DEVILFISH GAMING plc

FINANCIAL STATEMENTS

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

Company Registration Number: 6400833

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DEVILFISH GAMING plc

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

COMPANY INFORMATION

Directors	:	Paul J Barnes – Chief Executive Officer Andrew J A Flitcroft – Chief Financial Officer Karl Hutson – Chief Operating Officer
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 1 King's Arm Yard London EC2R 7AF
Bankers	:	Barclays Private Clients International Limited PO Box 8 39-41 Broad Street St Helier Jersey JE4 8PU
Corporate Advisor and Broker	:	Religare Capital Markets Plc 100 Cannon Street London EC4N 6EU

DIRECTORS' REPORT

The directors present their report and financial statements of the company and the Group for the year ended 30 June 2010.

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 during the year to 30 June 2010 was 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.

Throughout the whole of the year to 30 June 2010 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.

The Group again suffered a loss in the year to 30 June 2010. At the start of the calendar year 2010 working capital for the group has been supported by a short term unsecured loan. In addition the directors have taken significant reduced remuneration and more recently have been working on a pro bono basis to ensure the group can continue to trade. During this period we have also been assisted by our trading partners who have provided beneficial payment terms on amounts owed. Our aim of forming strategic alliances and funding was unsuccessful and as funds became run down we implemented a further cost cutting program together with a cessation to all but essential and network wide advertising and promotion expenditure.

The gaming business declined marginally during the second half of 2009 as competition continued to be strong in the market place. During 2010 as funding restrictions curtailed the business, revenues declined further placing further pressure on the group's cash flow

In early September 2010 the board of directors of Devilfish Gaming plc made the decision to dispose of its wholly owned trading subsidiary Devil Fish Poker Ltd under a formal tender process. There were several interested parties and the preferred bidder was chosen by means of best return to shareholders and, as a major element of the consideration was in the form of shares in the acquiring company, future upside on the acquiring company's shares.

During the year Kevin Leech resigned as a non executive director on 17 August 2010 due to ill health and David Boden resigned on 3 November 2010. The remaining board of directors would like to express their thanks to both Kevin and David for their commitment and service to Devilfish Gaming plc during their period of tenure and wish both success and good health for the future.

Gross Turnover for year ended 30 June 2010 was £783,353 (2009: £695,072). Direct gaming costs totalled £258,238 resulting in a gross profit of £525,115 - a margin of 67%, before player bonuses, marketing and promotion costs. After charging company overheads this resulted in a net loss before taxation, and stripping out the fair value cost of share options, of £2,143,121 (2009: £594.456).

Devilfish.com 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. The following compares like for like data in Q2 2010 and Q2 2009:

- Average daily poker revenue decreased from €1,744 to €1,537
- Average daily net gaming revenue decreased from €3,023 to €1,742
- Average daily deposits down from €5,432 to €4,627

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

The directors do not recommend payment of an ordinary dividend.

Future developments
Following the completion of the sale of Devil Fish Poker Ltd, Devilfish Gaming plc will be a non trading company listed on the PLUS market and will actively seek suitable and appropriate acquisitions to return value to its shareholders

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 2009 or date of appointment if later:

Paul J Barnes	
David Boden	resigned 3 November 2010
Andrew J A Flitcroft	
Karl Hutson	
Kevin R Leech	resigned 17 August 2010

Directors' interests

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

	Ordinary Shares at 30 June 2010 and 30 June 2009	Share Options at 30 June 2010 and 30 June 2009
Paul Barnes	183,334	771,495
		1,052,632*
Andrew Flitcroft	133,333	807,738
Karl Hutson	86,000	358,834
		200,000^

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 additional options granted to Karl Hutson of 200,000 have an exercise price of 3.5p.

Further details in respect of the share options are disclosed in note 21 to the accounts.

Substantial shareholders

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

	30 June 2010	30 June 2009
Condor Ventures Limited	18.78%	18.78%
David Ulliott	27.69%	27.69%
Channel Hotels & Properties Limited	13.63%	13.63%
Forest Nominees Limited	24.96%	24.43%
Pershing Nominees Limited	3.24%	3.24%

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
a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

b) 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

Andrew Flitcroft
Finance Director
On behalf of the Board

Dated: 30 November 2010

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 2010 which comprise the group income statement, the group and company statements of financial position, the group statement of changes in equity, the group statement of cash flows 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 to them 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 2010 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.

Emphasis of matter
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 25, Post balance sheet events, with regards to the impending sale of the group's trading subsidiary, Devil Fish Poker Limited. We have also considered the adequacy of the disclosure made in note 26 with regards to the company's ability to continue as a going concern. In view of the significance of these matters we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

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.

M Wharin (Senior Statutory Auditor)
for and on behalf of Hart Shaw LLP

Chartered Accountants, Statutory Auditor

Europa Link
Sheffield Business Park
Sheffield S9 1XU

Dated: 30 November 2010

FINANCIAL STATEMENTS

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 £	2009 £
Revenue	4	783,353	695,072
Cost of sales	5	(258,238)	(217,828)
Gross profit/(loss)		525,115	477,244
Other operating income		4,214	-
Other income		22	7,845
Interest payable		(116)	-
Advertising, marketing and promotion	5	(510,831)	(558,248)
Other administrative expenses	5	(415,433)	(567,174)
Impairment of goodwill	13	(1,719,689)	-
Loss before taxation	6	(2,116,718)	(640,333)
Taxation expense	9	-	-
Loss for the period		(2,116,718)	(640,333)

Earnings per share for profit attributable to the equity shareholders			
Basic earnings per ordinary share (p)	11	(0.050)	(0.019)
Diluted earnings per ordinary share (p)	11	(0.050)	(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.

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Notes	2010 Group £	2010 Company £	2009 Group £	2009 Company £
Assets					
Non-current assets					
Property, plant and equipment	12	687	-	927	-
Goodwill	13	330,000	-	2,049,689	-
Investment in subsidiary	14	-	330,000	-	1,950,000
Other intangibles	13	11,862	-	11,862	-
		342,549	330,000	2,062,478	1,950,000
Current assets					
Trade and other receivables	15	34,876	6,823	117,521	14,225
Amounts receivable from subsidiary undertakings		-	-	-	632,709
Cash and cash equivalents		5,143	847	231,926	187,164
		40,019	7,670	349,447	834,098
Total assets		382,568	337,670	2,411,925	2,784,098
Equity and liabilities					
Equity					
Issued share capital	18	421,667	421,667	421,667	421,667
Share premium	19	2,866,772	2,866,772	2,866,772	2,866,772
Retained earnings		(3,168,991)	(3,158,189)	(1,025,870)	(562,269)
	17	119,448	130,250	2,262,569	2,726,170
Current liabilities					
Trade and other payables	16	163,120	107,420	149,356	57,928
Loans		100,000	100,000		
Total current liabilities		263,120	207,420	149,356	57,928
Total equity and liabilities		382,568	337,670	2,411,925	2,784,098

Company amounts receivable from subsidiary undertakings amounting to £nil (2009: £632,709) are due after more than 1 year.

Approved by the Board for issue on 30 November 2010

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

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GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	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
Loss for the year					(2,116,718)	(2,116,718)
Fair value of share options					(26,403)	(26,403)
Balance at 30 June 2010	42,166,667	0.01	421,667	2,866,772	(3,168,991)	119,448

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	2010 £	2009 £
Cash flow from operating activities		
Loss before taxation	(2,116,718)	(640,333)
Adjustments for:		
Impairment of goodwill	1,719,689	
Depreciation	898	3,356
Fair value of share options	(26,403)	45,877
Interest	(6)	(7,845)
Decrease/(increase) in trade and other receivables	82,645	(60,963)
Increase in trade and other payables	13,764	53,687
Net cash outflow from operating activities	(326,131)	(606,221)
Cash flows from investing activities		
Purchase of non-current assets	(658)	(1,847)
Interest paid	(16)	-
Interest received	22	7,845
Net cash (outflow)/inflow from investing activities	(652)	5,998
Cash flow from financing activities		
Proceeds from loan	100,000	-
Proceeds from issue of share capital	-	259,077
Net cash inflow from financing activities	100,000	259,077
Net (decrease)/increase in cash in the year	(226,783)	(341,146)
Cash and cash equivalents at the beginning of the year	231,926	573,072
Cash and cash equivalents at the end of the year	5,143	231,926

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

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

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.

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.

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

The following Standards are effective for annual periods (and interim periods therein) ending 31 December 2010 or thereafter:

Amendments to IFRS – Group Cash settled Share based Payment Transactions

Amendments to IFRS 1 – Additional Exemptions for First time Adopters

IAS 32 Amendment – Classification of Rights Issues

IFRS 9 – Financial Instruments: Classification and Measurement

IAS 24 Amendment – Related Party Disclosures

IFRIC 14 Amendment – Prepayments of a Minimum Funding Requirement

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Amendments to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures

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

	2010 £	2009 £
Revenue from services:		
UK	125,878	152,752
Other European	451,620	379,184
Rest of the world	205,855	163,136
Total	783,353	695,072

	2010 £	2009 £
Non current assets – additions at cost		
UK	658	1,847
Other European	-	-
Rest of the world	-	-
Total	658	1,847

	2010 £	2009 £
Balance sheet – Net book value of segment assets		
UK	342,549	2,062,478
Other European	-	-
Rest of the world	-	-
Total	342,549	2,062,478

5 Expenses

The following material expenses are included in cost of sales:

	2010 £	2009 £
Entraction - revenue share	160,922	126,451
Entraction - player deposit processing fees	64,452	49,549

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

	2010 £	2009 £
Advertising and marketing	193,828	185,834
Promotional activity	292,716	333,059
PR costs	24,287	39,355

The following material expenses are included in administrative expenses:

	2010 £	2009 £
Directors’ emoluments	255,356	270,081
Hotel and travel	19451	34,860
Professional fees	34,609	50,846
Fair value of share options	(26,403)	45,877

Of the charge for directors’ emoluments in 2010 £45,013 has yet to be paid and the directors have agreed, subject to certain conditions, to convert this unpaid element into share capital in Devilfish Gaming plc at a future date.

6 Loss before tax

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

	2010 £	2009 £
Auditors’ remuneration:		
- Audit services	9,000	9,000
- Other services	-	4,134
Depreciation expense	898	3,356
Exchange differences expense/(gain)	(923)	499

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 £2,569,517 (2009: £425,425).

8 Key management and directors emoluments

	2010 £	2009 £
Directors' emoluments	255,356	270,081
Emoluments of the highest paid director	98,910	111,318

Of the amount paid to the highest paid director in 2010 £20,225 has yet to be paid and subject to certain conditions will be converted into share capital in Devilfish Gaming plc.

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:

	2010 £	2009 £
Loss before tax	(2,116,718)	(640,333)
Taxation at the UK corporation tax rate of 28%	(592,681)	(179,293)
Effects of:		
Loss during the year	592,681	179,293
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 £330,000.

10 Dividends

No dividends have been proposed by the company for the year ended 30 June 2010 or the prior period.

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.

	2010			2009		
	Earnings £	Weighted average number of shares	Per share amount (pence)	Earnings £	Weighted average number of shares	Per share amount (pence)
Basic earnings per share	(2,116,718)	42,166,667	(0.050)	(640,333)	32,847,222	(0.019)
Diluted earnings per share	(2,116,718)	42,166,667	(0.050)	(640,333)	32,847,222	(0.019)

5,709,436 (2009: 5,709,436) share options have not been included in the above as they are anti-dilutive.

12 Property, plant and equipment

	Website	Office equipment	Total
	£	£	£
Cost			
At 30 June 2009	11,000	7,781	18,781
Additions	-	658	658
At 30 June 2010	11,000	8,439	19,439
Accumulated depreciation			
At 30 June 2009	11,000	6,854	17,854
Charge for the year	-	898	898
At 30 June 2010	11,000	7,752	18,752
Net book amount			
At 30 June 2009	-	927	927
At 30 June 2010	-	687	687

13 Intangible assets – goodwill

	£
Cost	
At 30 June 2009	2,049,689
Additions	-
At 30 June 2010	2,049,689
Impairment	
At 30 June 2009	-
Charge for year	1,719,689
At 30 June 2010	1,719,689
Net book amount	
At 30 June 2009	2,049,689
At 30 June 2010	330,000

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.
The impairment relates to the value of the subsidiary company Devil Fish Poker Limited as disclosed in note 25.

Intangible assets – other

URL's

	£
Cost	
At 30 June 2009	11,862
Additions	-
At 30 June 2010	11,862

14 Investments - unquoted equity investments

	Company
	£
Cost	
At 30 June 2009	1,950,000
Additions	-
At 30 June 2010	1,950,000
Impairment	
At 30 June 2009	-
Charge for year	1,620,000
At 30 June 2010	1,620,000
Net book amount	
At 30 June 2009	1,950,000
At 30 June 2010	330,000

Significant equity investments

Company	Class of shares held	% held	Country of Incorporation	Nature of business	Capital and reserves at 30 June 2010	Loss for year
Devilfish Poker Ltd	Ordinary	100%	UK	Earning commission through signed up members on company's website	(669,618)	(106,328)

The subsidiary undertaking is consolidated.

15 Trade and other receivables

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Trade receivables	24,771	79,509	-	-
Prepayments	9,725	28,820	6,730	7,013
Other receivables	380	9,192	93	7,212
	34,876	117,521	6,823	14,225

16 Trade and other payables

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Trade payables	121,376	102,903	86,860	33,952
Taxation and social security	11,832	14,918	11,832	14,918
Accrued expenses and other payables	29,912	31,535	8,728	9,058
	163,120	149,356	107,420	57,928

17 Reconciliation of movements in equity

	Group	Company
	£	£
At 30 June 2009	2,262,569	2,726,170
Fair value of share options	(26,403)	(26,403)
Loss for the year ended 30 June 2010	(2,116,718)	(2,569,517)
At 30 June 2010	119,448	130,250

18 Share capital

	2010 £	2009 £
Authorised share capital		
50,000,000 ordinary share of 1p each	500,000	500,000
Allotted, called up and fully paid		
42,166,667 ordinary shares of 1p each	421,667	421,667

19 Share premium account

	2010 £	2009 £
At start of year	2,866,772	2,709,362
Premium on issue of shares	-	203,333
Share issue costs	-	(45,923)
	2,866,772	2,866,772

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.

During the year Devilfish Gaming plc received a loan of £100,000 during the year from La Vignette Ventures Limited. The balance outstanding at 30 June 2010 is £100,000 (2009: £nil). La Vignette Ventures Limited is owned by a discretionary trust of which Kevin R Leech, who, during the year to 30 June 2010, was a director of Devilfish Gaming plc, is a discretionary beneficiary. The loan is interest free and unsecured, there are no formal terms of repayment.

There were no other material transactions or balances between the group and its key management personnel or member of their close families.

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 at 2009 and 2010	Period exercisable
24 January 2008	8.918p 4.905p	1,525,046 807,378	5 March 2010 to 5 March 2018
24 January 2008	1p	1,052,632	5 March 2010 to 5 March 2011
24 January 2008	4.905p	1,130,329	5 March 2010 to 5 March 2015
27 March 2008	10.032p	140,168	5 March 2010 to 5 March 2018
28 July 2008	4.905p	728,883	5 March 2010 to 5 March 2018
25 June 2009	3.50p	325,000	25 June 2011 to 25 June 2018
		5,709,436	

22 Operating commitments

There were no non-cancellable operating commitments as at 30 June 2010 (2009: £nil).

23 Capital commitments

There were no commitments as at 30 June 2010 (2009: £nil).

24 Contingent liabilities

There were no contingent liabilities as at 30 June 2010 (2009: £nil).

25 Post balance sheet events

On 8 November 2010 Devilfish Gaming plc signed a Heads of Terms agreement to dispose of its wholly owned trading subsidiary Devil Fish Poker Ltd for a consideration of £330,000 made up of cash on completion of the sum of £40,000 together with the allotment to Devilfish Gaming plc of 29,000,000 (twenty nine million) new ordinary shares in the acquiring company (**"Consideration Shares"**) as is equal to a value of £290,000. If following calculation of the value of the Consideration Shares, the value of each Consideration Share is 0.95p or less, the acquirer shall allot further shares sufficient to equal £290,000, subject always to the maximum amount of 30,000,000 (thirty million) ordinary shares being allotted to Devilfish Gaming plc.

26 Going concern

The financial statements have been prepared on the going concern basis, the disposal of Devil Fish Poker Ltd will bring required funding to the company and along with the reorganisation of debts and reduced expenditure the directors forecast that the company will have sufficient resources to continue for the foreseeable future.