LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

Condensed Interim Consolidated Financial Statements
Three months ended March 31, 2012 and 2011
(Expressed in Canadian Dollars)
(Unaudited)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim consolidated financial statements as at March 31, 2012 and for the three months ended March 31, 2012 and 2011.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)

	March 31, 2012	December 31, 2011
	(Unaudited)	(Audited)
Assets		
Current		
Cash and cash equivalents	$ 72,561	$ 149,756
Short-term investment	0	50,000
Accounts receivable	52,700	33,377
Due from related parties	18,480	8,400
Inventory	0	660
Prepaid expenses	0	20,283
	143,741	262,476
Investment Deposit (note 5)	500,000	500,000
Lease Deposit	0	23,557
Equipment and Software Development	188,797	203,344
Total Assets	$ 832,538	$ 989,377
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 290,528	$ 236,977
Unearned revenues	44,594	83,362
	335,122	320,339
Shareholders' Equity		
Capital Stock (note 6)	36,431,104	36,041,909
Reserves (note 6)	704,561	702,010
Deficit	(36,638,249)	(36,074,881)
Total Shareholders' Equity	497,416	669,038
Total Liabilities and Shareholders' Equity	$ 832,538	$ 989,377

On behalf of the Board:

"Bedo H. Kalpakian" (signed)
.... Director
Bedo H. Kalpakian

"Neil Spellman" (signed)
.... Director
Neil Spellman

See notes to consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	March 31, 2012	March 31, 2011
Revenues		
Sales	$ 63,607	$ 101,558
Licensing	18,148	70,262
	81,755	171,820
Cost of Goods Sold	5,345	0
Operating Income	76,410	171,820
Expenses		
Advertising and promotion	9,807	10,107
Amortization	14,547	19,522
Consulting and professional fees	55,958	85,973
Foreign exchange loss (gain)	(859)	2,833
Legal, accounting and audit	29,675	16,853
Management fees (note 7)	99,000	99,000
Regulatory and transfer agent fees	1,372	2,688
Rent, office and miscellaneous	102,997	94,887
Salaries and benefits	263,492	382,326
Travel, meals and entertainment	64,653	48,549
	640,642	762,738
Loss Before Other Items	(564,232)	(590,918)
Other Items		
Other income	864	0
Gain (loss) on sale of equipment	0	10,000
	864	10,000
Net Loss and Comprehensive Loss for Period	$ (563,368)	$ (580,918)
Basic and Diluted Loss Per Share	$ (0.00)	$ (0.00)
Weighted Average Number of Common Shares Outstanding	200,979,127	180,170,305

See notes to consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Consolidated Statements of Shareholders' Equity
(Expressed in Canadian Dollars)

	Capital Stock			Reserves		Total
	Common Shares	Amount	Deficit	Warrants	Options	Shareholders' Equity (Deficiency)
Balance, January 1, 2011	171,765,545	$ 33,748,064	$ (33,055,397)	$ 66,780	$ 595,308	$ 1,354,755
Net loss for three months	-	-	(580,918)	-	-	(580,918)
Warrants exercised	1,790,000	179,000	-	-	-	179,000
Transfer of fair value recorded in warrant reserve on exercise of warrants	-	3,000	-	(3,000)	-	-
Options exercised	1,725,000	172,500	-	-	-	172,500
Transfer of fair value recorded in option reserve on exercise of options	-	101,629	-	-	(101,629)	-
Expiry of options	-	-	13,611	-	(13,611)	-
Forfeiture of options	-	-	-	-	(961)	(961)
Share-based payment	-	-	-	-	77,104	77,104
Balance, March 31, 2011	175,280,545	34,204,193	(33,622,704)	63,780	556,211	1,201,480
Net loss for nine months	-	-	(2,477,178)	-	-	(2,477,178)
Private placement, net of issuance costs	19,235,500	1,521,755	-	33,046	-	1,554,801
Warrants exercised	2,925,000	292,500	-	-	-	292,500
Transfer of fair value recorded in warrant reserve on exercise of warrants	-	5,000	-	(5,000)	-	-
Options exercised	112,500	11,250	-	-	-	11,250
Transfer of fair value recorded in option reserve on exercise of options	-	7,211	-	-	(7,211)	-
Expiry of options	-	-	21,635	-	(21,635)	-
Forfeiture of options	-	-	3,366	-	(2,405)	961
Share-based payment	-	-	-	-	85,224	85,224
Balance, December 31, 2011	197,553,545	36,041,909	(36,074,881)	91,826	610,184	669,038
Net loss for three months	-	-	(563,368)	-	-	(563,368)
Private placement, net of issuance costs	8,671,500	389,195	-	1,055	-	390,250
Share-based payment	-	-	-	-	1,496	1,496
Balance, March 31, 2012	206,225,045	$ 36,431,104	$ (36,638,249)	$ 92,881	$ 611,680	$ 497,416

See notes to consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars)

	March 31, 2012	March 31, 2011
Operating Activities		
Comprehensive loss	$ (563,368)	$ (580,918)
Items not affecting cash		
Amortization	14,547	19,522
Effect of foreign currency translation on cash	(859)	1,680
Share-based payment	1,496	77,104
Recognition of Unearned Revenue	0	(29,393)
Lease deposit	23,557	0
Gain on sale of equipment	0	(10,000)
Forfeiture of options	0	(961)
	(524,627)	(522,966)
Changes in non-cash working capital		
Short-term investment	50,000	0
Accounts receivable	(19,323)	(19,625)
Due from related parties	(10,080)	(5,040)
Inventory	660	0
Prepaids and lease deposits	20,283	4,243
Accounts payable and accrued liabilities	53,551	58,914
Unearned revenues	(38,768)	7,757
	56,323	46,249
Cash Used in Operating Activities	(468,304)	(476,717)
Financing Activities		
Proceeds from common shares and warrants issued, net of share issuance costs	390,250	351,500
Cash provided by Financing Activities	390,250	351,500
Investing Activities		
Proceeds from sale of equipment	0	10,000
Cash Provided by (Used in) Investing Activities	0	10,000
Effect of Foreign Currency Translation on Cash	859	(1,680)
Net Change in Cash and Cash Equivalents	(77,195)	(116,897)
Cash and Cash Equivalents, Beginning of Period	149,756	175,340
Cash and Cash Equivalents, End of Period	$ 72,561	$ 58,443

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 (the "Company's Gaming Software"). The Company's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "LVH".

The Company's head office is located at 1000 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3.

The Company's transfer agent is Computershare Investor Services Inc. located at 510 Burrard Street, Vancouver, British Columbia, Canada, V6C 3B9.

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 a net loss of $563,368 over the most recent quarter (March 31, 2011 - $580,918) and has incurred significant operating losses over the past two fiscal years (2011: $3,058,096; 2010: $3,065,393). The Company 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 revenues generated from the Company's Gaming Software represent lawful businesses, there is the risk that the legality may be challenged by Canadian or other legal authorities. If the legality is challenged by any legal authority 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 AND ADOPTION OF IFRS

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared under the historical cost basis, except for financial instruments classified as for available-for-sale ("AFS") and assets and liabilities at fair value through profit and loss (FVTPL). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

3. BASIS OF PRESENTATION AND ADOPTION OF IFRS (Continued)

(a) Statement of compliance (continued)

The significant accounting policies set out in note 4 have been applied consistently to all periods presented. The Company's functional and reporting currency is the Canadian dollar.

(b) Approval of the financial statements

The condensed interim consolidated financial statements of LVFH for the three months ended March 31, 2012 were approved and authorized for issue by the Board of Directors on May 30, 2012.

(c) New accounting pronouncements

All of the new and revised standards described below may be early-adopted.

IFRS 9 *Financial Instruments* (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a "business model" test and a "cash flow characteristics" test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as "fair value through other comprehensive income" with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss

The concept of "embedded derivatives" does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

This standard is only applicable if it is optionally adopted for annual periods beginning before January 1, 2015. For annual periods beginning on or after January 1, 2015, the Company must adopt IFRS 9 (2010).

IFRS 9 *Financial Instruments* (2010)

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss ("FVTPL"); in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

3. BASIS OF PRESENTATION AND ADOPTION OF IFRS (Continued)

(c) New accounting pronouncements (continued)

IFRS 9 *Financial Instruments* (2010) (continued)

This standard applies to annual periods beginning on or after January 1, 2015 and supersedes IFRS 9 (2009). However, for annual reporting periods beginning before January 1, 2015, an entity may early-adopt IFRS 9 (2009) instead of applying this standard.

IFRS 13 *Fair Value Measurement*

This IFRS standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a “fair value hierarchy” based on the nature of the inputs:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability.

Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g., whether it is recognized in the financial statements or merely disclosed) and the level in which it is classified.

This standard is applicable to annual reporting periods beginning on or after January 1, 2013.

Amendments to IFRS 7 *Financial Instruments: Disclosures*

This standard makes amendments resulting from the IASB's comprehensive review of off balance sheet activities.

The amendments introduce additional disclosures, designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

This standard applies to annual periods beginning on or after July 1, 2011.

3. BASIS OF PRESENTATION AND ADOPTION OF IFRS (Continued)

(d) Use of estimates

The preparation of financial statements in conformity with IFRS 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 impairment of financial and non-current assets, recognition of revenue in accordance with contract terms, allowance for doubtful accounts, accrued liabilities, assumptions used in the determination of fair value of share-based compensation, rates of amortization for equipment, and determination of valuation allowance for deferred 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.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Company include the following:

(a) Principles of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of the Company’s wholly-owned subsidiaries, MT Ventures Inc. and Blue Cactus Enterprises Inc., are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Inter-company balances and transactions and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(b) Cash and cash equivalents

Cash and cash equivalents comprises cash and highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less.

(c) Short-term investment

Short-term investment consists of a guaranteed investment certificate with a maturity date of greater than three months and less than one year.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method.

Available-for-sale

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity.

(ii) Financial liabilities

The Company classifies its financial liabilities as FVTPL, or other financial liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments (continued)

(ii) Financial liabilities (continued)

Fair value through profit or loss

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost using the effective interest rate method. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

Derivative financial liabilities

Derivatives, including separated embedded derivatives are classified as held-for-trading and recognized at fair value with changes in fair value recognized in profit or loss unless they are designated as effective hedging instruments.

(iii) Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(iv) Fair value hierarchy

IFRS 7 *Financial Instruments: Disclosures* requires classification of fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for assets or liabilities that are not based on observable market data.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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 IFRS. The criteria includes identifiable costs attributable to a clearly defined product, the establishment of technical feasibility, demonstration of the Company's intention and ability to complete the software and use or sell it, 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.

(f) Amortization

Amortization of software and development costs, 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

(g) Revenue recognition

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

(i) 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.

(ii) 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.

(h) Income taxes

Income tax expense consists of current and deferred tax expense and is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Income taxes (continued)

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in option reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Consideration received on the exercise of stock options is recorded in capital stock and the related share-based payment in option reserves is transferred to capital stock. For those options that expire or are forfeited after vesting, the recorded value is transferred to deficit.

(j) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Earnings (loss) per share (continued)

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.

(k) Capital stock

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. Amounts included in option or warrant reserve related to the warrant or option exercised are transferred to capital stock. 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 warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. For those options or warrants that expire unexercised the amount recorded in options or warrants reserve is transferred to deficit.

(l) Foreign currency translation

The accounts of foreign operations are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect 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) Revenue and expense items (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange prevailing at the transaction date.

Gains and losses arising from translation of foreign currency are included in the determination of net loss.

(m) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is present value of the estimated future cash flows discounted at the asset’s original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment (continued)

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

Non-financial assets

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit ("CGU")). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived.

An impairment loss would be recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(n) Operating segment

The Company has only one operating segment, the licensing of gaming software.

5. INVESTMENT DEPOSIT

On June 15, 2010, the Company entered into an Advance Payment Agreement by paying a $1,000,000 deposit in respect to an Asset Purchase/Sales Agreement to acquire 99% of a Mexican online gaming company.

On March 17, 2011, the Company entered into an Asset Purchase and Sales Agreement with certain parties in Mexico to acquire 99% of all 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 (paid on June 15, 2010);

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

5. INVESTMENT DEPOSIT (Continued)

(iii) The issuance of 30,000,000 units of the Company. 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 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-V;

(iv) An earn-out bonus of one common share of the Company 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 common shares of the Company;

(v) This transaction is subject to the approval of the TSX-V; and

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

As at March 31, 2012, the Company has not yet obtained approval from the TSX-V as required by the terms of the agreement. As a result of the delay, management recorded an impairment provision of $500,000 against the investment deposit.

6. 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.

On January 25, 2012, the Company completed the second tranche of a private placement by issuing 2,600,000 units at a price of $0.05 per unit for gross proceeds of $130,000. Each unit consists of one common share and one-half of one share purchase warrant. One whole warrant entitles the holder to purchase one additional common share of the Company at $0.15 until January 25, 2013. Finder's fees paid in connection with the private placement consisted of $13,000 paid in cash, 260,000 common shares of the Company and 130,000 agent warrants valued at $1,055 with the same terms as the private placement warrants.

On February 28, 2012, the Company completed the third tranche of a private placement by issuing 3,465,000 units at a price of $0.05 per unit for gross proceeds of $173,250. Each unit consists of one common share and one-half of one share purchase warrant. One whole warrant entitles the holder to purchase one additional common share of the Company at $0.15 until February 28, 2013. Finder's fees paid in connection with the private placement consisted of 146,500 common shares of the Company.

On March 30 2012, the Company completed the final tranche of a private placement by issuing 2,000,000 units at a price of $0.05 per unit for gross proceeds of $100,000. Each unit consists of one common share and one-half of one share purchase warrant. One whole warrant entitles the holder to purchase one additional common share of the Company at $0.15 until March 30, 2013. Finder's fees paid in connection with the private placement consisted of 200,000 common shares of the Company.

6. CAPITAL STOCK (Continued)

(b) Issued (Continued)

During June 2011, the Company completed in tranches a non-brokered private placement and issued an aggregate of 14,135,500 units at $0.10 per unit for total proceeds to the Company of $1,413,550. Each unit consists of one common share and one share purchase warrant entitling the holders to acquire an additional common share of the Company at a price of $0.25 for a period of two years until June 8, 2013 with respect to the first tranche and until June 22, 2013 with respect to the second and third tranches. Finder's fees paid in connection with the private placement consisted of $78,750 paid in cash, 360,000 common shares of the Company valued at $36,000 and 787,500 agent warrants valued at $33,046.

During December 2011, the Company completed the first tranche of a private placement and issued a total of 4,400,000 units at a price of $0.05 per unit for gross proceeds of $220,000. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at $0.15 until December 29, 2012. The Company issued 340,000 common shares of the Company valued at $17,000 as finder's fees.

(c) Warrants

During the three months ended March 31, 2012, the Company issued an aggregate of 4,032,500 share purchase warrants and 130,000 agent warrants exercisable at $0.15 for one year from the Closing Date in connection with the private placements which closed during the first quarter in 2012 (as previously described in 6 (b)). The fair value of the agent warrants issued of $1,055 (as previously disclosed in 6(b)) 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: 1.05%; expected dividend yield: 0; expected stock price volatility: 85.42%; expected life in years: 1, and a grant date fair value of $0.05. Expected stock price volatility is based on the historical volatility of the Company to the extent of the expected life of the warrant.

During 2011, the Company issued 14,135,500 share purchase warrants and 787,500 finder's warrants pursuant to the private placement that closed on June 8, 2011 and June 22, 2011. Each share purchase warrant entitles the warrant holder to purchase an additional common share of the Company at a price of $0.25 for two years from the closing date. In addition, the Company also issued 2,200,000 share purchase warrants pursuant to the private placement that closed on December 29, 2011. Each whole warrant entitles the holder to purchase one additional common share of the Company at $0.15 until December 29, 2012.

The fair value of the agent warrants issued of $33,046 (as previously disclosed in 6(b)) 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: 1.51%; expected dividend yield: 0; expected stock price volatility: 117.16%; expected life in years: 2, and a grant date fair value of $0.10. Expected stock price volatility is based on the historical volatility of the Company to the extent of the expected life of the warrant.

(Expressed in Canadian Dollars, unless otherwise stated)

6. CAPITAL STOCK (Continued)

(c) Warrants (continued)

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2011	51,690,000	$ 0.25
Issued	17,123,000	$ 0.24
Exercised	(4,715,000)	$ 0.10
Balance, December 31, 2011	64,098,000	$ 0.25
Issued	4,162,500*	$ 015
Balance, March 31, 2012	68,260,500	$0.24

* Includes 130,000 agent warrants

At March 31, 2012 and 2011, the following warrants were outstanding and exercisable:

Expiry Date	Exercise Price	Number of Warrants 2012	2011
June 17, 2012	$ 0.25	21,900,000	22,900,000
July 12, 2012	$ 0.25	6,560,000	7,160,000
July 14, 2012	$ 0.25	2,740,000	3,240,000
August 3, 2012	$ 0.25	150,000	150,000
September 30, 2012	$ 0.25	5,100,000	5,100,000
October 6, 2012	$ 0.25	6,525,000	6,950,000
November 18, 2012	$ 0.25	4,000,000	4,400,000
December 29, 2012	$ 0.15	2,200,000	0
June 8, 2013	$ 0.25	7,473,000	0
June 22, 2013	$ 0.25	7,450,000	0
January 23, 2013	$ 0.15	1,430,000*	0
February 28, 2013	$ 0.15	1,732,500	0
March 30, 2013	$ 0.15	1,000,000	0
	$ 0.25	68,260,500	49,900,000

* Includes 130,000 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 March 31, 2012, there are 75,094 stock options available for granting. The terms of the options are determined at the date of grant.

(Expressed in Canadian Dollars, unless otherwise stated)

6. 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 three months ended March31, 2012 and 2011. The options vest 25% on grant and thereafter at 25% every four or six months.

	Number of Options	Weighted Average Exercise Price
Balance, January 1, 2011	12,001,500	$ 0.10
Granted	950,000	$ 0.10
Exercised	(1,837,500)	$ 0.10
Cancelled	(405,000)	$ 0.10
Expired	(200,000)	$ 0.15
Balance, December 31, 2011	10,509,000	$ 0.10
Balance, March 31, 2012	10,509,000	$0.10

At March 31, 2012 and 2011, the following stock options were outstanding:

Exercise Price	Expiry Date	Outstanding 2012	Exercisable 2012	Outstanding 2011	Exercisable 2011
$ 0.10	May 18, 2013	7,309,000	7,309,000	7,309,000	7,309,000
$ 0.10	June 22, 2013	1,000,000	1,000,000	1,000,000	1,000,000
$ 0.10	August 9, 2012	750,000	562,500	750,000	562,500
$ 0.10	August 18, 2012	500,000	375,000	500,000	375,000
$ 0.12	June 1, 2014	150,000	75,000	150,000	75,000
$ 0.10	March 20, 2014	800,000	200,000	800,000	200,000
		10,509,000	9,521,500	10,509,000	9,521,500

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 $nil (2011 - $57,011) was recognized as salaries expense and $ 1,496 (2011 - $20,093) was recognized as consulting fees for options granted to consultants.

7. RELATED PARTY TRANSACTIONS

The Company shares office space and certain expenses with Kokomo Enterprises Inc. (“Kokomo”) and Big Mojo Capital Inc. (“Big Mojo”), entities controlled by key management personnel. Rent for the office premises are paid by the Company. Kokomo and Big Mojo are charged for their proportionate share of office rent and office services provided by the Company.

Related party transactions are measured at the exchange amount. The amounts due to (from) related parties are unsecured, without interest, are payable on demand and which consist of the following:

(Expressed in Canadian Dollars, unless otherwise stated)

7. RELATED PARTY TRANSACTIONS (Continued)

	March 31, 2012	March 31, 2011
Receivable from Kokomo		
Rent charged by LVFH	$ 2,688	5,229
Office expenses charged by LVFH	10,752	20,916
Other expenses paid by LVFH on behalf of Kokomo	0	1,022
	13,440	27,167
Receivable from Big Mojo		
Rent charged LVFH	1,008	0
Office expenses charged by LVFH	4,032	0
	5,040	0
Receivable from related parties	$ 18,480	$ 27,167

Related party transactions not otherwise disclosed during the period:

(i) management fees paid to a company owned by two directors in the amount of $99,000 (March 31, 2011 - $99,000);

(ii) charged by the Company:

The Company charged Kokomo for:

(a) rent of $900 (March 31, 2011 - $900); and
(b) office expenses of $3,600 (March 31, 2011 - $3,600)

The Company charged Big Mojo for:

(c) rent of $900 (March 31, 2011 - $nil); and
(d) office expenses of $3,600 (March 31, 2011 - $nil).

8. COMMITMENT

The Company has a management services agreement with a private company owned by two directors of LVFH effective as of January 1, 2011 until July 1, 2015. The remuneration for the services provided is $33,000 per month plus HST.

9. SUBSEQUENT EVENTS

(a) On April 9, 2012, a total of 1,000,000 stock options exercisable at $0.10 per common shares which were previously granted to a director were cancelled.

(b) On April 12, 2012, a total of 1,000,000 stock options exercisable at $0.10 per common share have been issued to three consultants.

(c) On April 23, 2012, a total of 30,000 stock options exercisable at $0.10 per common share which were previously granted to an employee were cancelled.

(d) On April 24, 2012, the Company entered into two credit facilities with two directors, whereby the Company may draw-down up to $170,000 from each of the two facilities ($340,000 in the aggregate) as and when needed by the Company. Amounts advanced under the facilities bear interest at 5% per annum and are payable on demand. The financing under the credit facilities has received TSX-V approval.