GVC's use of the software.

An amending agreement ("Amending Agreement") to the Licence Agreement was prepared in October 2009 pursuant to which the parties agreed that GVC BV would pay to Parlay a capped monthly fee of €10,000 until 31 January 2010. From 1 February 2010, GVC BV was due to commence paying royalties as set out in the Licence Agreement.

In addition, pursuant to the Amending Agreement, the term of the Licence Agreement was extended to 8 February 2012. The term extension is subject to the automatic renewal of the Licence Agreement for additional rolling periods of one year unless terminated by either party giving the other party not less than 90 days' prior written notice expiring at the end of the then current term.

It is not known by the GVC Group whether the Amending Agreement was actually signed by Parlay. However, Parlay's invoicing practices have been in line with the terms of the Amending Agreement.

The Licence Agreement is governed by the laws of the Province of Ontario, Canada.

14.16 Acquisition agreement relating to Betboo

A sale agreement ("Sale Agreement") dated 1 July 2009 in respect of the sale and purchase of shares in Intera was entered into between Awa Ltd (as seller), Gaming VC (Cyprus) 2 Ltd (as purchaser), Oswaldo Lavini Russo (as a founder), Almir Ribeiro da Silva (as a second founder) (together the "Founders") and Intera (as title holder to the Betboo web domain) ("Betboo Acquisition").

The initial consideration for the Betboo Acquisition was US\$4 million. Deferred consideration is payable and is based on performance and is to be calculated by reference to five times the audited profit after tax for the 12 month period up to the third anniversary of the Betboo Acquisition less any interim payments. Deferred consideration is capped at US\$26 million.

The Seller gave to Gaming VC (Cyprus) 2 Ltd extensive warranties and an indemnity in respect of any breach of warranty, other undertaking or covenant under the terms of the Sale Agreement.

In addition, each of the Founders provided to Gaming VC (Cyprus) 2 Ltd a guarantee in respect of the due and punctual performance of Awa Ltd of all its obligations under the Sale Agreement.

The Sale Agreement is governed by the laws of the Netherlands Antilles.

15. LICENCES

Refer to paragraph 4 of Part 1 of this document for details of the licences held by the GVC Group.

16. GENERAL

- 16.1 The nominated adviser to the Company is Arbuthnot Securities Limited of Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR, which is regulated by the Financial Services Authority Limited.
- 16.2 The broker to the Company is Arbuthnot Securities Limited of Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR, a member of the London Stock Exchange and regulated by the Financial Services Authority Limited.
- 16.3 The Company has agreed to pay all other costs, charges and expenses of, and incidental to, the Admission, including the fees of the London Stock Exchange, registrars fees, printing, advertising and distribution expenses, the Company's legal and accountancy expenses and all related irrecoverable value added tax, if applicable.
- 16.4 The Company has given certain representations, warranties and indemnities to Arbuthnot as to the accuracy of information in this document and other matters in relation to the Company and its business.
- 16.5 The expenses of or incidental to the Admission are payable by the Company and are estimated to amount to €750,000 (excluding value added tax).
- 16.6 The International Security Identification Number ("ISIN") of the GVC Holdings Shares is IM00B5VQMV65.
- 16.7 Other than the intended application for Admission the GVC Holdings Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor, except as stated below, are there intended to be any other arrangements for dealings in the GVC Holdings Shares.

- 16.8 It is proposed that Grant Thornton (Isle of Man) Limited will be appointed as the Company's auditors with effect from Admission.
- 16.9 Other than as disclosed in this document, there has been no significant change in the financial or trading position of (a) the Company since 5 January 2010 (the date of its incorporation) and (b) the GVC Group since 31 December 2009, the most recent date to which financial information has been prepared and published.
- 16.10 The GVC Holdings Shares are in registered form and will, following Admission, be capable of being held in uncertificated form. The Company will apply to Euroclear, the operator of CREST, for the GVC Holdings Shares to be admitted to CREST with effect from Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles of Association permit the holding of GVC Holdings Shares under CREST. CREST is a voluntary system and holders of GVC Holdings Shares who wish to retain share certificates will be able to do so.

17. AVAILABILITY OF ADMISSION DOCUMENT

Copies of this document, are available during normal business hours on any weekday (except Saturdays and public holidays) free of charge from the Company's registered office and at the offices of Arbuthnot and shall remain available for at least one month after Admission.

Dated: 19 April 2010

