

DEVILFISH GAMING plc
FINANCIAL STATEMENTS

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Company Registration Number: 06400833

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

COMPANY INFORMATION

Directors	:	Andrew J A Flitcroft – Chief Executive Officer Richard I Walker – Non Executive 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	:	Coop P.O Box 101 1 Balloon Street Manchester M60 4EP
Corporate Advisor and Broker:		Rivington Street Corporate Finance 3 rd Floor 3 London Wall Buildings London EC2M 5SY

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

DIRECTORS' REPORT

The directors present their report and financial statements of the company and the Group for the year ended 30 June 2011.

Incorporation

The company is listed on the PLUS market.

Principal activities and review of the business

Due to difficult economic conditions and insufficient resources, the Company and the Directors were unable to adequately market the "Devilfish" brand. In addition the varying legal environment in different parts of the world meant that the Company's operations were further restricted in certain jurisdictions. As a result of this and due to increasing competition in the market, revenues declined. The Board then decided that it was in the best interests of the Company and of Shareholders to dispose of its wholly owned subsidiary Devil Fish Poker Limited ("DFP") and subsequently announced on 21 December 2010, that it had agreed to dispose of DFP to The Weather Lottery plc, an online gaming and lottery management company listed on AIM. The total consideration for DFP amounted to £330,000, which was satisfied by a cash payment of £40,000 with the balance of £290,000 satisfied by the issue of 30,000,000 ordinary shares of 0.1p each in TWL.

The Company has been seeking a suitable acquisition or merger since this date and although targets identified, negotiations have proved very slow to progress.

However the Board expects to be in a position to provide shareholders with an update shortly.

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 and short term cash funding the company will actively seek suitable and appropriate acquisitions to recover some 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 2010 or date of appointment if later:

Paul J Barnes	resigned 31 December 2010
David Boden	resigned 3 November 2010
Andrew J A Flitcroft	
Karl Hutson	resigned 31 December 2010
Kevin R Leech	resigned 17 August 2010
Richard I Walker	appointed 24 November 2010

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

DIRECTORS' REPORT (Continued)

Directors' interests

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

	Ordinary Shares at 30 June 2011 and 30 June 2010	Share Options at 30 June 2011 and 30 June 2010
Andrew Flitcroft	133,333	807,738

All above shares options have an exercise price of 4.905p.

Further details in respect of the share options are disclosed in note 22 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 2011	30 June 2010
Condor Ventures Limited	18.78%	18.78%
David Ulliott	27.69%	27.69%
Channel Hotels & Properties Limited	13.63%	13.63%
Forest Nominees Limited	15.81%	24.96%
Mrs F J Carmichael	4.74%	
Pershing Nominees Limited		3.24%
Mr P Harrison	3.11%	

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.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

DIRECTORS' REPORT (Continued)

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
Director
On behalf of the Board

Dated: 5 December 2011

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 2011 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 chapter 3 of Part 16 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 and express an opinion on the group 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 Group's and the Parent 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. In addition, we read all the financial and non financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2011 and of its loss for the year then ended;
- The Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- The Parent Company Financial Statements have been properly prepared in accordance International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; 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: 5 December 2011

Europa Link
Sheffield Business Park
Sheffield S9 1XU

DEVILFISH GAMING plc

FINANCIAL STATEMENTS

GROUP INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 £	2010 £
Revenue	4	174,832	783,353
Cost of sales	5	(76,172)	(258,238)
Gross profit/(loss)		98,660	525,115
Other operating income		-	4,214
Other income		-	22
Interest payable		(689)	(116)
Advertising, marketing and promotion	5	(85,193)	(510,831)
Other administrative expenses	5	(127,889)	(415,433)
Impairment of goodwill	13	-	(1,719,689)
Write off of investment	15	(260,000)	-
Loss on ordinary activities		(375,111)	(2,116,718)
Profit on the sale of subsidiary		34,642	
Loss before taxation		(340,469)	(2,116,718)
Taxation expense	9	-	-
Loss for the period		(340,469)	(2,116,718)
Earnings per share for profit attributable to the equity shareholders			
Basic earnings per ordinary share (p)	11	(0.008)	(0.050)
Diluted earnings per ordinary share (p)	11	(0.008)	(0.050)

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 post tax losses of discontinued activities of £23,840.

DEVILFISH GAMING plc (Company Registration Number 6400833)**FINANCIAL STATEMENTS****GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Notes	2011 Group £	2011 Company £	2010 Group £	2010 Company £
Assets					
Non-current assets					
Property, plant and equipment	12	-	-	687	-
Goodwill	13	-	-	330,000	-
Share Investment	15	30,000	30,000	-	-
Investment in subsidiary	14	-	-	-	330,000
Other intangibles	13	-	-	11,862	-
		<u>30,000</u>	<u>30,000</u>	<u>342,549</u>	<u>330,000</u>
Current assets					
Trade and other receivables	16	9,907	9,907	34,876	6,823
Amounts receivable from subsidiary undertakings		-	-	-	-
Cash and cash equivalents		4,272	4,272	5,143	847
		<u>14,180</u>	<u>14,180</u>	<u>40,019</u>	<u>7,670</u>
Total assets		<u>44,180</u>	<u>44,180</u>	<u>382,568</u>	<u>337,670</u>
Equity and liabilities					
Equity					
Issued share capital	20	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		(3,528,933)	(3,528,933)	(3,168,991)	(3,158,189)
	18	<u>(240,494)</u>	<u>(240,494)</u>	<u>119,448</u>	<u>130,250</u>
Current liabilities					
Trade and other payables	17	179,674	179,674	163,120	107,420
Loans		105,000	105,000	100,000	100,000
Total current liabilities		<u>284,674</u>	<u>284,674</u>	<u>263,120</u>	<u>207,420</u>
Total equity and liabilities		<u>44,180</u>	<u>44,180</u>	<u>382,568</u>	<u>337,670</u>

Approved by the Board for issue on 5 December 2011

Andrew Flitcroft
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 2011

	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
Loss for the year					(340,469)	(340,469)
Fair value of share options					(19,473)	(19,473)
Balance at 30 June 2011	42,166,667	0.01	421,667	2,866,772	(3,528,933)	(240,494)

DEVILFISH GAMING plc

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GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	2011 £	2010 £
Cash flow from operating activities		
Loss before taxation	(340,469)	(2,116,718)
Adjustments for:		
Profit on sale of subsidiary	(34,642)	
Impairment of goodwill	-	1,719,689
Write off of investment	260,000	-
Depreciation	376	898
Fair value of share options	(19,473)	(26,403)
Interest	689	(6)
Decrease/(increase) in trade and other receivables	22,877	82,645
Increase in trade and other payables	70,883	13,764
Net cash outflow from operating activities	<u>(39,759)</u>	<u>(326,131)</u>
Cash flows from investing activities		
Proceeds from sale of subsidiary net of cash disposed	324,577	
Purchase of non-current assets	(290,000)	(658)
Interest paid	(689)	(16)
Interest received		22
Net cash (outflow)/inflow from investing activities	<u>33,888</u>	<u>(652)</u>
Cash flow from financing activities		
Proceeds from loan	5,000	100,000
Proceeds from issue of share capital	-	-
Net cash inflow from financing activities	<u>5,000</u>	<u>100,000</u>
Net (decrease)/increase in cash in the year	(871)	(226,783)
Cash and cash equivalents at the beginning of the year	5,143	231,926
Cash and cash equivalents at the end of the year	<u>4,272</u>	<u>5,143</u>

The accounting policies and notes set out on pages 11 to 27 form an integral part of these consolidated financial statements.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Notes to the financial information

1 General information

The principal activities of Devilfish Gaming plc (“the company”) is a non trading company.

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.

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 2011

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 2011

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 2011

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 30 June 2011 or thereafter:

Amendments to IFRS – Group Cash settled Share based Payment Transactions

Amendments to IFRS 1 – Additional Exemptions for First time Adopters

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

IFRS 9 – Financial Instruments: Classification and Measurement

IFRS 10 Consolidated Financial Statements.

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

IAS 1 Amendments to Presentation of Financial Statements

IAS 12 Amendments to Income Taxes

IAS 19 Amendments to Employment Benefits

IAS 24 Amendment Related Party Disclosures

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IAS 32 Amendment Classification of Rights Issues

DEVILFISH GAMING plc

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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

	2011 £	2010 £
Revenue from services:		
UK	9,465	125,878
Other European	24,666	451,620
Rest of the world	140,701	205,855
Total	174,832	783,353

	2011 £	2010 £
Non current assets – additions at cost		
UK	-	658
Other European	-	-
Rest of the world	-	-
Total	-	658

	2011 £	2010 £
Balance sheet – Net book value of segment assets		
UK	30,000	342,549
Other European	-	-
Rest of the world	-	-
Total	30,000	342,549

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

5 Expenses

The following material expenses are included in cost of sales:

	2011 £	2010 £
Entraction - revenue share	61,936	160,922
Entraction - player deposit processing fees	14,236	64,452

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

	2011 £	2010 £
Advertising and marketing	31,332	193,828
Promotional activity	53,486	292,716
PR costs	375	24,287

The following material expenses are included in administrative expenses:

	2011 £	2010 £
Directors' emoluments	81,101	255,356
Hotel and travel	2,958	19,451
Professional fees	31,351	34,609
Fair value of share options	(19,473)	(26,403)

Of the charge for directors' emoluments in 2011 £73,601 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 (2010 £45,013).

6 Loss before tax

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

	2011 £	2010 £
Auditors' remuneration:		
- Audit services	4,000	9,000
- Other services	-	-
Depreciation expense	376	898
Exchange differences expense/(gain)	(1,274)	(923)

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 £316,629 (2010: £2,569,517).

8 Key management and directors emoluments

	2011 £	2010 £
Directors' emoluments	81,101	255,356
Emoluments of the highest paid director	29,217	98,910

Of the amount paid to the highest paid director in 2011 £29,217 has yet to be paid and subject to certain conditions will be converted into share capital in Devilfish Gaming plc (2010 £20,225).

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 26% FY 2011 (28% FY 2010). The differences are explained below:

	2011 £	2010 £
Loss before tax	(340,469)	(2,116,718)
Taxation at the UK corporation tax rate of 27.5% (2010: 28%)	(93,629)	(592,681)
Effects of:		
Loss during the year	93,629	592,681
Tax expense	-	-

No deferred tax asset has been provided in respect of tax losses as their crystallisation is not certain.

10 Dividends

No dividends have been proposed by the company for the year ended 30 June 2011 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.

	2011			2010		
	Earnings £	Weighted average number of shares	Per share amount (pence)	Earnings £	Weighted average number of shares	Per share amount (pence)
Basic earnings per share	(340,469)	42,166,667	(0.008)	(2,116,718)	42,166,667	(0.050)
Diluted earnings per share	(340,469)	42,166,667	(0.008)	(2,116,718)	42,166,667	(0.050)

807,378 (2010: 5,709,436) share options have not been included in the above as they are anti-dilutive.

DEVILFISH GAMING plc

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12 Property, plant and equipment

	Website £	Office equipment £	Total £
Cost			
At 30 June 2010	11,000	8,439	19,439
Additions	-	-	-
Disposals	(11,000)	(8,439)	(19,439)
At 30 June 2011	-	-	-
Accumulated depreciation			
At 30 June 2010	11,000	7,752	18,752
Charge for the year	-	376	376
Disposals	(11,000)	(8,128)	(19,128)
At 30 June 2011	-	-	-
Net book amount			
At 30 June 2011	-	-	-
At 30 June 2010	-	687	687

DEVILFISH GAMING plc

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13 Intangible assets – goodwill

£

Cost

At 30 June 2010	2,049,689
Additions	-
Disposals	(2,049,689)
At 30 June 2011	-

Impairment

At 30 June 2010	1,719,689
Charge for year	-
Disposal in year	(1,719,689)
At 30 June 2011	-

Net book amount

At 30 June 2011	-
At 30 June 2010	330,000

Intangible assets – other

URL's

£

Cost

At 30 June 2010	11,862
Disposals	(11,862)
At 30 June 2011	-

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

14 Investments - unquoted equity investments

	Company £
Cost	
At 30 June 2010	1,950,000
Disposals	<u>(1,950,000)</u>
At 30 June 2011	<u>-</u>
Impairment	
At 30 June 2010	1,620,000
Disposal in year	<u>(1,620,000)</u>
At 30 June 2011	<u>-</u>
Net book amount	
At 30 June 2011	<u>-</u>
At 30 June 2010	<u>330,000</u>

Significant equity investments

Company	Class of shares held	% held	Country of Incorporation	Nature of business	Capital and reserves at 30 June 2011	Profit / (Loss) for the year
Devilfish Poker Ltd	Ordinary	100%	UK	Earning commission through signed up members on company's website	-	-

The subsidiary undertaking is consolidated and was disposed of on 21 December 2010.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

15 Investments - quoted equity investments

	Company £
Cost	
Additions	290,000
Disposals	-
At 30 June 2011	<u>290,000</u>
Impairment	
Charge in year	260,000
Disposal in year	-
At 30 June 2011	<u>260,000</u>
Net book amount	
At 30 June 2011	<u>30,000</u>

16 Trade and other receivables

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Trade receivables	-	24,771	-	-
Prepayments	3,412	9,725	3,412	6,730
Other receivables	6,495	380	6,495	93
	<u>9,907</u>	<u>34,876</u>	<u>9,907</u>	<u>6,823</u>

DEVILFISH GAMING plc

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17 Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade payables	172,283	121,376	172,283	86,860
Taxation and social security	1,868	11,832	1,868	11,832
Accrued expenses and other payables	5,523	29,912	5,523	8,728
	179,674	163,120	179,674	107,420

18 Reconciliation of movements in equity

	Group	Company
	£	£
At 30 June 2010	119,448	130,250
Fair value of share options	(19,473)	(19,473)
Loss for the year ended 30 June 2011	(340,469)	(351,271)
At 30 June 2011	(240,494)	(240,494)

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19 Share capital

	2011 £	2010 £
Authorised share capital		
50,000,000 ordinary share of 1p each	500,000	500,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
42,166,667 ordinary shares of 1p each	421,667	421,667
	<hr/>	<hr/>

20 Share premium account

	2011 £	2010 £
At start of year	2,866,772	2,866,772
Premium on issue of shares	-	-
Share issue costs	-	-
	<hr/>	<hr/>
	<u>2,866,772</u>	<u>2,866,772</u>

21 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 £5,000 from La Vignette Ventures Limited. The balance outstanding at 30 June 2011 is £105,000 (2010: £100,000). La Vignette Ventures Limited is owned by a discretionary trust of which Kevin R Leech, who, up until 17 August 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.

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

22 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 2011	Number of shares at 2010	Period exercisable
24 January 2008	8.918p 4.905p	807,738	1,525,046 807,378	5 March 2010 to 5 March 2018
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
		<hr/> 807,738 <hr/>	<hr/> 5,709,436 <hr/>	

23 Operating commitments

There were no non-cancellable operating commitments as at 30 June 2011 (2010: £nil).

24 Capital commitments

There were no commitments as at 30 June 2011 (2010: £nil).

25 Contingent liabilities

There were no contingent liabilities as at 30 June 2011 (2010: £nil).

DEVILFISH GAMING plc

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

26 Going concern

The financial statements have been prepared on the going concern basis, the directors forecast that the company will have sufficient resources to continue for the foreseeable future.