

4134501

August 2004

**MEMORANDUM of the agreement reached
for the sale and purchase of the
entire issued share capital of
In the Box Media Limited**



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ADDLESHAW GODDARD

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1 Background

This memorandum relates to the issue of the Initial Consideration Shares (as defined below) and summarises the agreement reached on 28 July 2004 between Peter Lewinton and Ben Nicholas (together the **Sellers**) whose addresses are set out in column (2) of the schedule (1) and ukbetting plc (No. 4134501) (**Buyer**) (2) pursuant to which the Buyer acquired from the Sellers the entire issued share capital of In the Box Media Limited (No. 4132385) (**Company**) being a total of 100 ordinary shares of £1 each (**Sale Shares**).

2 Definitions

Consideration Shares means the Initial Consideration Shares and/or the Deferred Consideration Shares as the context requires

Deferred Consideration Shares means the new ordinary shares in the capital of the Buyer of 1p each to be issued on the Deferred Issue Date in the percentages set out in column (6) of the schedule and ranking pari passu with the existing issued shares in the capital of the Buyer

Deferred Issue Date means the date of satisfaction of the Deferred Payment Conditions

Deferred Payment Conditions means the agreed conditions material satisfaction of which shall determine whether Deferred Consideration Shares are to be issued

End Date means the later of 31 March 2005 or the date on which the Buyer announces its official financial results for the financial year ended 31 December 2004

Initial Consideration Shares means the new ordinary shares in the capital of the Buyer of 1p each issued on 28 July 2004 and as set out in column (5) of the schedule and ranking pari passu with the existing issued shares in the capital of the Buyer

Net Current Assets means the total current assets of the Company less the total current liabilities of the Company as at close of business on 28 July 2004

3 Consideration for the Sale Shares

3.1 The consideration for the sale of the Sale Shares (**Purchase Price**) was the allotment and issue credited as fully paid to the Sellers:

(a) on 28 July 2004, of the Initial Consideration Shares being such number of shares (excluding fractions) as had the Market Value nearest to (but not less than) the amounts set out opposite the Sellers' respective names in column (4) of the schedule; and

(b) on the Deferred Issue Date and subject to:

(i) the material satisfaction of the Deferred Payment Conditions by the End Date; and

(ii) certain profit levels being achieved by the Company for the financial year ended 31 December 2004,

of such number of Deferred Consideration Shares (excluding fractions) as have a Market Value up to a maximum of £600,000 and in the percentages set out opposite the Sellers' respective names in column (6) of the schedule.

3.2 The Market Value of a Consideration Share shall be equal to the average of the middle market quotations for one issued ordinary share in the capital of the Buyer as shown by the AIM section of the London Stock Exchange Daily Official List (as amended in the case of error) for the five consecutive Business Days ending on the Business Day immediately prior to Completion (for Initial Consideration Shares) or the Deferred Issue Date (for Deferred Consideration Shares).

4 Net Current Assets Adjustment

The Buyer is entitled to notify the Sellers in writing at any time until 30 June 2005 that in its opinion the Net Current Assets are less than £100,000, by serving on the Sellers a completion statement. In such event the Sellers may, within the period of 10 business days after receipt of the completion statement (**Review Period**), notify the Buyer, in writing, of any adjustments the Sellers consider need to be made to the completion statement in order for it to comply with the definition of Net Current Assets (together with the reasons for such adjustments). If the Sellers do not notify the Buyer during the Review Period of any proposed adjustment to the Completion Statement, the Sellers shall be deemed to have agreed the Net Current Assets appearing in the Completion Statement. Following the later of agreement (or deemed agreement) of the Net Current Assets, the Purchase Price shall be adjusted by the amount by which the Net Current Assets (as agreed or determined) are less than £100,000 (including £1 for each £1 by which the Net Current Assets are a negative amount) (**Shortfall**) and the Sellers shall within 10 Business Days of written demand by the Buyer pay to the Buyer the unpaid balance of the Shortfall.

5 Set off

If, prior to the Deferred Issue Date the Buyer notifies any Seller of any bona fide claim or claims against it under the agreement reached between the Buyer and the Sellers then the Buyer is entitled, subject to satisfaction of certain conditions, to set off the value of the claim against the value of Deferred Consideration Shares to be issued on the Deferred Issue Date. In addition, should the Buyer bring a claim under the agreement reached between the Buyer and the Sellers against the Sellers prior to the Deferred Issue Date then the Sellers may elect to set off the value of the claim against the value of the Deferred Consideration Shares to be issued to them on the Deferred Issue Date.

The Schedule

(1) Name	(2) Address	(3) Number of Sale Shares	(4) Market Value of Initial Consideration Shares (£)	(5) Number of Initial Consideration Shares issued	(6) Percentage of Deferred Consideration Shares (%)
Peter Lewinton	57 Fitzjames Avenue West Kensington London W14 ORR	54	162,000	282,723	54
Ben Nicholas	130 Percy Road London W12 9QL	46	138,000	240,838	46