

DEVILFISH GAMING plc
FINANCIAL STATEMENTS

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Company Registration Number: 6400833

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

CONTENTS

	Page
Company Information	1
Directors' report	2 - 5
Independent auditors' report	6
Group income statement	7
Group and Company balance sheets	8
Group statement of changes in equity	9
Group cash flow statement	10
Notes to the financial statements	11 - 26

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

COMPANY INFORMATION

Directors	:	Paul J Barnes – Chief Executive Officer David Boden - Executive Chairman Andrew J A Flitcroft – Chief Financial Officer Karl Hutson – Chief Operating Officer Kevin R Leech – Non Executive Director
Secretary	:	Andrew Flitcroft
Company Number	:	6400833
Registered Office and Business Address	:	29A Stamford New Road Altrincham Cheshire WA14 1EB
Auditors	:	Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU
Solicitors	:	City Law Pellipar House 9 Cloak Lane London EC4R 2RU
Bankers	:	Barclays Private Clients International Limited PO Box 8 39-41 Broad Street St Helier Jersey JE4 8PU
Corporate Advisor and Broker:		Religare Hichens Harrison & Co. Plc 100 Cannon Street London EC4N 6EU

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

DIRECTORS' REPORT

The directors present their report and financial statements of the company and the Group for the year ended 30 June 2009.

Incorporation

The company is listed on the PLUS market and holds 100% of the share capital of Devil Fish Poker Limited, an online gaming and poker company operating on the Entraction network.

Principal activities and review of the business

The principal activity of the Group is to promote the website devilfish.com and associated websites through which members can participate in multi-player poker and other online gaming products via the internet. The Group also offers professional services and is seeking strategic partners and brand alliances.

On 8 June 2009 the Company, as part of Placing and Open Offer of 10,000,000 New Ordinary Shares of 1p each at 3p per share raised approximately £300,000 before expenses, which amounted to approximately £48,000 (excluding VAT) of which £5,000 was settled by the issue of 166,667 new Ordinary Shares to Religare Hichens, Harrison plc, the company's brokers, at the Offer Price. The net proceeds of the Placing and Open Offer have enabled the Group to continue its present operations and to enrich the marketing mix to include, *inter alia*, Paid Search (e.g. pay-per-click, Google "Adwords" etc.), and to allocate funds for further select advertising, sponsorship, promotions and customer relationship management, with the objective of reducing the cost per acquisition of new players to improve the contribution margins, grow revenues further and provide the Group with further working capital to continue the search for strategic partners in the industry.

Throughout the whole of the year to 30 June 2009 the Group's activities have been carried out via a marketing partnership with Entraction. Entraction is licensed in Malta, a member state of the European Union and the European Economic Area. This license arrangement allows Entraction, and through it the Company, to market games, *inter alia*, in the UK, as Malta is on the UK's "White List" of approved jurisdictions. This now well established key supplier relationship with the Entraction network allows the Group to market legally in the UK and elsewhere.

It is not yet deemed legally possible to enter the US Market, but it is the Board's intention for the Group to do so when and if the legal environment were ever to allow it. The Group is keeping a close eye on current legislative lobbying in the USA in relation to legalising online poker.

The Group consists of a small team operating on a very low spend. Given the highly competitive nature of the online poker market, our current growth focus is on diversification and strategic alliances, whilst maintaining and growing the core online gaming business. We aim to position ourselves optimally within the changing environment, using our assets for the best return, and competing where we are strongest.

The Group is currently loss making but generating month-on-month revenue growth, achieving monthly gross revenue of over €100,000 for the first time in April 2009. Poker has been the main growth driver with monthly yield per active player in Q2 2009 being on average of €93 with an increasing number of active players and registered users, up from approximately 2,400 and over 8,000 respectively in February 2009 to approximately 3,700 and approximately 13,000 in July 2009. Additionally 30 and 90 day active rolling player numbers have increased from 625 and 1,055 respectively in January 2009 to 805 and 1,451 in July 2009.

The Group continues to work closely with its affiliates supporting general and specific promotions and online tournaments. These, together with the recognised Devilfish brand, attract new affiliate partners and players. Player liquidity on the Entraction network has continued to increase during 2009, which further assists growth and development.

In March 2009 the Group decided to cease operating "Cardroom2", a second card room, as the promised ability to brand it as "Devilfish" did not materialise. The revenues from Cardroom2 were negligible. The Group has also streamlined and simplified the online casino offering in order to facilitate marketing to casino players both directly and via affiliates. As well as saving costs, this has also enabled the Group to focus the marketing effort on one product per channel which the Directors believe will further drive revenue growth.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

DIRECTORS' REPORT (Continued)

Due to the changing market environment, the Board has decided to adopt a diversification strategy, which will be implemented with immediate effect.

Gaming Business, the Services Business and the Brand Licensing business

We regard ourselves as unique, because we operate an online gaming business and share that know-how with selected businesses using high-calibre in-house management consultants.

In addition, we own the valuable Devilfish brand, which we also license to 3rd parties in non-competing markets. The Group intends to soon announce initial clients for the Services Business, and we are actively seeking partners for brand alliances.

Our site ambassador, Dave "Devilfish" Ulliott has signed a deal whereby his autobiography will be published by Penguin. Ulliott is also in discussions in regard to a major movie project based on his life. This extra media exposure could work well for the further building of the Devilfish brand internationally.

We have also developed an online forum, which has already been soft-launched, and will be fully operational during September 2009, with the intention of increasing community activity on the site, and opening up another channel to communicate with our players.

The Board is now pleased to report that the affiliate management agreement with Income Access is progressing well who are now promoting both the Group's poker and casino channels. The Directors believe that this association will be of great benefit to the Group.

Following the successful raise of additional funds through the Placing and Open Offer, the Directors have approved the increased marketing and advertising spend in order to grow the Company's core Poker business which, together with a new marketing drive for Casino, is starting to result activity from an almost standing start. However, this upturn has been partially hampered by the seasonal slowdown in online gaming activity always experienced during the summer months. The Group continues to investigate other innovative niche gaming products. The Group continues to look for and explore potential acquisition targets as consolidation in the market is expected.

Gross Turnover for year ended 30 June 2009 was £695,072 (7 month period ended 30 June 2008: £21,763). Direct gaming costs totalled £217,828 resulting in a gross profit of £477,244 - a margin of 69%, before player bonuses, marketing and promotion costs. After charging company overheads this resulted in a net loss before taxation of £640,333 (7 month period ended 30 June 2008: £431,414). The year's loss reflects the significant expenditure during the year on advertising and promotion of the Devilfish brand and website which has seen strong revenue growth. In addition part way through the year the Directors implemented a cost cutting program removing any unnecessary expenditure which was felt to be under-productive and in addition the number of directors has been reduced with each agreeing to a temporary foregoing of their agreed remuneration. These measures have yet to provide a full year's impact and will further assist reported results in the future.

Devilfish.com now offers many different Poker and Casino games including the most popular Poker game variations and tournaments, Caribbean Stud, several table games such as Roulette and Blackjack, as well as a wide variety of slots, giving the on-line gamer a wide range of product choice. In the short time that we have been promoting the Devilfish brand on the Entraction platform, comparing like for like data in Q2 2009 and Q4 2008:

- Average daily poker revenue increased from €1,744 to €2,758
- Average daily net gaming revenue increased from €2,102 to €3,023
- Average daily deposits doubled from €2,651 to €5,432

We have also seen growth in new player registrations during this period. We expect growth to continue for the foreseeable future, especially as some of our marketing and brand building initiatives have been re-activated.

Since re-launch we have been offering a range of innovative "on-brand" promotions including regular "Devilfish" bounties and other unique value-added tournaments, as well as network wide guaranteed prize pool tournaments.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

DIRECTORS' REPORT (Continued)

The results for the year are set out on page 7.

The directors do not recommend payment of an ordinary dividend.

Future developments

It is currently envisaged that the Company will launch Devilfish Bingo in Q4 2009. We believe this is a positive move into a growth market which will attract an additional player demographic to Devilfish. We also have the option to offer our players a Sportsbook gaming product although the timings of this are yet to be decided. In addition we are investigating other innovative niche high-yield gaming products where we see an optimal mix of high brand value and low competition.

We continue to actively recruit and sign up capable affiliate partners to assist our growth. In order to attract the strongest companies in this area we have made a significant investment in a fully integrated affiliate management system which is proving to be widely appreciated by our existing affiliates and new affiliates coming on stream. The Devilfish brand and professional reputation of the business has meant that some significant and well respected affiliates have signed up or are showing interest in Devilfish Poker who will be able to drive sizeable traffic towards the site.

We are and will continue to review the market for potential acquisitions to add shareholder value.

Going concern

The directors believe that the group has adequate resources to continue its operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements.

Directors

The following directors have held office since 1 July 2008 or date of appointment if later:

Paul J Barnes

David Boden

appointed 28 July 2008

Andrew J A Flitcroft

Karl Hutson

Kevin R Leech

John Mulcahy

resigned 1 December 2008

Directors' interests

The interests of the directors in the shares of the company are as follows:

	Ordinary Shares		Share Options		
	30 June 2009	30 June 2008	30 June 2009	30 June 2008	
Paul Barnes	183,334	-	771,495	668,000	
			1,052,632	1,052,632*	
David Boden	1,016,666	-	728,883	650,000	Granted 28 June 2008
Andrew Flitcroft	133,333	50,000	807,738	720,000	
Karl Hutson	86,000	36,000	358,834	320,000	
			200,000	- *	Granted 25 June 2009
Kevin Leech	7,920,597	5,820,300	717,669	640,000*	
John Mulcahy	-	-	-	-	

The 7,920,597 shares held by Kevin Leech are held by Condor Ventures Limited (which is owned by a discretionary trust of which Kevin Leech, a non-executive director of the company, is a discretionary beneficiary).

All above shares options, other than those separately identified below, have an exercise price of 4.905p.

*Paul J Barnes additional options of 1,052,632 entitles Mr Barnes to subscribe for shares at 1p per share at any time from the second anniversary of Admission (5 March 2008) until the third anniversary of Admission. The options granted to Kevin Leech have an exercise price of 8.918p and the additional options granted to Karl Hutson have an exercise price of 3.5p. Further details in respect of the share options are disclosed in note 21 to the accounts.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

DIRECTORS' REPORT (Continued)

Substantial shareholders

The following shareholders hold more than 3% of the total issued shares of 42,166,667 of Devilfish Gaming plc

	30 June 2009	30 June 2008
Condor Ventures Limited	18.78%	-
La Vignette Ventures Limited	-	18.18%
David Ulliott	27.69%	27.68%
Channel Hotels & Properties Limited	13.63%	12.86%
Forest Nominees Limited	24.43%	32.29%
Pershing Nominees Limited	3.24%	3.32%

Payment of trade payables

It is the Group's current policy to establish payment terms with suppliers when agreeing terms of supply, to ensure that suppliers are made aware of the terms of payment, and to adhere to those terms.

Auditors

In accordance with section 489 of the Companies Act 2006, a resolution proposing that Hart Shaw LLP be reappointed as auditors to the company will be put to the Accounts Meeting.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

David Boden
Chairman

Dated: 17 November 2009

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DEVILFISH GAMING plc

We have audited the financial statements of Devilfish Gaming plc for the year ended 30 June 2009 which comprise the group income statement, the group and company balance sheets, the group statement of changes in equity, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 30 June 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**P Dawson (Senior Statutory Auditor)
for and on behalf of Hart Shaw LLP**

**Chartered Accountants
Statutory Auditor**

Dated: 19 November 2009

Europa Link
Sheffield Business Park
Sheffield
S9 1XU

DEVILFISH GAMING plc

FINANCIAL STATEMENTS

GROUP INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

		2009	Period ended 30 June 2008
	Notes	£	£
Revenue	4	695,072	21,763
Cost of sales	5	(217,828)	(39,055)
Gross profit/(loss)		<u>477,244</u>	<u>(17,292)</u>
Other income		7,845	7,788
Advertising, marketing and promotion	5	(558,248)	(97,831)
Other administrative expenses	5	(567,174)	(324,079)
Loss before taxation	6	<u>(640,333)</u>	<u>(431,414)</u>
Taxation expense	9	-	-
Loss for the period		<u>(640,333)</u>	<u>(431,414)</u>
 Earnings per share for profit attributable to the equity shareholders			
Basic earnings per ordinary share (p)	11	(0.019)	(0.019)
Diluted earnings per ordinary share (p)	11	(0.019)	(0.019)

The accounting policies and notes set out on pages 11 to 26 form an integral part of these consolidated financial statements. There are no recognised gains and losses other than those passing through the income statement.

The above income statement includes acquired activities.

FINANCIAL STATEMENTS

**GROUP AND COMPANY BALANCE SHEETS
AS AT 30 JUNE 2009**

	Notes	2009 Group £	2009 Company £	2008 Group £	2008 Company £
Assets					
Non-current assets					
Property, plant and equipment	12	927	-	2,436	-
Goodwill	13	2,049,689	-	2,049,689	-
Investment in subsidiary	14	-	1,950,000	-	1,950,000
Other intangibles	13	11,862	-	11,862	-
		<u>2,062,478</u>	<u>1,950,000</u>	<u>2,063,987</u>	<u>1,950,000</u>
Current assets					
Trade and other receivables	15	117,521	14,225	56,558	26,247
Amounts receivable from subsidiary undertakings		-	632,709	-	406,609
Cash and cash equivalents		231,926	187,164	573,072	513,059
		<u>349,447</u>	<u>834,098</u>	<u>629,630</u>	<u>945,915</u>
Total assets		<u>2,411,925</u>	<u>2,784,098</u>	<u>2,693,617</u>	<u>2,895,915</u>
Equity and liabilities					
Equity					
Issued share capital	18	421,667	421,667	320,000	320,000
Share premium	19	2,866,772	2,866,772	2,709,362	2,709,362
Retained earnings		(1,025,870)	(562,269)	(431,414)	(182,721)
	17	<u>2,262,569</u>	<u>2,726,170</u>	<u>2,597,948</u>	<u>2,846,641</u>
Current liabilities					
Trade and other payables	16	149,356	57,928	95,669	49,274
Total current liabilities		<u>149,356</u>	<u>57,928</u>	<u>95,669</u>	<u>49,274</u>
Total equity and liabilities		<u>2,411,925</u>	<u>2,784,098</u>	<u>2,693,617</u>	<u>2,895,915</u>

Company amounts receivable from subsidiary undertakings amounting to £632,709 (2008: £406,609) are due after more than 1 year.

Approved by the Board for issue on 17 November 2009

Andrew Flitcroft
Finance Director

The accounting policies and notes set out on pages 11 to 26 form an integral part of these consolidated financial statements

DEVILFISH GAMING plc

FINANCIAL STATEMENTS

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Number of shares	Nominal Value £	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 16 October 2007	-	-	-	-	-	-
Loss for period	-	-	-	-	(431,414)	(431,414)
Total recognised income and expense for the period	-	-	-	-	(431,414)	(431,414)
Issue of share capital:						
Initial issue at incorporation	2	0.10	0.20	-	-	0.20
Conversion of debt to equity	499,998	0.10	49,999.80	-	-	49,999.80
Reclassification of shares to 1p nominal value	5,000,000	0.01	50,000	-	-	50,000
Share swap for acquisition of Devilfish Poker	15,000,000	0.01	150,000	1,800,000	-	1,950,000
IPO share issue	12,000,000	0.01	120,000	909,362	-	1,029,362
Balance at 30 June 2008	32,000,000	0.01	320,000	2,709,362	(431,414)	2,597,948
Loss for the year			-	-	(640,333)	(640,333)
Fair value of share options					45,877	45,877
Allotment of 1p ordinary shares	10,166,667	0.01	101,667	157,410	-	259,077
Balance at 30 June 2009	42,166,667	0.01	421,667	2,866,772	(1,025,870)	2,262,569

DEVILFISH GAMING plc

FINANCIAL STATEMENTS

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 £	2008 £
Cash flow from operating activities		
Loss before taxation	(640,333)	(431,414)
Adjustments for:		
Depreciation	3,356	712
Fair value of share options	45,877	-
Investment income	(7,845)	(7,788)
Increase in trade and other receivables	(60,963)	(47,979)
Increase in trade and other payables	53,687	61,087
Net cash outflow from operating activities	<u>(606,221)</u>	<u>(425,382)</u>
Cash flows from investing activities		
Purchase of non-current assets	(1,847)	(4,617)
Net cash acquired in acquisitions	-	(34,079)
Interest received	7,845	7,788
Net cash inflow/(outflow) from investing activities	<u>5,998</u>	<u>(30,908)</u>
Cash flow from financing activities		
Proceeds from issue of share capital	259,077	1,029,362
Net cash inflow from financing activities	<u>259,077</u>	<u>1,029,362</u>
Net (decrease)/increase in cash in the year	(341,146)	573,072
Cash and cash equivalents at the beginning of the year	573,072	-
Cash and cash equivalents at the end of the year	<u>231,926</u>	<u>573,072</u>

The accounting policies and notes set out on pages 11 to 26 form an integral part of these consolidated financial statements.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Notes to the financial information

1 General information

The principal activities of Devilfish Gaming plc (“the company”) and its subsidiary (together “the group”) are earning commissions through signed up members gained by advertising and promoting the company's website.

The company is a public limited company incorporated and domiciled in the United Kingdom, having a registered office at 29A Stamford New Road, Altrincham, Cheshire, WA14 1EB

The registered number of the company is 6400833

2 Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards [IFRS] as developed and published by the International Accounting Standards Board [IASB] as adopted by the European Union [EU], IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

Standards, amendments and interpretations to existing standards that have been issued and are effective at the balance sheet date have been applied in the financial statements.

The financial information has been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain financial assets at fair value through the income statement.

The preparation of financial information in conformity with IFRS requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in the summary of significant accounting policies below.

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3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired, including separately identifiable intangible assets, is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Acquired intangible assets - business combinations

Intangible assets that are acquired as a result of a business combination and that can be separately measured at fair value on a reliable basis are separately recognised on acquisition at their fair value. Amortisation is charged on a straight-line basis to the income statement over their expected useful economic lives.

Amortisation of intangible assets

Intangible assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Devilfishpoker.com URL	Infinite
Website design	1 year

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Impairment of intangible assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment when events or a change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows (cash generating units 'CGUs').

Property, plant and equipment

All property, plant and equipment is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is attributable to the acquisition of the items. Depreciation is provided at rates to write off the cost less estimated residual value of each asset over its estimated useful life, as follows:

Computer equipment	100%	straight line
Office equipment	33%	straight line

The residual values and lives of assets are reviewed and adjusted, if appropriate, at each balance sheet date.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of any provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "administrative expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the income statement.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Foreign currency translation

(a) Functional and presentation currency

The consolidated financial information is presented in pounds sterling, which is the group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Revenue recognition

Revenue from services is derived primarily by marketing online gaming products available by the groups associated websites. These online games comprise of Poker and Casino, with the revenue recognised in the accounting periods in which the underlying gaming transactions occur. Revenue represents the commission charged or tournament entry fees where the player has concluded his or her participation in the tournament. Casino revenue represents net house win. All revenue is calculated gross before any promotional bonuses.

Segmental reporting

A business segment is a group of assets or operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing services within a particular economic environment that is subject to different risks and returns from other segments in other economic environments.

Expenses

All expenses are accounted for on an accruals basis.

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure that optimises the cost of capital. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Capital comprises all components of equity; share capital, share premium, and retained earnings.

Equity Settled share option plan

The Company has applied the requirements of IFRS2 Share-based payments in accordance with current provisions. The company issues equity-settled share based payments to certain employees, which are measured at fair value at the date of grant. The fair value determined at the date of grant is expensed on a straight line basis over the vesting period, based on the company's estimate of shares that will eventually vest. The fair value is determined by use of the share based payments intrinsic value. Management do not believe the fair value can be measured reliably by use of an option pricing model, based on the fact that the company has only relatively recently obtained a listing and no reliable historical data is available.

Future changes in accounting policies - standards issued but not yet effective

A revised IAS 1, Presentation of Financial Statements, was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The revision is aimed at improving the users' ability to analyse and compare the information given in financial statements and will create significant changes to the format of the primary statements.

IFRS 8, operating segments, becomes effective 1 January 2009 and requires entities to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages. This may result in additional disclosure for the Group but will not materially impact its results.

The following standards are not expected to have any impact on the Group's financial statements:

- A revised IAS 23, borrowing costs, issued in March 2007 and effective for financial years beginning in or after 1 January 2009.
- A revision to IAS 27, consolidated and separate financial statements, issued in 2008 and effective 1 July 2009.
- An amendment to IFRS2, share based payment, effective for accounting periods beginning on or after 1 July 2009.
- A revision to IFRS 3, business combinations, will come into effect from July 2009.
- An amendment to IFRS 5, non-current assets held for sale and discontinued operations effective from 1 July 2009.
- An amendment to IAS 32, financial instruments: presentation and IAS 39, financial instruments: recognition and measurement effective from 1 July 2009.
- IFRIC 15, issued in July 2008, dealing with agreements for the construction of real estate.
- IFRIC 16, issued in July 2008, dealing with the hedging of net investments in foreign operations.
- IFRIC 17, issued in November 2008, dealing with the distribution of non-cash assets to owners.
- IFRIC 18, issued in November 2008, dealing with the transfer of assets from customers.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

4 Segmental analysis

Based on risks and returns, the directors consider that the primary reporting format is by business segment. The directors consider that there is only one business segment, being the commission earned through signed up members gained by advertising and promoting the company's website. Therefore, the disclosures for the primary segment have already been given in this financial information.

Geographical segment

	2009 £	2008 £
Revenue from services:		
UK	152,752	11,471
Other European	379,184	9,700
Rest of the world	163,136	592
Total	<u>695,072</u>	<u>21,763</u>

Non current assets – additions at cost

	2009 £	2008 £
UK	1,847	2,078,485
Other European	-	-
Rest of the world	-	-
Total	<u>1,847</u>	<u>2,078,485</u>

Balance sheet – Net book value of segment assets

	2009 £	2008 £
UK	2,062,478	2,063,987
Other European	-	-
Rest of the world	-	-
Total	<u>2,062,478</u>	<u>2,063,987</u>

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5 Expenses

The following material expenses are included in cost of sales:

	2009 £	2008 £
Entraction - set up fee	-	31,600

The following material expenses are included in advertising, marketing and promotion:

	2009 £	2008 £
Advertising and marketing	185,834	40,949
Promotional activity	333,059	22,069
PR costs	39,355	34,813

The following material expenses are included in administrative expenses:

	2009 £	2008 £
Directors' emoluments	270,081	146,850
Hotel and travel	34,860	31,960
Professional fees	50,846	72,650
Fair value of share options	45,877	-

6 Loss before tax

Loss before tax, all of which arises from the group's principal activities, is stated after charging:

	2009 £	2008 £
Auditors' remuneration:		
- Audit services	9,000	3,500
- Other services	4,134	7,500
Depreciation expense	3,356	712
Exchange differences	499	-

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

7 Loss attributable to the parent company

As permitted by section 408(4) of the Companies Act 2006, the company has not presented its own separate income statement. The loss for the period dealt with in the accounts of the parent company is £425,425 (2008: £182,721).

8 Key management and directors emoluments

	2009 £	2008 £
Directors' emoluments	270,081	146,850
Emoluments of the highest paid director	111,318	63,860

There are no employees of the group except for the directors.

9 Taxation expense

The taxation provision for the period is different to the standard rate of corporation tax in the UK of 28%. The differences are explained below:

	2009 £	2008 £
Loss before tax	(640,333)	(431,414)
Taxation at the UK corporation tax rate of 28% (2008 - 30%)	(179,293)	(129,424)
Effects of:		
Loss during the year	179,293	129,424
Tax expense	-	-

No deferred tax asset has been provided in respect of tax losses as their crystallisation is not certain. The subsidiary has pre acquisition tax losses brought forward and the deferred tax asset not provided for at 28% amounts to approximately £508,000. The amount of deferred tax not provided for in respect of post acquisition losses at 28% amounts to approximately £301,000.

10 Dividends

No dividends have been proposed by the company for the year ended 30 June 2009 or the prior period.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

11 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculations of diluted earnings per share are based on the basic earnings per share adjusted to allow for the issue of shares on the assumed conversion of all dilutive options.

Reconciliation of the earnings and weighted average number of shares in the calculations are set out below.

	2009			2008		
	Earnings £	Weighted average number of shares	Per share amount (pence)	Earnings £	Weighted average number of shares	Per share amount (pence)
Basic earnings per share	(640,333)	32,847,222	(0.019)	(431,414)	23,294,120	(0.019)
Diluted earnings per share	(640,333)	32,847,222	(0.019)	(431,414)	23,294,120	(0.019)

5,709,436 (2008: 4,265,632) share options have not been included in the above as they are anti-dilutive.

DEVILFISH GAMING plc**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009****12 Property, plant and equipment**

	Website £	Office equipment £	Total £
Cost			
At 16 October 2007	-	-	-
Additions via acquisitions of subsidiary	11,000	3,179	14,179
Additions	-	2,755	2,755
At 30 June 2008	11,000	5,934	16,934
Additions	-	1,847	1,847
At 30 June 2009	11,000	7,781	18,781
Accumulated depreciation			
Additions via acquisition of subsidiary	11,000	2,786	13,786
Charge for the period	-	712	712
At 30 June 2008	11,000	3,498	14,498
Charge for the year	-	3,356	3,356
At 30 June 2009	11,000	6,854	17,854
Net book amount			
At 30 June 2008	-	2,436	2,436
At 30 June 2009	-	927	927

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

13 Intangible assets – goodwill

Goodwill on consolidation	2009
	£
	<hr/>
Cost	
At 16 October 2007	-
Recognised on acquisition of subsidiary	2,049,689
At 30 June 2008	<hr/> 2,049,689
Additions	-
At 30 June 2009	<hr/> 2,049,689 <hr/>

Goodwill arising on consolidation represents the excess of the acquisition cost over the fair value of the group's share of the identifiable net assets of subsidiary acquired at the date of the acquisition. Under IFRS, goodwill is not amortised but is included at its net book value at date of acquisition and tested annually for impairment.

Intangible assets – other

	URL's
	£
	<hr/>
Cost	
At 16 October 2007	
Additions via acquisition of subsidiary	10,00
Additions	1,86
At 30 June 2008	<hr/> 11,86
Additions	
At 30 June 2009	<hr/> 11,86 <hr/>

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

14 Investments - unquoted equity investments

	2009 Company £
Cost	
At 16 October 2007	-
Additions	1,950,000
At 30 June 2008	1,950,000
Additions	-
At 30 June 2009	1,950,000

Significant equity investments

Company	Class of shares held	% held	Country of Incorporation	Nature of business	Capital and reserves at 30 June 2009	Loss for year
Devilfish Poker Ltd	Ordinary	100%	UK	Earning commission through signed up members on company's website	(563,288)	(214,907)

The subsidiary undertaking is consolidated.

15 Trade and other receivables

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Trade receivables	79,509	10,832	-	-
Prepayments	28,820	21,458	7,013	10,030
Other receivables	9,192	24,268	7,212	16,217
	117,521	56,558	14,225	26,247

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

16 Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade payables	102,903	62,562	33,952	33,815
Taxation and social security	14,918	2,673	14,918	2,673
Accrued expenses and other payables	31,535	30,434	9,058	12,786
	<u>149,356</u>	<u>95,669</u>	<u>57,928</u>	<u>49,274</u>

17 Reconciliation of movements in equity

	Group	Company
	£	£
At 16 October 2007	-	-
Issuance of founding shares	0.20	0.20
Shares issued for the conversion of debt to equity	49,999.80	49,999.80
Shares issued for the acquisition of Devil Fish Poker Limited	1,950,000	1,950,000
Shares issued for initial public offer	1,029,362	1,029,362
Loss for the period ended 30 June 2008	(431,414)	(182,721)
At 30 June 2008	<u>2,597,948</u>	<u>2,846,641</u>
Fair value of share options	45,877	-
Allotment of 1p ordinary shares	259,077	259,077
Loss for the year ended 30 June 2009	(640,333)	(379,548)
At 30 June 2009	<u>2,262,569</u>	<u>2,726,170</u>

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

18 Share capital

	2009 £	2008 £
50,000,000 ordinary share of 1p each	500,000	500,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
At start of period	320,000	-
Issue of shares during period	101,667	320,000
	<hr/>	<hr/>
	<u>421,667</u>	<u>320,000</u>

Reconciliation of movement of number of ordinary shares of 1p issued

	2009 Number	2008 Number
At start of period	32,000,000	-
Issue of ordinary shares in the period	10,166,667	32,000,000
	<hr/>	<hr/>
	<u>42,166,667</u>	<u>32,000,000</u>

On 8 June 2009 the company issued 10,166,667 ordinary shares in connection with the raising of funds.

19 Share premium account

	2009 £	2008 £
At start of year	2,709,362	-
Premium on issue of shares	203,333	2,880,000
Share issue costs	(45,923)	(170,638)
	<hr/>	<hr/>
	<u>2,866,772</u>	<u>2,709,362</u>

20 Related party transactions

The shares in the group are widely held and management does not consider the group to be controlled by any individual person or entity.

The remuneration of directors is disclosed in note 8. There were no other material transactions or balances between the group and its key management personnel or member of their close families.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

21 Share options

The company has a share option scheme under which options to subscribe for the company's shares are granted to the directors and other persons. The share options currently in existence were granted and are exercisable as follows:

Date granted	Exercise Price		Number of shares			Period exercisable	
	Original	Amended	2008	Granted	Rebased		
24 January 2008	10p	8.918p	1,360,000	-	165,046	1,525,046	5 March 2010 to 5 March 2018
		4.905p	720,000	-	87,378	807,378	
24 January 2008	1p		1,052,632	-	-	1,052,632	5 March 2010 to 5 March 2011
24 January 2008	10p	4.905p	1,008,000	-	122,329	1,130,329	5 March 2010 to 5 March 2015
27 March 2008	11.25p	10.032p	125,000	-	15,168	140,168	5 March 2010 to 5 March 2018
28 July 2008	10p	4.905p	-	650,000	78,883	728,883	5 March 2010 to 5 March 2018
25 June 2009	3.50p		-	325,000	-	325,000	25 June 2011 to 25 June 2018
			4,265,632	975,000	468,804	5,709,436	

Certain of the share options already granted were rebased at the Extraordinary General Meeting held on 8 June 2009, and their exercise prices were amended, as shown above.

The amendments to exercise price were initially calculated by multiplying the original option price by the fraction of ex-entitlement price of 4.905p divided by the closing mid-market value of 5.5p on 11 May 2009, except where this would reduce the option price below the nominal value of the shares.

In respect of executive directors who are option holders, the exercise price was further reduced to 4.905p, being the theoretical ex-entitlement price, in compensation for foregoing an element of their remuneration.

The theoretical ex-entitlement price was calculated based on 32,000,000 shares at 5.5p per share and 10,166,667 shares at 3p per share being the rights issue offer price.

The fair value of share options granted during the current year amounting to £45,877 has been charged to the profit and loss account.

On 1 July 2009 a further 50,000 share options were granted at an exercise price of 3.50p. The period in which the options can be exercised is 1 July 2011 to 1 July 2018.

22 Operating commitments

There were no non-cancellable operating commitments as at 30 June 2009 (2008: £nil).

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

23 Capital commitments

There were no commitments as at 30 June 2009 (2008: £nil).

24 Contingent liabilities

There were no contingent liabilities as at 30 June 2009 (2008: £nil).

25 Post balance sheet events

There are no post balance sheet events to disclose.

26 Going concern

The financial statements have been prepared on the going concern basis, which has been confirmed by the continued financial support of the directors.