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If you have sold or otherwise transferred all of your ordinary shares of GVC Holdings plc ("Shares") please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank, or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of shares in GVC Holdings plc you should retain this document and the accompanying Form of Proxy and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The distribution of this document and/or the accompanying Form of Proxy in certain jurisdictions may be restricted by the laws of those jurisdictions and therefore persons into whose possession such documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document, which comprises 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 10 of this document, and GVC Holdings plc, whose registered office is set out on page 10 of this document, both individually and collectively, accept responsibility for the information contained in this document. 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 does not omit anything likely to affect the import of such information.

GVC HOLDINGS PLC

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

**Recommended transaction
involving the entry into a services agreement and guarantee
relating to the acquisition by East Pioneer Corporation B.V. of the Turkish language
website business of Sportingbet plc**

Proposed remuneration arrangements

Notice of Extraordinary General Meeting

Cancellation and Re-admission of GVC Holdings plc shares to trading on AIM

**NOMINATED ADVISER & BROKER
DANIEL STEWART & COMPANY PLC**

Share capital immediately upon Re-admission (issued and fully paid)

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

Application will be made to the London Stock Exchange for the whole of the issued share capital of GVC Holdings plc to be re-admitted to trading on AIM. The Shares are not dealt on any other recognised investment exchange and it is emphasised that no application has been, or is being, made for the Shares to be admitted to any such exchange. It is expected that Re-admission will become effective and that dealings in the Shares will commence on AIM on 17 November 2011.

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 United Kingdom 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.

Your attention is drawn to the letter from the Chairman of the Company which is set out at Part 1 of this document and which contains the unanimous recommendation of the Directors that Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting ("EGM") referred to below. **Please read the whole of this document and, in particular, the risk factors set out at Part 2 of this document.**

Daniel Stewart & Company Plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority is acting as nominated adviser and broker to the Company in connection with the proposed Re-admission and not for any other person. Daniel Stewart & Company Plc will not otherwise be responsible to any person other than the Company for providing the protections afforded to customers of Daniel Stewart & Company Plc or for advising any other person in respect of the proposed Re-admission. Daniel Stewart & Company Plc's responsibilities as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation, express or implied, is made by Daniel Stewart & Company Plc as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

Notice of an Extraordinary General Meeting ("EGM"), to be held at 10:00 a.m. on 16 November 2011 is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use in relation to the EGM. To be valid, the Form of Proxy should be completed and returned to Capita Registrars Limited, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by not later than 10:00 a.m. on 14 November 2011. Completion and return of a Form of Proxy will not preclude shareholders from attending and voting in person at the EGM should they wish.

From the date of this document until the date that is one month after the date on which Re-admission takes place (which is expected to be 17 November 2011), copies of this document will be available at the Company'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 Daniel Stewart & Company Plc. The Company's website 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 of the Isle of Man
“Acquisition”	the acquisition by EPC of the Transferring Business and the Transferring Assets pursuant to the Business Purchase Agreement
“Adjusted Combined Profit”	is defined in paragraph 6(b) of Part 4 of this document
“Admission” or “Re-admission”	the re-admission of the issued ordinary share capital of GVC 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
“Articles of Association” or “Articles”	the articles of association of the Company as at the date of this document
“Audit Committee”	the audit committee of the Company, which at the date of this document comprises Lee Feldman, Karl Diacono and Nigel Blythe-Tinker
“Betaland”	a branded website used by the GVC Group
“Betboo”	a branded website used by the GVC Group
“Brand Licence”	the intellectual property licence agreement to be entered into on Completion between BrandCo, EPC and the Company under which BrandCo grants to EPC an exclusive licence to use the Business Intellectual Property Rights
“BrandCo”	Corvee Limited, a wholly-owned subsidiary of Sportingbet, incorporated and registered in Guernsey
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks in London are open for business
“Business Intellectual Property Rights”	the intellectual property rights owned by BrandCo immediately prior to Completion, including the Business Name, internet domain names and trademarks and trade names used exclusively in the Transferring Business
“Business Name”	“Superbahis”, being the trading name of the Transferring Business
“Business Purchase Agreement”	the conditional agreement dated 13 October 2011 between Longfrie, EPC, Sportingbet and the Company setting out the terms and conditions upon which EPC proposes to acquire the Transferring Business
“Cancellation”	the cancellation of the Shares from trading on AIM in accordance with the AIM Rules
“Change of Control”	has the meaning given in paragraph 4 of Part 4 of this document
“Company” or “GVC”	GVC Holdings plc, a company incorporated and registered in the Isle of Man under the 2006 Act with registered number 4685V

“Completion”	the completion of the sale and purchase of the Transferring Business and the Transferring Assets pursuant to the Business Purchase Agreement
“Consideration”	the consideration payable by EPC to Longfrie for the Transferring Business pursuant to the Business Purchase Agreement
“Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council from time to time
“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 Regulations
“Customer Database”	the list of customers of the Transferring Business, together with all information held by Longfrie relating to those customers and any source code constituting the list
“Daniel Stewart” or “Nominated Adviser”	Daniel Stewart & Company Plc, a company incorporated in England and Wales with registered number 2354159, which is acting as nominated adviser and broker (as defined in the AIM Rules) to the Company
“Deed of Undertaking”	the deed of undertaking dated 13 October 2011 between GVC Sports, EPC and Sigma Corporate Management under which GVC Sports has been granted an option, exercisable at any time from Completion on the occurrence of certain events, to require the shares in (or the business and assets of) EPC to be transferred for €1 to GVC Sports or its nominee
“Directors” or “Board”	the directors of the Company at the date of this document and as they are expected to be on Re-admission whose names are set out on page 10 of this document, and “Director” shall mean any one of them
“ECJ”	Court of Justice of the European Union
“EGM”	the Extraordinary General Meeting of the Shareholders to be held on 16 November 2011 (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 Resolutions
“Employees”	the employees of the Transferring Business immediately prior to Completion
“EPC”	East Pioneer Corporation B.V, a wholly-owned subsidiary of Sigma Corporate Management, a company incorporated and registered in Curaçao in the Dutch Caribbean under company number 124311
“ESOP”	the GVC Holdings plc Employee Share Option Plan
“EU”	European Union
“Euro” or “€”	the monetary unit of the EU’s single currency
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 2878738 and the operator of CREST

“Executive Directors”	the executive directors of the Company, being Kenneth Alexander and Richard Cooper
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders at the EGM
“FSA”	the UK Financial Services Authority of the United Kingdom
“FSMA”	the UK Financial Services Market Act 2000, as amended from time to time
“Gaming VC Holdings SA”	Gaming VC Holdings SA, a <i>société anonyme</i> (public limited liability company) that was incorporated under the laws of the Grand-Duchy of Luxembourg registered with the Luxembourg Register of Commerce and Companies under number B 104.348
“Guarantee”	the guarantee to be provided by the Company to Longfrie under the Business Purchase Agreement in respect of the obligations of EPC under certain of the Transaction Documents
“GVC Brand Names”	the various brand names used by the GVC Group including Betaland, Betboo, CasinoClub, Poker Kings and CasinoClub Poker
“GVC Group”	GVC, any subsidiary undertaking of GVC, any parent undertaking of GVC and any subsidiary undertaking of any parent undertaking of GVC, in each case, from time to time
“GVC Sports”	GVC Sports B.V., a wholly-owned subsidiary of the Company, a company incorporated in Curaçao, the Dutch Caribbean, under company registration number 19454
“GVC Turkish Business”	the Turkish language online betting and gaming business carried on by the GVC Group
“IOE”	Internet Opportunity Entertainment (Sports) Limited, a wholly-owned subsidiary of Sportingbet, a company incorporated and registered in Antigua and Barbuda under company registration number 12628
“ISCI”	Interactive Sports (C.I.) Limited, a wholly-owned subsidiary of Sportingbet, a company incorporated and registered in Alderney
“London Stock Exchange”	London Stock Exchange plc
“Longfrie” or “Seller”	Longfrie Limited, a wholly-owned subsidiary of Sportingbet, incorporated and registered in Guernsey
“LTIP”	the GVC Holdings plc 2010 Long Term Incentive Plan
“Material Territories”	the jurisdictions from which the GVC Group accepts the majority of its revenues, being Turkey, Germany, Italy, Austria and Brazil
“Member State”	a member state of the EU
“Migration Completion Date”	the date on which all of the agreed services to be provided by Longfrie and SPODDS to GVC Sports under the terms of the Transitional Services Agreement have migrated across to GVC Sports
“Non-executive Directors”	the non-executive directors of the Company, being Lee Feldman, Karl Diacono and Nigel Blythe-Tinker

“Official List”	the Official List of the UK Listing Authority
“Put and Call Option”	the put and call option between Sportingbet and EPC to be entered into at Completion
“Profit Share Percentage”	is defined in paragraph 6 of Part 4 of this document
“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 Company, which at the date of this document comprises Lee Feldman, Karl Diacono and Nigel Blythe-Tinker
“Resolutions”	the resolutions to be proposed at the EGM
“Retention Account”	means the non-interest bearing deposit account to be opened in the name of an escrow agent for the purposes of holding the £50 million retention sum on deposit in accordance with the Business Purchase Agreement
“SDRT”	Stamp Duty Reserve Tax
“Services”	means the services to be provided by GVC Sports to EPC under the Services Agreement
“Services Agreement”	the services agreement dated 13 October 2011 between GVC Sports, EPC and the Company
“Shareholder”	a holder of Shares
“Share Incentive Schemes”	the LTIP and the ESOP
“Shares”	fully paid ordinary shares in registered form of €0.01 par value each in the capital of the Company
“Sigma Corporate Management”	Sigma Corporate Management Inc, a company incorporated and registered in Panama
“Software Licence Agreement”	the software licence agreement to be entered into between Longfrie, EPC and the Company on Completion under which Longfrie grants to EPC a non-exclusive sub-licence to use ISCI’s proprietary payment processing system that will be licensed by ISCI to Longfrie
“SPODDS”	Sporting Odds Limited, a wholly-owned subsidiary of Sportingbet, a company incorporated and registered in England and Wales under company registration number 3655231
“Sportingbet”	Sportingbet plc, a company incorporated and registered in England and Wales under company registration number 3534726
“Sportingbet Class 1 Resolution”	the resolution to be proposed at the Sportingbet General Meeting approving the sale of the Transferring Business to EPC
“Sportingbet General Meeting”	the General Meeting of Sportingbet to be held on 10 November 2011 (and any further General Meeting in case of adjournment of the meeting or reconvening of such meeting) to consider and, if thought fit, pass the Sportingbet Class 1 Resolution

“Sportingbet Group”	Sportingbet, any subsidiary undertaking of Sportingbet, any parent undertaking of Sportingbet and any subsidiary undertaking of any parent undertaking of Sportingbet, in each case from time to time
“Sterling” or “£”	the lawful currency of the UK
“Takeover Code”	the City Code on Takeovers and Mergers of the United Kingdom
“Transaction”	means the entry by members of the GVC Group into the Services Agreement and the Guarantee
“Transaction Documents”	means the Business Purchase Agreement, the Transitional Services Agreement, the Brand Licence, the Software Licence Agreement, the Put and Call Option, the Services Agreement, the Deed of Undertaking and certain other documents as set out in the definition of “Transaction Documents” contained in the Business Purchase Agreement
“Transferring Assets”	the assets of the Transferring Business owned by Longfrie immediately prior to Completion which will transfer to EPC under the Business Purchase Agreement
“Transferring Business”	Sportingbet’s Turkish language website, www.superbahis.com , and associated offshore assets
“Transitional Services Agreement”	the agreement to be entered into on Completion between Longfrie, SPODDS, GVC Sports, Sportingbet and the Company under which Longfrie and SPODDS agree to provide certain services to GVC Sports on a transitional basis after Completion
“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
“WTO”	the World Trade Organisation

References to the singular shall include references to the plural, where applicable and *vice versa*.

GLOSSARY

“Active Customers”	customers who have either won or wagered more than €50 Net Gaming Revenue in CasinoClub
“Clean EBITDA”	earnings before interest, tax depreciation and amortisation and before exceptional items and share option charges
“Contribution”	gross profit after marketing and affiliate charges and before operating costs and exceptional items
“ITG”	the German Interstate Treaty on Gambling
“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
“Sportsbook”	sports betting operation

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Transaction	14 October 2011
Publication of this document	31 October 2011
Sportingbet General Meeting	10 November 2011
Latest time and date for lodging of Forms of Proxy for the EGM	10.00 a.m. on 14 November 2011
GVC EGM	10.00 a.m. on 16 November 2011
Date and time of Cancellation	8.00 a.m. on 17 November 2011
Re-admission effective and dealings in the Shares expected to commence on AIM	8.00 a.m. on 17 November 2011
Expected completion of the Transaction	11.59 p.m. on 21 November 2011

In this document, all references to times and dates are references to times and dates in London, unless otherwise stated.

RE-ADMISSION STATISTICS AND INFORMATION

Shares in issue as at the date of this document	31,135,762
AIM symbol	GVC
ISIN Code	IM00B5VQMV65

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>) All c/o of the registered office listed below:
Registered office	Milbourn House St. Georges Street Douglas Isle of Man IM1 1AJ
Website	www.gamingvc.com
Nominated Adviser and Broker	Daniel Stewart & Company Plc Becket House 36 Old Jewry London EC2R 8DD United Kingdom
Reporting accountants and Auditors	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU United Kingdom
UK Solicitors to the Company	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG United Kingdom
UK Solicitors to the Nominated Adviser and Broker	Lawrence Graham LLP 4 More London Riverside London SE1 2AU United Kingdom
Isle of Man Legal Advisors to the Company	Dougherty Quinn Limited The Chambers 5 Mount Pleasant Douglas Isle of Man IM1 2PU
Registrars	Capita Registrars (Isle of Man) Limited 3rd Floor Exchange House 54-62 Athol Street Douglas Isle of Man IM1 1JD
Administrators and Registered Agent	Kelladale Limited Milbourn House St. Georges Street Douglas Isle of Man IM1 1AJ

PART 1

LETTER FROM THE CHAIRMAN

GVC Holdings plc

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

Directors:

Lee Feldman (*Non-executive Chairman*)
Kenneth Alexander (*Chief Executive*)
Richard Cooper (*Group Finance Director*)
Karl Diacono (*Non-executive Director*)
Nigel Blythe-Tinker (*Non-executive Director*)

Registered Office:

Milbourn House
St. Georges Street
Douglas
Isle of Man
IM1 1AJ

31 October 2011

Dear Shareholder,

**Recommended transaction involving the entry into a services agreement and guarantee
relating to the acquisition by East Pioneer Corporation B.V. of the
Turkish language website business of Sportingbet plc
Proposed remuneration arrangements**

1. Introduction

On 14 October 2011 East Pioneer Corporation B.V. (“EPC”) announced that it had conditionally agreed to acquire Sportingbet’s Turkish language website, www.superbahis.com and associated offshore assets (“**Transferring Business**”) from Longfrie Limited (“**Longfrie**”), a wholly-owned subsidiary of Sportingbet. On the same day GVC announced that: (i) GVC Sports had entered into a business-to-business agreement with EPC to provide EPC with support services to enable it to operate the Transferring Business (the “**Services Agreement**”); and (ii) GVC had agreed in favour of Longfrie to guarantee the performance of EPC’s obligations under certain Transaction Documents (the “**Guarantee**”).

The GVC directors believe that the Services Agreement will:

- provide a significant enhancement to GVC’s future earnings per share and future dividend paying capability¹; and
- start to diversify GVC’s business into business-to-business services and away from its pure gaming operations.

In view of the significance of the Services Agreement and the Guarantee, the Company is seeking the approval of Shareholders in general meeting of the Services Agreement and the Guarantee. Together, the Services Agreement and the Guarantee are being treated as an acquisition solely in relation to Rule 14 of the AIM Rules and therefore this document constitutes an admission document under AIM Rule 14. This document therefore contains notice of an extraordinary general meeting (“**EGM Notice**”) of Shareholders to be held at 10.00 a.m. on 16 November 2011 for the purpose of seeking such approval (together with certain other matters described in this document). The EGM Notice is set out at the end of this document.

The purpose of this document is:

- to provide you with details of the Services Agreement and the Guarantee and to explain those arrangements in the context of EPC’s acquisition of the Transferring Business;

¹ This statement does not constitute a profit forecast and should not be interpreted to mean that the GVC Group’s earnings per share for the financial year ending 31 December 2011 or future years will necessarily exceed the GVC Group’s historical published earnings per share.

- to explain why the Directors consider the entry into the Services Agreement and the Guarantee to be in the best interests of the Company and the Shareholders;
- to seek your approval for the entry into the Services Agreement and the Guarantee at the EGM;
- to seek your approval at the EGM for an increase in the number of share options that the Company is able to award to its Directors and employees; and
- to recommend that the Shareholders vote in favour of the Resolutions to be proposed at the EGM.

2. Transaction arrangements

2.1 Overview

This section 2 contains an overview of the Services Agreement and the Guarantee. In order to provide a full understanding of those commitments and, in particular, the value of the Services Agreement and the scope of the Guarantee, it is necessary to describe the terms of EPC's acquisition of the Transferring Business under the Business Purchase Agreement and the related Transaction Documents. A detailed summary of the key terms of those documents is set out in Part 4 of this document and an overview of them is set out in this paragraph 2.

2.2 Acquisition

Longfrie, a wholly-owned subsidiary of Sportingbet, has agreed to sell and EPC has agreed to purchase the Transferring Business (excluding the Business Intellectual Property Rights) pursuant to a business purchase agreement dated 13 October 2011 ("**Business Purchase Agreement**"). Sportingbet will, at Completion, grant to EPC an option to acquire the entire share capital of Brandco which will own the Business Intellectual Property Rights. The Acquisition is conditional upon the approval of Sportingbet's shareholders and GVC's shareholders and the re-admission of GVC's issued share capital to trading on AIM.

The consideration due from EPC to Longfrie under the terms of the Business Purchase Agreement will be payable in monthly instalments in arrears and calculated as follows:

- for each calendar month during the first three years following Completion until the Migration Completion Date, an amount equal to 75 per cent. and, following the Migration Completion Date, 67.5 per cent., of the combined net gaming revenue of the Transferring Business and the GVC Turkish Business, subject to certain adjustments ("**Initial Profit Share**");
- for each calendar month during the fourth year following Completion, if the Initial Profit Share is less than €142.5 million ("**Minimum Consideration**"), the profit share will continue as outlined in (a) above capped at an amount equal to the sum of €28.5 million and the amount by which the Initial Profit Share is less than the Minimum Consideration. If the Initial Profit Share is greater than the Minimum Consideration, the profit share will continue as outlined in (a) above capped at €28.5 million (the "**Second Profit Share**"); and
- for each calendar month during the fifth and sixth years following Completion, if the aggregate of the Initial Profit Share and the Second Profit Share is less than the Minimum Consideration, the profit share will continue as outlined in (a) above capped at an amount equal to the amount by which the Initial Profit Share, together with the Second Profit Share, is less than the Minimum Consideration. If the aggregate of the Initial Profit Share and the Second Profit Share is more than or equal to the Minimum Consideration, no further Consideration is payable.

In order to accommodate EPC's working capital requirements the first instalment of the Consideration relating to the period from Completion of the Acquisition to 31 December 2011 is due on 29 February 2012; the second instalment relating to January 2012 is due on 2 April 2012; and each subsequent instalment is payable one month in arrears on or around the end of each month. Longfrie has also agreed to provide an interest free loan of £2,500,000 to GVC (or if GVC so directs, another member

of the GVC Group or EPC) for the purposes of funding EPC's working capital, which is repayable on 31 May 2012.

Certain intellectual property relating to the Transferring Business, including the "Superbahis" brand and its domain names, will be retained by BrandCo until the final instalment of the Consideration has been paid. At that point in time BrandCo itself will be transferred by Sportingbet to EPC pursuant to the terms of the Put and Call Option. Pending the transfer of BrandCo, it will licence the use of the "Superbahis" brand and domain names to EPC.

2.3 *Guarantee*

GVC has entered into the Business Purchase Agreement for the purpose of guaranteeing to Longfrie the payment and performance by EPC of all amounts and obligations under the Business Purchase Agreement and certain other Transaction Documents. These obligations include the payment of the Consideration by EPC outlined above and certain undertakings as to how EPC is to conduct the Transferring Business following Completion (as more fully described in Part 4 of this document).

2.4 *Transitional Services Agreement*

Longfrie and another member of the Sportingbet Group, Sporting Odds Limited ("SPODDS") have agreed to enter into a transitional services agreement ("**Transitional Services Agreement**") with a wholly owned subsidiary of the Company, GVC Sports B.V. ("**GVC Sports**"), on Completion of the Acquisition. Under this agreement, Longfrie and SPODDS, will provide certain services to GVC Sports in connection with the Transferring Business for a period of up to three years. Those services will include the provision of certain back end functionality, web services such as website development and maintenance, payments reporting and Sportsbook trading.

A monthly fee of €500,000 is payable by GVC Sports to Longfrie under the Transitional Services Agreement. However, this shall be reduced to a sum equal to the monthly Consideration payment due to Longfrie under the Business Purchase Agreement if that is lower. In addition, any fees paid under the Transitional Services Agreement shall be deducted from the Consideration payable by EPC under the Business Purchase Agreement.

2.5 *Services Agreement*

Pursuant to the Services Agreement, GVC Sports shall on-provide to EPC those services which it receives from the Sportingbet Group under the Transitional Services Agreement. It shall provide these services together with its own additional services, such as customer management services, to support EPC's operation of the Transferring Business.

EPC will pay GVC Sports a monthly fee for the services to be provided to it under the Services Agreement. The fee will be payable on the same day as the monthly instalments of the Consideration are payable to Longfrie under the Business Purchase Agreement. The monthly fee shall equal the total of EPC's cash reserves at the relevant month end after it has paid the instalment of the Consideration due to Longfrie under the Business Purchase Agreement for that month and adjusted for certain permitted costs. The monthly fee, when combined with the net gaming revenue of the GVC Turkish Business, is anticipated to represent 25 per cent. of the combined net gaming revenue of the Transferring Business and the GVC Turkish Business, subject to certain adjustments. That percentage will increase to 32.5 per cent. after the Migration Completion Date and to 100 per cent. after the final instalment of the Consideration has been paid by EPC under the Business Purchase Agreement.

In consideration for EPC agreeing to enter into the Services Agreement with GVC Sports, GVC agreed, in the Services Agreement, to enter into the Business Purchase Agreement as guarantor of EPC's obligations thereunder.

2.6 *Deed of Undertaking*

Pursuant to the terms of a Deed of Undertaking dated 13 October 2011, EPC and its parent company, Sigma Corporate Management, have given various contractual assurances to GVC Sports including:

- (a) warranties as to their respective corporate status and capacity and confirmation that EPC does not and will not carry on any business other than the Transferring Business;
- (b) undertakings to comply with the Transaction Documents, not to dispose of or charge the assets of the Transferring Business and not to pay dividends without the prior written consent of GVC Sports; and
- (c) an option to acquire (or nominate a third party to acquire) the share capital of EPC or its business and assets at any time from Completion for nominal consideration on the occurrence of certain events including the breach by EPC of its obligations under the Transaction Documents, the insolvency of EPC or a change of control of EPC.

Please refer to Part 4 of this document for further details of all of these arrangements, the Transaction, the Acquisition and the terms of certain other Transaction Documents.

3. **Information on EPC**

EPC is a newly incorporated, Curaçao (Dutch Caribbean) company. It is wholly owned by Sigma Corporate Management, a company established in 2009 under the laws of Panama and established in Panama City and controlled by HBM Group. HBM Group is one of the leading independent corporate service providers in Curaçao, Dutch Caribbean. HBM Group has a specialised business unit, e-Management N.V., which provides e-gaming corporate support in Curaçao and Malta and is the sole managing director of EPC. Sigma Corporate Management, HBM Group and EPC are not related parties to GVC.

4. **Background to and reasons for the entry into the Services Agreement and the Guarantee**

The Directors believe that the entry into the Services Agreement with EPC will provide a significant enhancement to GVC's future earnings per share and dividend paying capability¹. It will also diversify the GVC Group's business into business-to-business services and away from its pure gaming operations.

It was a term of EPC's entry into the Services Agreement that GVC guarantee EPC's obligations in connection with the Acquisition. The Directors believe that it is in the best interests of the Company and the GVC Group as a whole to provide the Guarantee in order to secure the benefits of the Services Agreement and the fees payable thereunder.

The Directors believe that GVC's exposure under the Guarantee to the risk of EPC defaulting on the payment of the Consideration is mitigated by the fact that no initial consideration is payable and the deferred consideration is only payable to the extent that the requisite net gaming revenue is generated by the Transferring Business and the GVC Turkish Business. In addition, GVC Sports has obtained the protections contained in the Deed of Undertaking as summarised in paragraph 2 above and Part 4 of this document.

The Directors estimate that the GVC Group will incur one-off transaction costs of around €1.9 million. In the first year following Completion, costs, including the costs of the staff transferring, are expected to be €2.5 million. The Group anticipates that it will additionally incur some capital expenditure specific to this business associated with office fit-out costs and certain technology enhancements. The first year and capital expenditure costs may not be incurred evenly through the first year, and thus may impact both the profitability and cashflows of the GVC Group in the first half of 2012.

Shareholders' attention is drawn to the regulatory comments in paragraphs 8, 9 and 10 of this letter and to the risk factors set out in Part 2 of this document.

¹ This statement does not constitute a profit forecast and should not be interpreted to mean that the GVC Group's earnings per share for the financial year ending 31 December 2011 or future years will necessarily exceed the GVC Group's historical published earnings per share.

5. Information on the Transferring Business

5.1 Overview

The Transferring Business is carried on under the “*Superbahis*” brand and comprises Sportingbet’s Turkish language website, www.superbahis.com, and associated offshore assets.

The Transferring Business has been operational since 1999 and has grown rapidly to become a well recognised brand in the Turkish-language gambling market through an organic growth strategy. The Directors understand that brand recognition of the Transferring Business is high due to its first-mover advantage in the sector and customer relationship management. Relationships between the Transferring Business and Turkish-speaking high net worth individuals are particularly strong and it has been a focus of the business for many years to grow market share.

The Transferring Business is strongly associated with sports betting and the majority of its revenues originate from this type of gambling. The Directors further understand that its focus on in-play betting (betting during the game) has been a strong factor in establishing this association with customers. Casino games, virtual games (such as backgammon and scratchcards) and poker comprise a smaller percentage of the Transferring Business’ revenue. Customers of the Transferring Business typically have high lifetime values and cross-product play metrics (where customers play not one, but multiple products) compared to customers of similar online businesses in other countries globally.

The Directors understand that:

- (a) between 8,000-18,000 players were active customers of the Transferring Business each month during 2010-2011
- (b) sports customers typically placed between 130-160 bets each month with an average bet size of around £17 during the period
- (c) active customer sports bets per month grew from 92 in August 2010 to 135 in July 2011
- (d) the Directors understand that these increases can be traced to a number of factors, including product development and customer relationship management
- (e) the Transferring Business uses third party suppliers’ products and services encompassing software provision, payment processing and marketing
- (f) the number of employees required to provide the Services under the Services Agreement (and therefore enable EPC to run the Transferring Business in its current form) is anticipated to be around 40, operating from offices in Malta and the Republic of Ireland
- (g) despite its relative maturity as an online gaming operation, the Transferring Business still has significant opportunities to grow revenues.

5.2 Financial information

The table below summarises the performance of the Transferring Business for the three years ended 31 July 2011:

<i>Figures in €’000 save where stated otherwise</i>	<i>Year ended 31 July 2009</i>	<i>Year ended 31 July 2010</i>	<i>Year ended 31 July 2011</i>
Net Gaming Revenue	27,559	45,153	60,005
Contribution	18,474	30,456	42,210

After underperforming in mid-late 2008 when various payment-related issues constrained performance, the Transferring Business has grown during the year ended 31 July 2010 and year ended 31 July 2011. Sportsbook revenue as a percentage of total revenue has grown marginally during the period as investment in sports trading took precedence over other forms of development. Operating profits recovered during the year ended 31 July 2010 and continued to show strong growth during the year ended 31 July 2011 with initiatives such as deposit charging contributing significant additional revenues.

Continued improvements in performance have been evident since 31 July 2010 as the Transferring Business has settled into a regular pattern of trading and delivery of NGR relative to marketing investment. More recently, there have been small interruptions in payment services, resulting in small revenue reductions relative to short-term trends. In addition, the lack of a major summer football tournament in 2011 impacted revenues significantly relative to the previous summer's World Cup.

The financial information in this section has been extracted without material adjustment from the financial information contained in Part 3 (Financial Information) of this document. For further financial information on the Transferring Business please refer to Part 3, Section D of this document.

5.3 *Management and Employees*

The Transferring Business has 26 employees mainly consisting of inbound call service personnel. The Employees, who are based in either Dublin or London, will transfer to EPC with the Transferring Business and then to the GVC Group by virtue of the services it will provide under the Services Agreement.

6. **Information on the GVC Group**

6.1 *Introduction*

GVC is the Isle of Man incorporated holding company of the GVC Group and was admitted to trading on AIM in May 2010. The Company was formed to assume the business and operations of GVC Holdings SA, the GVC Group's previous Luxembourg incorporated holding company, as part of a redomiciliation of the GVC group of companies from Luxembourg to the Isle of Man in 2010. GVC Holdings SA's shares had been quoted on AIM since 2004.

The GVC Group is primarily a European online gaming and sports betting group. Licensed in Malta and Curaçao, its principal brands are:

- **CasinoClub**, a leading online casino website for German-speaking markets;
- **Betaland**, a Sportsbook and gaming website focused on the Southern European market; and
- **Betboo**, which was initially focused on the Latin American market but since January 2011 has expanded into other emerging markets and in particular Turkish speaking markets.

The GVC Group does not accept, and has never accepted, wagers from US customers.

The GVC Group operates from offices in Israel, which provide customer services, marketing and operational support for CasinoClub, and in Malta, which provide customer service and sports trading for Betaland as well as sports trading management for Betboo. Other operational support and customer services for Betboo are outsourced to third party providers in Latin America. The Maltese office also contains some central finance, IT and other support functions. In total, as at 30 June 2011, the GVC Group had 112 employees and contractors.

6.2 Segmental analysis

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

<i>Figures in €'000 save where stated otherwise¹</i>	<i>Year ended 31 December 2008</i>	<i>Year ended 31 December 2009</i>	<i>Year ended 31 December 2010</i>	<i>Six months ended 30 June 2010</i>	<i>Six months ended 30 June 2011</i>
	<i>Restated²</i>	<i>Restated²</i>		<i>Unaudited</i>	<i>Unaudited</i>
Net Gaming Revenue					
CasinoClub	35,814	29,435	27,450	13,678	14,632
Betaland	13,093	20,533	22,227	12,216	10,455
Betboo	–	2,180	5,230	2,163	5,195
Total	48,907	52,148	54,907	28,057	30,282
Gaming					
Sports	42,623	42,904	46,195	23,329	24,344
Total	48,907	52,148	54,907	28,057	30,282
Contribution					
CasinoClub	25,841	20,640	16,510	8,486	7,370
Betaland	1,715	4,151	4,205	2,210	2,280
Betboo	–	1,375	2,614	967	2,179
Total	27,556	26,166	23,329	11,663	11,829
Clean EBITDA					
CasinoClub	23,856	18,399	13,924	7,204	5,852
Betaland	(1,231)	1,741	1,939	1,029	979
Betboo	–	103	(910)	(392)	(89)
	22,625	20,243	14,953	7,841	6,742
Central costs	(3,016)	(2,593)	(2,789)	(1,267)	(1,526)
Total	19,609	17,650	12,164	6,574	5,216
Clean EBITDA margin					
CasinoClub	67%	63%	51%	53%	40%
Betaland	(9%)	8%	9%	8%	9%
Betboo	–	5%	(17%)	(18%)	(2%)
Total	40%	34%	22%	23%	17%

Notes:

- The above figures exclude figures for Winzingo, the GVC Group's previous bingo site focused on the Spanish market, which was discontinued in April 2010.
- Revenues relating to the financial years ended 31 December 2008 and 2009 have been restated to reflect a reallocation of player bonuses and taxes against Net Gaming Revenue. These items had previously been recognised in Cost of Sales.

6.3 CasinoClub

Originally launched in 2001, CasinoClub is a leading online casino website for German-speaking markets with around 20,000 Active Customers in 2010, including a significant legacy base of high-spending customers. The business was originally 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 Malta Casino Ltd ("**Boss Media Malta Casino**"), 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 Malta Casino in return for a royalty based on Net Gaming Revenue. It uses the electronic payment processing services of Webdollar Limited (“**Webdollar**”), in return for a commission based on the deposit value and pass-through of third party costs. All customer service activities for CasinoClub are now undertaken by the GVC Group in-house.

Over time, the CasinoClub customer base has matured and the number of Active Customers had started to fall in recent years leading to declining Net Gaming Revenues. In response, CasinoClub stepped up its marketing efforts in 2009 and 2010 and succeeded in stabilising and growing the number of Active Customers in 2010. However, Net Gaming Revenues continued to decline in 2010, albeit at a slower rate. The GVC Group made a further substantial investment in marketing in H1-2011 with the launch of a television advertising campaign. Whilst the campaign was successful in reactivating lapsed customers leading to a recovery in CasinoClub revenues to above those earned in H1-2010, its ability to generate active new players was more limited.

Contribution has been adversely affected both by the increased marketing costs and the increasing proportion of new business being sourced through affiliates (30 per cent. of the total revenue was generated from affiliates in the 6 months ended 30 June 2011 against 21 per cent. in the year ended 31 December 2010 and 15 per cent. in the year ended 31 December 2009). The Contribution margin declined from 72 per cent. in the year ended 31 December 2008 to 50 per cent. in the six months to 30 June 2011. The Directors believe that as the benefits of the marketing expenditure come through, margins will stabilise, but are unlikely to improve.

Marketing activities are aimed at retaining existing customers, reactivating lapsed customers, recruiting active new customers and supporting spend per customer. They include the operation of an intensive customer relationship management system with a dedicated department focused on higher-spending customers, a television advertising campaign and continued publication of the original CasinoClub magazine among other activities.

CasinoClub operates out of the GVC Group’s Maltese subsidiary, Gaming VC Corporation Limited, 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 €3.1 million, €4.0 million and €2.8 million in the years to 31 December 2008, 2009 and 2010 respectively and the largest individual jackpot loss over this period was €0.3 million.

Despite the decline in its legacy customer base CasinoClub remains highly profitable, generating some 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 2010.

6.4 **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 Revenues in the year ended 31 December 2010 were split approximately 38 per cent. sports and 62 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 34,000 customer accounts.

Software for Betaland’s operations is licensed from various providers:

<i>Product</i>	<i>Software providers</i>
Casino	Grinder, Net Entertainment International Ltd, Chartwell, Boss Media Malta Casino
Poker	Cake, Boss Media Malta Poker Ltd
Sports	Gamologist Limited

Payment processing for Betaland’s operations is provided by a number of payment providers.

The GVC Group 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 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.

Sports wagers have grown from €46.8 million in the year ended 31 December 2008 to €55.9 million in the year ended 31 December 2010, benefiting in 2010 from the FIFA World Cup. Over the same period, the Sports margin ranged from 14 per cent. in 2008, to 17.7 per cent. in 2009 and 15.7 per cent. in 2010. Whilst the Directors do not expect this year's performance to reach the same level as 2010, trading in H1-2011 has been encouraging. In H1-2011, Betaland achieved a sports gross margin of 17.3 per cent. (H1-2010: 16.1 per cent.) on wagers of €26.0 million (H1-2010: €31.1 million).

Betaland has grown its Net Gaming Revenues rapidly since launch and, after initially generating losses, generated positive Clean EBITDA during each of the years ended 31 December 2009 and 2010. However, the commissions payable to affiliates amount in total to some 60 per cent. of its Net Gaming Revenues, which results in a significantly lower Clean EBITDA margin than for CasinoClub, at less than 10 per cent.

6.5 *Betboo*

Betboo was established in 2005 to provide online bingo, Sportsbook, casino and poker access to South American customers. It was acquired by the GVC Group in July 2009 and has since been launched into other emerging markets, principally targeting Turkish speaking customers.

The Betboo business in Latin America 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. The Betboo business in other emerging markets, principally the Turkish speaking markets, has employees in Malta and the UK.

Net Gaming Revenues have grown strongly since its acquisition and the Directors believe that the markets in which it operates have considerable potential. The GVC Group has been investing heavily in the brand to expand the market and build market share. It commenced an aggressive marketing campaign in Latin America in Q2-2011, the aim of which is to achieve a step-change in the revenues ahead of the 2014 FIFA World Cup being held in Brazil. The GVC Group also successfully launched Betboo into Turkey during H1-2011 with better than expected initial results. As a result, Betboo has made a positive and increasing contribution but a small Clean EBITDA loss.

Deferred consideration remains payable for the Betboo acquisition. Following renegotiation the GVC Group announced on 23 February 2011 a change in the terms of the earn-out, the deferred consideration now comprises:

- four annual payments, to be made in January of each year from 2012 to 2015, equal to 25 per cent. of Betboo's Net Gaming Revenues in the Latin American market for the preceding year to 31 December;
- an amount equal to 20 per cent. of the consolidated operating profit (less all taxes, duties, fees, excises and tariffs) of Betboo's business outside of central and Latin America, from 1 January 2011 until 30 June 2012 and payable monthly; plus
- 36 monthly payments of US\$157,000 from 1 July 2011 to 1 June 2014, together totalling US\$5.7 million, conditional on the founders of Betboo remaining with the business.

The deferred consideration is payable in cash at a fixed exchange rate of €1 = US\$1.4031 and is capped at a total of US\$26 million.

6.6 *Strategy*

GVC's strategy comprises four principal elements:

- maximisation of profits and cashflow from the mature CasinoClub business;

- rapid expansion of the Betboo brand in Latin America to build market share ahead of the FIFA World Cup in Brazil in 2014;
- continued building of Betaland revenues while tightly controlling costs and sports margins; and
- expansion of its emerging markets business.

In recent years GVC's strategy has focused on expanding its business into attractive new emerging markets to capture the growth potential of such markets. The GVC Group acquired the Betboo brand in South America in July 2009 and has since invested heavily in the Betboo brand to support its expansion in the Latin American market.

In 2010 the GVC Group recruited Jon Salmon and Jim Humberstone to spearhead the GVC Group's push into new European markets. Jon Salmon has overseen the running of Casino Club while Jim Humberstone has overseen the launch of the Betboo brand principally into Turkish speaking markets.

6.7 Summary financial information

Set out below is summarised financial information on the GVC Group for the three financial years ended 31 December 2010 and the six months ended 30 June 2011 and 30 June 2010 which has been extracted from the historical financial information on GVC and GVC Holdings SA referred to in Part 3 of this document:

<i>Figures in €'000 save where stated otherwise¹</i>	<i>Year ended 31 December 2008 Restated²</i>	<i>Year ended 31 December 2009 Restated²</i>	<i>Year ended 31 December 2010</i>	<i>Six months ended 30 June 2010 Unaudited</i>	<i>Six months ended 30 June 2011 Unaudited</i>
Net Gaming Revenue	48,907	52,148	54,907	28,057	30,282
Gross Profit	40,271	42,758	45,095	23,063	24,346
Contribution	27,556	26,166	23,329	11,663	11,829
Other operating costs	(7,947)	(8,516)	(11,165)	(5,089)	(6,613)
Clean EBITDA	19,609	17,650	12,164	6,574	5,216
Exceptional items	(842)	(1,538)	(4,428)	(3,308)	(189)
Share option charges	(557)	(213)	(482)	(189)	(225)
Depreciation and amortisation	(716)	(1,449)	(2,096)	(1,062)	(1,167)
Operating Profit	17,494	14,450	5,158	2,015	3,635
Profit before tax from continuing operations	18,039	14,042	4,078	1,504	2,487
Earnings per share – diluted	€0.557	€0.431	€0.121	€0.042	€0.076
Earnings per share – diluted before exceptional items	€0.584	€0.480	€0.260	€0.143	€0.082
Dividends per share – declared					
– Ordinary	€0.400	€0.200	€0.200	€0.100	€0.100
– Special			€0.500	€0.500	–
Total equity attributable to the Company's shareholders	76,608	77,821	62,684	63,038	62,201
Net cash and cash equivalents	19,262	20,995	6,614	6,644	5,799

Notes:

- 1 The above financial information excludes the results from Winzingo, the Group's loss making Spanish-facing Bingo brand that was discontinued in April 2010.
- 2 Revenues relating to the financial years ended 31 December 2008 and 2009 have been restated to reflect a reallocation of player bonuses and taxes against Net Gaming Revenue. These items had previously been recognised in Cost of Sales.

The GVC Group's underlying performance over the three years ended 31 December 2010 reflects the offsetting impacts of the mature, declining but still highly profitable CasinoClub business; the younger, less profitable but rapidly growing Betaland business; and the investment in the Betboo brand to build market share, as described in paragraph 6.5 above.

6.8 *Board and management*

No change is expected to the Board and management of the GVC Group as a result of the Transaction.

Directors

On Re-admission, the Board will continue to comprise two Executive Directors and three Non-executive Directors (including the Chairman):

- **Lee Feldman** (*age 43*) *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 of GVC in March 2010 as Chairman having previously served on the board of directors of Gaming VC Holdings SA 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 Audit and Remuneration Committees. He currently serves on a number of boards, including MacKenzie-Childs LLC, LRN Corporation, Jay Strongwater LLC, Pacific Health Laboratories 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 42*) *Chief Executive*

Kenneth joined the board of GVC in March 2010, having previously served on the board of directors of Gaming VC Holdings SA from 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, 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 50*) *Group Finance Director*

Richard joined the board of GVC in March 2010, having previously served on the board of directors of Gaming VC Holdings SA from 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 49*) *Non-executive Director*

Karl joined the board of GVC in March 2010, having previously served on the board of directors of Gaming VC Holdings SA as a non-executive Director from December 2008. He chairs the Audit Committee and serves on the Remuneration Committee. 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 trading and holding companies as well as other online gaming companies. He is also actively involved in the hospitality industry. Karl is also a Director of Gaming VC Corporation Limited ("**GVC Corporation Malta**"), 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 61) *Non-executive Director*
Nigel joined the board of GVC in March 2010, having previously served on the board of directors of GVC Holdings SA as a non-executive Director from its admission to AIM in December 2004 and as Chairman from December 2004 to November 2006. Nigel is a member of the Audit Committee and is the chairman of the Remuneration Committee. He is the Executive Chairman of Pentasia Limited (a recruitment business specialising in the gaming sector). He was previously a consultant and adviser to Coral Eurobet Limited. From 1999 to 2004 Nigel was Group Company Secretary and Head of Legal at William Hill plc. He was also a member of William Hill's Executive Management Committee and was involved in the trade sale and subsequent flotation of the Company. Prior to this, he held various senior executive positions at Michael Page plc, Thorn Lighting Group plc, Framlington Group plc, Suter plc and The Rank Organisation plc. He holds a law degree and is a Fellow of the Institute of Chartered Secretaries and Administrators.

Further information on the Directors, including the interests held by them in the share capital of the Company, is given in paragraph 7 of Part 1 and paragraphs 7 and 12 of Part 5 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 Betboo (excluding South America)*
Jim Humberstone joined the GVC Group in April 2010 and successfully spearheaded the expansion of the Betboo Sportsbook offering into new geographical markets in H1-2011. He was formerly South Eastern Europe Regional Sales Manager and Head of Sportsbook for Sportingbet plc.
- **Almir Ribeiro** – *Co-head of Betboo*
After obtaining a law degree, Almir has had 13 years' experience in the internet business. From early on, he started developing websites and working with video streaming and has had more than 9 years' experience running software development for gaming and also creating and operating a gaming business in the Latin American 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 American gaming industry.

6.9 ***Current trading and future prospects***

In its interim results for the six months ended 30 June 2011 announced on 29 September 2011, Kenneth Alexander, CEO, said:

“The Group’s prospects are directly affected by the regulatory framework in the markets in which we operate and we continue to monitor regulatory developments closely. Trading remains encouraging against a backdrop of challenging economic conditions and we remain cautiously optimistic about our prospects for the rest of the year.”

Furthermore, in its interim results statement, the Company gave a trading update for the 25 day period from 1 September 2011 to 25 September 2011. With the benefit of a full month of September and a period of 24 days to 24 October 2011, the company can provide a further trading update:

In Q3 2011, Group Net Gaming Revenue (“**NGR**”) increased by 17 per cent. to an average of €171k per day (Q3-2010: €146k), and in the first 24 days of October 2011 the average daily Group NGR increased by 49 per cent. to €205k (October 2010: €138k).

NGR from the Group’s Emerging markets business, Betboo, was €52k per day in the first 24 days of October 2011 (October 2010: €16k), and €43k for Q3-2011 (Q3-2010: €18k).

NGR from CasinoClub was €75k per day in the first 24 days of October 2011 (October 2010: €78k), and €81k for Q3-2011 (Q3-2010: €68k). October 2011 has been affected by a series of jackpot wins.

NGR from Betaland was €78k per day in the first 24 days of October 2011 (October 2010: €43k), and €47k for Q3-2011 (Q3-2010: €60k). Q3-2010 benefited from the FIFA World-Cup.

In Q3 2011 overall sports margins were 12.6 per cent. (Q3 2010: 22.9 per cent.).

The Directors are pleased with the performance of the Group’s businesses and, as set out in the interim results statement announced on 29 September 2011, remain cautiously optimistic about the Group’s prospects for the rest of the year.

6.10 *Dividend policy*

The Board will review the position of the Company at the time of publication of the Group’s final results, anticipated to be published in April 2012, and hopes to pay a final dividend. The amount of that dividend will depend on, among other things, the German regulatory position at that time and any adverse movements in working capital due to the commencement of servicing the Superbahis business².

6.11 *Corporate Governance*

The Directors recognise the importance of sound and effective corporate governance. Although the Company is not required to comply with the Corporate Governance Code applicable to companies listed on the Official List, it intends, in so far as is practicable given the size, operations and structure of the Company, to comply with the Corporate Governance Code (as published by the Financial Reporting Council) and the Corporate Governance Guidelines for Smaller Quoted Companies (as published by the Quoted Companies Alliance).

GVC maintains an Audit Committee and a Remuneration Committee.

The Company will continue to hold at least four Board meetings throughout the year. The Board is responsible for formulating, reviewing and approving the GVC Group’s strategy, budgets, major investments and acquisitions.

The Audit Committee is chaired by Karl Diacono and is also attended by Richard Cooper by invitation. It meets at least three times 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.

The Remuneration Committee is chaired by Nigel Blythe-Tinker and meets at least twice a year. It reviews the performance of the Chairman, the Executive Directors and designated members of senior management and, in consultation with the Chairman or Chief Executive as appropriate, 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

² This statement does not constitute a profit forecast and should not be interpreted to mean that the GVC Group’s earnings per share for the financial year ending 31 December 2011 or future years will necessarily exceed the GVC Group’s historical published earnings per share.

the allocation of share options to employees. No Director is permitted to be present or participate in discussions or decisions concerning his own remuneration.

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 comply with Rule 21 of the AIM Rules relating to Directors' dealings and in addition will take all reasonable steps to ensure compliance by applicable employees.

7. Incentivisation arrangements

The following is a description of the current and proposed new bonus and share option arrangements for Directors, further details of which can be found in Part 5 of this document.

New incentive arrangements

In the light of (1) the size and complexity of the Transaction and its potential to significantly enhance GVC's future earnings per share and dividend paying capability³ and (2) the alignment of remuneration with Shareholder interests (in particular the payment of dividends), the Remuneration Committee has recommended the implementation of the New Annual Bonus Scheme, the Success Bonuses and the making of the Proposed Option Grant (all as defined below).

Shareholders holding a significant proportion of Shares have been consulted in relation to the remuneration arrangements described below and are supportive of them.

Director Bonus arrangements

The Directors' annual bonus arrangements are linked directly to the dividends payable by the Company as described in paragraph 12.2 of Part 5 of this document.

The Directors participate in an existing dividend credit bonus scheme, which is described in paragraph 12.2(a) of Part 5 of this document.

In addition, it is proposed that a new annual bonus scheme for Directors be adopted from Re-Admission (the "**New Annual Bonus Scheme**"). Under the New Annual Bonus Scheme, if, during any twelve month period, the Company declares and pays a dividend or dividends for a total amount which exceeds 25.99 euro (€) cents per Share, the Company will pay to Lee Feldman, Kenneth Alexander and Richard Cooper an aggregate bonus payment of an amount equal to ten per cent. of the aggregate dividends paid, which payment shall be divided between Lee Feldman, Kenneth Alexander and Richard Cooper as follows:

<i>Director</i>	<i>% entitlement to annual bonus</i>
Kenneth Alexander	50
Richard Cooper	25
Lee Feldman	25

Any such additional bonus payment will be paid in the month following the declaration of a dividend which brings the twelve month total to greater than 25.99 euro (€) cents per Share.

The Directors have agreed that 20 per cent. of these bonuses (after payment of personal taxes such as income tax and employees' national insurance) must, subject to compliance with the Company's share dealing code, be used to purchase Shares on the open market (or by the exercise of existing options held by him) within a three month period after the date of payment of the bonus.

Further details of the new Annual Bonus Scheme are set out in paragraph 12.2(b) of Part 5 of this document.

³ This statement does not constitute a profit forecast and should not be interpreted to mean that the GVC Group's earnings per share for the financial year ending 31 December 2011 or future years will necessarily exceed the GVC Group's historical published earnings per share.

In addition, within 30 days of Completion, Kenneth Alexander, Richard Cooper and Lee Feldman will receive one-off success bonuses equal to 100 per cent. of their basic salaries or director fees (as applicable) (the “**Success Bonuses**”). After deducting personal income taxes and national insurance contributions from the gross amounts awarded under the Success Bonuses, the Directors are required to invest 25 per cent. of the net monies received by purchasing shares in the Company on the open market within 90 days of the payments being made, subject to compliance with the Company’s share dealing code.

Non-executive Director fees

The board has agreed to increase the fee payable to Mr Diacono from €50,000 to €57,500 and the fee payable to Mr Blythe-Tinker from £85,000 to £97,750, both of which will take effect from 1 November 2011.

Existing share options

As at the date of this document, options are outstanding under the GVC Holdings plc Employee Share Option Plan (“**ESOP**”) to acquire up to 829,590 Shares, representing approximately 2.7 per cent. of the Company’s issued share capital, at exercise prices ranging from 100p to 138.16p per Share. Further details of the options outstanding under the ESOP are set out in paragraphs 2.6 and 7.3(a) of Part 5 of this document. No further options to acquire Shares are capable of being granted under the terms of the ESOP.

As at the date of this document, options are outstanding under the GVC Holdings plc 2010 Long Term Incentive Plan (“**LTIP**”) to acquire up to 2,775,000 Shares, representing approximately 8.9 per cent. of the Company’s issued share capital, at exercise prices ranging from 1p to 213p per Share. Further details of the options outstanding under the LTIP are set out in paragraphs 2.6 and 7.3(b) of Part 5 of this document.

Proposed grant of new share options

Subject to the passing of the relevant resolution in the notice of EGM set out at the end of this document, on the date which is 90 days after the publication of this document (“**Award Date**”), the Board proposes to grant new options over 1,600,000 Shares (in aggregate) under the LTIP to Lee Feldman, Kenneth Alexander and Richard Cooper (the “**Proposed Option Grant**”), representing approximately 5.1 per cent. of the Company’s issued share capital, subject to compliance with the Company’s share dealing code. The exercise price for these options will be 1.2 multiplied by the average mid-market closing price per Share during the period commencing from the time immediately prior to Re-Admission and ending on the Award Date. Further details of the Proposed Option Grant are set out in paragraph 7.3(b) of Part 5 of this document.

The rules of the LTIP contain a rolling 10 year overall limit on the number of options that the Company is permitted to grant, as a percentage of the issued share capital of the Company, pursuant to the LTIP and any other employee share scheme established by the Group. The relevant percentage in the rules of the LTIP is 13.5 per cent. Prior to the Proposed Option Grant, the percentage of Shares subject to such share options is 11.6 per cent. Following the Proposed Option Grant, the percentage of Shares subject to such share options would be just over 16.7 per cent. Accordingly it is necessary pursuant to the rules of the LTIP for an increase to the overall limit in the LTIP to be approved by Shareholders by the passing of an ordinary resolution. The notice of EGM at the end of this document contains a resolution (numbered (2)) approving the increase in this limit to 16.8 per cent. The Proposed Option Grant is therefore conditional on the passing of the resolutions numbered (2) at the EGM. Re-admission is not conditional on the passing of this resolution.

Related party transaction

In view of their size, the New Annual Bonus Scheme, the Success Bonuses and the Proposed Option Grant (together, the “**Remuneration Arrangements**”) fall to be treated as related party transactions pursuant to the AIM Rules. Mr Diacono and Mr Blythe-Tinker (the “**Independent Directors**”) (being the Directors other than the Executive Directors and Mr Feldman, who are excluded from being

independent directors by virtue of their interests in the Remuneration Arrangements) consider, having consulted with Daniel Stewart (the Company’s Nominated Adviser), that the terms of the Remuneration Arrangements are fair and reasonable insofar as Shareholders are concerned.

8. Online gambling regulation

8.1 Overview

- (a) The regulation of online gambling presents possible risks to the GVC Group and the Transferring Business 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.
- (b) 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.
- (c) The GVC Group 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.
- (d) The position regarding online gambling varies widely from country to country. Certain jurisdictions, however, have passed laws that purport to have extraterritorial effect. The Republic of Turkey is one such country. These jurisdictions may argue that an online gambling operator is 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.
- (e) 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 ECJ or the WTO 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.
- (f) 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.

8.2 Licences

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

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

8.3 *Online gambling regulation in Turkey*

The following analysis provides an overview of the key legal and regulatory issues in Turkey. Shareholders should read the more detailed summary of these issues set out in Part 2 of this document.

Provision of gambling services in Turkey is generally prohibited by Article 228 of the Turkish Criminal Code. In addition, Law no. 7258 regarding Provision of Betting and Luck Games in Football and Other Sportive Competitions (“**Law 7258**”) explicitly bans offshore originated online gaming and betting conducted without a local authorisation, whether the operator is based in or outside Turkey. Turkish law asserts jurisdiction over any act that violates the laws of Turkey if the result of such act occurs within Turkey, irrespective of the location of the offender. Accordingly, the activities of the GVC Group in taking online gambling, gaming and betting custom from Turkey through the operation of its existing GVC Turkish Business and, from Completion, the activities of EPC in taking online gambling, gaming and betting custom from Turkey through the operation of the Transferring Business are or, in the case of EPC, will be considered illegal under Turkish law.

In addition to the above, Article 8 of Law no. 5651 regarding Regulation of Broadcasts via the Internet Environment and Prevention of Crimes Committed through such Broadcasts (“**Law 5651**”) permits the Turkish authorities to block online gambling, illegal gaming and betting if “satisfactory suspicion regarding gambling, illegal gaming and betting services arises in such broadcasting”. Such blocking has been imposed on the Sportingbet Group and remains in force. It is possible that such blocking could be imposed upon the websites used by EPC and the GVC Group also. There therefore remains the possibility of ongoing disruption to the Transferring Business and to GVC’s Turkish Business as a result of alternative websites being used by EPC and the GVC Group respectively also being blocked. This may impact upon the net gaming revenue generated by the Transferring Business and,

consequently, the Consideration payable by EPC, as well as the fees payable to GVC Sports under the Services Agreement.

Furthermore, the Turkey Jockey Club currently has an exclusive licence from the Turkish government to provide online betting activities based on horse races. Accordingly, the activities of the GVC Group in taking online gambling or betting custom from Turkey through the operation of the GVC Turkish Business and, from Completion, the activities of EPC in taking online gambling or betting custom from Turkey through the operation of the Transferring Business, in so far as such custom relates to horse races, is also considered illegal under Law no. 6132: Law on Horse Races.

Currently gaming and betting based on chance are being organised by the National Lottery Administration based on the National Lottery Decree and, other than the National Lottery Administration, private legal entities are prohibited from organising chance-based online gaming and betting. The distinction between games of chance and gambling is unclear under Turkish law. Any games of chance not otherwise created and designated as such by the National Lottery Administration or otherwise approved by the National Lottery Administration may be categorised by the Turkish authorities as “gambling” and thus trigger criminal liability. Accordingly, the activities of the GVC Group in taking online gambling or betting custom from Turkey through the operation of the GVC Turkish Business and, from Completion, the activities of EPC in taking online gambling or betting custom from Turkey through the operation of the Transferring Business, in so far as such custom relating to horse races is also considered illegal under the Law No 5651.

In May 2008, the Turkish authorities attempted to bring enforcement action by the arrest in Turkey of two Sportingbet Group employees, and former Sportingbet Group employees, and other persons allegedly providing wider support services to the Transferring Business. On 27 July 2009, the Istanbul Criminal Court of First Instances decided that it did not have jurisdiction to hear the charges against those arrested and ordered that the file be sent to the Istanbul High Criminal Court. The High Criminal Court was unable to decide whether it had jurisdiction on the matter as the alleged offences were aggravated offences falling within the scope of high criminal courts and, in January 2011, the matter was submitted to the Court of Appeals for determination on the court of jurisdiction. Further information on the timing and procedure relating the Court of Appeals’ decision is set out in paragraph 3.1(a) of Part 2.

In or around April 2011, a bill of indictment (“**Bill**”) was issued in Istanbul against five individuals, three of whom are current employees, and one who is a former employee, of the Sportingbet Group. The Bill alleges a breach of the Turkish online gambling, gaming and betting legislation. Three defendants have voluntarily returned to Turkey to file defence statements. Further information on the risks associated with the Transferring Business and the GVC Turkish Business are set out in paragraph 3.1(a) of Part 2.

9. European Union countries

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 restrictions in order to safeguard the public interest (e.g. the protection of individuals and society at large and the prevention of crime) provided that such restrictions are proportionate and applied without discrimination. Some Member States may implement or maintain lawful monopolistic regimes that accord with public interest requirements.

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 the ECJ via cases referred to it) will continue to support this is unclear. The European Commission has only consistently censured Member States for non compliance with the Transparency Directive (2004/109/EC) (for lack of prior notification to the European Commission of proposed changes to local law).

The risk is that administratively burdensome or financially unattractive licences become the norm in the EU. To the extent that local licences are not obtained by the GVC Group due, for example, to their limited availability, or because they are commercially unviable, the GVC Group may face the risk of increased enforcement initiatives from local authorities in EU jurisdictions, and it will also need to evaluate whether it blocks from that jurisdiction.

10. Country specific regulatory overview

The following analysis provides a country by country overview of the key legal and regulatory issues within the other Material Territories. Shareholders should read the more detailed summary of these issues set out in Part 2 of this document and not just rely on the summarised information set out in this paragraph 9.

(a) Germany

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. 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. As further discussed below, there are concerns that the ITG is not compliant with EU Law. Nevertheless, the German Federal Court of Justice has recently upheld the ban on the private provision of online gambling in a recent ruling of 28 September 2011.

In 2008 the Commission commenced formal infringement proceedings against Germany regarding the ITG. The Commission expressed concern that the ITG’s complete ban on the use of the internet is, 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 response to the Commission’s actions, in April 2011, the leaders of 15 German federal states agreed to open up the sports betting market to seven sports betting companies by issuing them each with a licence for a trial period of five years commencing on the expiry of the ITG. It is proposed that the licence be subject to a number of conditions, including a controversial turnover tax of 16.67 per cent. which has been the subject of complaints to the Commission from major gaming companies. In a statement issued on 18 July 2011, the Commission confirmed that the proposed new arrangement was inconsistent with EU law and agreed to extend its consultation period for another month to allow the German states the opportunity to submit a revised proposal.

The 16th federal state of Germany, Schleswig-Holstein passed legislation on 14 September 2011 introducing a new online gambling regime within the state. The passing of this legislation had previously been delayed whilst Schleswig-Holstein sought to reach agreement with the 15 other German states on the draft nationwide regime to replace the ITG. Schleswig-Holstein’s legislation had previously been approved by the European Commission in May 2011 and is more liberal than that envisaged by the draft regime put forward by the other German States. In particular, the legislation provides for the issue of an unlimited number of licences conditional, amongst other things, on a tax of 20 per cent. of gross profits. The legislation will come into force on 1 January 2012 with licences coming into effect from 1 March 2012.

Further information on the risks associated with operating in the German online gaming and sports betting market are set out in paragraph 3.1(b) of Part 2.

(b) Italy

Italy is already a fully liberalised jurisdiction which allows internet gaming subject to the holding of a locally-granted gaming licence. Accepting wagers from Italian residents without an Italian gambling licence is illegal. Since the disposal of GVC Corporation S.p.A in 2009, 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. Italian authorities have successfully used ISP blocking measures to block unlicensed operators. It is possible that such blocking could be imposed upon the websites used by the GVC Group.

Further information on the risks associated with operating in the Italian online gaming and sports betting market are set out in paragraph 3.1(d) of Part 2.

(c) ***Austria***

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. 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.

In September 2010, the ECJ declared the Austrian gaming legislation to be in conflict with EU law because of the “absence of transparency” in its licensing regime and the requirement for gaming operators to have a registered seat in Austria⁴. The ECJ held that these obligations, at least in respect of land-based casinos, constituted a restriction on the freedom of establishment and the freedom to provide services because they discriminate against companies registered in other Member States.

In a ruling of 15 September 2011⁵, the ECJ held that the Austrian monopoly on the provision of online games of chance may be justified by reasons of public interest, such as consumer protection. Whether the monopoly is a proportionate means of achieving such an aim is for the Austrian court to decide. However, in making that judgment, Austria will not be required to recognise authorisations issued by other Member States (for example, Malta).

If the online gaming monopoly is found to breach EU law (including the principle of the freedom to provide services), EU law will preclude the imposition of criminal penalties on economic operators who infringe that monopoly.

In early 2011, the deputy to the Austrian Minister of Finance announced that drafting on new legislation for the regulation of online gambling would commence this year.

Further information on the risks associated with operating in the Austrian online gaming and sports betting market are set out in paragraph 3.1(c) of Part 2.

(d) ***Brazil***

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’. There is 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). A judgment of the 27th Civil Bench of the Courts of Sao Paulo in late 2010 upheld a decision by CONAR (the Brazilian equivalent of the UK Advertising Standards Agency) preventing an operator from carrying on advertising campaigns in Brazil on the basis that there is currently no federal legislation expressly authorising online gaming and betting in Brazil. The GVC Group (which has no established physical presence in Brazil) has, however, been able to advertise in the jurisdiction to date.

In the context of the above, 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

4 ECJ decision of 9 September 2010 in Case C-64/08, *Engelmann*

5 ECJ decision of 15 September 2011 in Case C-347/09, *Dickinger and Omer*

companies processing payment transactions involving offshore online gaming and betting providers and their customers in Brazil. However, 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.

There is some governmental discussion currently as to whether to regulate online gambling, although the timeframes are unclear. In the meantime, online gambling remains controversial in Brazil, there being views both for and against the legality of online gambling, although the latter have tended to prevail.

Further information on the risks associated with operating in the Brazilian online gaming and sports betting market are set out in paragraph 3.1(e) of Part 2.

11. EGM

Set out at Part 6 of this document is a Notice convening the EGM to be held at the offices of the Company's communications firm, Abchurch Communications, at 125 Old Broad Street, London EC2N 1AR at 10.00 a.m. on 16 November 2011 at which the following resolutions will be proposed:

- (1) to approve the Guarantee and the Services Agreement; and
- (2) to approve an increase in the overall limit on share options under the LTIP, as described in paragraph 7 above.

12. Admission to AIM and dealings

In response to press speculation, the Company announced on 16 August 2011 that it was in exclusive discussions with Sportingbet regarding a transaction relating to the Transferring Business. In accordance with the AIM Rules, the Shares were suspended with effect from 7.45 a.m. on that day pending publication of this document.

In view of the significance of the services to be provided by GVC Sports to EPC under the Services Agreement and GVC's guarantee of EPC's obligations under the Business Purchase Agreement, the Services Agreement and the Guarantee are, together, being treated as an acquisition solely in relation to AIM Rule 14. Accordingly, the Company has produced this document which constitutes an AIM admission document pursuant to Rule 14 of the AIM Rules and is seeking shareholder approval of the Services Agreement and the Guarantee at the EGM.

If Shareholders approve the Services Agreement and the Guarantee, the Company's existing admission to trading on AIM will be cancelled. However, application will be made to the London Stock Exchange for the Shares to be re-admitted to trading on AIM. It is expected that Re-admission will become effective and that dealings in the Shares will re-commence at 8.00 a.m. on 17 November 2011. If all other conditions to Completion are fulfilled or waived before the relevant time as set out in the Business Purchase Agreement, the earliest date on which Completion will occur is 21 November 2011.

13. Risk factors and further information

An investment in the Company carries an unusually high level of risk. Your attention is drawn to the risk factors set out in Part 2 of this document and to the further information contained in Parts 3 to 6 of this document.

14. Action to be taken

A Form of Proxy for use at the EGM is enclosed. Whether or not you intend to be present at the EGM, you are requested to complete, sign and return the Form of Proxy to the Company's Registrars, Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as

to be received no later than 10.00 a.m. on 14 November 2011. The completion and return of a Form of Proxy will not prevent you from attending the EGM and voting in person if you wish to do so.

15. Recommendation

The Directors unanimously believe the entry by the Company and/or its subsidiaries, as the case may be, into the Services Agreement and the Guarantee as set out in the resolution numbered (1) in the notice of EGM and the increase in the overall limit pursuant to the LTIP as set out in the resolution numbered (2) in the notice of EGM are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the resolution numbered (1) to be proposed at the EGM as they intend to do in respect of their own beneficial holdings of Shares, representing approximately 0.54 per cent. of the issued share capital of the Company. Karl Diacono and Nigel Blythe-Tinker recommend that Shareholders vote in favour of the resolution numbered (2) to be proposed at the EGM. Lee Feldman, Kenneth Alexander and Richard Cooper will abstain from voting on the resolution numbered (2) to be proposed at the EGM by virtue of their interests in the proposals which are the subject of such resolution.

Yours faithfully,

Lee Feldman

Chairman

PART 2

RISK FACTORS

The Directors consider the following risks to be the most significant for Shareholders in relation to the GVC Group and, following Completion, the Transferring Business (in the context of the provision by the GVC Group of services relating to the Transferring Business pursuant to the Services Agreement and the giving of the Guarantee). The following factors do not purport to be a complete list or explanation of all the risk factors involved in holding shares 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.

The business, financial condition or result of operations of the GVC Group could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks and Shareholders 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 business, financial position, results of operations and the prospects of the GVC Group.

Shareholders should read this document as a whole and not rely solely on the information set out in this section.

1. GENERAL INVESTMENT RISKS

- 1.1 The value of the Shares and the income received from them can go down as well as up and Shareholders may get back less than their original investment or may lose the whole of their investment. 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. The market price of the Shares may not reflect the underlying value of the assets of the Company. The market in the Shares may be illiquid or subject to sudden or large fluctuations and it may be difficult for Shareholders to sell their Shares.
- 1.2 The Company has no current plans for offers of Shares. However, it is possible that the Company may decide to offer Shares in the future. An offering or significant sale of Shares by any of the Company's major shareholders could have an adverse effect on the market price of any outstanding 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 Shares.
- 1.3 The ability of the Company to pay dividends on the 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 Shares in the future.

2. SHARE PRICE VOLATILITY

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 Shares to fluctuate significantly in the future. These factors may include:

- (a) the ability of the GVC Group to attract new customers and retain existing customers in the face of strong competition in the provision of online gaming and sports betting services;
- (b) whether the strong relationship which currently exists between major sporting events and increased betting activity continues in the future;
- (c) the rate at which the public increases its use of the internet to conduct online sports betting;

- (d) fluctuations in foreign exchange rates which could affect the Euro equivalent revenue obtained from the various jurisdictions in which the GVC Group has customers and in the Sterling to Euro exchange rate as the Company's share price is quoted in Sterling;
- (e) the state of the global economy; and
- (f) the fact that 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 RELATING TO THE ONLINE GAMING INDUSTRY

3.1 *Current legislation or regulation may prohibit (or may be interpreted or amended in such a way as to prohibit) certain activities of the GVC Group or the Transferring Business, or legislation may be implemented which deregulates online gambling with commercially undesirable consequences*

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. For example, neither GVC Group nor EPC will have any physical presence in Turkey post-Completion.

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.

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.

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 ECJ or the WTO purport to police freedoms to trade cross border, an example of which is the European Commission's rejection of the proposed new interstate treaty on gambling put forward by the German federal states, it is not always clear that they will ultimately support these arguments.

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 GVC Group from obtaining a licence.

The following summarises some specific country risks of the nature described above known to the GVC Group which are relevant to its business and the Transferring Business. These are correct at the date of this document but may be liable to change in the future.

Although the Transferring Business is being purchased by EPC, which is not part of the GVC Group, the fact that the GVC group will provide services to EPC post-Completion in order to enable EPC to operate the Transferring Business means that the GVC Group may be exposed to the risks in relation to the Transferring Business that are described below. In addition, the fees payable to the GVC Group by EPC as consideration for the supply of services in relation to the Transferring Business will be impacted by any disruption to the Transferring Business as a result of the risks described below.

(a) *Turkey*

As noted above in paragraph 8.3 of Part 1 of this document, Article 228 of the Turkish Criminal Code generally prohibits the provision of gambling services in Turkey and Law 7258 regarding Provision of Betting and Luck Games in Football and Other Sportive Competitions explicitly bans offshore originated online gambling and gaming and betting conducted without a local authorisation, irrespective of the operator's location (i.e. whether in or outside Turkey). Furthermore, as per Article 34 of the Law of Minor Offences of Turkey, customers who gamble may be subject to administrative (rather than criminal) enforcement under Turkish law.

Turkish law asserts jurisdiction over any act that violates the laws of Turkey if the result of such act occurs within Turkey, irrespective of the location of the offender. Accordingly, the activities of the GVC Group in operating the GVC Turkish Business (and, after Completion, the activities of EPC in operating the Transferring Business) are or, in the case of EPC, will be considered illegal under Turkish law. Therefore, the GVC Group has relied on, and expects to continue to rely on, the argument that a supply of services lawfully made from one jurisdiction remains lawful in that jurisdiction even if the domestic law in the jurisdiction where the services are received deems the supply to be illegal. Although the Transferring Business will be owned by EPC after Completion, there is a risk that the Turkish authorities may seek to take action against the GVC Group in connection with the Services provided to EPC.

Although neither the GVC Group nor EPC have an established physical presence in Turkey, in light of the restrictive approach to online gambling and illegal gaming and betting adopted by the Turkish legislation and the strict approach to enforcement adopted by the Turkish authorities, the GVC Group has been advised that there is a risk of action against third party marketing and/or affiliate operators in the territory who facilitate the gambling and illegal gaming and betting activity in the territory (including through funds transfer). There is a risk that banks or credit card companies could freeze monies owed to the GVC Group or EPC (that relate to the activities of the GVC Group or EPC, as the case may be) and/or any payment processor relied upon could abruptly cease to provide services leading to additional payment blocks.

In addition to the above, Article 8 of Law no. 5651 regarding Regulation of Broadcasts via the Internet Environment and Prevention of Crimes Committed through such Broadcasts permits the Turkish authorities to block online gambling or illegal gaming and betting if "satisfactory suspicion regarding gambling services arises in such broadcasting". Such blocking has been imposed on the Sportingbet Group and remains in force. There is a risk that a block will be imposed on the websites used by the GVC Group and/or EPC in relation to the GVC Turkish Business and/or the Transferring Business. Any such blocking or attempted blocking is likely to disrupt the operation of the GVC Turkish Business and/or the Transferring Business.

Furthermore, the Turkey Jockey Club currently has an exclusive licence from the Turkish government to provide online betting activities based on horse races. Accordingly, the activities of the GVC Group in taking online gambling and betting custom from Turkey through the operation of the GVC Turkish Business, and, from Completion, the activities of EPC in taking online gambling and betting custom from Turkey through the operation of the Transferring Business, in so far as such custom relates to horse races, is also considered illegal under Law no. 6132: Law on Horse Races. The penalty for failing to comply with this particular Law is imprisonment of between three months and two years. Other laws governing gambling, and illegal gaming and betting in Turkey provide imprisonment sanctions also.

Currently gaming and betting based on chance are organised by the National Lottery Administration based on the National Lottery Decree and, other than the National Lottery Administration, private legal entities are prohibited from organising chance-based online gaming and betting. The distinction between games of chance and gambling is unclear under Turkish law. Any games of chance not otherwise created and designated as such by the National Lottery Administration or otherwise approved by the National Lottery Administration may be categorised by the Turkish authorities as "gambling" and thus trigger criminal liability.

Accordingly, the activities of the GVC Group in taking online gambling or betting custom from Turkey through the operation of the GVC Turkish Business, and, from Completion, the activities of EPC in taking online gambling or betting custom from Turkey through the operation of the Transferring Business, in so far as such custom is categorised by the Turkish authorities as “gambling”, is also considered illegal under the Law No 5651.

As noted above in paragraph 8.3 of Part 1 of this document, in May 2008 the Turkish authorities arrested two Sportingbet Group employees, and former Sportingbet Group employees, and other persons allegedly providing wider support services to the Transferring Business. On 27 July 2009 the Istanbul Criminal Court of First Instances declared that it did not have jurisdiction to hear the charges against those arrested as the alleged offences were aggravated offences falling within the scope of high criminal courts and determined that the relevant court files should be sent to the Istanbul High Criminal Court. There has been an ongoing dispute between the Criminal Court of First Instance and the High Criminal Court. The High Criminal Court was unable to decide whether it had jurisdiction on the matter and, in January 2011, the case was passed to the Court of Appeals to decide in which court it should be heard. Sportingbet expects that the Court of Appeals will take six to nine months to reach a decision on this matter although this timescale may vary in accordance with the court’s workload. Once a decision has been reached and the court file has been sent to the relevant court, it is estimated that a hearing will be scheduled for two to three months after the return date of the court file. As a result, the trial may start in late 2011 or early 2012 and is expected to take between 18 months and two years to complete.

As noted above in paragraph 8.3 of Part 1 of this document, in April 2011 the Sportingbet Group became aware of a bill of indictment having been issued in Istanbul against five individuals, including three current employees and one former employee of the Sportingbet Group, alleging a breach of Turkish online gambling and gaming and betting legislation. According to Sportingbet, three of the defendants have voluntarily returned to Turkey to file defence statements.

Following Completion, individuals engaged and/or employed within the GVC Group or the Transferring Business who are in Turkey may also be exposed to arrest and prosecution in relation to the GVC Turkish Business or the Transferring Business (as the case may be). None of the Employees transferring to the GVC Group were subject to the arrests or indictments referred to in this paragraph 3.1(a).

(b) *Germany*

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 under the current laws can be roughly divided into the following groups:

- (i) **Violation of Criminal Law:** The central provision of German criminal law is § 284 StGB (as described at paragraph 10(a) of Part 1 of this document). This makes the operation of (§ 284 Section 1 and Section 3 StGB), and advertising for (§ 284 Section 4 StGB), illegal gambling subject to penalty.
- (ii) **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.
- (iii) **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.

- (iv) **Violation of IT Law:** Violations of regulations of IT law can lead to warning notices or fines.

In summary, a risk of civil, administrative or criminal sanctions exists under the current laws in Germany against online operators who target the German market. Enforcement action could also be taken against local marketing partners and affiliates which could result in a loss of revenue from the jurisdiction. Whilst it is 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 GVC Group and/or cause severe disruption to the GVC Group's business on the basis of the need to defend and/or appeal any such claims.

However, in a September 2010 ruling, the ECJ held that the German laws protecting the state monopoly for gambling were "unjustifiable" and "constitute a restriction on the freedom to provide services and the freedom of establishment". In response to the ruling, 15 of the German states confirmed their agreement to open up the market and proceeded to prepare a new interstate treaty on gambling for submission to the European Commission. The proposed new arrangement involves the issuance by the German states of not more than seven sports betting licences, each to a different company and for a five-year trial term. It is proposed that the licence be subject to a number of conditions, including a controversial increase in turnover tax to 16.67 per cent. which has been the subject of complaints made by major gaming companies to the Commission. In a statement issued on 18 July 2011, the Commission confirmed that the proposed new arrangement was inconsistent with EU law and agreed to extend its consultation period for another month to allow Germany the opportunity to submit a revised proposal. As at the date of this document, the 15 federal states are still in discussion with regard to a revised proposal.

The 16th federal state of Germany, Schleswig Holstein, passed legislation on 14 September 2011 introducing a new online gambling regime within the state. The passing of this legislation had previously been delayed whilst Schleswig Holstein sought to reach agreement with the 15 other German states on a draft nationwide regime to replace the ITG. Schleswig Holstein's legislation had previously been approved by the European Commission in May 2011 and is more liberal than that envisaged by the draft regime put forward by the other German states. In particular, the legislation provides for the issue of an unlimited number of licences conditional on, amongst other things, a tax of 20 per cent. of gross profits. The legislation will come into force on 1 January 2012 with licences coming into effect from 1 March 2012. The date of 1 March 2012 for the issue of licences provides the government of Schleswig Holstein with further time to work with the 15 other German states towards its preferred option of a unified nation-wide regime.

(c) *Austria*

An operator licensed outside Austria is deemed to be operating illegally as a matter of Austrian law if it operates in Austria and/or receives bets from Austrian residents without a local licence. Such operators can face liability in the fields of civil law, competition law and administrative law.

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.

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.

As discussed at paragraph 10(c) of Part 1, the ECJ showed in its ruling of 15 September 2011⁵ showed that Austria's national monopoly on the provision of online games of chance will be

compliant with EU law if it is a proportionate means of achieving its public policy aims. The ECJ has made it clear in that judgment that online gaming operators are not entitled to rely on licences issued by different Member States as a matter of course.

Despite further consideration of Austrian gambling laws by the ECJ and the stated intention of the Austrian government to commence drafting legislation to govern online gaming, the Company is not aware of any indication that the prohibition on the provision of gaming services to Austrian residents, without a local licence, will be lifted in the near term.

(d) *Italy*

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 in 2009, 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. Italian authorities have successfully used ISP blocking measures to block unlicensed operators. It is possible that such blocking could be imposed upon the websites used by the GVC group.

(e) *Brazil*

The law relating to online gaming and betting is currently ambiguous in Brazil, with arguments both for and against its legality; however the latter have tended to prevail.

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.

Difficulties in collecting gambling debts from Brazilian residents may arise under the Brazilian Civil Code. The illegality of gaming and betting in Brazil could also trigger prohibition and restrictions on local advertising (for further details on restrictions already imposed on other operators see paragraph 10(d) of Part 1). 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 GVC Group.

(f) *United States of America*

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 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 Sportsbook 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 in 2009 by US Marshals.

The GVC Group blocks and will continue to block all US wagers and does not intend to advertise in the US. In addition, the GVC 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.

(g) *Other jurisdictions*

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

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 GVC 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 GVC 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 GVC Group's business and financial position.

3.2 *Risks of enforcement action in various jurisdictions*

- (a) 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.
- (b) To minimize these risks, the GVC 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.
- (c) The GVC Group may not review the applicable gambling regulation in each jurisdiction from which it accepts or facilitates bets, or from which its online advertising can be accessed, unless the market in that jurisdiction becomes material in revenue terms or the GVC Group decides to market actively into that territory or to locate employees or material assets there. It may not commission a legal opinion in each such jurisdiction 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 GVC Group will not be aware of the risk of travelling in and out of those territories. Moreover there is no guarantee that certain gambling, technology or support services once tolerated as legal in certain jurisdictions will continue to be tolerated, or be regarded by any of the GVC Group's regulators as being in compliance with the terms of its licences.

3.3 *Dependence on regulatory licences and approvals for gambling activities*

- (a) Various GVC Group members currently hold licences in relation to their respective gambling related activities. 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 GVC 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 GVC 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.

- (b) 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 GVC 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 GVC Group's customers. The GVC 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.

3.4 ***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***

- (a) The 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 restrictions in order to safeguard the public interest (e.g. the protection of players and society at large and the prevention of crime) provided that such restrictions are proportionate and are applied without discrimination. Some Member States may implement or maintain lawful monopolistic regimes that accord with public interest requirements. If they do so, there is a risk that the GVC Group may face additional restrictions or enforcement actions.
- (b) A number of Member States (Belgium, Denmark, Sweden, Spain and the Czech Republic) have indicated that they will open up their markets (or, in the case of Italy and France, have already done so). While helpful, the extent to which these markets will open up has yet to be determined. A move towards a licensing regime may be motivated by a desire to create revenue through taxes and licence fees.
- (c) 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 ECJ via cases referred to it) will generally support this remains to be seen. The recent ECJ case that ruled in favour of Casa da Misericórdia de Lisboa's continued monopoly rights in Portugal is likely to embolden monopoly operators.
- (d) The risk remains that local licences become the norm in the EU, rather than the exception. If the GVC 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 GVC Group, due, for example, to their limited availability, the GVC Group may face the risk of increased enforcement initiatives from local authorities in EU jurisdictions.

3.5 ***Possibility of a requirement to exit a market of a Member State***

If the GVC Group supplies its services into a Member State under an EU licence and the Member State brings an action against the GVC Group on the basis of domestic laws which breach EU law, the GVC Group's position may legitimately be defended in court (appealed, if necessary, to the ECJ). However, the GVC 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.

3.6 *Possibility of a requirement to exit or withdraw products from certain markets*

- (a) If the GVC 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.
- (b) Key suppliers such as payment processors, banks or software suppliers, or a regulator of the GVC Group as a condition of an ongoing licence, may determine that a condition of the GVC 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 GVC 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.
- (c) The GVC 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 GVC Group is forced to either block custom from such territories, or relocate employees, it may cause business disruption and financial loss.

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

- (a) 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 its businesses and, by virtue of the services to be provided by it to EPC from Completion, the Transferring 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 ability of the GVC Group or the Transferring Business to accept payment from its customers or facilitate withdrawals from them.
- (b) 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 GVC Group or its customers, and/or the GVC 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 GVC Group's or the Transferring Business's future financial position.
- (c) Customers of the GVC Group or the Transferring Business may be required to deposit sums in advance of their participation in the GVC Group's or the Transferring Business's products and services. In certain jurisdictions, the receipt and holding by the GVC Group company in question or, post-Completion, EPC, 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 the Group 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 GVC Group would suffer commercial upheaval and related costs, which would have an adverse impact on the GVC Group's financial performance.

3.8 *Compliance with other laws and regulations*

- (a) In addition to the laws and regulations relating to gambling, the GVC Group and the Transferring Business are subject to a wide variety of laws and regulatory requirements, non-compliance or deemed non-compliance with which could result in serious financial and other penalties for the GVC Group or the Transferring 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).
- (b) 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.

3.9 *Regulation regarding the use of personal customer data*

The GVC Group and the Transferring Business process sensitive personal customer data (including name, address, age, bank details and betting and gaming history) as part of their businesses and therefore must comply with strict data protection and privacy laws in all jurisdictions in which they operate. Such laws will restrict the ability of the GVC Group and the Transferring Business to collect and use personal information relating to players and potential players including the marketing use of that information. The GVC Group relies on third party contractors and employees to maintain its databases (and will, post-Completion, rely on such contractors and employees to maintain the Transferring Business's databases pursuant to the Services Agreement) and seeks to ensure that procedures are in place to comply with the relevant data protection regulations. Notwithstanding such efforts, the GVC Group is exposed to the risk that these data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulation, by or on behalf of the GVC Group. If the GVC Group or the Transferring Business or any of the third party service providers on which they rely fails to transmit customer information and payment details online in a secure manner, or if any such loss of personal customer data were otherwise to occur, the GVC Group or the Transferring Business could face liability under data protection laws. This could also result in the loss of the goodwill of their customers and deter new customers which would have a material adverse effect on their businesses, financial condition and results of operations. Furthermore, it is possible that laws in various jurisdictions may be introduced or interpreted in a manner which is inconsistent with the existing data practices of the GVC Group or the Transferring Business, and which could, therefore, have a material adverse effect on them.

4. **RISKS RELATING TO THE TRANSACTION**

4.1 *Completion of the Acquisition is subject to certain conditions which may not be satisfied or waived*

Completion of the transfer of the Transferring Business and the Transferring Assets is conditional on the satisfaction of the following conditions on or before 31 December 2011:

- the passing of the Resolution numbered (1) in the notice of EGM;
- the passing of the Sportingbet Class 1 Resolution at the Sportingbet General Meeting; and
- Re-admission.

If, on or before the date referred to above the GVC Group does not satisfy any of its condition obligations, and the fulfilment of such obligations is not waived by Longfrie, Longfrie may (without prejudice to its other rights and remedies including the right to claim damages for the breach) rescind

the Business Purchase Agreement, in which case, the GVC Group will not derive the benefits from the Services Agreement that are envisaged.

4.2 *The GVC Group may not realise the perceived benefits of the Services Agreement*

The GVC Group may not realise the fees anticipated under the Services Agreement. EPC may encounter currently unforeseen difficulties in the operation of the Transferring Business and/or the GVC Group may encounter currently unforeseen difficulties in providing the services to EPC under the Services Agreement such that these anticipated benefits may not materialise or be achieved.

4.3 *The ability of the GVC Group to provide the Services to EPC will, for a limited period, be dependent on technology and information systems being supplied by Sportingbet under the terms of the Transitional Services Agreement and there is a risk that such technology or systems could fail*

The ability of the GVC Group to provide the Services to EPC will, to some extent, be dependent on technology and advanced information systems and platforms being supplied by the Sportingbet Group under the Transitional Services Agreement 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 in 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, such technology or systems, could have a material adverse effect on the Transferring Business (and consequently the profitability of the Transferring Business and the expected financial benefits for the GVC Group under the Services Agreement) or require additional expenditure by the GVC Group to continue the provision of the Services to EPC.

4.4 *Lack of audited financial information*

Audited historic financial information for the Transferring Business is not available. The financial information in this document has been derived from records relating to the business operations held by Sportingbet and its subsidiaries for their own needs. These records will not show all expenditure incurred in relation to the Transferring Business. Accordingly, the financial information presented in this document may not be an accurate or complete summary of the financial results of the Transferring Business for the relevant periods.

4.5 *In the event that the Transitional Services Agreement is terminated prior to the completion of migration as provided for in it, the GVC Group may not have the back-end functions in place to fully provide all of the Services necessary for EPC's operation of the Transferring Business*

In certain circumstances (for example, the occurrence of a change of control of Sportingbet) the Transitional Services Agreement may be terminated earlier than expected and prior to completion of the migration to the GVC Group of services provided by the Sportingbet Group under the Transitional Services Agreement. If such termination occurred, the GVC Group may not have the ability to provide to EPC all or some of the services that are provided by the Sportingbet Group. That could have a material adverse effect on the Transferring Business (and consequently the profitability of the Transferring Business and the expected financial benefits for the GVC Group under the Services Agreement) or require additional expenditure by the GVC Group to continue the provision of the Services to EPC.

4.6 *If EPC defaults on its obligations under the Transaction Documents, GVC may be called upon under the Guarantee to perform those obligations or otherwise make good that default*

Pursuant to the Guarantee, GVC has agreed in favour of Longfrie to guarantee the performance by EPC of EPC's obligations under certain Transaction Documents, including the payment of monetary sums due from EPC thereunder. GVC has no control over EPC and therefore cannot be certain that EPC will fulfil all of its obligations under the Transaction Documents when required. If EPC does default, GVC may be called upon under the Guarantee to perform those obligations or otherwise make

good that default and there is no certainty that GVC would be able to recover from EPC its costs associated with that.

4.7 *If EPC has insufficient funds to pay an instalment of the Consideration, GVC may have to fund that shortfall*

Due to the way in which the Consideration is calculated by reference to the performance of the Transferring Business and the GVC Turkish Business, it is possible that one or more instalments of the Consideration exceed the financial resources of EPC. To avoid EPC going into default of its obligations under the Transaction Documents and incurring the risk that Longfrie's right to require the transfer back to it of the Transferring Business is triggered (see paragraph 4.9 below) (or GVC otherwise being called to pay that amount under the Guarantee) it may be necessary for GVC to pay any such shortfall on behalf of EPC.

4.8 *GVC is subject to credit risk in respect of EPC*

GVC will incur costs in the provision of the Services to EPC but will only be paid a fee by EPC on an arrears basis. Accordingly, there is a risk that EPC may not pay fees due to GVC, thereby resulting in a loss for GVC.

4.9 *If EPC defaults on certain material obligations, Longfrie can require that the Transferring Business be transferred back to Longfrie in which case the GVC Group would not realise the expected benefits from the Services Agreement*

As outlined in paragraph 6(f) of Part 4, if EPC defaults on certain material obligations, Longfrie can require that the Transferring Business be transferred back to Longfrie and the Services Agreement would accordingly terminate. The GVC Group has no control over the compliance by EPC with those material obligations and therefore cannot be certain that they will never be breached. If they were to be breached and the transfer-back right exercised, the GVC Group would not realise the expected benefits from the Services Agreement due to EPC no longer owning and operating the Transferring Business.

5. INTELLECTUAL PROPERTY

5.1 *Protection of intellectual property*

- (a) 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 GVC 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 GVC Group's services are made available, and policing unauthorised use of proprietary information, particularly on the internet, is difficult and expensive.
- (b) The absence of a registered trade mark may make it more difficult for the GVC 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 GVC Group. The pending applications may not be capable of registration and may not proceed to registration.
- (c) As at the date of this document, the Business Intellectual Property Rights used by the Transferring Business are registered in the name of IOE and beneficially owned by ISCI. Prior to completion of the Acquisition, ISCI and IOE will transfer all of the Business Intellectual Property Rights to BrandCo. Sportingbet shall grant EPC the right to acquire from Sportingbet all of the issued shares in BrandCo subject to (a) Completion taking place in accordance with the terms of the Business Purchase Agreement; and (b) payment of all of the instalments of the Consideration and any and all fees payable under the Transitional Services Agreement and the

Brand Licence. Until such conditions are satisfied, neither EPC nor GVC has any control over the Business Intellectual Property.

- (d) Steps that the GVC Group has taken to protect its intellectual property, and any such steps which the Sportingbet Group, EPC or the GVC Group may take in respect of the Business Intellectual Property Rights, may be inadequate to prevent the misappropriation of its proprietary information or other intellectual property rights. Any misappropriation of their intellectual property rights could have a negative effect on their businesses, operating results and the value of their respective brand.
- (e) Furthermore, in future, the GVC 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 GVC Group's intellectual property, whether instigated by the GVC 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.

5.2 *Registration of the GVC Group's domain names*

The GVC Group has acquired a number of domain names around the world. However, if the GVC Group is unable to acquire or use a domain name which incorporates the word "GVC" (or other brands of the GVC 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 GVC Group will be free to use its domain names in all jurisdictions in which it operates. It is possible that the GVC 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 GVC 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 Directors intend that the GVC Group will 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 GVC Group might not be able to offer products and services under a domain name which incorporates the word "GVC" (or other brands of the GVC Group).

6. DEPENDENCE ON INTERNATIONAL PAYMENT PROCESSING SYSTEMS

- 6.1 The GVC Group's and the Transferring Business's current ability to accept bets placed by customers and transfer funds internationally is dependent on their access to global payments and multi-currency processing systems and the relationship between the payment processing service providers and the banks and credit card companies. Any interference with those relationships, or the enactment of any legislation prohibiting the use of credit cards and certain banks' instruments, as well as the tightening of money laundering regulations, may adversely affect their businesses. In addition, foreign governments may seek to impede the offshore betting and gaming industry by introducing legislation designed to prevent customers or financial institutions based in their respective jurisdictions from transferring money to offshore betting and gaming operations.

- 6.2 If the GVC Group's and the Transferring Business's current arrangements for the provision of payment processing systems were to be terminated, the GVC Group, and potentially the Transferring Business, 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 or the Transferring Business's current arrangements could adversely affect the businesses and their profitability.
- 6.3 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 products of the GVC Group or the Transferring Business. 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 GVC Group or EPC (in relation to the Transferring Business), in circumstances where either the GVC Group or EPC would find it difficult and/or time consuming to bring a claim for recovery of such sums.
- 6.4 The operation of the Transferring Business is highly dependent on the provision of payment processing services by third party payment processors so as to enable its customers to make payments to, and receive payments from, the Transferring Business. EPC will need to establish its own agreements with the relevant payment processors for the continuation of the existing payment processing arrangements after Completion. GVC understands that those discussions are at an advanced stage. However, some payment processors may exercise caution when dealing with a new counterparty and therefore there is no certainty that all of the relevant arrangements will be in place as at Completion or that the existing payment processing services will continue to be provided after Completion. This could affect the performance of the Transferring Business after Completion and therefore the benefits for the GVC Group under the Services Agreement.
- 6.5 Furthermore, other third party providers to the Transferring Business may also exercise caution when dealing with a new counterparty and therefore there is no certainty that all of the relevant arrangements will continue to be provided to EPC after Completion. This could affect the performance of the Transferring Business after Completion and therefore the benefits for the GVC Group under the Services Agreement.
- 6.6 In addition, some payment processors and third party suppliers may require EPC to deposit funds with them in advance which will place an increased burden on EPC's working capital position. Whilst the Working Capital Loan provided by Longfrie may provide sufficient resources for these purposes, EPC may require additional funding which the GVC Group may decide to provide in order to prevent any interruption to the Transferring Business after Completion. This would represent an additional expense for the GVC Group which would need to be repaid by, and recovered from, EPC at a later date.
- 6.7 The operation of the Transferring Business, and the provision of the Services by GVC Sports, will require a certain level of working capital provision within both EPC and the GVC Group at both an operational level and in order to invest in the development of the infrastructure necessary to ensure that the Transferring Business can continue to operate as it has done and to realise its full potential. It is envisaged that the initial working capital requirements of EPC will be met by the Working Capital Loan from Longfrie to GVC (or, if GVC so directs, another member of the GVC Group or EPC) and the cash flows of the Transferring Business. EPC may also require additional funding which the GVC Group may decide to provide and which will need to be repaid by EPC at a later date.

7. LITIGATION

7.1 Sportingbet Group employees have been prosecuted by Turkish authorities in relation to the Transferring Business

The Turkish authorities have previously attempted to bring enforcement action by the arrest of Sportingbet employees in the jurisdiction in 2008, although the individuals were ultimately released. Proceedings were brought against these individuals on 27 July 2009. Information regarding those

proceedings and the indictment of Sportingbet Group employees in 2011 is set out in paragraph 8.3 of Part 1 and paragraph 3.1(a) of Part 2.

If the individuals are held to be guilty under Turkish laws, this could have a negative impact on the results or operations of the GVC Group and the Transferring Business and may result in the withdrawal of the businesses from the Turkish market.

7.2 *The GVC Group is involved in several different legal proceedings with one of its suppliers*

(a) *Claim by GVC Corporation Malta regarding the services agreement with Boss Media Malta Casino and Boss Media Malta Poker*

A judicial protest was filed in Malta by GVC Corporation Malta on 21 January 2010 refuting the validity of a notice of termination sent by Boss Media Malta Casino and Boss Media Malta Poker (together, “Boss”) under an agreement for the provision of services by Boss to GVC Corporation Malta in Italy. A prohibitory injunction preventing Boss from terminating the services being provided in Italy was granted in June 2010 by the Maltese Courts. GVC Corporation Malta proceeded to file the substantive claim and a hearing took place on 24 September 2010. As at the date of this document, evidence is being heard in front of the Maltese Courts on the merits of the claim.

The agreement the subject of the dispute is one of GVC’s key services contracts. If the alleged termination of the agreement is upheld by the Maltese Courts, GVC would need to engage an alternative supplier. The migration of GVC’s business to an alternative supplier might disrupt the operation of the GVC Group’s business and result in a significant loss of business.

Further information relating to the basis of the dispute is set out in paragraph 16.2 in Part 5.

(b) *Claim by GVC Corporation Malta regarding the software licence agreement with Boss Media Malta Casino*

There is also a dispute between Boss Media Malta Casino, Boss Media AB of Sweden, St. Minver Limited of Gibraltar and GTech Corporation of the United States and GVC Corporation Malta in relation to a software licence agreement dated 27 March 2009 entered into between Boss Media Malta Casino and GVC Corporation Malta. The dispute consists of an allegation by GVC Corporation Malta that certain third parties, including Boss Media Malta Casino, have obtained unauthorised access to GVC Corporation Malta’s customer database and unlawfully targeting GVC Corporation Malta’s customers, thereby causing GVC Corporation Malta substantial damage. GVC Corporation Malta alleges that employees and/or representatives of Boss Media Malta Casino, Boss Media Malta Poker and/or St. Minver Limited have been involved in this unauthorised activity.

A claim for damages was filed by GVC Corporation Malta in *the First Hall, Civil Court* in Malta on 20 April 2010. Boss Media Malta Casino and the other defendant companies issued a reply in which they denied the claim and challenged the jurisdiction of the Maltese Courts. On 12 May 2011, the Maltese Court held that it has jurisdiction to hear GVC Corporation Malta’s claim, a decision which Boss Media Malta Casino and the other defendant companies have sought to appeal based on jurisdiction. A hearing by the Court of Appeal on jurisdiction has been set down for 14 November 2011.

Further information relating to the basis of the dispute is set out in paragraph 16.3 in Part 5.

(c) *Application for a declaration brought by Boss Media AB regarding a software licence agreement GVC Corporation B.V.*

Boss Media AB has issued an arbitration request in Sweden against GVC Corporation B.V. in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce (the “SCC”). Boss Media AB is seeking declaratory relief that it has not breached a Software Licence Agreement dated 21 December 2004 entered into between Boss Media AB

and GVC Corporation B.V. which was the agreement preceding the software licence agreement dated 27 March 2009 referred to above in sub-paragraph (b).

GVC Corporation B.V. has issued a Response to the Arbitration Request in which it challenges the jurisdiction of the SCC. An Arbitral Tribunal made up of three arbitrators has been appointed to consider whether it has jurisdiction to hear the Arbitration Request. The parties have exchanged three rounds of briefs on jurisdiction. GVC Corporation B.V. has submitted witness statements in support of its challenge of jurisdiction and Boss Media AB will provide any comments to these witness statements, and submit its own witness statements, on 28 November 2011. GVC Corporation will, in turn, provide any comments to Boss Media AB's witness statements by no later than 12 December 2011. The parties will thereafter advise the Arbitral Tribunal on the further steps in the proceedings no later than 19 December 2011.

Further information relating to the basis of the dispute is set out in paragraph 16.5 in Part 5.

7.3 *Additional legal proceedings may arise from time to time in the course of the GVC Group's business*

Other than the claims involving Boss Media Malta Casino, all of which are more fully described in paragraph 16 of Part 5 of this document, the Directors are not aware of any material legal proceedings which have been threatened or commenced against the GVC Group.

Legal proceedings may however arise from time to time in the course of the GVC Group's business. The entire gambling industry in general is prone to litigation due to the legal and regulatory factors described above in Part 2 of this document. Defence and settlement costs can be substantial, even with respect to claims that have no merit. The Directors cannot preclude that litigation may be brought against the GVC Group and such litigation could have a material adverse effect on the financial condition or results or operations of the GVC Group's business.

7.4 *Prosecution of affiliates or intermediaries of the GVC Group*

A significant proportion of the GVC Group's gambling business and the Transferring Business is dependent upon support by an affiliate network. The purpose of the affiliate network is first to promote the GVC Group's or the Transferring Businesses' (as the case may be) 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.

The business and financial position of the GVC Group and the Transferring Business 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 the relevant 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 businesses and adversely effect their respective financial condition.

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.

7.5 *GVC Group executives may be subject to extradition proceedings*

The UK Extradition Act 2003 broadly retains the requirement of dual criminality (by which it is meant that for a person to be extradited under that Act to another jurisdiction, that person must be guilty of an offence both in the UK and that other jurisdiction). However, this cannot necessarily be viewed as

an impediment to the success of an application relating to online gambling because, even though this may not be illegal in the UK, the authorities in another jurisdiction may not seek to charge offenders exclusively with gambling offences, but to combine them with allegations of other crimes. Accordingly, there remains the possibility that another jurisdiction such as Turkey might attempt to base an extradition request on offences which are illegal in the UK and in doing so satisfy the dual criminality requirement. Were extradition to occur, the GVC Group would suffer reputational damage that may adversely affect its relations with customers, contractual counterparties and regulatory bodies in other jurisdictions and, if an executive Director of the GVC Group or EPC were extradited, would suffer operational disruption. Such reputational and operational damage could have a material adverse effect on the business and financial position and prospects of the GVC Group and/or the Transferring Business.

8. ISSUES RELATING TO THE BUSINESS

8.1 *Dependence on key executives and personnel*

- (a) The GVC Group currently depends upon the expertise and continued service of certain key executives and other personnel. The GVC Group'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.
- (b) Furthermore, the GVC 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 GVC Group fails to attract and retain such personnel it may be difficult for the GVC Group to manage its business and meet its objectives and its operational and/or financial results may be adversely affected.

8.2 *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 GVC Group or the Transferring Business fails to detect instances of collusion and other fraud, affected customers may experience increased losses and the GVC Group or the Transferring Business could directly suffer loss or lose the confidence of its customer base, which could have a material adverse effect on the business, financial position and results of operations of the GVC Group or the Transferring Business.

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

The GVC Group and the Transferring Business currently receive 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 and the Transferring Business. While the GVC Group and the Transferring Business have processes in place regarding customer profiling and the 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 GVC Group's or the Transferring Business's financial position.

8.4 ***Confidentiality of customer information***

The GVC Group and the Transferring Business are dependent on suppliers who have access to customer information complying with the confidentiality obligations imposed on them. 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 GVC Group or EPC (in relation to the Transferring Business). Any such claims may have a material adverse effect on their financial position.

8.5 ***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 GVC 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 GVC Group may experience (and the GVC Group 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 GVC Group's cash flows and therefore a material adverse effect on its business, financial condition and results of operations.

8.6 ***Significant losses with respect to progressive jackpots***

(a) ***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 GVC Group's cash flows and therefore a material adverse effect on its business, financial condition and results of operations.

(b) ***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.

8.7 ***Failure to determine accurately the odds at which the GVC Group will accept bets***

The GVC Group currently employs a team of odds compilers (who determine the odds at which the GVC 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 GVC Group in relation to odds compilation and/or incurring significant losses on a gross win basis could have a material adverse effect on the GVC Group's business, financial condition and results of operations.

The nature of the GVC Group's fixed-odds betting products means that the GVC 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 GVC Group remains that were such systems to fail, the protection they afford would be rendered ineffective.

8.8 *Business being subject to sports schedules*

The betting operations of the GVC Group and the Transferring Business are subject to the seasonal variations dictated by the sporting calendar, which will have an effect on the businesses' 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 GVC Group's and Transferring Business'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 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 2014 FIFA World Cup may have adverse consequences on the financial performance of the GVC Group and the Transferring Business.

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 business, financial condition and results of operations of the GVC Group and the Transferring Business for the relevant period.

8.9 *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 GVC 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 GVC Group's business, as would any liability the GVC 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 GVC Group. The GVC Group cannot predict with any certainty what future payments may be required for the success of its business in the future.

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

- (a) 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 International Ltd ("**Net Entertainment**"), Gamologist Limited ("**Gamologist**") 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 GVC Group's business and/or the Transferring Business could be adversely affected, and the GVC 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 GVC Group may lose market share.

- (b) There is a risk that if the GVC Group's contracts with such third parties are terminated and not renewed, or not renewed on favourable terms, or if the GVC 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 GVC Group's financial conditions and performance going forward.
- (c) The GVC 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 GVC Group's business and, even if legal actions were successfully defended disrupt the GVC Group's business in the interim, divert management time and result in significant cost and expense.
- (d) 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 GVC Group's ability to operate certain of its businesses and/or the Transferring Business, 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 GVC 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 GVC Group's reputation, business, financial condition and results of operations.

8.11 *Dependency of suppliers on the maintenance of third party regulatory approvals*

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 GVC Group which, in turn, would have a material adverse effect on the financial position of the GVC Group.

8.12 *Affiliates and other intermediaries of the GVC Group may become subject to prosecution*

- (a) The majority of the GVC Group's gambling business and the Transferring Business is dependent upon support by an affiliate network. The purpose of the affiliate network is first to promote the relevant 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.
- (b) The GVC Group's business and financial position may be materially and 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 legislation). Moreover, legal actions, even if successfully defended, could result in material disruption to the GVC Group's business and adversely affect the GVC Group's financial condition.
- (c) While 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 their jurisdiction, in most cases the affiliates on which the GVC Group 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.

8.13 *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 and Transferring Business operate. 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.

8.14 *The GVC Group may be adversely affected by negative publicity surrounding the gambling industry*

The gambling industry is at times exposed to negative publicity. Publicity regarding such concerns and those relating to the wider gambling industry could harm the GVC 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 GVC 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 GVC 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.

Publicity regarding problem gambling and other concerns with the gambling industry, even if not directly connected to the GVC Group and its products, could adversely impact the GVC Group's business, financial condition and results of operations. There can be further no assurance that, if the perception develops that the gambling industry is failing to address such concerns adequately, the industry may be subject to increased regulation or taxation.

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

Online gambling is a relatively new phenomenon and the GVC Group's success is dependent on its continued popularity. The online gambling industry is highly competitive and the GVC 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 GVC 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 GVC Group is unable to predict user preferences or industry changes, or if the GVC Group is unable to modify its products and services on a timely basis, the GVC 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 GVC 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 GVC Group.

8.16 *Default by customers*

- (a) The GVC Group and Transferring Business are 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 and the Transferring 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 GVC 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 will however, to some extent, be out of the GVC Group's control.

- (b) In addition, the GVC Group and the Transferring Business are 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 GVC Group's business and profitability may be adversely affected by customers' payment defaults.

9. RISKS RELATING TO THE ECONOMIC CLIMATE

9.1 *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 business of the GVC Group and the Transferring Business and ultimately its earnings and share price.

9.2 *Economic and consumer trends affecting the products and services of the GVC Group and the Transferring Business*

- (a) Current demand for the GVC Group's products and services and for the products and services of the Transferring Business is influenced by general economic and consumer trends which are beyond the GVC Group's and the Transferring Business's control. There can be no assurance that the business, financial condition and results of operations of the GVC Group or the Transferring Business 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 GVC Group's business, financial condition and results of operations.
- (b) The GVC Group will not always be able to predict accurately the impact of changes in economic conditions or consumer preferences on the GVC 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 Company to predict the impact that changes in economic conditions or consumer preferences will have on the GVC Group's business, financial condition and results of operations; and (ii) although a downturn in the economy of any jurisdiction in which the GVC Group operates may adversely affect the GVC Group's business, financial condition and results of operations, the extent of such impact is uncertain.

10. FINANCING

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

The Directors believe that, based on the current business plan, expected customer growth, together with the GVC Group's existing assets, future cash flows and the working capital facility being made available by Sportingbet as part of the Acquisition arrangements, the GVC Group will have sufficient working capital for the GVC Group's present requirements following Completion for at least the next twelve months. However, if the GVC Group working capital needs exceed current expectations, then the GVC 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 GVC Group is unable to secure additional funds when needed or cannot do so on terms which it finds acceptable, the GVC Group 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 GVC Group's business and operations.

11. COMPETITION

11.1 *New entrants to the market*

The GVC 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 GVC Group. New entrants may take the form of existing gambling operators who have as yet not sought to develop their business in the GVC 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 GVC Group.

11.2 *The need to expand into new markets*

The growth of the GVC Group's business will depend 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.

11.3 *Further expansion cannot be assured*

- (a) The majority of the GVC Group's revenue will be generated from outside the United Kingdom. A key element of the GVC Group's strategy will involve expanding the GVC Group's business internationally. The Company can give no assurance that the GVC Group's international marketing efforts will be successful and that the GVC Group's 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 GVC Group, the Directors believe the GVC 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 GVC 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 GVC Group's failure to obtain such expertise could impair its growth and/or ability to maintain revenues in such local markets. The GVC 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.

- (b) In addition, international expansion will expose the GVC 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 GVC 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 GVC Group's international expansion efforts, which would in turn have a material adverse effect on its business, revenue and financial position.

11.4 ***Competition within the online gambling industry may affect the GVC Group's financial performance***

- (a) 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 GVC 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.
- (b) If the GVC Group's competitors introduce new services or distribute new technologies, or if the industry generally adopts practices that do not mirror those of the GVC Group, the GVC Group's existing services and products and proprietary technology may be considered obsolete. The GVC 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.
- (c) The GVC 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 GVC Group's ability to retain existing players and sustain growth.
- (d) There can be no assurance that increased competition from other bookmakers, online betting exchanges and other online operators, as well as from suppliers of other betting and gaming products, in any segment of the betting and gaming industry, including the online betting and gaming market, will not have a material adverse effect on the GVC Group's business, financial condition and results of operations.

11.5 ***The ability to manage future growth***

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

11.6 ***Dependence on strong brand identities***

The GVC Group's success depends on its strong brands and if the GVC 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

businesses. The Directors also believe that maintaining and enhancing the GVC brands are important to expanding the GVC Group's base of customers, advertisers and affiliates. Maintaining and enhancing these brands may require the GVC Group to make substantial investments and these investments may not be successful. If the GVC Group fails to promote and maintain the GVC brand, or if the GVC Group 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 GVC Group's brands may become increasingly difficult.

12. ISSUES RELATING TO TECHNOLOGY

12.1 *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 GVC Group in breach of relevant laws and regulations and/or in breach of relevant licences or key contracts, or wider obligations which would have a material adverse effect on the financial position of the GVC 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.

12.2 *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. Any failure of the internet infrastructure to support these demands may have a material adverse impact on the GVC Group's businesses. 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.

12.3 *Dependence on technology and advanced information systems*

The GVC Group's and the Transferring Business'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 technology or systems used by the GVC Group in its own businesses or in providing services to EPC in respect of the Transferring Business could have a material adverse effect on those businesses and their financial conditions or results of operations. In particular any damage to, or failure of, the GVC Group's online systems could result in interruptions to the GVC Group's financial controls and customer service systems. The GVC Group has in place data recovery and systems recovery procedures and security measures in the event of failure or disruption of, or damage to, the GVC 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 GVC Group's (or by virtue of the Services provided to it under the Services Agreement, EPC's) business, financial condition and results of operations.

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

As with all online gambling companies, the GVC Group will be vulnerable to cyber-crime attacks, which could adversely affect its business and, by virtue of the Services provided to EPC under the Services Agreement, the Transferring 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 GVC 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 GVC Group's financial condition. The GVC Group currently employs 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 GVC 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 financial position of GVC.

12.5 ***Vulnerability to hackers stealing customers details for the purposes of identity theft***

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

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

- (a) 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 GVC Group to use leading technologies effectively, continue to develop the GVC 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 GVC Group's technology and systems, which could have an adverse impact on the GVC Group's business, financial condition and results of operations.
- (b) There can be no assurance that the technology and systems currently used by, and being developed by, the GVC Group will be successful, or that they will not be rendered obsolete by new technologies and more advanced systems introduced in the industry or adopted by the GVC Group's competitors. In addition, new internet or other technology-based products, services or enhancements offered by the GVC Group may contain design flaws or other defects and/or require costly modifications or may result in a loss of confidence in the GVC Group's products and services by its customers or loss of revenue, either or a combination of which could have a material adverse effect on the GVC Group's business, financial condition and results of operations.

12.7 ***System failures and breaches of security***

- (a) The successful operation of the GVC Group's business will depend 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 GVC Group, Boss Media Malta Casino, Boss Media Malta Poker, Net Entertainment, Gamologist, Playtech and WebDollar, such as:

- (i) fire, flood and other natural disasters;
 - (ii) power loss or telecommunications or data network failure;
 - (iii) improper or negligent operation of the GVC Group's systems by employees of the GVC Group, Boss Media Malta Casino, Boss Media Malta Poker, Net Entertainment, Gamologist and Playtech or WebDollar and unauthorised physical or electronic access; and
 - (iv) interruptions to internet system integrity generally as the result of attacks by computer hackers, computer viruses, denial of service attacks, increase in volume in usage of online services, or other types of security breaches.
- (b) Any such damage or interruptions could impair the GVC Group's ability to provide its services to both customers and EPC, and could result in significant disruption to the GVC Group, EPC and their customers. This could be harmful to the GVC Group's reputation and deter current or potential customers from using the GVC Group's services. There can be no guarantee that the GVC 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 GVC Group's business, results of operations or financial condition.
- (c) There can be no assurance that the GVC Group's current systems will and are able to support a significant increase in online traffic or increased customer numbers. The GVC Group have in place business continuity procedures and security measures in the event of network failure or disruption, but such procedures and measures may not anticipate, prevent or mitigate any material adverse effect of such failure or disruption, on the GVC Group's business, financial condition and results of operations.
- (d) Furthermore, the GVC Group may at any time be required to expend significant capital or other resources to protect against network failure and disruption, including the replacement or upgrading of its existing business continuity systems, procedures and security measures. If replacements, expansions, upgrades and other maintenance are not completed efficiently or there are operational failures, the quality of product and service experienced by the customer will decline. If, as a result, customers were to reduce or stop their use of the GVC Group's products and services, this could have a material adverse effect on the GVC Group's business, financial condition and results of operations.

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.

It is the successor company of Gaming VC Holdings S.A. and assumed the assets Gaming VC Holdings S.A. on 21 May 2010 after formal approval by the shareholders of that company. As a consequence, the results of the Group for the year ended 31 December 2009 and prior periods comprise the results of Gaming VC Holdings S.A. GVC Holdings plc has continued to apply the same accounting policies as Gaming VC Holdings S.A. The consolidated financial statements of the Group for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to in this Part 3 as the “**Group**”). The Group’s principal activities are those of operating online casinos, access to online poker rooms, online bingo, and online sports betting.

Section B: Information incorporated by reference

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

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

- GVC Holdings SA's audited results for the year ended 31 December 2008 are available at: http://www.gamingvc.com/annual_reports/2008/01.asp
- GVC Holdings SA's audited results for the year ended 31 December 2009 are available at: http://www.gamingvc.com/annual_reports/2009/01.asp
- GVC's audited results for the year ended 31 December 2010 are available at: http://www.gamingvc.com/archive/annual_reports/GVC_Annual_Reports_10.pdf
- GVC's unaudited results for the 6 months ended 30 June 2011 are available at: http://www.gamingvc.com/archive/results/interim_2011.pdf

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 10 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.

Section C: Accountant's report on the historical financial information of the Transferring Business for the three years ended 31 July 2011



The Directors
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31 October 2011

Dear Sirs,

GVC Holdings PLC (“the Company”) and Its Subsidiary Undertakings (together “the Group”) and its proposed arrangement with East Pioneer Corporation BV following East Pioneer Corporation BV’s acquisition of Sportingbet Plc’s Turkish language website business (“the Transferring Business”)

We report on the financial information set out in Part 3 of the Admission Document dated 31 October 2011 of the Company (“the **Admission Document**”), which comprises a Contribution Statement, Selected Assets and Liabilities and relevant notes of the Transferring Business, for the three years ended 31 July 2009, 2010 and 2011 (“the **Selected Financial Information**”). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 1.1 of Part 3, Section D of the Admission Document.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report.

The Company’s directors are responsible for preparation of the financial information on the basis of preparation set out in note 1.1 to the financial information included in Part 3, Section D of the Admission Document.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion, the Selected Financial Information presents, for the purposes of the Admission Document dated 31 October 2011, fairly, in all material respects, Selected Assets and Liabilities of the Transferring Business as at 31 July 2009, 2010 and 2011 and its Contribution to the results for the three years ended 31 July 2009, 2010 and 2011 in accordance with the basis of preparation set out in note 1.1 to the financial information included in Part 3, Section D of the Admission Document and has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

Section D: Historical financial information on the Transferring Business for the three years ended 31 July 2011

**CONTRIBUTION STATEMENT
for the years ended 31 July 2009, 2010 and 2011**

	<i>Notes</i>	<i>2009</i> €000's	<i>2010</i> €000's	<i>2011</i> €000's
Net gaming revenue		27,559	45,153	60,005
Cost of sales		(5,392)	(9,919)	(11,039)
Gross profits		22,167	35,234	48,966
Marketing and affiliate costs		(3,693)	(4,778)	(6,756)
Contribution		<u>18,474</u>	<u>30,456</u>	<u>42,210</u>
Selected operating costs				
Other operating costs	2	(1,131)	(1,105)	(1,380)
Amortisation	3	(189)	(111)	–

Note that it has not been possible to present an Income Statement (as per the International Financial Reporting Standards) as there has not been any separate identification (or attribution) of central costs or overheads, therefore it has not been possible to identify the total cost base and profitability of the Transferring Business. See note 1.1 'Basis of preparation'.

The notes on pages 66 to 69 form part of this financial information.

SELECTED ASSETS AND LIABILITIES
at 31 July 2009, 2010 and 2011

	<i>Notes</i>	<i>2009</i> €000's	<i>2010</i> €000's	<i>2011</i> €000's
Assets				
Intangible assets	3	113	–	–
Total non-current assets		113	–	–
Current liabilities				
Trade and other payables	4	(840)	(1,352)	(1,098)
Total current liabilities		(840)	(1,352)	(1,098)

Note that it has not been possible to present a Balance Sheet (as per the International Financial Reporting Standards), other than attributable intangible assets and customer balance liabilities no other assets or liabilities relating to the Transferring Business can be identified. See note 1.1 'Basis of preparation'.

The notes on pages 66 to 69 form part of this financial information.

NOTES TO THE FINANCIAL INFORMATION for the years ended 31 July 2009, 2010 and 2011

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 *Basis of Preparation*

This financial information on the Transferring Business is prepared in the Euro, rounded to the nearest thousand, is prepared on the historical cost basis and covers the three years to 31 July 2011.

The Transferring Business which this financial information presents has formed part of the larger Sportingbet plc group during the three year period covered by this financial information, but has not been accounted for separately; this financial information therefore presents a separate track record (a “carve out”) of the Transferring Business (the “carve out business”), derived from the records of the Sportingbet group.”

This financial information is presented and prepared, as far as is possible given the limited amount of information available on the Transferring Business, in a form consistent with that expected to be adopted in the Company’s next published financial statements.

The financial information presents the following:

Contribution Statement

The Contribution Statement, which includes only Net Gaming Revenue, Costs of sales, Gross Profit and certain identifiable direct costs, such as amortisation and staff costs; no central costs and overheads or allocated costs have been included.

Selected Assets and Liabilities

The only directly attributable intangible assets and customer balance liabilities have been presented.

Financial information omitted

The Transferring Business has been part of Sportingbet Plc’s entire European online gaming business during the three years to 31 July 2011, the period covered by this financial information. Due to the lack of information reported separately about the Transferring Business and the high level of aggregation within Sportingbet Plc’s business a number of items have been omitted from this financial information, including the following:

Cash flow statements and corresponding notes

Due to the lack of available information on the Transferring Business’ cash flows and the lack of full balance sheets it is not possible to prepare any historical cash flow information on the Transferring Business, or the relevant notes to the accounts. There is and never has been any separate split of cash received from or paid to Turkish customers. All the cash of Sportingbet Plc’s entire European online gaming business (which the Transferring Business had historically been part of) is cleared from the payment services providers into (and payments made out of) central bank accounts and it is therefore not possible to analyse the separate historical cash flow.

Central costs

There is and never has been any separate identification (or attribution) of central costs to the Transferring Business, therefore it is not possible to identify the total cost-base of the Transferring Business. The only Operating Costs identified are Amortisation and certain staff costs.

Other assets and liabilities

Other than attributable intangibles assets and specific customer balance liabilities no other assets or liabilities can be identified for the Transferring Business, including:

- cash balances and cash held by PSPs in relation to those customer balances (or the Transferring Business in general)

- IT equipment and infrastructure, including the trading platform the Transferring Business had been operated from

The preparation of financial information has required directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

1.2 *Foreign Currency*

The functional currency of the Transferring Business is GBP. The presentational currency of the Transferring Business is the Euro.

1.2.1 *Foreign Currency Transactions*

Transactions in foreign currencies are translated to the Euro at the foreign exchange rates ruling at the month end date in the month in which they occurred for the purposes of this financial information. Monetary assets and liabilities denominated in foreign currencies at the reporting balance sheet date are translated to the Euro at the foreign exchange rate ruling at that date.

1.3 *Intangible Assets*

Other intangible assets that are acquired are stated at cost less accumulated amortisation. Amortisation is charged to the income statement over the estimated useful economic lives as follows:

Superbahis URL	3 years
Superbahis marketing contract	14 months

1.4 *Trade Payables*

Trade payables are recognised initially at fair value and subsequently at their amortised cost using the effective interest method.

1.5 *Net Gaming Revenue*

Net Gaming Revenue is measured at the fair value of consideration received or receivable net of betting duties and similar taxes, and charge-backs, and comprises the following elements:

Casino: net win in respect of bets placed on casino games that have concluded in the year, stated net of promotional bonuses, betting duties and similar taxes, and charge-backs.

Sportsbook: gains and losses in respect of bets placed on sporting events in the year, stated net of promotional bonuses, betting duties and similar taxes, and charge-backs. Open positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

Poker: net win in respect of rake for poker games that have concluded in the year, stated net of promotional bonuses, betting duties and similar taxes, and charge-backs.

Bingo: net win in respect of bets placed on bingo games that have concluded in the year, stated net of promotional bonuses, betting duties and similar taxes, and charge-backs.

Where promotional bonuses apply to customers playing a variety of products through the same wallet, bonuses are allocated *pro-rata* to the net win.

1.6 *Cost of Sales*

Cost of sales includes the costs of processing deposits and withdrawals and product commissions.

1.7 *Marketing and Affiliate Costs*

Marketing and affiliate costs include marketing expenditure and affiliates commissions

2. OPERATING COSTS

	<i>Notes</i>	<i>2009</i> €000's	<i>2010</i> €000's	<i>2011</i> €000's
Other operating costs	2.1	1,131	1,105	1,380
Amortisation		189	111	–
		<u>1,320</u>	<u>1,216</u>	<u>1,380</u>

2.1 *Other operating costs*

	<i>Notes</i>	<i>2009</i> €000's	<i>2010</i> €000's	<i>2011</i> €000's
Personnel expenditure	2.1.1	<u>1,131</u>	<u>1,105</u>	<u>1,380</u>

2.1.1 *Personnel expenditure*

	<i>2009</i> €000's	<i>2010</i> €000's	<i>2011</i> €000's
Wages and salaries	991	959	1,252
Social security contributions	83	87	100
Pension contributions	20	21	8
Health and other benefits	37	38	20
	<u>1,131</u>	<u>1,105</u>	<u>1,380</u>

3. INTANGIBLE ASSETS

	<i>Total</i> €000's
Cost	
At 1 August 2008	6,672
Exchange movement	(531)
At 31 July 2009	<u>6,141</u>
At 1 August 2009	6,141
Exchange movement	154
At 31 July 2010	<u>6,295</u>
At 1 August 2010	6,295
Exchange movement	(308)
At 31 July 2011	<u>5,987</u>
	<i>Total</i> €000's
Amortisation and Impairment	
At 1 August 2008	6,346
Charge for the year	189
Exchange movement	(507)
At 31 July 2009	<u>6,028</u>
At 1 August 2009	6,027
Charge for the year	111
Exchange movement	156
At 31 July 2010	<u>6,295</u>
At 1 August 2010	6,295
Exchange movement	(308)
At 31 July 2011	<u>5,987</u>
Net Book Value	
At 31 July 2009	<u>113</u>
At 31 July 2010	<u>–</u>
At 31 July 2011	<u>–</u>

4. TRADE AND OTHER PAYABLES

	<i>2009</i> €000's	<i>2010</i> €000's	<i>2011</i> €000's
Balances with customers	<u>840</u>	<u>1,352</u>	<u>1,098</u>

PART 4

TERMS AND CONDITIONS OF THE TRANSACTION AND THE ACQUISITION

1. Introduction

Subject to the fulfilment of the conditions set out in the Business Purchase Agreement (see paragraph 6(c) below), the Transferring Business (except for the Business Intellectual Property Rights) will be purchased by EPC from Longfrie on Completion in accordance with the terms of the Business Purchase Agreement. Pursuant to the Business Purchase Agreement, the Company has agreed to guarantee to Longfrie the obligations of EPC under certain Transaction Documents.

GVC Sports, EPC and the Company have entered into the Services Agreement under which, subject to Completion of the Business Purchase Agreement, GVC Sports has agreed to supply to EPC services to support EPC's operation of the Transferring Business after Completion.

GVC Sports, EPC and EPC's parent company, Sigma Corporate Management, have entered into a Deed of Undertaking under which EPC and Sigma Corporate Management have provided GVC Sports with certain undertakings relating to the operation of EPC and the Transferring Business and a right to acquire EPC or its business and assets in certain circumstances.

On Completion, Longfrie, SPODDS and GVC Sports will enter into the Transitional Services Agreement pursuant to which Longfrie and SPODDS will provide certain transitional services in connection with the Transferring Business to GVC Sports. GVC Sports will, in turn, provide such services to EPC under the Services Agreement, together with certain additional services required by EPC to operate the Transferring Business.

Certain intellectual property relating to the Transferring Business, including the "*Superbahis*" brand and its domain names, will be retained by BrandCo until the final instalment of the Consideration has been paid under the Business Purchase Agreement. At that point in time BrandCo itself will be transferred by Sportingbet to EPC pursuant to the terms of the Put and Call Option. Pending the transfer of BrandCo, it will licence the use of the "*Superbahis*" brand and domain names to EPC pursuant to a Brand Licence which is to be entered into on Completion.

On Completion, the Seller will also grant to EPC, pursuant to the Software Licence Agreement, a sub-licence to use ISCI's proprietary payment processing system.

This Part 4 sets out the key terms of the Services Agreement, the Guarantee and the Deed of Undertaking and the fees and other amounts payable and receivable by the GVC Group. It also sets out the key terms of certain of the other Transaction Documents, including those key terms to which members of the GVC Group are subject to or benefit under.

2. Services Agreement

On 13 October 2011, the Company, GVC Sports and EPC entered into a services agreement ("**Services Agreement**") under which GVC Sports has, subject to Completion taking place, agreed to supply to EPC certain services to support EPC's operation of the Transferring Business. Those services include services relating to marketing and customer communications, website development and maintenance, customer services, payments reporting and Sportsbook trading which are to be provided to GVC Sports pursuant to the Transitional Services Agreement (see paragraph 4 below) together with customer services and VIP management services originated and provided by GVC Sports itself.

In consideration of EPC agreeing to enter into the Services Agreement with GVC Sports, the Company has agreed to guarantee to the Seller the performance of EPC's obligations under certain of the Transaction Documents and accordingly the Company is a party to the Business Purchase Agreement for the purpose of giving the Guarantee (see paragraph 3 below).

The Services Agreement is for a term of 15 years but can be terminated at any time on notice by GVC Sports. EPC may only terminate the Services Agreement if the Company breaches its obligation to guarantee EPC's obligations under the relevant Transaction Documents.

EPC will pay GVC Sports a monthly fee for the services to be provided to it under the Services Agreement. The fee will be payable on the same day as the monthly instalments of the Consideration are payable to the Seller under the Business Purchase Agreement. The monthly fee shall equal the total of EPC's cash reserves at the relevant month end after it has paid the instalment of the Consideration due to the Seller under the Business Purchase Agreement for that month and adjusted for certain permitted costs. The monthly fee, when combined with the net gaming revenue of the GVC Turkish Business, is anticipated to represent 25 per cent. of the combined net gaming revenue of the Transferring Business and the GVC Turkish Business, subject to certain adjustments. That percentage will increase to 32.5 per cent. after the Migration Completion Date and to 100 per cent. after the final instalment of the Consideration has been paid by EPC under the Business Purchase Agreement.

A description of the Consideration payable by EPC to the Seller under the Business Purchase Agreement is set out at paragraph 6(b) below.

Other than in respect of death or personal injury, the liability of GVC Sports to EPC under the Services Agreement is limited to €10,000.

3. Guarantee

Under the Business Purchase Agreement, the Company has agreed to guarantee to the Seller the payment and performance by EPC of all amounts and obligations under the Transaction Documents (excluding the Service Agreement and the Deed of Undertaking). The Company has agreed to indemnify the Seller against any claim, loss, liability, cost or expense that the Seller may suffer or incur arising out of or as a result of any failure, for any reason, by EPC to pay or perform, when due, all amounts and obligations under those Transaction Documents together with any loss suffered by the Seller in enforcing its rights against the Company pursuant to the Guarantee.

4. Transitional Services Agreement

The Seller and SPODDS, another member of the Sportingbet Group, have agreed to enter into the Transitional Services Agreement with GVC Sports on Completion of the Acquisition, pursuant to which the Seller and SPODDS, will provide certain services to GVC Sports in connection with the Transferring Business for a period of up to three years. Those services will include the provision of certain back end functionality, web services such as website development and maintenance, payments reporting and Sportsbook trading.

Each of the services shall, unless the parties agree otherwise, be provided until the earlier of the Migration Completion Date and the third anniversary of Completion (or, in the event of a Change of Control within 27 months of Completion, 9 months after the date of such Change of Control), unless terminated earlier or extended under the terms of the Transitional Services Agreement.

A monthly fee of €500,000 is payable by GVC Sports to the Seller under the Transitional Services Agreement. However, this shall be reduced to a sum equal to the monthly Consideration payment due to the Seller under the Business Purchase Agreement if that is lower. In addition, any fees paid under the Transitional Services Agreement shall be deducted from the Consideration payable under the Business Purchase Agreement.

For the purposes of this Part 4, "**Change of Control**" means the winding-up or dissolution of Sportingbet or, whether through a single transaction or arrangement or a series of related transactions or arrangements, a person (and any other person who is a connected person of that first person or with whom that first person is acting in concert) acquires or otherwise comes into the possession of:

- (a) a majority of the voting rights in Sportingbet;

- (b) the right to appoint or remove a majority of the board of directors of Sportingbet;
- (c) the right to exercise a dominant influence over Sportingbet by virtue of provisions contained in Sportingbet's articles or by virtue of a control contract (as defined in the Companies Act 2006); or
- (d) the whole or substantially the whole of or a material part of the business and assets of Sportingbet (excluding the Business and the Assets), except where the relevant person(s) is a member of the Sportingbet Group,

and for these purposes "connected person" has the meaning given to that expression in sections 1122 and 1123 of the Corporation Tax Act 2010 and "acting in concert" has the meaning given to it in the Takeover Code and a material part of the Sportingbet Group's business and assets means business and assets accounting for more than 25 per cent. of the Sportingbet Group's revenue for the 12 months preceding the date of the transfer

5. Deed of Undertaking

On 13 October 2011, GVC Sports, EPC and Sigma Corporate Management entered into the Deed of Undertaking pursuant to which GVC Sports was granted an option, exercisable at any time from Completion on the occurrence of certain events, to acquire the shares in EPC (or its business and assets) or to nominate a third party to acquire the same for nominal consideration. Those events include a breach by EPC of any of its obligations under the Transaction Documents, a breach by EPC or Sigma Corporate Management of any of its obligations under the Deed of Undertaking, a change of control of EPC or Sigma Corporate Management, the insolvency of EPC, EPC's sale of or granting of security over its business or assets, the payment of the Consideration in full and the death of the ultimate beneficial owner of EPC.

The Deed of Undertaking also contains certain warranties and undertakings given by EPC and Sigma Corporate Management to GVC Sports relating to the ownership and activities of EPC including (i) warranties as to their respective corporate status and capacity and confirmation that EPC does not and will not carry on any business other than the Transferring Business; and (ii) undertakings to comply with the Transaction Documents, not to dispose of or charge the assets of the Transferring Business and not to pay dividends without the prior written consent of GVC Sports.

6. Business Purchase Agreement

The Company is party to the Business Purchase Agreement for the purposes of giving the Guarantee (see paragraph 3 above), to undertake certain other obligations to the Seller and to receive the benefit of certain obligations of the other parties. This paragraph 6 sets out the key terms of the Business Purchase Agreement.

(a) *Transferring Business*

The Transferring Business comprises Sportingbet's Turkish language website, branded "*Superbahis*", and associated offshore assets. The assets to be transferred from the Seller to EPC in accordance with the Business Purchase Agreement include the Customer Database, records and the benefit of certain contracts. In addition 26 employees will transfer to EPC.

Assets relating to the Transferring Business which will not be transferred to EPC include the servers, software platforms, information systems and technology used in the Transferring Business which are not payment processing systems ("**Back-end systems**") and the premises from which the Transferring Business is currently conducted.

(b) *Consideration payable*

The Consideration payable by EPC to the Seller is calculated and payable in monthly instalments in arrears from Completion as follows:

- (i) during the first three years following Completion, the Profit Share Percentage (as defined below) of the Adjusted Combined Profit (as defined below) for that period ("**Initial Profit Share**");

- (ii) during the fourth year following Completion, if (a) the Initial Profit Share is less than €142.5 million (“**Minimum Consideration**”), the Profit Share Percentage of the Adjusted Combined Profit for that period capped at an amount equal to the sum of €28.5 million and the amount by which the Initial Profit Share is less than the Minimum Consideration; or (b) the Initial Profit Share is more than or equal to the Minimum Consideration, the Profit Share Percentage of the Adjusted Combined Profit for that period capped at €28.5 million (the “**Second Profit Share**”); and
- (iii) during the fifth and sixth years following Completion, if the aggregate of the Initial Profit Share and the Second Profit Share is (a) less than the Minimum Consideration, the Profit Share Percentage of the Adjusted Combined Profit for that period capped at an amount equal to the amount by which the Initial Profit Share, aggregated with the Second Profit Share, is less than the Minimum Consideration; or (b) more than or equal to the Minimum Consideration, no further Consideration is payable.

The Consideration is payable in instalments as follows: (a) the first instalment relating to the period from Completion to 31 December 2011 is due on 29 February 2012; (b) the second instalment relating to January 2012 is due on 2 April 2012; and (c) each subsequent instalments payable approximately monthly after the end of each month.

The Consideration payable in respect of any given month is reduced by the fees (if any) that are calculated as payable by GVC Sports to the Seller (under the Transitional Services Agreement) and by EPC to BrandCo (under the Brand Licence) for that month and is further reduced for any amount paid to the Seller by EPC to be held on account of (and as security for) EPC’s obligation, following exercise of the put or call under the Put and Call Option, to procure repayment of a debt which will be owing from BrandCo to ISCI.

If EPC has insufficient cash resources in a given month to pay an instalment of the Consideration, under the Guarantee GVC will have to fund the amount that EPC is not able to pay. Such amounts will effectively constitute a loan to EPC by GVC which will have to be repaid by and recovered from EPC.

For the purposes of the above paragraphs:

“**Adjusted Combined Profit**” means, in relation to each calendar month, an amount equal to the aggregate of the Adjusted Net Gaming Revenue of the Transferring Business and the Adjusted Net Gaming Revenue of the GVC Turkish Business (the “**Combined Profit**”) (which may be a negative amount, minus the following amounts:

- (a) if the Adjusted Combined Profit for the previous month was a negative amount (“**Carried Forward Loss**”), an amount equal to such Carried Forward Loss and for the purposes of this calculation only the negative nature of that amount shall be ignored so as to avoid the application of a double minus;
- (b) if the aggregate of the Combined Profit minus the amounts referred to in paragraph (a) above is equal to or more than €2,083,333, €583,333; and
- (c) in respect of every twelfth month, if the Combined Profit minus the amounts referred to in paragraphs (a) and (b) above for that month and the preceding 11 months is equal to or more than €25,000,000, an amount equal to €7,000,000 minus the aggregate of the amounts deducted in the preceding 11 months pursuant to paragraph (b) above;

plus:

- (d) in respect of every twelfth month, if the aggregate of the free bets and promotional bonuses for the Transferring Business and the GVC Turkish Business for that month (the “**Aggregate Bonuses**”) and the preceding 11 months is greater than an amount (the “**Base Amount**”) equal to 15 per cent. of the aggregate of the Adjusted Net Gaming Revenue for those months

(excluding the free bets and promotional bonuses for those months), an amount equal to the amount by which the Aggregate Bonuses exceed the Base Amount,

and, if following a Change of Control, the Transitional Services Agreement is terminated in certain circumstances, the Adjusted Net Gaming Revenue of the GVC Turkish Business will not be included in the calculation of the Adjusted Combined Profit and paragraphs (b) and (c) shall not apply, until such time as the Transitional Services Agreement would have expired in accordance with its terms.

“**Adjusted Net Gaming Revenue**” is defined in the Business Purchase Agreement as the aggregate revenues generated in respect of the casino, poker and sports book and/or other products or services available through the Transferring Business’ web sites and the GVC Turkish Business’ websites together with all deposit income, less: (a) the winnings paid out; (b) payment processing charges; (c) affiliate costs; (d) non-sportsbook product costs; (e) bad debts; (f) free bets and promotional bonuses, (g) chargebacks and (h) betting and gaming taxes with respect to the relevant period.

“**Profit Share Percentage**” is defined in the Business Purchase Agreement as: (a) in respect of all or part of a month between Completion and the Migration Completion Date (as defined below) (including the whole of the month in which the Migration Completion Date falls), 75 per cent.; or (b) in respect of all or part of a month after the month in which the Migration Completion Date falls, 67.5 per cent.

(c) ***Conditions***

Completion is conditional upon satisfaction of the following conditions (“**Acquisition Conditions**”) (or their satisfaction subject only to Completion) on or before 31 December 2011 (or such later date as the Seller and EPC may agree in writing).

- (i) the passing at a duly convened general meeting of Sportingbet of such resolution(s) as may be necessary to approve, implement and effect the Acquisition;
- (ii) the passing at a duly convened general meeting of GVC of such resolution(s) as may be necessary to approve, implement and effect the transactions to which GVC is party under the Transaction Documents; and
- (iii) Admission.

(d) ***Completion***

As at the date of this document, the earliest date on which the Acquisition Conditions can be satisfied is 17 November 2011 and subject to the satisfaction of those Conditions, the parties to the Business Purchase Agreement have agreed that Completion shall take place at 11.59 p.m. on 21 November 2011.

(e) ***Operation of the Transferring Business before and after Completion***

Pending Completion, Sportingbet will (and will procure that each member of the Sportingbet Group will), subject to certain exceptions and amongst other things:

- carry on the Transferring Business in the ordinary and normal course and not operate the Transferring Business in such a way that would give rise to a liability to UK or Irish gaming or betting taxes;
- not conduct any advertising in Turkey on behalf of the Transferring Business (except in certain very limited circumstances);
- not relocate any of the employees of the Transferring Business to Turkey;
- not engage in any activity, practice or conduct which constitutes an offence under the laws of England and Wales;

- not engage in any activity, practice or conduct which constitutes an offence under the Bribery Act 2010 or any other applicable anti-corruption laws;
- not discontinue or cease to operate all or a material part of the Transferring Business;
- not, in connection with the Transferring Business acquire or dispose of, or agree to acquire or dispose of, any asset except in the usual and ordinary course of the Transferring Business or assume or incur a liability, obligation or expense (actual or contingent) except in the usual and ordinary course of the Transferring Business and on normal arm's length terms;
- not create, or agree to create, any charge, lien, encumbrance or other third party right over the Transferring Business or any of the Transferring Assets;
- not initiate or settle any litigation, arbitration, prosecution or other legal proceedings relating to the Transferring Business; and
- as soon as is reasonably practicable disclose to EPC and GVC in writing any matter or thing which arises or becomes known to it which in the opinion of Longfrie (acting reasonably) is likely to have a material and adverse effect on the Transferring Business as presently conducted or on the financial or trading position or prospects of the Transferring Business.

From Completion, until such time as the Consideration has been paid in full by EPC to the Seller, EPC will and GVC will (and will procure that each other member of the GVC Group will) to the extent it is involved in the operation of the Transferring Business (subject to certain exceptions and unless otherwise agreed in writing by the Seller), amongst other things:

- carry on the Transferring Business in the ordinary and normal course;
- not conduct any advertising in Turkey on behalf of the Transferring Business or the GVC Turkish Business (except in certain very limited circumstances);
- not relocate any of the employees of the Transferring Business to Turkey;
- not instruct any employee of EPC or any member of the GVC Group to travel to Turkey in connection with the Transferring Business or the GVC Turkish Business;
- not engage in any activity, practice or conduct which constitutes an offence under the laws of England and Wales;
- not engage in any activity, practice or conduct which constitutes an offence under the Bribery Act 2010 or any other applicable anti-corruption laws;
- not discontinue or cease to operate all or a material part of the Transferring Business;
- not, in connection with the Transferring Business or the GVC Turkish Business acquire or dispose of, or agree to acquire or dispose of (other than to a member of the GVC Group or person approved by GVC) any asset except in the usual and ordinary course of the Transferring Business or assume or incur a liability, obligation or expense (actual or contingent) except in the usual and ordinary course of the Transferring Business and on normal arm's length terms;
- not create, or agree to create, any charge, lien, encumbrance or other third party right over the Transferring Business or any of the Transferring Assets;
- as soon as reasonably practicable disclose to the Seller in writing any matter or thing which arises or becomes known to it which in the opinion of EPC or GVC (acting reasonably) is likely to have a material and adverse effect on the Transferring Business as presently conducted or on the financial or trading position or prospects of the Transferring Business;
- not in any manner whatsoever use or display any trade or service marks or names, domain names or logos incorporating the name "Sportingbet"; and

- following the Migration Completion Date, each quarter deposit with the escrow agent a copy of the then current and complete Customer Database.

(f) ***Ability of the Seller to take back the Transferring Business in certain situations***

In order to secure payment of the Consideration, the parties have agreed that in the event of any of the following, subject to certain conditions, exceptions and protections, the Seller may, by notice in writing to EPC, require EPC to transfer to the Seller, within 5 Business Days after service of such notice (if the breach is not capable of remedy) and (if capable of remedy within 20 Business Days after service of that notice) within 20 Business Days of the end of that period if not remedied, all of the Transferring Assets that have transferred under the Business Purchase Agreement to EPC (as well as BrandCo, if it has transferred to EPC) in consideration of the sum of €1:

- any instalment of the Consideration is not paid on the date on which it is due;
- EPC or its successor discontinues or ceases to operate a material part of the Transferring Business (being a part accounting for more than 25 per cent. of the Adjusted Net Gaming Revenue of the Transferring Business in the preceding 12 months) without the prior written consent of Longfrie;
- EPC or GVC commits an act of fraud, dishonesty or wilful concealment in relation to the accounts prepared under the Business Purchase Agreement;
- the Customer Database is not deposited with an escrow agent for 2 consecutive quarters;
- EPC or GVC fails to prepare annual accounts within 2 months of the date on which such annual accounts are required to be prepared under the Business Purchase Agreement; and
- EPC or GVC conducts advertising in Turkey or relocates employees of the Transferring Business to Turkey or engages in activities which materially breach the undertaking not to engage in activities which constitute an offence under the laws of England and Wales or under the Bribery Act 2010 or any other applicable anti-corruption laws.

(g) ***Protective covenant***

Under the terms of the Business Purchase Agreement, the Seller and Sportingbet (on their own behalf and on behalf of the Sportingbet Group) and EPC and GVC (on its own behalf and on behalf of the GVC Group) each agree not to, subject to certain limited and customary exceptions, engage in any interactive online betting and/or gaming provided to persons where the predominate language used in that provision is the Turkish language (whether pursuant to a licence or otherwise) except for the Transferring Business, in the case of EPC, and the GVC Turkish Business, in the case of GVC, until the earlier of the fourth anniversary of Completion and the payment in full of the Consideration.

In the event of a change in the law which would entitle either EPC or any member of the GVC Group to apply for a Turkish betting and gaming licence, subject to Longfrie's consent (which may not be unreasonably withheld or delayed), EPC or GVC (as the case may be) may operate the Transferring Business or the GVC Turkish Business onshore pursuant to any licence granted on such application and all income generated from such activities will count towards the Consideration calculation under the terms of the Business Purchase Agreement.

(h) ***Employees***

The transfer of the Transferring Business constitutes a relevant transfer for the purposes of the UK Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") and the Irish European Communities (Protection of Employees on Transfer of Undertakings) Regulations 2003 ("TUPE IRL") and, accordingly, it will not terminate the contracts of employment of any of the 26 Employees, which shall be transferred to EPC and then transferred to a member of the GVC Group, pursuant to TUPE or TUPE IRL as the case may be with effect from Completion.

As is customary in a transaction of this nature, each party has agreed to indemnify the other in respect of certain liabilities in connection with the Employees. The liability of the Seller for employment related claims is subject to the limitations on liability summarised below.

(i) ***Warranties and Indemnities***

The Seller has given certain customary representations, warranties and indemnities to EPC and GVC under the Business Purchase Agreement. Any warranty claims made by EPC or GVC must be made within eighteen months after Completion, save for a claim for breach of a tax warranty which must be made within 3 years after Completion. The liability of Longfrie for warranty claims is subject to the limitations on liability summarised below.

(j) ***Liabilities***

Except in the case of Enforcement Liabilities (defined below):

- the Seller is responsible for all liabilities incurred in the course of running the Transferring Business or otherwise in connection with the Transferring Business or the Transferring Assets which are attributable to the period up to Completion;
- except as provided for in the Put and Call Option, the Seller is responsible for all liabilities in connection with the Business Intellectual Property Rights which are attributable to the period up to the exercise of the put or call under the Put and Call Option; and
- EPC is responsible for all liabilities incurred in the course of running the Transferring Business or otherwise in connection with the Transferring Business or the Transferring Assets which are attributable to the period after Completion or, in the case of liabilities of BrandCo, after transfer of BrandCo following exercise of the put or call under the Put and Call Option.

EPC and the Seller agree to indemnify the other (and the Seller also agreed to indemnify GVC) in respect of any liabilities it is responsible for under the Business Purchase Agreement (subject to the limitations on liability summarised below).

“**Enforcement Liabilities**” are defined in the Business Purchase Agreement as any liability, debt or other obligation in connection with any enforcement action (whether criminal, civil or administrative) brought by the Turkish authorities against EPC or any of its officers or employees or any member, officer or employee of the GVC Group in connection with the Transferring Business or the activities of the Transferring Business including any costs, reasonably and properly incurred expenses and outgoings incurred in defending and/or settling such an enforcement action. Such Enforcement Liabilities shall, subject to certain conditions be shared by the Seller and EPC in proportion to the then Profit Share Percentage (subject to the limitations on liability summarised below).

(k) ***Limitation on Liabilities***

The maximum aggregate liability of the Seller for any claim made against it by EPC or any member of the GVC Group under the Business Purchase Agreement (in respect of warranty claims, employee related claims, liability claims and Enforcement Liability claims) will not exceed £50 million.

Longfrie will only be liable for any claim made by EPC or any member of the GVC Group of the type referred to above if details of the claim have been notified to Longfrie within 3 years of the Completion Date.

(l) ***Sportingbet guarantee***

Subject to the comments below in relation to the Retention Account, under the Business Purchase Agreement, Sportingbet has guaranteed to EPC and GVC the payment and performance by Longfrie of all amounts and obligations under the Business Purchase Agreement, the Transitional Services Agreement, the Brand Licence and the Software Licence Agreement (each further described in this Part 4) and the other Transaction Documents (excluding the Services Agreement and the Deed of

Undertaking). Sportingbet indemnifies EPC and each member of the GVC Group against any claim, loss, liability, cost or expense that EPC or a member of the GVC Group may suffer or incur arising out of or as a result of any failure, for any reason, by the Seller to pay or perform, when due, all amounts and obligations under the relevant Transaction Documents together with any loss suffered by EPC or a member of the GVC Group in enforcing its rights against Sportingbet pursuant to the guarantee.

For details of the Guarantee provided by GVC, see paragraph 3 above.

(m) ***Retention account***

In the event that there is a winding up or dissolution of Sportingbet, or the whole or substantially the whole of or a material part of the business and the assets of Sportingbet (excluding the Transferring Business and the Transferring Assets) is transferred to a person who is not a member of the Sportingbet Group, the Seller shall pay into a retention account an amount of £50 million (the “**Retention Account**”). For these purposes, a “material part of the business and assets of Sportingbet is defined as a part of the Sportingbet Group’s business or assets accounting for more than 25 per cent. of the Sportingbet Group’s revenue in the 12 months preceding the date of the transfer.

In the event of any other Change of Control the Seller may elect to establish the Retention Account.

Sportingbet will be released from its guarantee in respect of each of the Transaction Documents (except the Transitional Services Agreement) once the Retention Account has been established. The purpose of the Retention Account is to provide EPC and GVC with substitute security once the Sportingbet guarantee has been released.

Any claim made by EPC or GVC which is agreed or finally determined will, once the Retention Account has been put in place, be paid out of the Retention Account.

The Retention Account (or the balance (if any) of the Retention Account following payment of all claims made by EPC or GVC in accordance with the terms of the Business Purchase Agreement and the escrow agreement) will be paid to the Seller on the later of the third anniversary of Completion and the date on which the last claim is agreed or determined (and, if applicable paid).

(n) ***Working capital loan***

At Completion, the Seller shall pay to GVC (or, if GVC so directs, another member of the GVC Group or EPC) an amount in Euros equal to £2,500,000 (the “**Working Capital Loan**”). No interest shall be payable on the Working Capital Loan (except in the event of repayment default). EPC must repay the Working Capital Loan in full to the Seller by no later than 31 May 2012.

7. Escrow Agreements

The parties have agreed that, in order to protect the value of the Transferring Business during the period in which the Seller will, in certain circumstances, have a right to take back the Transferring Business from EPC (see paragraph 6(f) above), an up-to-date Customer Database will be deposited with an escrow agent each calendar quarter following the Migration Completion Date. NCC Group have agreed to act as escrow agent in respect of the Customer Database in accordance with the terms of the agreement to be made between: (1) the Seller; (2) EPC and (3) NCC Group (in agreed form).

If EPC acquires the shares in BrandCo prior to payment in full of the Consideration, those documents necessary to assign the Business Intellectual Property Rights to the Seller will also be deposited with an escrow agent. Law Debenture Trust Corporation plc has agreed to act as escrow agent in respect of such documents in accordance with the terms of the agreement made between (1) the Seller; (2) GVC; and (3) Law Debenture Trust Corporation plc (in agreed form).

The Customer Database and the Business Intellectual Property Rights assignment documents will only be released to the Seller in the event that the Seller becomes entitled to elect to exercise its right to acquire the

Transferring Business back from EPC and that right is exercised and completed. Otherwise, it is expected that those documents will be released to GVC once the Consideration has been paid in full.

In the event of a Change of Control of Sportingbet, in circumstances where EPC has not yet acquired BrandCo or the Business Intellectual Property Rights, the Seller will grant EPC a charge over the Business Intellectual Property Rights and those documents necessary to assign the Business Intellectual Property Rights to EPC will be put into escrow and held on the terms set out in the Business Purchase Agreement and the escrow agreement with Law Debenture Trust Corporation plc referred to above unless they have already been deposited as set out above. These documents will be released to GVC once the Consideration has been paid in full.

8. Put and Call Option

Sportingbet and EPC will enter into the Put and Call Option at Completion pursuant to which:

- EPC grants Sportingbet (for nil consideration) the right to transfer to EPC all of the issued shares in BrandCo; and
- Sportingbet grants EPC (for nil consideration) the right to acquire from Sportingbet all of the issued shares in BrandCo subject payment of all of the instalments of the Consideration and any and all fees payable under the Transitional Services Agreement and the Brand Licence.

On exercise of the put or call under the Put and Call Option (for nominal consideration, payable as part of the Consideration under the Business Purchase Agreement), EPC shall procure the repayment of an amount of £5 million owing from BrandCo to ISCI (being the value of the Business Intellectual Property Rights at the time such rights are acquired by BrandCo). This will be paid using the part of the Consideration held by the Seller as security as described in paragraph 6(b) above. If the amounts so held are insufficient to repay the whole amount of the debt owing, the balance will be waived or released.

In order to secure EPC's rights under the Put and Call Option, in the event of a Change of Control of Sportingbet, BrandCo will grant EPC a charge over the Business Intellectual Property Rights which shall be held pursuant to the escrow arrangements described in paragraph 7 above.

9. Brand Licence

Pending completion of the transfer of BrandCo to EPC pursuant to the Put and Call Option, BrandCo has agreed to grant to EPC an exclusive licence to use the Business Intellectual Property Rights in accordance with the terms of the Brand Licence to be entered into by the parties to it at Completion in the agreed form. The Brand Licence will commence on Completion and expire on the earlier of 7 years after Completion and the Seller's rights to have all of the Transferring Business transferred back to it becoming exercisable (see paragraph 6(f)). The Brand Licence may also be terminated earlier in the event of a material breach of the Brand Licence by EPC or if either party becomes insolvent or, following a Change of Control, BrandCo's ability to use or licence certain of the Business Intellectual Property Rights is limited by a court or regulator's actions.

In consideration for licensing the Business Intellectual Property Rights, EPC will pay to BrandCo a licence fee being an amount equal to the lesser of approximately €238,000 per month and the Profit Share Percentage of the Adjusted Combined Profit, to be paid on the same terms as the Consideration instalment for that month under the Business Purchase Agreement. The payment of this licence fee shall reduce the instalment of the Consideration due from EPC to the Seller by an amount equal to the licence fee paid to BrandCo.

10. Software Licence Agreement

The Seller has also agreed to grant to EPC a non-exclusive sub-licence to use ISCI's proprietary payment processing system in accordance with the terms of the Software Licence Agreement to be entered into by the parties to it at Completion in the agreed form. The Software Licence Agreement will commence on Completion and expire on the earlier of (i) 18 months after Completion, (ii) the Migration Completion Date,

(iii) a Change of Control and (iv) the date on which the Seller exercises its rights to have all of the Transferring Business transferred back to it (see paragraph 6(f)). The Software Licence Agreement may also be terminated earlier in the event of a material breach of the terms of the Software Licence Agreement by EPC or the insolvency of EPC. In consideration for sub-licensing the software, EPC will pay to the Seller a one-off licence fee of £1. Once the Consideration is paid in full, EPC will be provided with a copy of the source code relating to the software.

11. Pre-disposal intra-group transfer

As at the date of the Business Purchase Agreement, all of the assets of the Transferring Business were legally and beneficially owned by ISCI, except for the Business Intellectual Property Rights which were registered in the name of IOE and beneficially owned by ISCI. Prior to completion of the Acquisition, ISCI and IOE will: (a) transfer all of the assets of the Transferring Business (excluding the Business Intellectual Property Rights) to Longfrie; and (b) transfer all of the Business Intellectual Property Rights to BrandCo (together, the “**IP Completion**”). The IP Completion is being undertaken so that the Business Intellectual Property Rights are held by a separate entity, BrandCo. BrandCo will be subject to a Put and Call Option pursuant to which the entire issued share capital of BrandCo will be transferred to EPC in certain circumstances (further described in paragraph 8 above). It is anticipated that EPC will acquire BrandCo no earlier than 3 years after Completion.

12. Information on EPC

EPC is a newly incorporated, Curaçao (Dutch Caribbean) company. It is wholly owned by Sigma Corporate Management a company established in 2009 under the laws of Panama and established in Panama City and controlled by HBM Group. HBM Group is one of the leading independent corporate service providers in Curaçao, Dutch Caribbean. HBM Group has a specialised business unit, e-Management N.V., which provides e-gaming corporate support in Curaçao and Malta and is the sole managing director of EPC. Herman J. Behr, a Dutch national, is the founder and chief executive of the group. Sigma Corporate Management, HBM Group and EPC are not related parties to GVC.

PART 5

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 principal legislation under which the Company operates is the 2006 Act and regulations made under the 2006 Act. The liability of the Company's members is limited.
- 1.3 The Company is domiciled in the Isle of Man. The registered office and principal place of business of the Company is at c/o Kelladale Limited, Milbourn House, St. Georges Street, Douglas, Isle of Man IM1 1AJ (telephone number +44(0)845 868 7385).
- 1.4 The Company was incorporated with the purpose of assuming the business and operations of GVC Holdings SA, the Luxembourg incorporated holding company of the former GVC group of companies, as part of the re-domiciliation of the former GVC Group from Luxembourg to the Isle of Man in 2010.
- 1.5 On 21 May 2010, GVC Holdings SA transferred the entirety of its assets and liabilities (save for certain subscriber shares and certain agreements such as those with professional advisers) to the Company in consideration for the issue of 31,135,662 Shares ("**Transfer Shares**") to GVC Holdings SA (the "**Transfer**"). GVC Holdings SA was subsequently put into members' voluntary liquidation and all the Shares held by it were distributed to the holders of fully paid GVC Holdings SA shares.
- 1.6 On 24 May 2010, the Shares were admitted to trading on AIM.

2. Share Capital

- 2.1 The share capital history of the Company for the period covered by the historical financial information, as set out in Part 3 of this document, is set out below:
 - (a) The issued share capital on incorporation of the Company was one ordinary share of one euro (€1) issued to the initial subscriber, Equity Trustees One Limited. 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 (the "**Subscriber Shares**").
 - (b) On 29 March 2010, the Subscriber Shares were transferred to GVC Holdings SA.
 - (c) In consideration for the transfer of the assets and liabilities of GVC Holdings SA to the Company, the Company allotted and issued the Transfer Shares to GVC Holdings SA.
- 2.2 The issued share capital of the Company as at the date of the last audited balance sheet, being 31 December 2010 and as it will be immediately following Re-admission is 31,135,762 ordinary shares, each of which is fully paid and has a par value of €0.01. The authorised share capital of the Company as at the date of this document and as it will be immediately following Re-admission is €400,000 divided into 40,000,000 ordinary shares of €0.01.
- 2.3 There is no class of shares in issue in the Company other than ordinary shares.
- 2.4 There are currently no Shares held by or on behalf of GVC or by any of its subsidiaries.

2.5 As at the date of this document:

- (a) the Company does not hold any treasury shares and no Shares are held by, or on behalf of, any member of the GVC Group;
- (b) the Company does not have any convertible securities, exchangeable securities or securities with warrants;
- (c) save as may be provided for under the Share Incentive Schemes or as otherwise set out in this document, the Company has not given any undertaking to increase its share capital;
- (d) save as may be provided for under the Share Incentive Schemes or as otherwise set out in this document, there are no acquisition rights or obligations over any authorised but unissued capital of the Company; and
- (e) save as may be provided for under the Share Incentive Schemes, no capital of any member of the GVC Group is under option or is agreed, conditionally or unconditionally, to be put under option.

2.6 As at the date of this document, the following options over Shares (save for those granted to the Directors and set out at paragraph 7.3 below) and/or the capital of any other member of the GVC Group are outstanding:

<i>Recipient</i>	<i>Relationship with the Company</i>	<i>No. of option Shares</i>	<i>Exercise price per Share</i>	<i>Vesting schedule/conditions</i>	<i>Award</i>
Francesco Arena	Marketing partner Betaland	100,000	1p	Vesting 1/3 on the first anniversary of grant (21 May 2010), the balance will vest in eight equal quarterly instalments over the following 24 months. The awards are subject to a performance condition which will require the Company's average share price over a period of 30 dealing days to reach 300p per ordinary share before the initial awards are capable of being exercised	LTIP
Fabrizio Crimi	Marketing partner Betaland	150,000	138.16p	Vesting 25% on the first anniversary of grant (26 February 2009) and balance in 36 monthly instalments thereafter Exercisable between 26.02.2009 to 26.02.2018	ESOP
Fabrizio Crimi	Marketing partner Betaland	700,000	150p	Exercisable from 7 June 2012 subject to achieving performance targets set by the Company	LTIP

<i>Recipient</i>	<i>Relationship with the Company</i>	<i>No. of option Shares</i>	<i>Exercise price per Share</i>	<i>Vesting schedule/conditions</i>	<i>Award</i>
Jim Humberstone	Head of Betboo (excluding South America)	100,000	1p	Vesting 1/3 on the first anniversary of grant (21 May 2010), the balance will vest in eight equal quarterly instalments over the following 24 months. The awards are subject to a performance condition which will require the Company's average share price over a period of 30 dealing days to reach 200p per ordinary share before the initial awards are capable of being exercised	LTIP
Andrew Lenard	Director and Key Official in Malta	123,077	129p	All Shares vested. Exercisable between 15.05.2008 –15.05.2017	ESOP
Andrew Lenard	Director and Key Official in Malta	100,000	1p	Vesting 1/3 on the first anniversary of grant (21 May 2010), the balance will vest in eight equal quarterly instalments over the following 24 months. The awards are subject to a performance condition which will require the Company's average share price over a period of 30 dealing days to reach 300p per ordinary share before the initial awards are capable of being exercised	LTIP
Thomas Tietjen	Head of Operations CasinoClub	31,513	129p	All Shares vested. Exercisable between 15.05.2008 –15.05.2017	ESOP
Thomas Tietjen	Head of Operations CasinoClub	100,000	1p	Vesting 1/3 on the first anniversary of grant (21 May 2010), the balance will vest in eight equal quarterly instalments over the following 24 months. The awards are subject to a performance condition which will require the Company's average share price over a period of 30 dealing days to reach 300p per ordinary share before the initial awards are capable of being exercised	LTIP

3. Subsidiary Undertakings

The Company acts as the holding company of the GVC Group. The principal activity of the GVC Group during the year ended 31 December 2010 was the provision of online gambling and sports betting services. The Company has the following significant subsidiaries:

<i>Name</i>	<i>Country of incorporation</i>	<i>Business activity</i>	<i>Percentage ownership</i>
GVC Corporation Limited	Malta	Licensed operator	100%
Intertronic Limited	Malta	Payment processor	100%
GVC Corporation B.V.	Dutch Caribbean	Service company	100%
Intera N.V.	Dutch Caribbean	Owner of the Betboo brand	100%
GVC Administration Services Limited	UK	Administration company	100%
Fort Anne Limited	Republic of Ireland	Customer service company	100%
GVC Sports B.V.	Dutch Caribbean	Administration company	100%

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 restrict the purposes of the Company nor does it restrict the exercise of the rights, powers and privileges of the Company.

By amendment of the memorandum of association on the 29 March 2010 an addition was made to state that neither the memorandum of association nor the articles of association of the Company may be amended except pursuant to a resolution approved by a majority of not less than three-fourths of such members as, being entitled so to do, vote in person or by proxy at the general meeting at which such resolution is proposed.

4.2 Articles of Association

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

(a) *Capital Structures*

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

(b) *Summary of rights attaching to the Shares*

Subject to the provisions of the 2006 Act, each Share shall confer upon each Shareholder the right, *inter alia*, to receive notice of, attend and vote at every Annual General Meeting and Extraordinary General Meeting of the Company, to participate, *pari passu*, in every dividend or distribution of the Company and to participate, *pari passu*, in the distribution of surplus assets of the Company remaining after the payment of all creditors in the winding up of the Company.

(c) *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.

(d) *Alteration of capital*

The provisions of the Articles in respect of the alteration of share capital are more stringent than those required by the 2006 Act. Whereas under the 2006 Act the following action may be taken by resolution of the Board, in accordance with the Articles, 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:

- (i) increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
- (ii) 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
- (iii) 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. This is again a more onerous requirement than that required by the 2006 Act, which authorises a company to reduce its share capital pursuant to a resolution of the Board, provided the Board is satisfied that, immediately after such reduction in share capital, the company would satisfy the same solvency test.

(e) *Issue of Shares*

Subject to the provisions of the Articles summarised in paragraph 4.2(f) 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.

By resolution of the Company on 29 March 2010 it was resolved that, subject to the ordinary share capital of the Company being admitted to trading on AIM, the Directors be authorised to allot Shares for cash and the provisions of the pre-emption rights as summarised in paragraph 4.2(f) below will not apply, provided that this power was limited to the allotment of 4,670,364 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 Shares pursuant to the authority in pursuance of an offer or agreement made prior to the first annual general meeting and which requires ordinary shares to be allotted after such meeting).

(f) *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:

- (i) 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**”);
- (ii) the offer to relevant members set out in sub-paragraph (i) above (the “**offer**”) shall be made in proportion to the existing holdings of shares of relevant members;
- (iii) 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;
- (iv) 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 (iii) above; and
- (v) 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.

(g) *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 and every member who (being a corporation) is present by duly authorised corporate representative shall on a show of hands have one vote. On a poll every member who (being an individual) is present in person or by proxy and every member who (being a corporation) is present by duly authorised corporate representative or by proxy shall have one vote for each share of which he is the holder.

(h) *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.

All dividends shall be paid to those Shareholders whose names appear on the register of shareholders of the Company at the date at which such dividend shall be declared or at the date at which such interest shall be payable respectively, or at such other date as the Company by resolution of the Board may determine, notwithstanding any subsequent transfer or transmission of Shares.

The Board may, at its discretion, make provisions to enable such member as the Board shall from time to time determine to receive dividends duly declared in a currency or currencies other than Euro. For the purposes of the calculation of the amount receivable in respect of any dividend, the rate of exchange to be used to determine the foreign currency equivalent of any sum payable as a dividend shall be such market rate selected by the Board as it shall consider appropriate at the close of business in London on the date which is the business day last preceding:

- (i) in the case of a dividend to be declared by the Company in general meeting, the date on which the Board publicly announces its intention to recommend that specific dividend; and
- (ii) in the case of any other dividend, the date on which the Board publicly announces its intention to pay that specific dividend, provided that where the Board considers the circumstances to be appropriate it shall determine such foreign currency equivalent by reference to such market rate or rates or the mean of such market rates prevailing at such time or times or on such other date or dates, in each case falling before the time of the relevant announcement, as the Board may select.

The Company may make, or procure the making of, any payment in respect of a Shareholder's Shares through CREST in accordance with any authority given to the Company to do so (whether in writing, through CREST or otherwise) by or on behalf of the Shareholder in a form satisfactory to the Board. The making of such payment in accordance with such authority shall be a good discharge to the Company.

If cheques, warrants or orders for dividends or other sums payable in respect of a Share sent by the Company to the person entitled thereto by post are returned to the Company undelivered or left uncashed on two consecutive occasions or, following one occasion, reasonable enquiries have failed to establish any new address to be used for the purpose, the Company shall not be

obliged to send any further dividends or other moneys payable in respect of that Share due to that person until he notifies the Company of an address to be used for the purpose.

All dividends, interest or other sum payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted as a trustee in respect thereof. All dividends unclaimed for a period of six years after having become due for payment shall (if the Board so resolves) be forfeited and revert to the Company.

(i) *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:

- (i) to a minor; or
- (ii) to a bankrupt; or
- (iii) to any person who is, or may be, suffering from mental disorder and either:
 - (A) 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
 - (B) 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:

- (i) it is in respect of a share which is fully paid up;
- (ii) it is in respect of a share on which the Company has no lien;
- (iii) it is in respect of only one class of shares;
- (iv) it is in favour of a single transferee or not more than four joint transferees;
- (v) it is duly stamped (if so required);
- (vi) 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

- (vii) 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(j) 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.

(j) *Compulsory transfer of shares*

- (i) 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.
- (ii) 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.

- (iii) 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.
- (iv) 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 serve a Transfer Notice in respect thereof.
- (v) 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(j) (*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(j).

(k) *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.

(1) *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:

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) 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
- (vi) 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.

(m) *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. This obligation is set out at Article 75.1 of the Articles.

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:

- (i) 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);
- (ii) the chain of controlled undertakings through which voting rights are effectively held, if applicable;
- (iii) the date on which the threshold was reached or crossed;
- (iv) 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
- (v) in respect of any notification of voting rights arising from the holding of Relevant Financial Instruments, the following shall be required:
 - (A) the resulting situation in terms of voting rights;
 - (B) if applicable, the chain of controlled undertakings through which financial instruments are effectively held;
 - (C) the date on which the threshold was reached or crossed;
 - (D) for instruments with an exercise period, an indication of that date or time period where shares will or can be acquired, if applicable;

- (E) date of maturity or expiration of the instrument; and
- (F) 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.

(n) *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:

(i) **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.

(ii) Dividends and transfers

Where the notice shares represent at least 0.25 per cent. in par value of their class:

- (A) 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
- (B) 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.

(o) *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.

(p) *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).

(q) *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(p) (*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.

Where a distribution has been made to a Shareholder by the Company and the Company did not, immediately after the distribution, satisfy the solvency test, then the distribution (or the value thereof) may be recovered by the Company from the Shareholder but only if:

- (a) the member received the distribution or the benefit of the distribution (as the case may be) other than in good faith and without knowledge of the Company's failure to satisfy the solvency test; and

- (b) the member's position has not been altered by the member relying on the validity of the distribution; and
- (c) it would not be unfair to require repayment in full or at all.

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 2006 Act 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*

The Company is 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*

- (a) Pursuant to section 160 of the 2006 Act, where a scheme or contract involving the transfer of 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 Shares, give notice in the prescribed manner to any dissenting Shareholder that it desires to acquire such dissenting Shareholders’ 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 Shares on terms which under the scheme or contract the 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).
- (b) 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 Shares which the transferee is entitled to acquire and the Company shall thereupon register the transferee as the holder of those 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 Save as set out at this paragraph 7 and paragraph 12, as at the date of this document and immediately following Re-admission:

- (a) 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; and
- (b) no Director or member of a Director’s family has, or will have upon Re-admission, any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Shares.

7.2 *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 the Company as at the date of this document and immediately following Re-admission:

<i>Name of director</i>	<i>No. of issued Shares</i>	<i>Percentage of issued share capital</i>
Kenneth Alexander	80,000	0.256
Richard Cooper	35,000	0.112
Lee Feldman	53,700	0.172
Karl Diacono	–	–
Nigel Blythe-Tinker	–	–

7.3 *Directors' options*

(a) *ESOP*

As at the date of this document, the following options over the Shares had been issued to the following Directors pursuant to the ESOP:

<i>Director</i>	<i>Number of Shares subject to options</i>	<i>Exercise Period</i>	<i>Exercise Price</i>	<i>Vested</i>	<i>Unvested</i>
Kenneth Alexander	233,333	01.03.2008 – 01.03.2017	100p	233,333	–
Richard Cooper	291,667	12.12.2009 – 12.12.2018	126p	174,993	116,674
Lee Feldman	–	–	–	–	–
Karl Diacono	–	–	–	–	–
Nigel Blythe-Tinker	–	–	–	–	–

Each of the Executive Directors has agreed to retain the Shares which he acquires on exercise of his options under the ESOP until the date of the cessation of his appointment as member of the Board (save that each Executive Director will be permitted to sell sufficient of the 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).

(b) *LTIP*

The following options over the Shares have been, or will be on the date which is 90 days after the publication of this document, issued to Directors.

As at the date of this document

As at the date of this document, the following options over the Shares had been issued to the following Directors pursuant to the LTIP:

<i>Director</i>	<i>Number of 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

The Shares subject to outstanding options granted under the LTIP to Directors attract a dividend credit, meaning that when dividends are declared by the Company, Directors receive a dividend per Share as if the Shares under option had actually been in issue at the record date for payment of the dividend. Further details of these arrangements are set out in paragraph 12.2(a) below.

As at the date 90 days after publication of this document

Subject to the passing of the resolution numbered (2) set out in the notice of EGM at the end of this document, on the date which is 90 days after the publication of this document (“**Award Date**”), Lee Feldman, Kenny Alexander and Richard Cooper will be issued with options over Shares on the terms set out below:

<i>Director</i>	<i>Number of Shares subject to options</i>	<i>Exercise Period</i>
Kenneth Alexander	800,000	Date of grant to the fifth anniversary of grant
Richard Cooper	400,000	Date of grant to the fifth anniversary of grant
Lee Feldman	400,000	Date of grant to the fifth anniversary of grant

The exercise price for these options will be an amount equal to 1.2 multiplied by the average mid market closing price per Share during the period commencing from the time immediately prior to Re-admission and ending on the Award Date.

Each of the Executive Directors has agreed to retain the Shares which he acquires on exercise of his awards under the LTIP until the date of his cessation of employment with the GVC Group (save that each Executive Director will be permitted to sell sufficient of the 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).

These options will attract the same dividend credit arrangements as are described in paragraph 12.2(a) below.

8. Employees

8.1 At the end of the last Financial Year and to the date of this document, the Company has had two employees being the Executive Directors. The average number of the permanent employees of other members of the GVC Group in the last three financial years, the last of which ended on 31 December 2010, is as follows:

<i>Location of employment</i>	<i>31 December 2008</i>	<i>31 December 2009</i>	<i>31 December 2010</i>
Israel	41	33	38
Malta	21	27	37
United Kingdom	5	4	6
Czech Republic	1	1	1
Germany	1	1	1
United States of America	1	1	1
Total	<u>70</u>	<u>67</u>	<u>84</u>

8.2 The main categories of activity of the Company’s employees are marketing/business development, customer services or trading.

8.3 No member of the GVC Group has any temporary employees.

9. Major Shareholders

9.1 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 will have an interest in 3 per cent. or more of the issued share capital of the Company, at Re-admission.

<i>Name</i>	<i>No. of issued Shares</i>	<i>Percentage of issued share capital</i>
Audley Capital Management Limited	9,109,911	29.3%
Ora (Guernsey) Limited	3,062,885	9.8%
Steve Barlow	1,028,327	3.3%
M&G Investment Management	1,460,000	4.7%
Capital Research and Management Co	1,392,400	4.5%

9.2 No holder of Shares referred to in paragraphs 7 or 9 has voting rights different from other holders of Shares.

9.3 As at 28 October 2011 (being the latest practicable date prior to publication of this document) save as disclosed in paragraphs 7 or 9 of this Part 5, the Company is not aware of (i) any person or persons who, directly or indirectly, owns or controls the Company or (ii) any arrangements the operation of which may at a subsequent date result in a change in control in the Company.

10. Related party transactions

The following related party transactions have been entered into by the Company during the last three financial years and up to the date of this document:

- (a) Nigel Blythe-Tinker is the executive chairman of Pentasia Limited, a recruitment company specialising in services to the betting and gaming sector. In the period from 1 January 2008 up to the date of this document, Pentasia Limited provided recruitment services to various members of the GVC Group to a value of €237,626.
- (b) Karl Diacono is the chief executive officer of Fenlex Corporate Services Limited (“**Fenlex**”), a corporate services provider incorporated in Malta. In the period from 1 January 2008 up to the date of this document, the GVC Group paid to Fenlex of €122,918 in relation to secretarial services.
- (c) Richard Cooper, along with his wife, is a director and beneficial shareholder of Rousset Capital Limited (“**RCL**”), a company incorporated in the United Kingdom. In the period from 1 January 2008 up to the date of this document, RCL provided meeting room and conference services to the GVC Group amounting to aggregate fees of £40,990 (€47,725).
- (d) Lee Feldman is the managing partner of Twin Lakes Capital, a private equity firm based in New York. In the period from 1 January 2008 to the date of this document. Twin Lakes Capital received £75,000 (€86,762) from the GVC Group in relation to office services.

11. Additional information on the Directors

11.1 Directorships and partnerships currently held by the Directors and held over the five years preceding the date of this document are as follows:

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
Kenneth Alexander	GVC Administration Services Limited GVC Curaçao BV GVC Sports BV	GVC Holdings S.A. GVC Corporation Limited Sporting Odds Limited Interactive Sports Limited Finlaw 215 Limited Ozmosa Limited Softbank Capital Partners

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
Richard Cooper	GVC Administration Services Limited Rousset Capital Limited GVC Curaçao BV	GVC Holdings S.A. Gbkers Group Limited Gbkers UK Limited Trident Gaming Management Services Limited Betbug Limited TGMS (Canada) Inc Selwood Place Holdings Limited (formerly Trident Gaming Limited) Trident (No.2) Limited
Lee Feldman	LRN Corporation RM Auctions Twin Lakes Capital LLC MacKenzie-Childs LLC Jay Strongwater LLC Pacific Health Laboratories	GVC Holdings S.A. People PC STI Ventures
Karl Diacono	36 Gaming Limited (formerly Ibutler Games Limited) ATAC Holdings Malta Limited Bertil Pa Internet Bingo Limited Besedo Limited Caero Solar Limited Caero Invest Holdings Limited CSU Corporate Services Limited Equiventus SARL Fenlex Corporate Services Limited Fenlex Holding and Services Limited GarterMaker Limited GVC Corporation Limited Ibutler Casino Impetus Europe Consulting Group Limited KAD Services Limited (formerly KAD Yachting Limited) Kantara Proparco 1 Limited Lepanto Holdings Limited Lepanto Limited Metropolis Limited Noubet Games Limited North Atlantic Holdings Limited Petrokim Trading Limited Playgames on Line Limited (formerly Bonobet Limited) Rubino Catering Limited RVG Tech Limited R2010 Limited Seabourme Limited	GVC Holdings S.A. Accerta Limited Bet3G Limited Diacono Limited Evanescent Limited H&P Corporate Services Limited Know How Gaming Limited Lexicom Translation Services Limited Sclavo Diagnostics S.P.A.

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
Karl Diacono (cont.)	Soft Capital Holdings Limited Snowie Holding Limited Snowie International Limited Snowie Solutions Limited Tempo Gaming Limited The Greenoffset Company Limited Trinity International Trade Limited Woodmaker Limited	
Nigel Blythe-Tinker	Pentasia Limited	GVC Holdings S.A. New Media Lottery plc Sports Media Group plc Uluvka Limited

11.2 Save as disclosed above none of the Directors have:

- (a) any unspent convictions in relation to indictable offences;
- (b) had a bankruptcy order made against him or made an individual voluntary arrangement;
- (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, company 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;
- (d) 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;
- (e) 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
- (f) 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.

12. Directors' Service Agreements and Entitlements

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

(a) *Executive Directors*

Each of the Executive Directors has entered into a service agreement with the Company. The principal terms are summarised below:

<i>Director</i>	<i>Job title</i>	<i>Annual salary</i>	<i>Other benefits</i>	<i>Date of Service Agreement</i>
Kenneth Alexander	Chief Executive Officer	£550,000	Health and life cover	19 April 2010
Richard Cooper	Chief Financial Officer	£302,500	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 are 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.

(b) *Non-executive Directors*

Each of the Non-executive Directors has entered into a letter of appointment with the Company. The principal terms are summarised below:

<i>Director</i>	<i>Job title</i>	<i>Annual fee</i>	<i>Other benefits</i>	<i>Date of Letter of Appointment</i>
Lee Feldman	Non-executive Chairman	£130,000	£50,000 ⁽¹⁾	19 April 2010
Karl Diacono	Non-executive Director	€57,500 ⁽²⁾	–	19 April 2010
Nigel Blythe-Tinker	Non-executive Director	£97,750 ⁽³⁾	–	19 April 2010

Notes:

- 1 This represents an annual allowance, payable in quarterly instalments, for the maintenance of an office by Lee Feldman.
- 2 Increased from €50,000 to €57,500 with effect from 1 November 2011.
- 3 Increased from £85,000 to £97,750 with effect from 1 November 2011.

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.

12.2 The following bonus schemes are in place for the benefit of the Directors:

(a) *Dividend credit for Directors*

It is the policy of the Remuneration Committee that Directors' annual bonuses are linked directly to the dividends paid by the Company. Accordingly, the Directors receive a bonus each year equal to the dividends that would have been paid by the Company to that Director in the relevant period in respect of the Shares subject to unexercised awards granted under the LTIP to that Director as if those awards had already been exercised (and the Shares issued) at the record date for payment of the relevant dividend.

Accordingly the payment of the final dividend for 2010 (paid 19 May 2011) triggered the award of the following bonuses to the Directors:

<i>Director</i>	<i>Bonus</i>
Kenneth Alexander	€80,000
Richard Cooper	€40,000
Lee Feldman	€40,000
Nigel Blythe-Tinker	€7,500
Karl Diacono	–

(b) *New annual bonus for Directors*

If, during any twelve month period, the Company declares and pays a dividend or dividends for a total amount which exceeds 25.99 euro (€) cents per Share, the Company will pay to Lee Feldman, Kenneth Alexander and Richard Cooper an aggregate bonus payment of an amount equal to ten per cent. (10 per cent.) of the aggregate dividends paid, and which payment shall be divided between Lee, Kenneth and Richard as follows:

<i>Director</i>	<i>% entitlement to annual bonus</i>
Kenneth Alexander	50
Richard Cooper	25
Lee Feldman	25

Any such additional bonus payment will be paid in the month following the declaration of a dividend which brings the twelve month total to greater than 25.99 euros (€) per Share.

The Directors have agreed that 20 per cent. of these bonuses described in paragraphs 12.2(a) and (b) above (after payment of personal taxes such as income tax and employees' national insurance) must, subject to compliance with the Company's share dealing code, be used to purchase Shares on the open market within a further three month period after the date of payment of the bonus.

In the event of a material disposal of shares or assets by the Group resulting in the distribution of some or all of the proceeds to Shareholders via a dividend, or other similar non-ordinary course dividend payment, the Remuneration Committee may waive the requirement for Directors to reinvest the cash received as dividend pursuant to the remuneration arrangements described above in the Company's shares.

If any Director makes a voluntary purchase of Shares during a preceding year, these purchases can be netted off against any mandatory purchases of Shares required to be made following any payment of a bonus.

A Director may elect to exercise existing share options held by him and have the Shares allotted to him as a consequence of such exercise netted off against any mandatory purchases of Shares required to be made following any payment of a bonus.

(c) *Transaction bonuses for Directors*

Subject to the passing of the resolution numbered (1) set out in the notice of EGM at the end of this document, on Completion, the Executive Directors will be awarded a success bonus of 100 per cent. of their base salary (as set out in the third column in the table at paragraph 12.1(a) of this Part 5) and Lee Feldman will be awarded a success bonus of 100 per cent. of his annual fee (as set out in the third column to the table at paragraph 12.1(b) of this Part 5).

The success bonuses are payable within 30 days after Completion (subject to any cashflow constraints on the Company and, in any event, by no later than 31 March 2012). The Directors have agreed that 25 per cent. of these success bonuses (after payment of personal taxes such as income tax and employees' national insurance) must, subject to compliance with the

Company's share dealing code, be used to purchase Shares on the open market within a further three month period after the date of payment of the success bonus.

- 12.3 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, or threatened with being made 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.
- 12.4 Save as set out in paragraph 12.1 of this Part 5 above, there are no existing or proposed service agreements between any of the Directors and the Company or any member of the GVC Group.
- 12.5 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.
- 12.6 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 2010 amounted to €3,614,760.

13. Share Incentive Schemes

13.1 *LTIP*

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

(a) *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.

(b) *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. The initial grant of Awards under the LTIP were made on 24 May 2010. Once any performance condition has been satisfied, the Awards are 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.

(c) *Period for the grant of Awards*

Awards may be granted 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.

(d) *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.

(e) *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.

(f) *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.

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.

(g) *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.

(h) *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.

(i) *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.

(j) *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.

(k) *Termination*

The LTIP will terminate on 31 March 2022 or earlier, if the Board so determines.

13.2 **ESOP**

No further options to acquire ordinary shares in the Company ("**Options**") are capable of being granted under the terms of the ESOP.

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

(a) *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. However, the Options held by the Executive Directors as at the date of this document vest on a quarterly basis.

Options will cease vesting on cessation of employment unless the Board determines otherwise within three months of cessation of employment.

The principal circumstances in which the Options will lapse are:

- (i) if the holder of the Option (the “**Option Holder**”) ceases to be employed within the Group by reason of gross misconduct, fraud or dishonesty or following any other disciplinary procedure;
- (ii) the expiry of 30 days following cessation of the Option Holder’s employment other than in the circumstances set out above; and
- (iii) the commencement of the winding up of the Company.

(b) *Change of control*

In the event of a takeover, vesting of the 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.

(c) *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 exercise 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 (i) the agreement of the Company’s auditors and (ii) such shares being issued at a price equal to or higher other than the par value of such shares unless a corresponding and authorised capitalisation of the reserves of the Company takes place).

(d) *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.

(e) *Amendment*

The Board may make any amendment to the ESOP, provided that no amendment may operate to vary adversely the terms of the 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 Options 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.

14. 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 the 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 Shares.

14.1 UK Taxation

The following statements are a general description of certain UK tax consequences relating to the acquisition, ownership and disposition of the 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.

The 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 the Shares.

(a) *The Company*

The directors 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.

(b) *Taxation of dividends*

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

(c) *UK individuals*

Shareholders who are individuals will be liable to income tax on the gross amount of dividends received i.e. 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 2011/2012) to the extent that the dividend falls within the savings or basic rate bands of income, 32.5 per cent. (for the tax year 2011/2012) to the extent that the dividend falls within the higher rate band of income and 42.5 per cent. to the extent that the dividend falls within the additional rate band of income (for 2011/2012 this means taxable income in excess of £150,000).

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.

(d) *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 (26 per cent. for the financial year 2011 for companies paying the full rate of corporation tax).

(e) *Capital gains*

Individuals

Any gain realised on a sale or other disposal of the 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 Shares and the disposal proceeds.

Gains are subject to tax at a rate of 18 per cent. (for the tax year 2011/2012), to the extent that when aggregated with the individuals taxable income the aggregate falls below the threshold of the basic rate of income tax (taking the chargeable gain as being the highest part of the aggregate) or 28 per cent. to the extent that the aggregate is above the basic rate band. Individual shareholders who are employees or officers of the Company and who hold at least 5 per cent. of the 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 (£10,600 for the year 2011/2012) and any capital losses available to them.

Companies

Any gain realised on a sale or other disposal of the 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 Shares and the disposal proceeds.

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

Non-residents

Individuals who dispose of the 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 the 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 the Shares are or have been used, held or acquired.

(f) *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.

(g) *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 Shares.

(h) *Shares held in certificated form*

Any instrument effecting or evidencing a transfer of 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 Shares held in certificated form provided that all instruments relating to the transfer are executed and retained outside the UK and do not relate to matters or actions performed in the UK.

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

(i) *Shares held in uncertificated form*

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

Sales of 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.

14.2 *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.

(a) *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.

(b) *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 Shares.

(c) *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 is technically subject to taxation on its income in the Isle of Man, but the rate of tax is zero; there is 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, the Company benefits from the exemption afforded to companies whose shares are traded on a recognised stock exchange.

(d) *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 relevant to the Company as it does not have, nor does it currently intend to engage, any Isle of Man employees.

(e) *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.

(f) *Isle of Man probate*

In the event of the death of a sole holder of 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.

15. Working Capital

In the Directors' opinion, having made due and careful enquiry, the working capital available to the Company and the GVC Group will be sufficient for its present requirements, that is for at least 12 months from the date of Re-admission.

16. Legal and Arbitration Proceedings

16.1 *Prosecution of Sportingbet employees by Turkish authorities*

The Turkish authorities have previously attempted to bring enforcement action by the arrest of Sportingbet employees in the jurisdiction in 2008, although the individuals were ultimately released. Proceedings were brought against these individuals on 27 July 2009. In addition, in or around April 2011, a bill of indictment was issued in Istanbul against five individuals, three of whom are current employees, and one who is a former employee, of the Sportingbet Group alleging a breach of the Turkish online gambling, gaming and betting legislation.

Information regarding the proceedings and the bill of indictment are set out in paragraph 8.3 of Part 1 and paragraph 3.1(a) of Part 2.

16.2 ***Dispute between GVC Corporation Malta and from Boss Media Malta Casino Limited and Boss Media Malta Poker Limited***

A judicial protest was filed in Malta by GVC Corporation Malta on 21 January 2010 refuting the validity of a notice of termination sent by Boss under an agreement for the provision of services by Boss to GVC Corporation in Italy.

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 GVC Corporation dated 27 March 2009 and should therefore be considered unlawful. GVC Corporation, by means of judicial process, is requiring Boss to withdraw such notice of termination or, in the alternative, pay damages.

A prohibitory injunction preventing Boss from terminating the services being provided in Italy was granted in June 2010 by the Maltese Courts. GVC Corporation Malta proceeded to file the substantive claim and a hearing took place on 24 September 2010. As at the date of this document, evidence is being heard in front of the Maltese Courts on the merits of the claim.

16.3 ***Dispute involving GVC Corporation and Boss Media AB, Boss Media Malta Casino, St. Minver Limited and GTech Corporation***

A dispute has arisen in relation to the Software Licence Agreement dated 27 March 2009 between Boss Media Malta Casino and GVC Corporation. Boss Media Malta Casino's obligations under the Agreement are guaranteed by its parent company, Boss Media AB ("**Boss Media**"). The 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 and 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 GVC Group allege that certain third parties have obtained unauthorised access to GVC Corporation Malta's customer database and have been unlawfully targeting GVC Corporation Malta's customers, thereby causing GVC Corporation Malta very substantial damage. GVC Corporation Malta 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.

GVC Corporation Malta has instructed Fenech & Fenech Advocates in Malta. A claim for substantial damages was filed on behalf of GVC Corporation Malta on 20 April 2010, in response to which Boss Media Malta Casino and the other defendant companies issued a response denying the claim and challenging the jurisdiction of the Maltese Courts. After the parties filed various submissions in relation to jurisdiction, the Maltese Court held on 12 May 2001 that it had jurisdiction to hear GVC Corporation Malta's claim. Boss Media Malta Casino and the other defendant companies have sought to appeal the judgment on jurisdiction. GVC Corporation Malta has challenged the validity of the defendant companies' appeal not only on the merits but also in light of the procedure used by the defendant companies to file the appeal. The Court of Appeal has set the matter down for hearing on 14 November 2011. It is expected that a decision will be delivered this year or early 2012. If the Court of Appeal upholds the decision of the lower court with respect to jurisdiction, the case will be returned to the lower for a decision on the merits.

16.4 ***Application for a declaration brought by Boss Media AB regarding a software licence agreement with GVC Corporation B.V.***

In addition, Boss Media AB has issued an arbitration request ("**Request**") in Sweden under the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce (the "**SCC**") against GVC Corporation B.V. GVC Corporation B.V. has instructed the Swedish law firm Mannheimer Swartling to act for it in the arbitration proceedings.

The Maltese court proceedings described in the above paragraph and the Swedish arbitration proceedings arise out of the same facts. Under the Request, Boss Media AB is seeking declaratory relief that it has not breached a software licence agreement dated 21 December 2004 between Boss Media AB and GVC Corporation B.V., being the predecessor agreement to the software licence agreement dated 27 March 2009 referred to above.

GVC Corporation B.V. has issued a response to the Request in which it challenges the jurisdiction of the SCC. An Arbitral Tribunal made up of three arbitrators has been appointed, to consider and decide whether it has jurisdiction to hear the Request. The parties have exchanged three rounds of briefs on jurisdiction. GVC Corporation B.V. has submitted witness statements in support of its challenge of jurisdiction and Boss Media AB will provide any comments to these witness statements, and submit its own witness statements, on 28 November 2011. GVC Corporation will, in turn, provide any comments to Boss Media AB's witness statements by no later than 12 December 2011. The parties will thereafter advise the Arbitral Tribunal on the further steps in the proceedings no later than 19 December 2011.

16.5 *Complaint involving an individual User*

The Malta Lotteries and Gaming Authority received a complaint from an individual User which it notified to the GVC Group on 4 March 2009. 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 User's lawyer wrote on his behalf to GVC Corporation Malta and demanded the payment of this sum. On 17 November 2009, a letter was received by GVC Holdings SA, which stated that no response had been received from GVC Corporation Malta. The GVC Group does not agree with the individual's allegations and intends to contest the claim.

- 16.6 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 GVC Group, including the GVC Turkish Business, which are having or may have a significant effect on the GVC Group's financial position.

17. **Material Contracts**

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:

17.1 *Transaction Documents*

See Part 4 of this document for a summary of the key terms of the Services Agreement, the Deed of Undertaking, the Business Purchase Agreement, and the Transitional Services Agreement.

17.2 *Contribution Agreement*

On 19 April 2010, a contribution agreement was entered into between GVC Holdings SA (as the "**Contributor**") and GVC (as the "**Contributee**") relating to the transfer and contribution from GVC Holdings SA to GVC of all the assets and liabilities of GVC Holdings SA (save for certain subscriber shares and certain agreements such as those with certain professional advisers) (the "**Contribution**"). The consideration for the Contribution was the issue of the Transfer Shares to GVC Holdings SA at completion on 21 May 2010. The Contribution Agreement is governed by Luxembourg law.

17.3 *Agreement with the Liquidator*

On 19 April 2010, GVC Holdings SA, the Company and KPMG s.a.r.l (the “**Liquidator**”) entered into a liquidation agreement pursuant to which the Company agreed to indemnify GVC Holdings SA and the Liquidator (in its capacity as liquidator of GVC Holdings SA) in respect of any and all liabilities that they may incur during the course of the Liquidation.

The indemnity was given in consideration of the Liquidator’s agreement to carry out the Liquidation in accordance with the terms set out in a circular posted by GVC Holdings SA on or around 19 April 2010 to GVC Holdings SA Shareholders.

17.4 *Introduction Agreement*

On 31 October 2011, the Company, the Directors and Daniel Stewart entered into an introduction agreement pursuant to which Daniel Stewart has agreed to provide services to the Company in connection with Cancellation and Re-admission. The introduction agreement provides for the payment by the Company of fees to Daniel Stewart in accordance with the fees payable pursuant to the DS Engagement Letter as more fully described in paragraph 17.5 below. The introduction agreement contains certain warranties and indemnities given by the Company in favour of Daniel Stewart. The agreement also contains limited warranties to be provided by the Directors in favour of Daniel Stewart.

17.5 *Engagement Letter*

Pursuant to an engagement letter dated 28 October 2011 (the “DS Engagement Letter”), the Company appointed Daniel Stewart to act for the Company in connection with the Re-admission. In accordance with the terms of the DS Engagement Letter, the Company has agreed to pay to Daniel Stewart for its services a fee of £200,000 (plus VAT if applicable) payable on the date of Re-admission.

In addition, the Company has agreed to grant a warrant to Daniel Stewart to subscribe for certain Shares as further described in paragraph 17.6 below.

17.6 *Warrant Agreement*

In accordance with the terms of the DS Engagement Letter, the Company has agreed to enter into a warrant agreement with Daniel Stewart, pursuant to which the Company will grant to Daniel Stewart, subject to shareholder approval of the necessary share allotment authorities (which is currently proposed to be sought at the Company’s next AGM in 2012), warrants to subscribe for certain Shares.

The number of Shares subject to the warrants shall be ascertained by dividing the sum of £25,000 by the average mid-market closing share price of a Share for the thirty trading days immediately following the date of Re-admission (the “Average Price”). The warrants will have an exercise price per Share equal to the Average Price and will be exercisable within 3 years from the date of grant.

17.7 *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 N.V. was entered into between Awa Ltd (as seller), GVC (Cyprus) 2 Ltd (“**GVC Cyprus**”) (as purchaser), Oswaldo Lavini Russo (as a founder), Almir Ribeiro da Silva (as a second founder) (together the “**Founders**”) and Intera N.V. (“**Intera**”) in relation to the purchase by GVC Cyprus of all of the issued shares in Intera, the owner and operator of the Betboo business (together with its subsidiary, Intertronic Ltd) (“**Betboo Acquisition**”). The consideration payable by GVC Cyprus for the Betboo Acquisition under the Sale Agreement was US\$4 million and an earn-out based on the sum of the profits for the two years to 30 June 2012 and five times the profits for the 12 months to 30 June 2012. The total purchase price was capped at US\$30 million. The seller gave to GVC (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 GVC (Cyprus) 2 Ltd (“**GVC Cyprus**”) 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.

First amendment to the Betboo Sale Agreement

On 28 September 2010, the parties to the Sale Agreement entered into a deed of amendment (“**First Deed of Amendment**”). Pursuant to the First Deed of Amendment, it was agreed that GVC Cyprus, Intera and GVC would be entitled to use the Betboo brand in relation to the then proposed new GVC sports betting and gaming business in Europe and that in consideration for the grant of this right, GVC Cyprus would pay Awa Ltd USD\$350,000 by way of an advance on the earn-out payment payable under the Sale Agreement.

Second amendment to the Betboo Sale Agreement

On 14 February 2011, the parties to the Sale Agreement entered into a second deed of amendment (“**Second Deed of Amendment**”) pursuant to which the parties agreed to amend the earn-out structure set out under the Sale Agreement (as amended). It was agreed that from 1 July 2011 the earn-out would be paid by way of monthly payments of USD\$157,000, plus an amount equal to 20 per cent. of the Actual Operating Result of Betboo from 1 January 2011 until 30 June 2012 (payable monthly), plus 25 per cent. of NGR generated over the four year period to 31 December 2014, payable annually in arrears. Deferred consideration remains capped at US\$26 million.

18. Licences

Refer to paragraph 8.2 of Part 1 of this document for details of the licences held by the GVC Group.

19. Consents

- 19.1 Grant Thornton UK LLP has given and not withdrawn its consent to the issue of this document with the inclusion herein of its report in Part 3 of this document and the references to such report and to its name in the form and context in which they appear and has authorised the contents of Part 3 of this document. Grant Thornton UK LLP is a member of the Institute of Chartered Accountants in England and Wales. Grant Thornton UK LLP audited the Company’s accounts for the financial year ended 31 December 2010.
- 19.2 Daniel Stewart & Company Plc has given and not withdrawn its consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

20. General

- 20.1 The nominated adviser and broker to the Company is Daniel Stewart & Company Plc of Becket House, 36 Old Jewry, London, EC2R 8DD, which is regulated by the Financial FSA and a member of the London Stock Exchange.
- 20.2 Save as disclosed in this document, no person (other than professional advisers referred to in this document) has: (a) received, directly or indirectly, from the Company within 12 months preceding the date of this document; or (b) entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Re-admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, or any other benefit with a value of £10,000 or more at the date of Re-admission.
- 20.3 Where information in this document has been sourced from a third party, the Company confirms that it has been accurately reproduced and, as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 20.4 The Company has agreed to pay all other costs, charges and expenses of, and incidental to, the Re-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.

- 20.5 The expenses of or incidental to the Re-admission are payable by the Company and are estimated to amount to €1.6 million (excluding value added tax).
- 20.6 Other than the intended application for Re-admission the 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 Shares.
- 20.7 Other than as disclosed in this document, there has been no significant change in the financial or trading position of the GVC Group since 30 June 2011, the most recent date to which financial information has been prepared and published.
- 20.8 Other than as disclosed in this document, there has been no significant change in the financial or trading position of the Transferring Business since 31 July 2011, the most recent date to which financial information has been prepared and published.
- 20.9 The Shares are in registered form and will, following Re-admission, be capable of being held in uncertificated form. 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 Shares under CREST. CREST is a voluntary system and holders of Shares who wish to retain share certificates are able to do so.

21. AVAILABILITY OF ADMISSION DOCUMENT

Copies of this document are available during normal business hours on any Business Day free of charge from the offices of Daniel Stewart and shall remain available for at least one month after Re-admission.

The date of this document is 31 October 2011

PART 6

NOTICE OF EXTRAORDINARY GENERAL MEETING

Company Number 4685V

The Isle of Man Companies Act 2006

Public Company Limited by Shares

GVC Holdings plc

Notice is hereby given that an Extraordinary General Meeting of GVC Holdings plc (the “**Company**”) will be held at the offices of Abchurch Communications Limited, 125 Old Broad Street, London EC2N 1AR on 16 November 2011 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions. Words and expressions used in this Notice of Extraordinary General Meeting have the meanings given to them in the document of which this notice forms part (the “**Admission Document**”), unless the context otherwise requires.

ORDINARY RESOLUTIONS

- (1) THAT the proposed transaction pursuant to which:
- (a) the Company has conditionally agreed to guarantee the obligations of East Pioneer Corporation B.V. (“**EPC**”) as purchaser of the Transferring Business pursuant to the Business Purchase Agreement; and
 - (b) the Company’s wholly-owned subsidiary, GVC Sports B.V., has conditionally agreed to provide services to EPC pursuant to the Services Agreement to enable EPC to operate the Transferring Business from completion of the Business Purchase Agreement,

which transaction (the “**Transaction**”) is more fully described in the Admission Document, be and is approved and that the Directors be and are authorised to take all steps as may be necessary or appropriate in relation to the Transaction with such modifications, variations, revisions, waivers or amendments to the Transaction or any documents relating to the Transaction as they shall deem necessary, expedient or appropriate.

- (2) THAT rule 4.1 of the rules of the GVC Holdings plc 2010 Long Term Incentive Plan (the “**LTIP**”) be and is amended by the deletion of the words “13.5 per cent” from that rule and the insertion in their place of the words “16.8 per cent”.

Registered office:

Milbourn House
St Georges Street
Douglas
Isle of Man
IM1 1AJ

By order of the Board

Richard Cooper
Director
31 October 2011

NOTES:

1. A member who is entitled to attend and vote at the meeting is entitled to appoint one or more persons to attend and exercise all or any of his rights to attend and, on a poll, vote instead of him at the meeting. A proxy need not also be a member.
2. Completion and submission of the Form of Proxy by a member will not prevent that member from attending and voting in person.

- 3. Forms of Proxy in respect of the meeting have been provided to members with this notice of meeting. To be valid, a Form of Proxy must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Capita Registrars Limited at PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received by 10.00 a.m. on 14 November 2011.**
4. Pursuant to regulation 22 of the Uncertificated Securities Regulations 2006, only shareholders registered in the register of members of the Company as at 6.00 p.m. on 14 November 2011 shall be entitled to attend and vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at such time. If the Extraordinary General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. on the day two days before the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

