

DM plc
(“DM”, “Company” or the “Group”)

Proposed Acquisition of Dodd Marketing Limited

Introduction

The Board of DM is pleased to announce the agreement of terms to acquire Dodd Marketing for a maximum consideration of £9.0 million in cash, of which £8.640 million is payable on Completion. Dodd Marketing operates a specialist list broker and promoter of games via addressed mail and is wholly owned by Adrian Williams, the Group’s Chairman. Therefore, the Acquisition is a related party transaction under the AIM Rules and is a transaction regulated by section 320 of the Act, which requires the prior approval of Shareholders. Additionally, pursuant to Article 98 of the Company’s Articles of Association, a resolution is required to be passed extending the authority of the Directors in respect of borrowings by the Company. Accordingly, the Acquisition is conditional on the passing of the Resolutions and a circular in relation to the Acquisition has been posted to shareholders today. Adrian Williams and Wendy Ruck, as a connected person to Adrian Williams, have taken no formal part in the Board’s decision to proceed with the transaction and will not vote on the Resolutions.

Information on Dodd Marketing

Dodd Marketing is the holding company of McIntyre, a well established, privately owned, specialist list broker and promoter of games via addressed mail. McIntyre is based in Ross-on-Wye and has 4 full time staff and 2 part time staff.

In its audited accounts for the eight months to 31 December 2005, McIntyre reported turnover of £3.41 million and profit before tax of £1.26 million. Net assets as at 31 December 2005 were £0.56 million.

For illustrative purposes, an unaudited pro forma statement of consolidated net assets for the DM Group as enlarged by the Acquisition (as if it had taken place as at 31 December 2005) is included in Part 2 of this document. Following 31 December 2005 and prior to Completion, dividends of £1.20 million and £0.5 million will have been paid by the Dodd Marketing Group. Further details are set out in the circular to Shareholders.

Background to and reasons for the Acquisition

Since the reversal of Strike Lucky into the Company in October 2004, DM has seen substantial growth in terms of both turnover and profitability, primarily due to the acquisition and subsequent turnaround of Purely Creative, which was completed in March 2005.

It has been DM’s stated strategy to continue to look to expand the activities of the business into related areas where the Group’s core skills in relation to home gaming and direct marketing can be further exploited. In December 2005, DM announced the acquisition of Cyberdyne, an online betting and gambling company.

The Group intends to use its financial resources and games expertise, along with its related databases, to drive more clients to Cyberdyne’s websites, including www.lotteryuniverse.com.

Currently, DM's revenue is generated from responses to games and the rental of the Group's various databases. The databases are promoted both directly, as with the contract previously announced with Cornhill Insurance, and via third party list brokers who rent the details of respondents to direct marketing organisations. McIntyre own or rent a large number of response driven databases, including a number of the Company's databases, from which they generate rental income via their list brokers, including in-house broker, £ist\$[®] and via websites including its premier site, www.lists.co.uk. McIntyre also promote their own proprietary games via addressed mail.

Prior to the Acquisition, a proportion of DM's database revenue was generated using McIntyre's list broking services. It is the Company's intention that following the Acquisition, all of the Group's database management will, as soon as practicable, be moved in-house. DM intends to continue to use the McIntyre brands, including £ist\$[®], to market DM's databases.

Principal terms and conditions of the Acquisition Agreement

The Company intends to acquire the entire issued share capital of Dodd Marketing from the Vendor for a maximum consideration of £9.0 million in cash. The Acquisition Agreement sets out the basis on which the Company is to acquire the entire issued share capital of Dodd Marketing.

The Acquisition Agreement contains various warranties and indemnities usual in an agreement of this nature given by the Vendor in relation to the Dodd Marketing Group. Completion of the Acquisition Agreement is only subject to the passing of the Resolutions. Assuming the Resolutions are passed, the Acquisition will be completed on the business day immediately following the EGM.

Related Party Transaction and Resolutions

Adrian Williams is a director of both DM and Dodd Marketing. Dodd Marketing is wholly owned by Adrian Williams. The Acquisition is therefore deemed a "Related Party Transaction" under the AIM Rules and having regard to its size, a "substantial property transaction involving directors" under section 320 of the Act. Pursuant to section 320 of the Act, the Acquisition requires the prior approval of the Shareholders in general meeting. Adrian Williams and Wendy Ruck, by virtue of being a connected person of Adrian Williams, will abstain from voting on the Resolutions. Further, a resolution is required pursuant to Article 98 of the Company's Articles of Association to extend the authority of the Directors in respect of borrowings by the Company in relation to the Acquisition. The Acquisition is therefore conditional on the passing of the Resolutions to be proposed at the Extraordinary General Meeting. In addition, pursuant to the AIM Rules, the approval of the Acquisition requires confirmation from the Independent Directors that, having consulted Altium, the Company's Nominated Adviser, they consider the terms of the Acquisition to be fair and reasonable insofar as the Shareholders are concerned.

Irrevocable Undertakings Irrevocable undertakings to vote in favour of the Resolutions have been given by Mark Winter, the Group Finance Director and Independent Director, in relation to 35,911 Ordinary Shares representing 0.03 per cent. of the issued share capital. In addition, certain other Shareholders who, in aggregate, own 3,695,981 Ordinary Shares, which represent 2.95 per cent. of the issued share capital of the Company have irrevocably undertaken to vote in favour of the Resolutions.

In total, irrevocable undertakings to vote in favour of the Resolutions have been received in respect of 3,731,892 Ordinary Shares, representing 2.98 per cent. of the current issued capital of DM and 53.04 per cent. of the Independent Shareholders.

Current Trading and Prospects

The Board is pleased to confirm that DM's results for the year ended 31 December 2005, announced today were excellent, reporting record turnover and profitability. For the year ended 31 December 2005, DM reported a profit before tax of £2.388 million (2004: £1.317 million) an increase of 81 per cent. on turnover of £10.481 million (2004: £4.201 million) an increase of 149 per cent. Since the year end, the Group has made further progress and the results for 2006 will report a full twelve months' contribution from the fully integrated operations of Purely Creative and Cyberdyne which were acquired during 2005. The preliminary results for the Group have been announced today.

Extraordinary General Meeting

The Acquisition is conditional upon the approval of Independent Shareholders, which is to be sought at the Extraordinary General Meeting convened for 10.30 a.m. on 24 April 2006. At the EGM, the Resolutions will be proposed to approve the Acquisition and to extend the borrowing authorisation of the Directors. Adrian Williams and Wendy Ruck will abstain from voting on the Resolutions.

Recommendation

The Independent Directors, having consulted with Altium, consider the terms of the Acquisition to be fair and reasonable insofar as Shareholders are concerned. In advising the Independent Directors, Altium has taken into account the commercial assessments of the Independent Directors.

The Independent Directors unanimously recommend Independent Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, as they intend to do in respect of their own beneficial holdings of 35,911 Ordinary Shares, representing approximately 0.03 per cent. of the current issued ordinary share capital of the Company and 0.52 per cent. of shares held by Independent Shareholders.

Enquiries:

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DM plc

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APPENDIX I

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire issued share capital of Dodd Marketing from the Vendor
“Acquisition Agreement”	the conditional share acquisition agreement dated 29 March 2006 between the Vendor and DM plc to effect the Acquisition
“Act”	the Companies Act 1985 (as amended)
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules for AIM companies and their nominated advisers published by the London Stock Exchange
“Altium”	Altium Capital Limited
“Board or “Directors”	the directors of the Company at the date of this document
“Business Day”	a day (other than a Saturday or Sunday) on which banks are generally open in London for the transaction of normal business
“Completion”	the actual date of completion of the Acquisition
“Consideration”	up to £9.0 million, payable in cash to the Vendor as set out in the Acquisition Agreement
“Cyberdyne”	Cyberdyne Entertainment Limited, a subsidiary of the Company
“DM” or the “Company”	DM plc
“DM Group” or “Group”	the Company and its subsidiaries
“Dodd Marketing”	Dodd Marketing Limited
“Dodd Marketing Group”	Dodd Marketing and its subsidiaries
“Dodd Marketing Shares”	100 ordinary shares of £1 each, issued and fully paid, in the capital of Dodd Marketing

“Enlarged Group”	the Company as enlarged by the Acquisition
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 10.30 a.m. on 24 April 2006 or any adjournment thereof
“Facility Agreement”	the £9.135 million term loan facility agreement dated 29 March 2006 between DM and Barclays Bank plc setting out the terms on which Barclays Bank plc will make available a loan of £9.135 million to DM for the purpose of financing the Acquisition
“Independent Directors”	Mark Winter and John Gommès
“Independent Shareholders”	the shareholders in the Company other than Adrian Williams and Wendy Ruck
“London Stock Exchange”	London Stock Exchange plc
“McIntyre”	McIntyre & Dodd Marketing Limited, the 100 per cent. owned trading subsidiary of Dodd Marketing
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Purely Creative”	Purely Creative Limited, a subsidiary of the Company
“Resolutions”	the resolutions set out in the Notice of Extraordinary General Meeting to be proposed at the EGM
“Shareholders”	holders of Ordinary Shares
“Strike Lucky”	Strike Lucky Games Limited, a subsidiary of the Company
“Vendor”	Adrian Williams
“Vendor Loan Agreement”	the loan agreement between the Vendor and the Company