

Company Registration No 5796787 (England and Wales)

BESTGAMES HOLDINGS LIMITED

(Formerly Netgames Holdings Limited)

Annual Report and Financial Statements

for the period ended 30 April 2007

Annual Report and Financial Statements

For the period ended 30 April 2007

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Company Information

Directors	Mark Watson-Mitchell Henrik Magnusson Claes Magnusson Ivan Fialdini	Non-Executive Chairman Chief Executive Officer Finance Director Non-Executive Director
Secretary	Loizos Yerolemou	
Registration office	1 Carthusian Street London EC1M 6DZ	
Corporate Advisor	St Helen's Capital Plc 15 St Helen's Place London EC3A 6DE	
Solicitors	Mathew Arnold & Baldwin 25 Southampton Buildings London EC2R 6AY	
Auditors	Nexia Smith & Williamson Chartered Accountants Registered Auditors 25 Moorgate London EC2R 6AY	
Banker	NatWest Hendon Business Centre PO Box 7016 5 Central Circus Hendon London NW4 3HQ	
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN	
Company number	Incorporated in England and Wales with registered number 5796787	

Chairman's Statement

The acquisition of Bestpoker.com. Public Limited ("Bestpoker"), Cyprus, was concluded on 23 February 2007. To further facilitate the share trading and broaden the access to the capital markets, the Company's shares were also listed on the Frankfurt Stock Exchange, Open Market Segment on 13 April 2007.

The integration of Bestpoker was completed very soon after the acquisition. I believe that the benefits promised at the time of the acquisition have already been delivered, with more gains to come.

During the last year, we have also made significant progress in developing our international business. We have entered into a joint venture agreement with a local partner to exploit new opportunities in the Portuguese-speaking markets in South America.

We continue with our programme to introduce new gaming services and expect to introduce at least two new services before the end of this year. The importance of this programme is emphasised by the keen competition in the interactive sector. Bestgames Group has plans to grow the business further both organically and by acquisition in line with its business strategy.

There have been two changes to the Board's composition in 2007. In July, Henrik Magnusson joined the Board as Executive Director. Henrik brings experience from B2B marketing and from running IT based businesses. He has already made a significant impact. Henrik replaces Henrik Persson who left the Board to pursue other interests. I would like to thank Henrik Persson for the significant contribution he has made whilst establishing and growing Bestpoker.com.

The Board is not proposing any dividend.

Finally, I would like to thank all my colleagues for their hard work in 2006/07 and wish them further success for 2007/08.

Mark Watson-Mitchell

Chief Executive's Review

Introduction

Bestgames Holdings Limited ("the Company") was incorporated on 26 April 2006 under the name Netgames Holdings Limited and was admitted to trading on PLUS on 29 July 2006. Bestgames is aiming to become a leading independent investor in internet gaming related companies and stocks worldwide. Through the acquisition of Bestpoker.com Public Limited on 23 February 2007 the Group now offers Poker, Casino Bingo and Mobile Poker gaming.

BestPoker.com is an established online poker-room within its markets. With a genuine focus on customer service, player retention and technical development, BestPoker.com has proven itself to the market as a brand which is here to stay.

BestBingo.com is the newest contribution to the Group offering its customers online bingo and various casino games.

Financial Performance

The Company's financial statements for the period ended 30 April 2007 are the first annual financial statements. These financial statements have been prepared as described in the accounting policies in Note 2. The results of the Company are detailed on page 11.

Under IFRS 3, the acquisition of Bestpoker by BestGames constitutes a reverse acquisition and consequently, group accounts will have to be prepared under reverse acquisition accounting.

As Bestpoker's year end is 31 December, based on an interpretation of the rules under IFRS 3, the first statutory consolidated group accounts will be presented for the year ending 31 December 2007.

Accordingly, the Company presents its own results for the period to 30 April 2007 and in Appendix 1 also presents a pro-forma unaudited consolidated Income Statement for the period ended 30 April 2007 and a pro-forma unaudited consolidated Balance Sheet at that date under the reverse acquisition accounting rules.

The consolidated financial information detailed in Appendix 1 show that the Group has delivered a strong year on year growth during the first four months of 2007. Group revenue was up 44% to EUR 1.55 million (2006: EUR 1.08 million), driven by strong growth in the market, the introduction of a new web-site and higher net worth liquidity.

Group profit from operations increased to EUR 153,000 compared to a loss of EUR 228,000 for the same period in 2006. Full provision for goodwill of EUR 1.92 million arising from the reverse acquisition of Bestpoker has been included in the consolidated financial information, resulting in a EUR 1.79 million loss before tax (2006: loss EUR 234,000).

Business strategy

The Group is focused on continuing to grow its business through a combination of innovative marketing, product development and by providing an excellent customer experience. At the same time, the Group is seeking to broaden its geographic spread which will provide a number of new and exciting opportunities for growth, as well as reduce further the Group's dependence on the Scandinavian market.

To date the Group's marketing approach has been focused almost exclusively on driving new poker sign-ups through a series of highly targeted and effective campaigns.

The Group is committed to increasing the number of games available. By having more games we aim to attract new customers, lengthen average player life and through cross-selling, increase the Group's share of the gaming wallet for current and future customers.

Chief Executive's Review - continued

Business strategy - continued

Bestgames is an attractive, potential partner for many software developers. It is our intention to add new games to our platforms. BestBingo is the first example.

Mergers and acquisitions are likely to form a key part of the Group's strategic development as will the continued investment in people, systems and infrastructure.

Business development

Bestpoker's development has been founded upon attractive product, technological and marketing customer propositions. The pace of development remains rapid.

An improved web-site was launched in December 2006 and has proven to be very attractive to serious and more demanding players and has driven significantly more traffic to Bestpoker.

The Group's marketing function has been the primary driver behind the continued growth in the Group's global customer base. The total registered player base as at 31 March 2007 was over 36,000 players, and the Group now has players in over 160 territories around the world.

A total of 2,500 new real money customers were added during the first quarter of 2007 (2005: 300), of which 43% came from countries outside Scandinavia compared to 20% in the first half of 2005. In 2006 the total active player base across all countries increased by 14% to 4,000 (2005: 3,500).

The Group continues to exploit a broad marketing mix using different channels to reach an international customer base. Bestpoker.com's affiliate network continues to be a differentiating factor compared with many of its competitors and through the BestPartners Affiliate Programme the Group rewards affiliates for driving real money sign-ups to Bestpoker. Other important elements of the marketing mix include online and offline marketing, as well as the popular Bestpoker VIP shop.

Player retention remains a key element of the marketing function. Improving our understanding of the playing desires and behaviour of our players is a fundamental part of our strategy. Our system enables us to ensure that our players receive the right offer at the right time, thus maximizing their lifetime value to the Group. One example is that we have been able to improve the appeal of our 'reload' campaigns and increase the response rates from players.

Since December 2006, the Group has added bingo as well as delivering a substantial increase in the simultaneous player capacity in poker tournaments. Further enhancements of our systems infrastructure are expected this year due to the continued effort to add new features, systems upgrades and generally improve the overall customer experience.

Bestpoker's customer service team is available 24/7, helping customers to resolve any issues they may have with the games that they are playing as well as issues regarding payments to and from their account.

Our bingo players are being helped 24/7 by our software provider St Minver in Gibraltar.

Current trading and outlook

The activities since 31 December 2006 have been in line with management's expectations with relatively lower network costs and limited distribution expenses.

Henrik Magnusson

Directors' Report

The Directors present their annual report together with the audited financial statements of Bestgames Holdings Limited (the "Company") from incorporation on 26 April 2006 to 30 April 2007.

Principal activity

The principal activity of the Company is that of an investment holding company, focusing on the online gaming sector. The Company was incorporated on 26 April 2006 as Netgames Holdings Limited and was admitted to PLUS on 29 July 2006. The Company changed its name to Bestgames Holdings Limited following the acquisition of Bestpoker.com Public Limited on 23 February 2007.

Business review and future development

The Chairman's Statement and Chief Executive's Review cover the business review, as well as commentary regarding future developments.

Results and dividends

The financial statements have been prepared under International Financial Reporting Standards (IFRS) endorsed by the European Union, and in Euros. The Directors believe that will facilitate consistent presentation of results in the future. The results for the period and the Company's financial position at the end of the period are shown in the accompanying financial statements.

The Directors do not recommend the payment of a dividend.

Directors and their interests

The directors during the period together with their interest in the share capital of the Company are listed below.

		No of ordinary shares held at 30 April 2007
Mark Watson- Mitchell	appointed 15 June 2006	10,000
Henrik Magnusson	appointed 5 July 2007	1,012,000
Claes Magnuson	appointed 09 Mar 2007	-
Ivan Fialdini	appointed 09 Mar 2007	-
Marko Lehtosalo	appointed 09 Mar 2007	1,840,000
Henrik Persson	appointed 09 Mar 2007	368,000
Neil Ackroyd	appointed 26 April 2006	75,000
Loizos Yerolemou	appointed 26 April 2006	15,000
	resigned 30 June 2007	
	resigned 30 June 2007	
	resigned 09 Mar 2007	
	resigned 09 Mar 2007	

Henrik Magnusson's ordinary shares are held by Brand Investment LLC.

37,500 ordinary shares of Neil Ackroyd's shareholding is held by First Equity Nominees Limited.

Marko Lehtosalo's ordinary shares are held by Markoolio Invest Limited.

Loizos Yerolemou's ordinary shares are held by First Equity Nominees Limited.

Director's Report - continued

Substantial shareholdings

Apart from the interest of the Directors, the only interests in excess of 3% of the issued share capital of the Company which have been notified to the Company as at 30 April 2007 were as follows:

	Ordinary shares of 1p each Number	Percentage of shareholding %
Misty Bronze Investments Limited	1,688,200	3.05
Markoolio Investments Limited	1,840,000	3.32
HSBC Global Custody Nominees (UK) Ltd	3,670,633	6.63

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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 period. The Directors have elected to prepare financial statements for the Company in accordance with IFRS, endorsed by the European Union.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'.

In preparing the 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;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that 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 1985. 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.

The Directors are responsible for the maintenance and integrity of the web site. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation on other jurisdictions.

Financial risk management objectives and policies

Details of the financial risk management objectives and policies are provided in note 2 to the financial statements.

Director's Report - continued

Disclosure of information to the auditors

In the case of each person who was a Director at the time this report was approved they have:

- Taken all the necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information; and
- So far as they are aware, there is no relevant audit information of which the auditors have not been made aware.

Auditors

A resolution to reappoint Nexia Smith & Williamson as auditors will be proposed at the Annual General Meeting.

For and on behalf of the Board

Mark Watson-Mitchell

18 December 2007

Report of the Independent Auditors

Nexia Smith & Williamson

Independent auditors' report to the members of Bestgames Holdings Limited

We have audited the accounts of Bestgames Holdings Limited for the period from incorporation on 26 April 2006 to 30 April 2007 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and the related notes 1 to 15. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the accounts in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and the Chief Executive's Review that is cross referred from the Business Review section of the Directors' Report. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises only the Chairman's Statement, Chief Executive's Review, Directors' Report and Appendix 1. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Report of the Independent Auditors - continued

Opinion

In our opinion:

- The accounts give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 30 April 2007 and of its loss for the period from incorporation on 26 April 2006 to 30 April 2007;
- The accounts have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Directors' Report is consistent with the accounts.

Nexia Smith & Williamson

Chartered Accountants

Registered Auditors

25 Moorgate

London

EC2R 6AY

20 December 2007

Income Statement

For the period from 26 April 2006 to 30 April 2007

	Note	2007 €
Continuing operations		
Revenue		-
Other operating expenses		(390,359)
Loss from operations	5	(390,359)
Interest income	6	7,360
Loss before taxation		(382,999)
Taxation	7	-
Loss for the period		(382,999)
(Loss) per share		
- Basic and diluted	8	Cent (2.57)

Balance Sheet

As at 30 April 2007

	Note	2007 €
ASSETS		
Non-current assets		
Investment in subsidiaries	9	<u>22,288,385</u>
Total non-current assets		<u>22,288,385</u>
Current assets		
Other current assets	10	74,045
Cash and cash equivalents	11	<u>402,250</u>
Total current assets		<u>476,295</u>
Total assets		<u>22,764,680</u>
EQUITY AND LIABILITIES		
Capital and reserves attributable to Company's equity holders		
Share capital	13	809,823
Share premium		1,048,059
Merger reserve		21,179,999
Retained earnings		<u>(382,999)</u>
Total Equity		<u>22,654,882</u>
Current liabilities		
Trade and other payables	12	<u>109,798</u>
Total current liabilities		<u>109,798</u>
Total equity and liabilities		<u>22,764,680</u>

The financial statements were approved by the Board of Directors on 18 December 2007.
They were signed on its behalf by:

Mark Watson-Mitchell

Statement of Changes in Equity

For the period ended 30 April 2007

	Share Capital €	Share Premium €	Merger Reverse €	Retained Earnings €	Total €
At 26 April 2006	-	-	-	-	-
Loss for the period	-	-	-	(382,999)	(382,999)
Total recognised income and expenses for the period	-	-	-	(382,999)	(382,999)
Issue of equity share capital	809,823	1,090,480	21,179,999	-	23,080,302
Share issue expenses	-	(42,421)	-	-	(42,421)
At 30 April 2007	809,823	1,048,059	21,179,999	(382,999)	22,654,882
Attributable to:					
Equity holders of the Company	809,823	1,048,059	21,179,999	(382,999)	22,654,882

Cash Flow Statement

For the period ended 30 April 2007

	Note	2007 €
Cash flows used in operating activities		
Cash used in operations	14	(354,606)
Net cash used in operating activities		(354,606)
Investing activities		
Investment in subsidiaries		(378,041)
Interest received		7,360
Net cash used in investing activities		(370,681)
Financing activities		
Net proceeds from issue of share capital		1,127,537
Net cash generated from financing activities		1,127,537
Net increase in cash and cash equivalents		402,250
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		402,250
Bank balances and cash	11	402,250

Notes to the Financial Statements - continued

For the period ended 30 April 2007

1. Presentation of financial statements

On 23 February 2007, the Company acquired the entire issued share capital of Bestpoker.com Public Limited. Under IFRS 3, the acquisition of Bestpoker.com Public Limited by the Company constitutes a reverse takeover and consequently, group accounts will have to be prepared under reverse acquisition accounting. As the year end of Bestpoker.com Public Limited is 31 December, based on an interpretation of the rules under IFRS 3, the first statutory consolidated group accounts will be presented for the year ending 31 December 2007. Accordingly, the Company presents its own results to 30 April 2007.

The Company's functional currency is Pounds Sterling and transactions in foreign currencies are converted into the functional currency using the policy described under "foreign currency". The financial statements are presented in Euros, which is the presentational currency. In translating from the functional currency to the presentational currency, income and expenses are translated at the average exchange rate for the period unless the exchange rate fluctuates significantly and assets and liabilities are translated at the exchange rate prevailing at the balance sheet date.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The financial statements of Bestgames Holdings Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IFRIC interpretations endorsed by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. These financial statements have been prepared under the historic cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

New standards and interpretations

During the period the International Accounting Standards Board ("IASB") and the IFRIC have issued certain standards and interpretations with an effective date after the date of these financial statements. The Directors do not anticipate that the adoption of these statements and interpretations will have a material impact on the Company's financial statements in the period of initial application.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services provided in the ordinary course of the Company's activities.

Interest income is recognised on a time base, by reference to the principal outstanding and at the interest rate applicable.

Notes to the Financial Statements - continued

For the period ended 30 April 2007

2. Accounting policies – continued

Foreign currency

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the net profit or loss for the period.

Taxation

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legal 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.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and receivables

Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Notes to the Financial Statements - continued

For the period ended 30 April 2007

2. Accounting policies – continued

Financial instruments - continued

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Trade and other payables

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

Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Impairment of non-financial assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the present value of the future cash flows relating to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Financial risk management

The Company uses a limited number of financial instruments, comprising cash, short-term deposits, and various items such as trade receivables and payables, which arise directly from operations. The Company does not trade in financial instruments.

Financial risk factors

The company's activities expose it to a variety of financial risks: currency risk, interest rate risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the financial performance.

Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK Pound, the Euro and the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. The Directors monitor the exchange rate fluctuations on a continuous basis and acts accordingly.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company has interest bearing assets and are exposed to interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Notes to the Financial Statements - continued

For the period ended 30 April 2007

2. Accounting policies – continued

Financial risk management - continued

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. The Company has procedures with the object of minimising such risks such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Fair value estimation

The nominal values less impairment provision of trade receivables and payables is assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are outlined below:

(a) Income taxes

Judgement is required in determining the Company's provision for income tax. Where the final tax outcome is different from the amounts that were initially recorded, the differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Fair value of investment in subsidiaries

The fair value of the investment in subsidiaries is assessed for possible impairment. The Company uses its judgement to make assumptions based upon financial performance of the subsidiaries.

3. Segmental Information

The Company's activities are based in the United Kingdom. The Company's net assets are used solely in the activity of being an investment holding company, with subsidiaries focusing on the online gaming sector.

Notes to the Financial Statements - continued

For the period ended 30 April 2007

4. Employee benefit expenses

Staff costs for the Company during the period	2007
	€
Wages and salaries	127,555
Social security costs	668
Total staff costs	128,223

The average number of people (including executive directors) employed by the Company during the period was 3.

Directors' emoluments for the period:

	2007
	€
Directors remuneration	92,155
Directors compensation for loss of office	32,182
Total Directors' emoluments	124,337

5. Loss from operations

Loss from operations has been arrived at after charging:

	2007
	€
Auditors' remuneration:	
Audit services	33,000
Other services	14,600

The other services comprised work undertaken in relation to the Company's Introduction to PLUS Markets in July 2006.

During the period ended 30 April 2007, the auditors also provided other services which related to the Company's acquisition of Bestpoker.com Public Limited for which their fees amounted to €70,000, which has been capitalised as part of the cost of investment in subsidiaries.

6. Interest income

	2007
	€
Bank interest receivable	7,360

Notes to the Financial Statements - continued

For the period ended 30 April 2007

7. Taxation

There is no corporation tax charge for the period due to the trading losses suffered by the Company.

Factors affecting current tax charge.

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are reconciled below:

	2007 €
Loss before taxation	(382,999)
Tax at the domestic rate of 30%	(114,900)
Expenses not deductible for tax purpose	1,500
Tax losses carried forward	113,400
Total current tax	-

Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	2007 €
Tax losses available	113,400

The deferred tax asset has not been recognised as there is no reasonable indication that there will be suitable foreseeable taxable profits from which these timing differences can be deducted.

8. Loss per share

a. Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of €382,999 and the weighted average number of ordinary shares in issue during the period of 14,916,732.

b. Diluted loss per share

There are no potentially dilutive instruments in issue.

Notes to the Financial Statements - continued

For the period ended 30 April 2007

9. Investment in subsidiaries

	2007
	€
Cost and net book amount	-
Additions	22,288,385
Carrying amounts at 30 April 2007	22,288,385

The details of the significant subsidiaries are as follows:

<u>Name</u>	<u>Country of Incorporation</u>	<u>Principal activities</u>	<u>Shares held %</u>
Bestpoker.com Public Limited	Cyprus	Internet gaming promotion	100

On 23 February 2007 the Company acquired the entire share capital of Bestpoker.com Public Limited and its subsidiary Bestbingo Limited for a consideration of €22,288,382, which included a sum of €378,038 for the costs incurred. The consideration had been satisfied by the issue of ordinary shares at a price of £0.30 each and, as part of the arrangement; the former shareholders of Bestpoker.com Public Limited became the majority shareholders with 90.186% of the Company's enlarged share capital. Further, the Company's continuing operations and executive management were those of Bestpoker.com Public Limited. Accordingly, the substance of the combination was that Bestpoker.com Public Limited acquired Bestgames Holdings Limited in a reverse acquisition. Further information on the acquisition and consolidated results is given in Appendix 1.

At 30 April 2007, Bestpoker group's aggregate share capital and reserves and profits, comprising Bestpoker.com Public Limited and its subsidiary Bestbingo Limited, are as follows:

	2007
	€
Aggregate share capital and reserves	634,240
Profit for the period from 1 January 2007 to 30 April 2007	224,716

10. Other current assets

	2007
	€
Deposits and prepayments	20,868
VAT receivable	53,177
Total	74,045

The fair value of other current assets is considered by the Directors not to be materially different to carrying amounts.

Notes to the Financial Statements - continued

For the period ended 30 April 2007

11. Cash and cash equivalents

	2007 €
Cash at bank and in hand	402,250
Total	402,250

Cash and cash equivalents comprises cash and short term deposits held by the Company with a maturity date of three months or less at varying interest rates over the period of between 3.25% to 5.25%. The carrying amount of these assets approximate to their fair value.

The credit risk on liquid funds is limited because the counter party is a bank with a high credit rating.

12. Trade and other payables

	2007 €
Accruals	62,481
Other creditors	47,317
Total	109,798

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

13. Share capital

	Number of Ordinary Shares	Value €
Authorised		
Ordinary Share of 1 pence each	5,000,000,000	73,139,214
Issued and fully paid		
At 30 April 2007	55,361,733	809,823

The Company was incorporated on 26 April 2006, with an authorised share capital of 1,000 ordinary shares of £1 each.

On 26 May 2006, the authorised share capital of the Company was increased to 50,000,000 ordinary shares of £1 each. On the same date, each ordinary share of £1 each was sub-divided into 100 ordinary shares of £0.01 each to create 5,000,000,000 ordinary shares of £0.01 each. The ordinary shares rank pari passu in all respects.

On 26 April 2006, the Company issued 2 ordinary shares of £1 each for a total consideration of £2. On 26 May 2006, the issued share capital was sub-divided into 200 ordinary shares of £0.01 each.

On 1 June 2006, the Company issued 3,099,800 ordinary shares of £0.01 for a total consideration of £99,814.

Notes to the Financial Statements - continued

For the period ended 30 April 2007

13. Share capital - continued

On 22 June 2006, the Company issued 900,000 ordinary shares of £0.01 for a total consideration of £270,000.

On 23 October 2006, the Company issued 383,333 shares of £0.01 for a total consideration of £115,000.

On 9 February 2007, the Company allotted 1,050,000 ordinary shares to an existing shareholder of the company, taking the form of a share application at a price per share of £0.30.

On 23 February 2007, 49,928,400 shares were issued as consideration for the acquisition of the entire issued share capital of 2,170,000 shares in Bestpoker.com Public Limited at a price per share equivalent to the consideration issue price of £0.30. The difference between the nominal value of the ordinary shares and consideration value, amounted to €21,179,999 was transferred to the merger reserve.

14. Cash used in operations

	30 April 2007
	€
Operating loss	(390,359)
(Increase) in other current assets	(74,045)
Increase in trade and other payables	109,798
Cash used in operations	(354,606)

15. Related party transactions

Loizos Yerole mou, the company secretary and a former director of the Company, was also a former partner of BSG Valentine who were engaged to establish the Company, to provide certain administrative services and to assist in the capitalisation of the Company. The total value of services provided during the period ended 30 April 2007 amounted to €73,139.

Claes Magnusson, a director of the Company, is also a director of QCC Corporate Advisers AB who were engaged to provide services in respect of the reverse acquisition of Bestpoker.com Public Limited by the Company. The total value of services provided during the period ended 30 April 2007 amounted to €22,890.

Mark Watson-Mitchell, a director of the Company, is a director and major shareholder in Corporate Liaison Limited who were engaged to project manage both the Introduction to PLUS Markets of NetGames Holding Limited and the acquisition of Bestpoker.com Public Limited. The total value of services provided during the period ended 30 April 2007 amounted to €87,767.

Neil Ackroyd, a former director of the Company, is also a director of Precision Corporate Finance Limited who were engaged to provide research on the online gaming market, to identify suitable acquisition targets and to perform additional research on target companies. The total value of services provided during the period ended 30 April 2007 amounted to €14,628.

Notes on the Acquisition of Bestpoker.com Public Limited

The following pro-forma financial information, which is unaudited, has been prepared to provide additional information of the financial position of the Group since the acquisition of Bestpoker.com Public Limited.

1. Basis of consolidation and presentation of financial information

On 23 February 2007 the Company completed the acquisition of Bestpoker.com Public Limited and its subsidiary undertakings. Due to the relative values of the companies, the former Bestpoker.com Public Limited shareholders became the majority shareholders with 90.186% of the Company's enlarged share capital. Further, the Company's continuing operations and executive management were those of Bestpoker.com Public Limited. Accordingly, the substance of the combination was considered to represent as if Bestpoker.com Public Limited acquired Bestgames Holdings Limited as a reverse acquisition.

Reverse acquisitions are treated as a business combination whereby the consolidated financial statements prepared following the acquisition represent a continuation of the financial statements of the legal subsidiary acquired.

Under the requirements of the Companies Act 1985 it would normally be necessary for the Company's consolidated financial statements to follow the legal form of the business combination. In that case the pre-combination results would be those of Bestgames Holdings Limited. The results of Bestpoker.com Public Limited would then be brought into the group from 23 February 2007. However, this would portray the combination as an acquisition of BestPoker.com Public Limited by Bestgames Holdings Limited and would, in the opinion of the Directors, fail to give a true and fair view of the substance of the business combination. Accordingly, the Directors have adopted reverse acquisition accounting as the basis of the consolidation in order to give a true and fair view.

Given that the acquisition took place on 23 February 2007, the first statutory consolidated accounts would, under IFRS 3, be as at 31 December 2007, the same year end of Bestpoker.com Public Limited. It is thus not required to prepare consolidated statutory accounts to 30 April 2007, but to give additional information to shareholders with the financial position of the group since the date of acquisition with the following information:

- (a) Consolidated Income statement for the four month period from 1 January 2007 to 30 April 2007, with comparatives for Bestpoker.com Public Limited for the year ended 31 December 2006; and
- (b) Consolidated balance sheet as at 30 April 2007, with comparatives of Bestpoker.com Public Limited for the year ended 31 December 2006.

2. Business combinations

On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

The results of subsidiaries acquired during the comparative period are included in the group income statement from the effective date of acquisition.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Notes on the Acquisition of Bestpoker.com Public Limited

3. Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Details of the reverse acquisition and goodwill arising are as follows:

Fair value of the net assets of Bestgames Holdings Limited at acquisition:	€
Cash and cash equivalent	344,440
Other current assets	500,582
Trade and other payables	(384,406)
Net assets acquired:	460,616
Goodwill arising from reverse acquisition	1,919,184
Total consideration	2,379,800

The Directors consider that the fair value of the net assets of the Company is not materially different from the carrying amounts. As the Company has no trading activity the goodwill has no intrinsic value. Full provision for impairment against goodwill arising has been made in the period ended 30 April 2007. Since the acquisition the Company has not contributed any revenue and has contributed a net loss of €94,119 to the Group's loss for the two month period from the date of acquisition to 30 April 2007.

There was no cash outflow in respect of the reverse acquisition of the Company.

Pro-forma unaudited Consolidated Income Statement

Continuing operations		Bestgames Holdings Ltd. for four months ended 30 April 2007	Bestpoker.com Public Ltd. for the year ended 31 Dec 2006
	Note	€	€
Income from operations		1,554,058	3,523,919
Operating costs		(825,167)	(2,813,405)
Gross profit		728,891	710,514
Loss on disposal of subsidiary		(15,401)	-
Administrative expenses		(128,638)	(184,211)
Selling and distribution expenses		(432,168)	(1,289,419)
Profit/(loss) from operations before goodwill impairment		152,684	(763,116)
Reverse acquisition: goodwill impairment	3	(1,919,184)	-
Loss from operations after goodwill impairment		(1,766,500)	(763,116)
Finance income		2,592	7,859
Finance costs		(24,679)	(11,505)
Loss before taxation		(1,788,587)	(766,762)
Taxation		-	(3,598)
Loss after taxation		(1,788,587)	(770,360)
Retained loss		(1,788,587)	(770,360)
Loss per share for loss attributable to the equity holders of the Company during the period		Cents	Cents
- Basic and diluted		(3.39)	(1.54)

Pro-forma unaudited Consolidated Balance Sheet

As at 30 April 2007

	Bestgames Holdings Ltd 30 April 2007 €	Bestpoker.com Public Ltd 31 December 2006 €
ASSETS		
Non-current assets		
Property, plant and equipment	5,470	6,123
Intangible assets	246,088	259,020
	<u>251,558</u>	<u>265,143</u>
Current assets		
Trade and other receivables	434,359	225,520
Other current assets	78,258	615
Cash and cash equivalents	646,301	561,847
	<u>1,158,918</u>	<u>787,982</u>
Total assets	<u>1,410,476</u>	<u>1,053,125</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	809,823	64,119
Share premium	1,048,059	602,641
Merger reserve	21,179,999	-
Reverse acquisition reserve	(19,458,303)	533,018
Retained earnings	(2,578,841)	(790,254)
	<u>1,000,737</u>	<u>409,524</u>
Current Liabilities		
Trade and other payables	409,739	643,601
Total equity and liabilities	<u>1,410,476</u>	<u>1,053,125</u>