



DFNN GROUP OF COMPANIES

Via ODiSy

November 11, 2011

PHILIPPINE STOCK EXCHANGE, INC.

Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

Attention: **Ms. Janet A. Encarnacion**
HEAD, Disclosure Department

Gentlemen:

We wish to inform the Exchange that DFNN, Inc. ("**DFNN**") a listed company has agreed to acquire and increase its shares in Inter-Active Entertainment Solutions Technologies, Inc. ("**IEST**") via a Debt to Equity Conversion, Primary Infusion and a stock swap. The respective Boards of each company have authorized their Executive Officers to enter into agreements, which would complement and expand the gaming business subject to the final approval of their respective Boards, Due Diligence, and their respective shareholder's approvals. The details of which are listed below:

HEADS OF AGREEMENT

Between IEST and DFNN, (a Philippine registered company listed on the Philippine Stock Exchange)

The following are the salient points of the Heads of Agreement:

- 1.) Subject to :
 - a. Due Diligence
 - b. Board Approval by the BOD of both Companies
 - c. Shareholder Approval by both Companies
 - d. Approval of the relevant regulatory bodies concerned

- 2.) DFNN shall acquire a minimum of 25% of IEST via a combination of a debt to equity conversion, a primary share infusion, and a stock swap between the companies.



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- 3.) Valuation basis for the purpose of acquisition of IEST
- a.) Post acquisition Enterprise Value of Six Hundred Fifty Million Pesos (P650,000,000.00) for IEST
 - b.) Subject to an Independent Third Party Valuation of the Business of IEST
 - c.) IEST Selling Shareholders have agreed to the price of Fifteen Pesos (P15.00) per share of DFNN Inc. for the portion of the stock swap

4.) Timeline for Definitive Agreement

Both parties agree to a 90-day period from signing of Heads of Agreement to negotiate the terms and execute a Definitive Agreement, which will be authorized by their respective boards and subsequently presented to their respective shareholders for approval. Upon expiration of such period, the parties may extend the same or the Heads of Agreement shall be considered expired.

Inter-Active Entertainment Solutions Technologies, Inc is a leading information technology solutions provider in the Philippines which provides betting and gaming technologies to Philippine Amusement and Gaming Corporation (PAGCOR). Currently, IEST provides a betting platform for a variety of sporting and non-sporting events through POS terminals and interactively through authorized PAGCOR Gaming Venues. As a complement to the betting platform for sports and non-sporting events, IEST also provides InstaWin type games. This system allows PAGCOR to operate in a similar manner to other worldwide recognized gaming jurisdictions.

By: DFNN, Inc.



Patricia De Las Cagigas
Corporate Information Officer

Date: November 11, 2011