LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

Consolidated Financial Statements
December 31, 2010 and 2009
(Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Las Vegas From Home.com Entertainment Inc. are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal control to ensure that the Company's assets are protected from loss or improper use, transactions are authorized and properly recorded, and financial records are reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control through an audit committee, which is comprised primarily of non-management directors. The audit committee reviews the results of the audit and the annual financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements have been audited by Smythe Ratcliffe LLP, Chartered Accountants and their report outlines the scope of their examination and gives their opinion on the audited consolidated financial statements.

"Jacob H. Kalpakian"
……………………………………
Jacob H. Kalpakian, President

Vancouver, British Columbia
May 2, 2011

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

We have audited the accompanying consolidated financial statements of Las Vegas From Home.com Entertainment Inc., which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of operations, shareholders' equity and cash flows for the years the ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Las Vegas From Home.com Entertainment Inc. as at December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of $2,903,227 during the year ended December 31, 2010. These conditions, along with other matters set forth in note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP
Chartered Accountants

Vancouver, British Columbia
May 2, 2011

7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

Tel: 604 687 1231
Fax: 604 688 4675
smytheratcliffe.com

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Consolidated Balance Sheets
December 31

		2010		2009
Assets				
Current				
Cash and cash equivalents (notes 5(a) and 6)	$	175,340	$	851,006
Marketable securities (note 7)		0		73,200
Accounts receivable (note 8)		69,521		31,600
Due from related parties (note 12(a))		22,127		4,534
Prepaids		4,243		17,982
		271,231		978,322
Investment Deposit (note 10)		1,000,000		0
Lease Deposit		23,557		23,557
Equipment and Software Development (note 9)		272,162		402,619
Total Assets	$	1,566,950	$	1,404,498
Liabilities				
Current				
Accounts payable and accrued liabilities	$	170,197	$	160,360
Unearned revenues		41,998		0
		212,195		160,360
Shareholders' Equity				
Capital Stock (note 11)		32,611,929		31,219,593
Warrants (note 11(c))		1,203,386		0
Contributed Surplus (note 11(d))		3,656,296		3,248,274
Accumulated Other Comprehensive Loss		0		(10,100)
Deficit		(36,116,856)		(33,213,629)
Total Shareholders’ Equity		1,354,755		1,244,138
Total Liabilities and Shareholders' Equity	$	1,566,950	$	1,404,498

Commitments (note 14)
Subsequent Events (note 16)

Approved by the Directors

“Bedo H. Kalpakian”
.... Director
Bedo H. Kalpakian

“Neil Spellman”
.... Director
Neil Spellman

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Consolidated Statements of Operations
Years Ended December 31

	2010	2009
Revenues		
Sales	$ 282,636	$ 450,000
Licensing	296,475	316,524
	579,111	766,524
Expenses		
Advertising and promotion	146,536	140,946
Amortization	155,999	220,414
Bad debt	0	300
Consulting and professional fees	396,114	190,559
Foreign exchange loss (gain)	15,129	(6,885)
Legal, accounting and audit	103,944	119,891
Management fees (note 12(b))	360,000	360,000
Regulatory and transfer agent fees	11,326	10,584
Rent, office and miscellaneous	334,604	499,627
Salaries and benefits	1,717,523	1,883,981
Shareholder communication	1,017	2,183
Travel, meals and entertainment	190,177	170,703
	3,432,369	3,592,303
Loss Before Other Items	(2,853,258)	(2,825,779)
Other Items		
Interest income	424	55,165
Write-off of equipment	(261)	(3,407)
Loss on sale of equipment	(24,377)	0
Loss on sale of marketable securities	(25,755)	0
	(49,969)	51,758
Net Loss for Year	(2,903,227)	(2,774,021)
Other Comprehensive Income (Loss)		
Unrealized loss on marketable securities	0	(10,100)
Transfer of unrealized loss upon sale of marketable securities	10,100	0
Comprehensive Loss for Year	$ (2,893,127)	$ (2,784,121)
Basic and Diluted Loss Per Share	$ (0.02)	$ (0.03)
Weighted Average Number of Common Shares Outstanding	140,026,757	108,190,641

See notes to consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Consolidated Statements of Shareholders' Equity
Years Ended December 31

	Capital Stock					Accumulated Other Comprehensive	Total Shareholders'
	Shares	Amount	Deficit	Warrants	Contributed Surplus	Loss	Equity
Balance, December 31, 2008	107,149,545	$ 31,069,593	$ (30,439,608)	$ 50,000	$ 3,194,128	$ 0	$ 3,874,113
Net loss for year	0	0	(2,774,021)	0	0	0	(2,774,021)
Shares issued for cash	10,000,000	150,000	0	0	0	0	150,000
Transfer on expiry of warrants	0	0	0	(50,000)	50,000	0	0
Unrealized loss on marketable securities	0	0	0	0	0	(10,100)	(10,100)
Stock-based compensation	0	0	0	0	4,146	0	4,146
Balance, December 31, 2009	117,149,545	31,219,593	(33,213,629)	0	3,248,274	(10,100)	1,244,138
Net loss for year	0	0	(2,903,227)	0	0	0	(2,903,227)
Non-brokered private placement, net of share issuance costs	54,390,000	1,357,394	0	1,203,386	0	0	2,560,780
Exercise of options	226,000	22,600	0	0	0	0	22,600
Reclassification of contributed surplus on exercise of options	0	12,342	0	0	(12,342)	0	0
Transfer of unrealized loss upon sale of marketable securities	0	0	0	0	0	10,100	10,100
Stock-based compensation	0	0	0	0	420,364	0	420,364
Balance, December 31, 2010	171,765,545	$ 32,611,929	$ (36,116,856)	$ 1,203,386	$ 3,656,296	$ 0	$ 1,354,755

See notes to consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Consolidated Statements of Cash Flows
Years Ended December 31

	2010	2009
Operating Activities		
Net loss	$ (2,903,227)	$ (2,774,021)
Items not involving cash		
Amortization	155,999	220,414
Effect of foreign currency translation on cash	15,129	1,277
Stock-based compensation	420,364	4,146
Loss on sale of equipment	24,377	0
Write-off of equipment	261	3,407
Loss on sale of marketable securities	25,755	0
	(2,261,342)	(2,544,777)
Changes in non-cash working capital		
Accounts receivable	(37,921)	(8,774)
Due from related parties	(17,593)	(1,384)
Prepaids	13,739	(29,536)
Accounts payable and accrued liabilities	9,837	11,151
Unearned revenues	41,998	0
	10,060	(28,543)
Cash Used in Operating Activities	(2,251,282)	(2,573,320)
Financing Activity		
Proceeds from common shares and warrants issued, net of share issuance costs	2,583,380	150,000
Investing Activities		
Sale (purchase) of marketable securities	57,545	(83,300)
Proceeds from sale of equipment	2,440	0
Purchase of equipment	(52,620)	(14,449)
Investment deposit	(1,000,000)	0
Cash Used in Investing Activities	(992,635)	(97,749)
Effect of Foreign Currency Translation on Cash	(15,129)	(1,277)
Net Change in Cash and Cash Equivalents	(675,666)	(2,522,346)
Cash and Cash Equivalents, Beginning of Year	851,006	3,373,352
Cash and Cash Equivalents, End of Year	$ 175,340	$ 851,006
Supplemental Cash Flow Information		
Interest paid	$ 0	$ 0
Income tax paid	$ 0	$ 0

See notes to consolidated financial statements.

1. Nature of Operations

The principal business of Las Vegas From Home.com Entertainment Inc. (the "Company" or "LVFH") is the developing and marketing of software for online Asian multi-player interactive card games.

2. Going Concern

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast substantial doubt on the validity of this assumption. The Company has incurred significant operating losses over the past two fiscal years (2010: $2,903,227; 2009: $2,774,021), has a deficit of $36,116,856 (2009: $33,213,629), has limited revenues and resources, and has no assurances that sufficient funding will be available to continue operations for an extended period of time.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its shareholders. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost cutting measures. There can be no assurance that management's plan will be successful.

Although management believes that the Internet gaming related activities of the Company's wholly-owned subsidiaries represent lawful business, there is the risk that the legality of the Internet gaming related activities of the Company's wholly-owned subsidiaries may be challenged by Canadian or other legal authorities. If the legality of the Internet gaming related activities is challenged and the challenge is sustained, it may have a material adverse impact on the financial affairs of the Company.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

3. Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with the Canadian dollar as the Company's functional and reporting currency.

4. Significant Accounting Policies

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated.

4. Significant Accounting Policies (Continued)

(b) Financial instruments

The Company adopted changes effective January 1, 2009 to the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation", that place increased emphasis on disclosure about the nature of and risks arising from financial instruments and how the entity manages those risks. Section 3862 specifies disclosures that enable readers to evaluate: (i) the significance of financial instruments for the entity's financial position and performance; and (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item.

Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale financial instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

CICA Handbook Section 3862 establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(c) Comprehensive income (loss)

Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. Other comprehensive income (loss) consists of gains and losses affecting shareholders' equity that under GAAP are excluded from net income.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash and highly liquid investments that on demand are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. The Company places its cash and cash equivalents with institutions of high credit worthiness in Canada.

4. Significant Accounting Policies (Continued)

(e) Amortization

Amortization of software and development costs and furniture and equipment is calculated on the following bases and annual rates:

Software and development costs	- 5 years straight-line
Computer equipment	- 30% - 55% declining-balance
Office furniture	- 20% declining-balance

(f) Software development costs

Previously, the Company capitalized its software development costs. Research costs are expensed as incurred. Costs related to the development of software are expensed as incurred unless such costs meet the criteria for deferral and amortization under Canadian GAAP. The criteria includes identifiable costs attributable to a clearly defined product, the establishment of technical feasibility, identification of a market for the software, the Company's intent to market the software and the existence of adequate resources to complete the project. Software development costs are amortized over an estimated useful life of five years or prorated over its expected revenue stream, whichever is higher, beginning in the year when commercial sales of the products commence.

(g) Capital stock

The proceeds from the exercise of stock options and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Capital stock issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on relative fair values.

(h) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all share-based payments, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached, or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For directors, employees and non-employees, the fair value of the options is accrued and charged to operations, with the offset credit to contributed surplus, over the vesting period. If and when the stock options are exercised, the applicable amounts from contributed surplus are transferred to capital stock. The Company does not incorporate an estimated forfeiture rate for options that will not vest, but rather accounts for actual forfeitures when they occur.

(i) Revenue recognition

The Company recognizes revenues from licensees upon completion of each game according to the terms and conditions of each individual license agreement.

4. Significant Accounting Policies (Continued)

(i) Revenue recognition (Continued)

(i) Rake revenue from Company operated games

Rake revenue from customers playing on the Company's website is recognized when hands are played at a table, and is non-refundable.

(ii) Rake percentages from licensees

Rake revenue from licensees is recognized based on negotiated percentages of gross rake revenue as specified in the agreements with licensees, which varies from agreement to agreement. The Company recognizes its percentage of rake revenue at the end of each month based on the rake collected on behalf of the licensees.

(iii) Sales revenue

From time to time the Company may sell copies of its source code. Revenue from these sales is recognized in accordance with the specific terms of the respective sale agreement.

(j) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets is limited to the amount of the benefit that is more likely than not to be realized.

(k) Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;

(ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and

(iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rates in effect at the time of the transaction.

Gains and losses arising from this translation of foreign currency are included in net income (loss).

4. Significant Accounting Policies (Continued)

(l) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(m) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of these financial statements include accrued liabilities, assumptions used in the determination of fair value of stock-based compensation, rates of amortization for equipment and software development costs, and determination of valuation allowance for future income tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(n) Future accounting changes

(i) International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its March 31, 2011 interim financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended December 31, 2010. The Company is currently evaluating the impact of the conversion on the Company's consolidated financial statements and is considering accounting policy choices available under IFRS.

4. Significant Accounting Policies (Continued)

(n) Future accounting changes (Continued)

(ii) Business Combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", which replaces existing standards. This section will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value. In addition, the definition of a business will be expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are expensed as incurred. This section is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. The Company is currently evaluating the impact of the adoption of this section in the Company's consolidated financial statements.

(iii) Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements", which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. The Company is currently evaluating the impact of the adoption of this section in the Company's consolidated financial statements.

(iv) Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1602, "Non-Controlling Interests", which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to IFRS on consolidated and separate financial statements. This standard is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. The Company is currently evaluating the impact of the adoption of this section in the Company's consolidated financial statements.

5. Financial Instruments

The Company has classified its cash and cash equivalents as held-for-trading; marketable securities as available-for-sale; accounts receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of those financial instruments. Marketable securities are disclosed at fair value using quoted market prices, which is a Level 1 valuation technique.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

5. Financial Instruments (Continued)

(a) Credit risk

The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. The risk arises from the non-performance of counterparties of contractual financial obligations.

The Company's concentration of credit risk and maximum exposure thereto is as follows relating to funds held in Canada:

	2010	2009
Bank accounts	$ 158,090	$ 51,006
Term deposits	17,250	800,000
Balance	$ 175,340	$ 851,006

The Company is not exposed to significant credit risk.

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk on its accounts receivable from licensees and online processors. In order to reduce its credit risk with its licensees, the Company reviews all new licensees' credit history before extending credit. The credit risk associated with amounts due from online processors has been assessed as low by management, as the Company has strong working relationships with all its online processors.

Credit risk associated with amounts due from related parties has been assessed as low by management as the Company has strong working relationships with the related parties involved.

(b) Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company maintains substantially sufficient cash and cash equivalents at December 31, 2010 in the amount of $175,340 (2009 - $851,006) in order to meet short-term business requirements. At December 31, 2010, the Company had accounts payable excluding accrued liabilities of $100,197 (2009 - $90,360), which are due within 30 days.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The significant market risk exposures to which the Company is exposed are interest rate risk and foreign currency risk.

5. Financial Instruments (Continued)

(c) Market risk (Continued)

(i) Interest rate risk

The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. As of December 31, 2010, the Company did not have any cash equivalents and therefore the Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk, as it holds cash denominated in US dollars and in British pounds. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company is not exposed to significant currency risk on its financial instruments at year-end. The Company's reported earnings include gains/losses on foreign exchange, largely reflecting revaluation of its foreign operations. The future foreign exchange gain or loss would change based on the level of foreign operating activities.

At December 31, 2010, the Company is exposed to currency risk for its US dollar equivalent of financial assets and liabilities denominated in currencies other than US dollars as follows:

	Held in US dollars (stated in Canadian dollars)
Cash	$ 148,842
Accounts receivable	39,263
Accounts payable	(38,352)
Net financial assets (liabilities)	$ 149,753

Based upon the above net exposure as at December 31, 2010 and assuming all other variables remain constant, a 5% depreciation or appreciation of the US dollar relative to the Canadian dollar could result in a decrease/increase of $7,488 in the Company's net losses.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's marketable securities are carried at market value and are therefore directly affected by fluctuations in the market value of the underlying securities. The Company's sensitivity analysis suggests that a 10% change in market prices would not have a significant effect on the Company.

6. Term Deposit

The following term deposit is included in cash and cash equivalents at December 31, 2010, which is convertible to cash on demand:

Interest Rate	Maturity		**2010**
0.50%	July 27, 2011	$	17,250

The following term deposit is included in cash and cash equivalents at December 31, 2009, which is convertible to cash on demand:

Interest Rate	Maturity		**2009**
0.55%	November 24, 2010	$	800,000

7. Marketable Securities

	2010			**2009**		
	Number of Shares		Fair Value	Number of Shares		Fair Value
Chartwell Technology Inc.	0	$	0	60,000	$	73,200

During the year ended December 31, 2010, the Company sold 60,000 Chartwell Technology Inc. common shares for proceeds of $57,545.

During the year ended December 31, 2009, the Company acquired 60,000 Chartwell Technology Inc. common shares at a cost of $83,300.

8. Accounts Receivable

Accounts receivable is comprised of the following:

		2010		**2009**
Due from licensees	$	34,658	$	13,779
Other		34,863		17,821
	$	69,521	$	31,600

9. Equipment and Software Development

During the year ending December 31, 2010, the Company sold equipment with net book value of $26,817 for total proceeds of $2,440. The Company also retired equipment with net book value of $261.

	2010		
	Cost	Accumulated Amortization	Net Book Value
Software and development costs	$ 526,577	$ 526,577	$ 0
Computer equipment	883,993	623,516	260,477
Furniture	21,400	9,715	11,685
	$ 1,431,970	$ 1,159,808	$ 272,162

	2009		
	Cost	Accumulated Amortization	Net Book Value
Software and development costs	$ 526,577	$ 460,895	$ 65,682
Computer equipment	974,317	651,677	322,640
Furniture	21,400	7,103	14,297
	$ 1,522,294	$ 1,119,675	$ 402,619

10. Investment Deposit

During the year ended December 31, 2010, the Company entered into an Advance Payment Agreement by paying a $1,000,000 refundable deposit in respect to an Asset Purchase/Sales Agreement to acquire 99% of a Mexican online gaming company.

11. Capital Stock

(a) Authorized

Unlimited number of common shares and an unlimited number of preferred shares, in each case without par value.

(b) Issued

There are no preferred shares issued.

During the year ended December 31, 2010, the Company completed non-brokered private placement financings with various investors and issued a total of 51,390,000 units in the securities of the Company at a price of $0.05 per unit for total gross proceeds of $2,569,500. Each unit consists of one common share and one share purchase warrant, which entitles the warrant holder to purchase an additional common share of the Company at a price of $0.10 in the first year from closing and at a price of $0.25 in the second year from closing. The proceeds were allocated as $1,397,494 to common shares and $1,172,006 to warrants. The allocation was made using the relative fair value method with the following weighted average assumptions: risk-free interest rate: 1.62%; expected dividend yield: 0; expected stock price volatility: 238.08%; expected life in years: 2.

11. Capital Stock (Continued)

(b) Issued (Continued)

Share issue costs associated with the private placement totaled $190,100, consisting of 3,000,000 common shares issued valued at $150,000, $8,720 in cash and $31,380 for the value of agent warrants issued. All the securities issued pursuant to this private placement financing have a hold period of four months, with the final hold period expiring on March 18, 2011.

During the year ended December 31, 2009, the Company completed a non-brokered private placement financing with various investors and issued a total of 10,000,000 common shares at a price of $0.015 per common share for total gross proceeds of $150,000. All the securities issued pursuant to this private placement financing had a hold period which expired on March 24, 2010.

(c) Warrants

During the year ended December 31, 2010, the Company issued 51,390,000 share purchase warrants (as previously disclosed above under 11(b)) and 300,000 finder warrants in connection with the private placements conducted in 2010. Each share purchase warrant entitles the warrant holder to purchase an additional common share of the Company at a price of $0.10 in the first year and at a price of $0.25 in the second year. The fair value of the warrants of $31,380 was recorded as share issuance costs with a corresponding increase in warrants and was calculated using the Black Scholes pricing model with the following weighted average assumptions: risk-free interest rate: 1.62%; expected dividend yield: 0; expected stock price volatility: 238.08%; expected life in years: 2.

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2009	0	N/A
Issued*	51,690,000	$ 0.25
Balance, December 31, 2010	51,690,000	$ 0.25

*Includes 300,000 agent warrants.

(d) Stock options

Pursuant to the Company's Amended 2004 Stock Option Plan, which has received TSX Venture Exchange approval, the Company grants stock options to employees, directors, officers and consultants. As at December 31, 2010, there are 420,094 stock options available for granting.

11. Capital Stock (Continued)

(d) Stock options (Continued)

The following summarizes the officer, director, employee and consultant stock options that were granted, exercised, forfeited and expired during the years ended December 31, 2010 and 2009. The options vest 25% on grant and thereafter at 25% every six months.

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2008	10,328,750	$ 0.12
Granted	30,000	$ 0.10
Forfeited	(1,562,500)	$ 0.12
Expired	(6,603,750)	$ 0.12
Balance, December 31, 2009	2,192,500	$ 0.15
Granted	11,660,000	$ 0.10
Exercised	(226,000)	$ 0.10
Cancelled	(130,000)	$ 0.10
Expired	(1,495,000)	$ 0.17
Balance, December 31, 2010	12,001,500	$ 0.10

At December 31, 2010 and 2009, the following stock options were outstanding:

2010			
	Options Outstanding		Options Exercisable
Expiry Date	Weighted Average Exercise Price	Number of Shares Under Option	Number of Shares Under Option
2011	$ 0.12	500,000	500,000
2012	$ 0.10	1,250,000	312,500
2013	$ 0.10	10,251,500	5,205,000
	$ 0.10	12,001,500	6,017,500

2009			
	Options Outstanding		Options Exercisable
Expiry Date	Weighted Average Exercise Price	Number of Shares Under Option	Number of Shares Under Option
2010	$ 0.17	1,532,500	1,532,500
2011	$ 0.12	660,000	632,500
	$ 0.15	2,192,500	2,165,000

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, compensation expense of $230,154 (2009 - $4,146) was recognized as salaries expense and $190,210 (2009 - $nil) was recognized as consulting fees for options granted to consultants.

11. Capital Stock (Continued)

(d) Stock options (Continued)

The fair value of each option grant was calculated using the following weighted average assumptions:

	2010	2009
Expected life (years)	2.90	3.00
Interest rate	1.93%	1.21%
Volatility	206.34%	124.67%
Dividend yield	0.00%	0.00%
Fair value of options granted	$ 0.09	$0.02

12. Related Party Transactions

The Company shares office space and certain expenses with Kokomo Enterprises Inc. (“Kokomo”) and Active Growth Capital Inc. (“Active Growth”), companies related by certain common officers and directors. Rent for the office premises are paid by the Company. Kokomo and Active Growth are charged for their proportionate share of office rent and office services provided by the Company.

Effective January 1 2008, First Lithium Resources Inc. (“FLRI”) and Colt Resources Inc. (“CRI”), companies formerly related by certain common directors and officers, have relocated offices and terminated the services provided previously by the Company. Effective December 1, 2009, Touchdown Resources Inc. (“Touchdown”), a company formerly related by certain common directors and officers, terminated the services previously provided by the Company. Effective July 1, 2010, Giyani Gold Corp (formerly 99 Capital Corporation) (“Giyani”), a company formerly related by certain common directors and officers, has relocated offices and has terminated the services provided previously by the Company.

Amounts due from related parties are due on demand without interest.

(a) Due from related parties

	2010	2009
Receivable from Giyani		
Rent charged by LVFH	$ 0	$ 315
Office expenses charged by LVFH	0	1,260
Other expenses paid by LVFH on behalf of Giyani	0	83
	0	1,658
Receivable from Kokomo		
Rent charged by LVFH	4,221	315
Office expenses charged by LVFH	16,884	1,260
Other expenses paid by LVFH on behalf of Kokomo	1,022	41
	22,127	1,616
Receivable from CRI		
Office expenses charged by LVFH	0	1,260
Receivable from related parties	$ 22,127	$ 4,534

12. Related Party Transactions (Continued)

(b) Related party transactions

Related party transactions are measured at the exchange amount and comprised of the following:

(i) management fees paid to a company owned by two directors in the amount of $360,000 (2009 - $360,000);

(ii) charged by the Company:

The Company charged Kokomo for:

(a) rent of $3,600 (2009 - $3,600);
(b) office expenses of $14,400 (2009 - $14,400); and
(c) other expenses paid on behalf of Kokomo of $981 (2009 - $1,247).

The Company charged CRI for:

(d) office expenses of $nil (2009 - $1,200); and
(e) other expenses paid on behalf of CRI of $nil (2009 - $417).

The Company charged Giyani for:

(f) rent of $1,800 (2009 - $450);
(g) office expenses of $7,200 (2009 - $1,800); and
(h) other expenses paid on behalf of Giyani of $2,279 (2009 - $113).

The Company charged Touchdown for:

(i) rent of $nil (2009 - $3,300);
(j) office expenses of $nil (2009 - $13,200); and
(k) other expenses paid on behalf of Touchdown of $nil (2009 - $206).

The Company charged Active Growth for:

(l) rent of $300 (2009 - $nil);
(m) office expenses of $2,000 (2009 - $nil); and
(n) other expenses paid on behalf of Active Growth of $110 (2009 - $nil).

(iii) paid to related parties:

Kokomo charged the Company for certain expenses paid by Kokomo on behalf of LVFH of $2,575 (2009 - $2,575).

13. Income Taxes

The Company has available non-capital losses of approximately $14,681,000 that may be carried forward to apply against future income for Canadian tax purposes. The losses expire as follows:

Year		Amount
2014	$	965,000
2026		687,000
2027		3,876,000
2028		3,503,000
2029		2,935,000
2030		2,715,000
	$	14,681,000

The benefit of these losses has not been recorded in these consolidated financial statements.

For Canadian income tax purposes, the Company has exploration and development expenses of $269,000, which can be carried forward indefinitely.

The Company has net capital losses for income tax purposes of $1,209,000 that can be carried forward indefinitely.

		2010		**2009**
		25.00%		25.00%
Future income tax assets				
Excess of tax value over carrying value of equipment and software development costs	$	628,000	$	581,000
Tax value of share issuance costs		38,000		0
Excess of tax value over carrying value of unused exploration expenditures		67,000		67,000
Non-capital losses		3,601,000		3,570,000
Net capital losses		151,000		151,000
Future income tax assets		4,485,000		4,369,000
Valuation allowance for future income tax assets		(4,485,000)		(4,369,000)
Future income tax assets, net	$	0	$	0

The valuation allowance reflects the Company's estimate that the tax assets, more likely than not, will not be realized.

13. **Income Taxes** (Continued)

The reconciliation of income tax attributable to continuing operations computed at the statutory tax rates to income tax expense is:

		2010		**2009**
Income tax benefit computed at Canadian statutory rates	$	(829,000)	$	(832,000)
Increase (reduction) in income taxes resulting from:				
Impact of reduction in tax rates on future income taxes		94,000		292,000
Tax effect of expenses that are not deductible for income tax purposes		3,000		(103,000)
Change in timing differences		627,000		414,000
Differences attributable to income taxes of other countries		(8,000)		29,000
Change in valuation allowance		113,000		200,000
Future income tax benefit	$	0	$	0

14. **Commitments**

The Company has a management services agreement with Kalpakian Bros. of B.C. Ltd. (“Kalpakian Bros.”), a private company owned by two directors of LVFH effective as of July 1, 2005 for a term of five years. The remuneration for the services provided is $30,000 per month plus HST. The management services agreement has been renewed effective as of July 1, 2010 for a term of five years.

The Company entered into a sublease agreement with an arm’s-length party on September 15, 2009, which has a term of two years and seven months, commencing October 1, 2009 in respect to approximately 4,817 square feet of office space. Current monthly payment for the sublease consists of $6,021 plus HST for rent and $6,369 plus HST for the Company’s proportionate share of the property taxes and operating expenses.

The commitments are due as follows:

Year		Amount
2011	$	508,626
2012		409,544
2013		360,000
2014		360,000
2015		180,000
	$	1,818,170

15. Capital Disclosures

The Company considers its capital under management to be comprised of shareholders' equity.

The Company's objective when managing capital is to maintain adequate levels of funding to support the development and the marketing of the Company's online Asian multi-player interactive games while maintaining the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds on acceptable terms in the future.

There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The Company's risk management procedures and policies are detailed in note 5.

16. Subsequent Events

Subsequent to December 31, 2010:

(a) 1,825,000 stock options and 2,190,000 share purchase warrants were exercised for gross proceeds of $401,500. On February 25, 2011, 200,000 stock options at $0.10 per share expired unexercised.

(b) In respect to the receivable from the related party, Kokomo has paid the sum of $22,127 to the Company.

(c) The Company entered into an Asset Purchase and Sales Agreement with certain parties in Mexico to acquire 99% of all the outstanding common shares of a Mexican company which operates online gaming in Mexico pursuant to Mexican laws (the "Mexican Gaming Company"). The consideration payable by the Company shall be as follows:

  (i) A cash payment of $1,000,000 Canadian (paid);

  (ii) A cash payment of 2,970,000 Mexican pesos on March 17, 2014;

  (iii) The issuance of 30,000,000 LVFH units, Each unit shall consist of one common share and one share purchase warrant. Each share purchase warrant shall entitle the holder to purchase one additional common share of the Company at a price of $0.10 in the first year or at a price of $0.25 in the second year. Each LVFH unit will be subject to hold periods and restrictions on resale in accordance with applicable securities laws, and the rules and regulations of the TSX Venture Exchange (the "Exchange");

  (iv) An earn-out bonus of one LVFH common share for each US $1.00 of net profit that shall be earned by the Mexican Gaming Company for a period of three years for a maximum number of 30,000,000 LVFH common shares;

  (v) This transaction is subject to the approval of the Exchange; and

  (vi) Finder's fees may be payable in respect to this transaction in accordance with the policies of the Exchange.