

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company BETBROKERS PLC	Company number 5871374
In the HIGH COURT OF JUSTICE, CHANCERY DIVISION, MANCHESTER DISTRICT REGISTRY	Court case number 3433 of 2008

We, Fraser James Gray and Elizabeth Galbraith Mackay of Kroll Limited, Alhambra House, 45 Waterloo Street, Glasgow, G2 6HS

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

23 October 2008

Signed

Joint / Administrator(s)

Dated 23 October 2008

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Michael Green	
Kroll Limited, The Observatory, Chapel Walks, Manchester, M2 1HL	
	Tel 0161 838 4572
DX Number	DX Exchange



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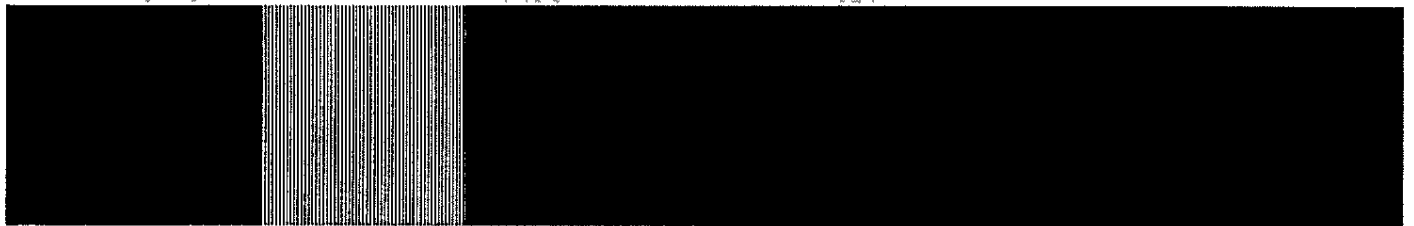
When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

WEDNESDAY

Joint Administrators' Report and Statement of Proposals

Betbrokers PLC - In Administration

23 October 2008



KROLL

BETBROKERS PLC - IN ADMINISTRATION

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1 Statutory Information

- 1 1 The registered number of Betbrokers PLC (the **Company**) is 5871374
- 1 2 The trading address of the Company is 56 Marsh Wall, Canary Wharf, London, E14 9TP
- 1 3 The registered office of the Company has been changed from 197 High Road, Ilford, IG1 1LX to c/o Kroll Limited, The Observatory, Chapel Walks, Manchester, M2 1HL
- 1 4 Details of the Company's directors and secretary are as follows

	Date appointed	Date resigned	0 25p Ordinary Shares held as at 31/12/08*
Director(s)			
Edmund Patrick Jordan	06/09/2006	N/A	15,913,324
Leon Brian Kaye	10/07/2006	N/A	3,947,491
Wayne Lochner	10/07/2006	N/A	20,446,771
Derek Tullett CBE	10/07/2006	N/A	2,158,784
Secretary			
Andrew Spencer Montlake	06/09/2007	N/A	2,127,440**
Stephanie Marie Firminger	07/11/2007	01/09/2008	N/A
* Source 2007 Consolidated Financial Statements			
**As at 11/07/07 Source 2007 Annual Return			

2 Background to the Administration

- 2 1 The Company acts as a holding company for four associated UK Limited companies and did not trade Betbroker Limited was the primary trading entity in the UK, which acted as a betting brokerage, and provided a sports tipping service for its customers
- 2 2 Aberdeen Asset Management (**AAM**) holds a fixed and floating charge over the Company's assets The funds lent to the Company under this charge were transferred to Betbroker Limited
- 2 3 Betbroker Limited entered into Administration on 22 August 2008 and ceased to trade It was therefore unable to repay the funds lent to it by the Company, which as a result was subsequently unable to meet its debts as they fell due

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- 2 4 As a result, Fraser J Gray and Elizabeth G Mackay, licensed insolvency practitioners, were appointed Joint Administrators of the Company by the Directors on 2 September 2008
- 2 5 Both practitioners are licensed by the Institute of Chartered Accountants of Scotland
- 2 6 The Administration is registered in the High Court of Justice, Chancery Division, Manchester District Registry, under reference number 3433 of 2008
- 2 7 The EC Regulation on Insolvency Proceedings 2000 apply to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom
- 2 8 The Joint Administrators act jointly and severally, so that all functions may be exercised by either Administrator
- 2 9 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives
- rescuing the Company as a going concern,
 - achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or
 - realising property in order to make a distribution to one or more secured or preferential creditors

Further information on the pursuance of the above objectives is detailed in the next section

3 Administration Strategy and Objective

- 3 1 Immediately upon appointment, we visited the Company's head office in Canary Wharf, London in order to obtain such books and records as were available for use in the Administration. However, we were only able to obtain limited financial information
- 3 2 To date, we have identified that the Company's only asset is an investment in a US subsidiary company, Winning Edge Inc (**Winning Edge**)
- 3 3 We have been liaising with interested parties regarding the sale of Winning Edge and discussions are ongoing at this time
- 3 4 As a holding company, Betbrokers plc did not trade. Therefore, in accordance with Paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, the primary objective of the

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Administration is to realise the Company's assets in order to make a distribution to the secured creditor, AAM

4 Administrators' Receipts and Payments

- 4.1 A summary of receipts and payments for the Administration period from the date of my appointment to 23 October 2008 is attached at Appendix A

5 Proposals

It is proposed that the Joint Administrators continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that

- 5.1 If having realised the assets of the Company, the Joint Administrators think that a distribution will be made to the unsecured creditors, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation (CVL) in order that the distribution can be made. In these circumstances, it is proposed that the Joint Administrators will become the Joint Liquidators of the CVL. See Section 7 below on **Exit Routes** for further information on this process.
- 5.2 If the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company. See Section 7 below on **Exit Routes** for further information on this process.
- 5.3 The Joint Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- 5.4 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Joint Administrators' remuneration and any proposed act on the part of the Joint Administrators without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 5.5 Where no Creditors' Committee is appointed, the remuneration of the Joint Administrators shall be fixed by reference to time properly spent by them and their staff in managing the Administration.

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- 5 6 The Joint Administrators be authorised to draw remuneration as and when funds are available on account of their time costs
- 5 7 The Joint Administrators' will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect

6 Exit Routes

Creditors Voluntary Liquidation

- 6 1 Based on present information, the Joint Administrators do not think a dividend will be paid to the unsecured creditors. However, if this situation changes, and the Joint Administrators anticipate that a dividend will be paid, they will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL). It is proposed that the Joint Administrators will also become the Joint Liquidators of the CVL.
- 6 2 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrators prior to these proposals being approved. Where this occurs, the Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Joint Administrators will automatically become the Joint Liquidators of the subsequent CVL.

Dissolution of the Company

- 6 3 If the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, we propose filing a notice together with our final progress report at Court and with the Registrar of Companies for the dissolution of the Company. We shall send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.

7 Administrators' Remuneration

- 7 1 The Joint Administrators' time costs at 23 October 2008 are £74,081. This represents 288.2 hours at an average rate of £257 per hour. A copy of "A Creditors' Guide to Administrators' fees" can be downloaded from the Insolvency Practitioners Association Website (www.insolvency-practitioners.org.uk – select "Technical" "Creditors Guides to Fees" and then the Administration Guide). If you would prefer this to be sent to you in hard copy please

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contact us and we will forward a copy to you. We have also attached as Appendix C a Time Analysis which provides details of the activity costs incurred by staff grade to the above date. We propose drawing fees in accordance with the proposals outlined above.

7.2 Attached as Appendix D is additional information in relation to our policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade.

7.3 Principal areas of activity are discussed in more detail below:

- **Administration and Planning** – A significant amount of time has been spent formulating and implementing case strategy, along with reporting to the debenture holder and creditors. Time has also been spent on general administrative duties in relation to the Administration.
- **Investigations** – Time has been spent in gathering and reviewing such information as was available and dealing with general investigative matters as required in our capacity as Joint Administrators.
- **Realisation of Floating Charge Assets** – As discussed in Section 3, time has been spent on issues regarding the valuation and sale of the investment in the US subsidiary company. The majority of this time has been spent liaising with interested parties.

8 Estimated Outcome

8.1 We have yet to receive the directors' statement of affairs and we hold only limited information in respect of the Company. We are therefore unable to provide an estimate of the outcome of the Administration as at 23 October 2008.

8.2 To date we have been unable to quantify creditors' claims. A summarised list of all known creditors' names and addresses is attached at Appendix B.

8.3 We have recently received two employee claims, which have both a preferential and unsecured element. We are also aware of five potential unsecured creditors, of which two have submitted claims totalling £57,216. As we have not received the directors' Statement of Affairs, we are unable to confirm whether we hold a definitive list of creditors.

8.4 We have yet to adjudicate on any creditor claim received in the Administration.

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- 8 5 The Company granted a floating charge to AAM on 12 March 2008. Accordingly, I am required to create a fund out of the Company's net floating charge property for unsecured creditors.
- 8 6 The value of the Company's net floating charge property is dependent upon the realisations from the sale of the Company's shares in Winning Edge. At this time, the quantum and timing of any such realisations are unknown.
- 8 7 At this stage it appears that the Company has insufficient property to enable a distribution to be made to the preferential or unsecured creditors.

9 Next Report

- 9 1 The Joint Administrators are required to provide a progress report within one month of the end of the first six months of the Administration.

10 Meeting of Creditors

- 10 1 At this time, the Joint Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors, other than out of the unsecured creditors fund. In accordance with Paragraph 52 (1) (b) of Schedule B1 of The Insolvency Act 1986 an initial meeting of the Company's creditors is therefore not being convened. The Administrators are however obliged to hold an initial creditors' meeting if 10% in value of the creditors request it. If you wish for a meeting to be held, you must notify us in writing in the prescribed form on or before 7 November 2008.

For and on behalf of
Betbrokers PLC



Fraser J Gray
Joint Administrator

Enc

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Receipts and Payments Account for the Period from 2 September 2008 to 23 October 2008

Appendix A

	TOTAL (£)
RECEIPTS	
	NIL
PAYMENTS	
	NIL
BALANCE IN HAND	<u>NIL</u>

The following payments have been made from the Kroll office account in relation to the Administration of the Company

Re-Direction of Mail	49 80
Statutory Advertising	162 72
TOTAL	212.52

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Summary of the Estimated Financial Position of the Company as at 23 October 2008

Appendix B

- The financial position of the Company is dependent upon the value of Winning Edge Inc, which is in the process of being ascertained
- The quantum of the Company's creditors is also currently being assessed Known creditors to date are

Name	Address	Security Held
Aberdeen Asset Managers Limited	1 Albion Place, Aberdeen, AB10 1YT	Fixed and Floating Charge dated 12 March
Capita Registrars Limited	The Registry, 34 Beckenham Road, Beckenham Kent BR3 4TU	
Edison Investment Research	Lincoln House, 296-302 High Holborn London, WC1V 7JH	
ING Lease (UK) Limited	60 High Street, Redhill, Surrey, RH1 1NY	
Mazars LLP	37 Frederick Place, Brighton, BN1 4EA	
PrecisionIR Inc	Lockbox 7391, PO Box 8500, Philadelphia, PA, 19178-7391	

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Time Analysis for the Period from 2 September 2008 to 23 October 2008

Appendix C

	Employee Grade					(£'s)	
	(Hours)	Partner/	Senior	Associate/	Junior Analyst/	Total Cost	Average
	Director	Associate	Analyst	Support	Total Hours		
Administration and Planning							
Strategy and Control	52.0	11.7	41.7	2.2	107.6	28,647.5	266
Bank and Creditor Reporting	4.5	3.9	4.9	-	13.3	3,290.0	247
Creditors Committee	-	-	-	-	-	-	-
Statutory Duties	-	1.3	0.4	0.3	2.0	443.0	222
Job Administration	0.1	1.2	17.4	0.9	19.6	3,883.0	198
Cash Accounting and Time Records	-	0.1	8.3	0.7	9.1	1,844.0	203
Travel and Waiting Time	3.0	7.0	9.2	-	19.2	4,687.0	244
Case Closure	-	-	-	-	-	-	-
Internal Documentation and IT	-	-	3.7	-	3.7	697.0	188
Investigations							
D Reports	-	0.5	1.0	-	1.5	317.5	212
Other Investigations	3.3	44.2	-	-	47.5	12,703.0	267
Internal Documentation	-	-	-	-	-	-	-
Realisation of Assets - Fixed Charge							
Initial Actions and Valuations	-	-	-	-	-	-	-
Sale of Assets	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Debtors							
Debt Collection	-	-	-	-	-	-	-
Debtors Litigation	-	-	-	-	-	-	-
Crown Debtors	-	-	-	-	-	-	-
Internal and External Documentation	-	-	-	-	-	-	-
Realisation of Assets - Floating Charge							
Initial Actions and Valuations	3.0	-	-	-	3.0	900.0	300
Sale of Assets	32.5	18.4	-	-	50.9	14,626.0	287
Insurance	-	-	-	-	-	-	-
Retention of Title	-	-	-	-	-	-	-
Hire Purchase / Leased Assets	-	-	0.2	-	0.2	42.0	210
Litigation	-	-	-	-	-	-	-
Internal and External Communications	-	-	-	-	-	-	-
Trading							
Initial Actions	-	-	-	-	-	-	-
Cash Accounting	-	-	-	-	-	-	-
Ongoing Trading Activities	-	-	-	-	-	-	-
Internal and External Communications	-	-	-	-	-	-	-
Creditors							
Creditor Dealings	-	-	4.7	-	4.7	869.5	185
Creditor claims	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	-
Shareholders / Bankrupts	-	0.5	-	-	0.5	132.5	265
Internal Documentation	-	-	-	-	-	-	-
Employees	-	-	5.4	-	5.4	999.0	185
Employee Communications	-	-	-	-	-	-	-
Totals	98.4	88.8	96.9	4.1	288.2	74,081.0	257

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Additional Information in Relation to Administrators' Fees Pursuant to Statement of Insolvency Practice 9

Appendix D

1 Policy

Detailed below is Kroll's policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

1.1 Staff Allocation and the use of Sub-contractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, a Senior Associate, an Associate and an Analyst. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. Our charge out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg, report compilation and distribution, do we seek to charge and recover our time in this regard.

We have not utilised the services of any sub-contractors in this case.

1.2 Professional Advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Brodies LLP (legal advice)	Hourly rate and disbursements

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Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

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2 Charge-out Rates

A schedule of Kroll charge-out rates for this assignment effective from 1 January 2008 is detailed below

	(Per hour) £
Partner/Director	
Partner 1*	385
Partner 2*	340
Director	300
Senior Associate	
Senior Associate 1*	265
Senior Associate 2*	240
Associate/Analyst	
Associate	210
Analyst*	185
Junior Analyst and Support Staff	
Junior Analyst*	100
Senior Treasury Associate	150
Treasury Associate	95
Treasury Analyst	70
Support	70
*Key	
Partner 1 – Partners with 3 or more years experience at partner level Partner 2 – Partners with less than 3 years experience at partner level Senior Associate 1 – Staff who have been Senior Associates for over 2 years Senior Associate 2 – Staff who have been Senior Associates for less than 2 years Analyst – Staff who have been Analysts for more than 1 year Junior Analyst – First year Analysts	