

**DM plc**  
**(“DM” or “the Company”)**

**Acquisition**

DM, the AIM listed direct marketing group specialising in database management and home gaming has agreed to acquire the core trading subsidiaries of AIM listed Invox’s Home Gaming division - The Winners Club Limited and TPC Telecoms Limited (together “The Winners Club”) for a total consideration of up to £2 million (“the Acquisition”). The Acquisition is conditional on the admission of the initial consideration shares to trading on the Alternative Investment Market of the London Stock Exchange plc (“Admission”).

The Winners Club operates in the same market as DM, generating revenue from the rental of data collected via direct mail and responses to games and competitions from premium rate lines and texts. The DM board believe that The Winners Club presents an opportunity to continue to grow the critical mass of the Company and generate significant benefits through synergies. The Winners Club will operate as a new subsidiary of DM.

For the 12 month period ended 30 June 2006, The Winners Club reported turnover of £6.9 million (2005: £12.0 million) and profit before tax of £1.9 million (2005: £5.6 million). Of the profit for the 2006 period, the majority was made in the first half and trading continues to be difficult with management accounts showing a loss for the two months to 31 August 2006. The net assets being acquired are nil.

DM Chairman, Adrian Williams said:

*“We believe that the Acquisition will bring real benefits to DM enabling us to maximise new opportunities by combining our expertise and proven business model with The Winners Club’s existing operations.”*

The consideration will consist of an initial payment of £1.0 million, payable by the issue of 7,547,170 new ordinary shares of 1 pence each in the capital of the Company (“Shares”) based on the closing middle market price of 13.25 pence on 6 October 2006, being the last business day immediately preceding the Acquisition. The remaining £1.0 million will be payable in further instalments of either Shares or, at the Company’s discretion, cash, based on the profit before tax of The Winners Club as reported for the three years ended 31 December 2009 (the “Earn-out”). The Earn-out will be due in four tranches of £250,000, payable if the profit before tax following acquisition exceeds: i) £1.0 million for the 12 months ended 31 December 2007; ii) £1.25 million for the 12 months ended 31 December

2008; iii) £1.25 million for the 12 months ended 31 December 2009; and iv) £2.0 million for the 12 months ended 31 December 2009.

Application has been made for Admission and it is expected that dealings in the Shares will commence at 08.00 on 13 October 2006. The Shares will be subject to a lock-in agreement which prohibits their disposal in the 18 months following the Acquisition, except in certain limited circumstances or if agreed with the Company's nominated adviser.

**\*\* ENDS \*\***

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