LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

Interim Consolidated Financial Statements
September 30, 2009
(Canadian Dollars)
(Unaudited – Prepared by Management)

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(These interim consolidated unaudited financial statements have not been reviewed by the Company's Auditor)

See notes to consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Consolidated Balance Sheets
September 30, 2009 and December 31, 2008
(Canadian Dollars)

	September 30 2009	December 31 2008
	(unaudited)	(audited)
Assets		
Current		
Cash and cash equivalents (note 7)	$ 1,419,325	$ 3,373,352
Accounts receivable (note 8)	30,739	22,826
Marketable securities	81,600	0
Due from related parties (note 11(a))	3,794	3,150
Interest receivable	21,865	0
Prepaids	0	7,384
	1,557,323	3,406,712
Lease Deposits	4,619	4,619
Equipment and Software Development (note 9)	447,854	611,991
Total Assets	$ 2,009,796	$ 4,023,322
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 142,715	$ 149,209
Total Liabilities	142,715	149,209
Stockholders' Equity		
Capital Stock (note 10)	31,119,593	31,069,593
Warrants	0	50,000
Contributed Surplus	3,204,031	3,194,128
Other Comprehensive Income	(1,700)	0
Deficit	(32,454,843)	(30,439,608)
Total Stockholders' Equity	1,867,081	3,874,113
Total Liabilities and Stockholders' Equity	$ 2,009,796	$ 4,023,322

Going Concern (note 2), Commitments (note 13) and Subsequent Events (note 15)

Approved by the Directors

"Bedo H. Kalpakian"
.... Director
Bedo H. Kalpakian

"Neil Spellman"
.... Director
Neil Spellman

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Consolidated Statements of Operations
Nine Months Ended September 30
(Canadian Dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	**2009**	2008
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
REVENUES	$ **127,885**	$ 137,190	$ **710,401**	$ 571,636
Expenses				
Advertising and promotion	**56,444**	1,420	**101,379**	389,082
Amortization	**54,051**	62,874	**168,171**	194,928
Consulting and professional fees	**51,087**	24,000	**159,250**	93,137
Donation	**0**	0	**0**	5,000
Foreign exchange (recovery) & bank charges	**2,641**	(110,244)	**(2,920)**	(235,809)
Legal, accounting and audit	**(7,336)**	12,648	**28,682**	32,858
Management fees (note 11(b)(i))	**90,000**	90,000	**270,000**	270,000
Office	**40,559**	45,696	**74,870**	159,201
Regulatory and transfer agent fees	**4,185**	5,101	**9,033**	10,727
Rent	**105,378**	42,744	**306,781**	142,843
Salaries and benefits	**467,871**	586,906	**1,465,239**	1,811,098
Shareholder communications	**1,109**	0	**2,183**	1,716
Telephone	**11,618**	12,409	**39,837**	40,968
Transaction fee	**1,232**	0	**1,232**	0
Travel, meals and entertainment	**41,769**	21,338	**142,664**	43,103
	920,608	794,892	**2,766,401**	2,958,852
Loss Before Other Items	**(792,723)**	(657,702)	**(2,056,000)**	(2,387,216)
Other items				
Interest income	**10,741**	16,567	**43,361**	84,289
Loss on sale on disposal of assets	**(2,595)**	0	**(2,595)**	0
	8,146	16,567	**40,766**	84,289
Net Loss and Other Comprehensive Loss for the Period	$ **(784,577)**	$ (641,135)	$ **(2,015,234)**	$ (2,302,927)
Basic and Diluted Loss per common share	$ **(0.01)**	$ (0.01)	$ **(0.02)**	$ (0.02)
Weighted average number of common shares outstanding	**107,149,545**	106,309,649	**107,149,545**	106,309,649

See notes to consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Consolidated Statements of Cash Flows
Nine Months Ended September 30
(Canadian Dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	**2009**	2008
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Operating Activities				
Net loss	**$ (784,577)**	**$** (641,135)	$ **(2,015,234)**	**$** (2,302,927)
Items not affecting cash				
Amortization	**54,051**	62,874	**168,171**	194,928
Termination of the Exclusivity Rights	**0**	0	**0**	350,000
Effect of foreign currency translation on cash	**852**	(116,630)	**(8,755)**	(240,467)
Stock based compensation	**5,695**	370	**9,903**	37,292
Loss on sale of disposal assets	**2,715**	0	**2,715**	0
	(721,264)	(694,521)	**(1,843,200)**	(1,961,174)
Changes in non-cash working capital:				
Interests receivable	**2,862**	0	**(21,865)**	0
Accounts receivable	**(8,791)**	30,693	**(8,291)**	63,004
Prepaids and lease deposits	**500**	0	**7,384**	6,483
Due from related party	**7,351**	1,671	**(267)**	14,362
Accounts payable and accrued liabilities	**34,880**	(37,955)	**(6,494)**	(158,820)
Due to related parties	**0**	0	**0**	(343)
	36,802	(5,591)	**(29,533)**	(75,314)
Cash Used in Operating Activities	**(684,462)**	(700,112)	**(1,872,733)**	(2,036,488)
Financing Activities				
Common shares issued, net of issue costs	**0**	0	**0**	9,201
Consideration for the termination of the Exclusivity Rights	**0**	0	**0**	500,000
Purchase of exclusivity rights	**0**	0	**0**	(850,000)
Cash Provided by (Used in) Financing Activities	**0**	0	**0**	(340,799)
Investing Activities				
Purchase of equipment	**(5,349)**	(1,840)	**(6,749)**	(18,792)
Purchase of marketable securities	**0**	0	**(83,300)**	0
Cash (Used in) Investing Activities	**(5,349)**	(1,840)	**(90,049)**	(18,792)
Effect of Foreign Currency Translation on Cash	**(852)**	116,630	**8,755**	240,467
Net Change in Cash and Cash Equivalents	**(690,663)**	(585,322)	**(1,954,027)**	(2,155,612)
Cash and Cash Equivalents, Beginning of Period	**$ 2,109,988**	$ 4,595,786	**$ 3,373,352**	$ 6,166,076
Cash and Cash Equivalents, End of Period	**$ 1,419,325**	$ 4,010,464	**$ 1,419,325**	$ 4,010,464

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.

During 2006, the Company incorporated MT Ventures Inc. ("MTV"), a 100% wholly-owned Antiguan subsidiary, which is in the business of marketing and licensing the Company's online Asian multi-player interactive card games software.

On November 10, 2006, the Company incorporated MT Commerce Limited ("MT Commerce"), a United Kingdom corporation. MT Commerce is a 100% wholly-owned subsidiary of the Company. It is the Company's intention that MT Commerce act as payment processor for the Company and its subsidiaries. Furthermore, the Company changed the name of its wholly-owned Cypriot subsidiary, APG Enterprises Ltd., to MTO Commerce Ltd.

On February 22, 2008, the Company incorporated Blue Cactus Enterprises Inc. ("Blue Cactus"), a 100% wholly-owned Antiguan subsidiary. It is the Company's intention for Blue Cactus to act as a licensing and/or payment processing entity for the Company and its subsidiaries.

On January 5, 2009, the Company incorporated KT Communications Inc. ("KT Communications"), a 100% wholly-owned British Columbia subsidiary. It is the Company's intention for KT Communications to operate as a skill-based games site.

On April 13, 2009, the Company filed a Form 15F to terminate the registration of its common stock under section 12(g) of the *Securities Exchange Act* (the "Act") and its reporting obligations under the Act. As a result, the Company's common stock is no longer quoted in the Over-The-Counter Bulletin Board but is quoted in the US on the Pink Sheets.

Although Management believes that the Internet gaming related activities of MTV, Blue Cactus and KT Communications will represent lawful business, there is the risk that the legality of the Internet gaming related activities of MTV, Blue Cactus and KT Communications may be challenged by Canadian or other legal authorities. If the legality of the Internet gaming related activities is challenged and the challenge is sustained, it may have a material adverse impact on the financial affairs of the Company.

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 to be in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast substantial doubt on the validity of this assumption. The Company has incurred significant losses over the past two fiscal years (2008: $3,079,510; 2007: $3,988,276), has a deficit of $32,454,843 as at September 30, 2009 (September 30, 2008: $29,663,025) 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

2. Going Concern (Continued)

undertaken available cost cutting measures. There can be no assurance that management's plan will be successful.

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

3. Basis of Presentation

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

The sale of the Company's Action Poker Gaming Network ("APGN") to Playsafe Holding Ltd. ("Playsafe") on November 24, 2006 was accounted for as a discontinued operation under Canadian GAAP and, therefore, the APGN results of operations have been removed from the Company's results of continuing operations for all periods presented in these consolidated financial statements (note 4).

4. Discontinued Operations

The Company's former Antiguan subsidiary, Action Poker Gaming Inc. ("Action"), was in the business of development and marketing of software for online multi-player interactive card games.

Action's operations were located at the facilities of Mohawk Internet Technologies Inc. ("Mohawk"), which acted as its hosting facility for its servers, located on the Kahnawake Mohawk Reserve ("Kahnawake") in Canada.

The gaming and entertainment operations were carried on by Action. The principal revenues of Action were from collecting rakes, licensing fees and royalties.

On September 29, 2006, both Houses of the U.S. Congress passed the *Safe Port Act*, onto which was attached the *Unlawful Internet Gambling Enforcement Act* of 2006 (the "UIGE Act"). The UIGE Act prohibits the acceptance or use of any payment instrument in any financial transaction involving Internet gambling. Consequently, the Company decided that its licensed operating Antiguan subsidiary, Action, cease taking deposits from US based players as of October 13, 2006 and sold Action, which included all of the Action Poker brands, its licensed online casino software, which was operated by Action under the URL www.playvegasfromhome.com, the operating infrastructure of Action, APG Enterprises Costa Rica S.A., Action Commerce Limited, Guardian Commerce Limited and an undivided interest in the software that is used by Action to run the Action Poker Network (collectively referred to as the "APGN") for a selling price of US$2,600,000 to Playsafe, a wholly-owned subsidiary of Playsafe Holding AS (Norway), a public company listed in Norway. On November 24, 2006, the Company received TSX Venture Exchange ("TSX.V") approval and closed the sale. In respect to this arm's length transaction, a finder's fee of US$75,000 was paid to an arm's length third party. As a result of this sale, the Company no longer has any online gaming interests in the North American market.

The operations and cash flows of the component have been eliminated from the ongoing operations of the enterprise as a result of the disposal transaction; the enterprise will not have any significant continuing involvement in the operations of the component after the disposal transaction.

5. Significant Accounting Policies

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, MTO Commerce Ltd. (Cyprus), MT Ventures Inc. (Antigua), MT Commerce Limited (UK), Blue Cactus Enterprises Inc. (Antigua) and KT Communications Inc. (Canada). All intercompany balances and transactions have been eliminated.

b) Financial instruments

Pursuant to the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3855, "Financial Instruments – Recognition and Measurement", the Company classifies its investments in debt and marketable equity securities into held-to-maturity, trading or available-for-sale categories. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available-for-sale. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheet based on contractual maturity date and are stated at amortized cost. Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in net income (loss). Debt and marketable equity securities not classified as held-to-maturity or as trading are classified as available-for-sale and are carried at fair market value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in stockholders' equity.

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

c) Comprehensive Income

Effective January 1, 2007, the Company adopted the CICA Handbook Section 1530, "Comprehensive Income", which establishes standards for presentation and disclosure of comprehensive income. Comprehensive income is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with stockholders. It is made up of net income and other comprehensive income. Other comprehensive income consists of gains and losses affecting stockholders' equity that under GAAP are excluded from net income.

The Company has no items of other comprehensive income in any period presented. Accordingly, net loss as presented in the Company's consolidated statements of operations equals comprehensive loss.

d) Cash and cash equivalents

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

5. Significant Accounting Policies (Continued)

e) Amortization

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

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

f) Software development costs

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

g) Capital stock

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

h) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the option is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached, or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For directors, employees and non-employees, the fair value of the options is accrued and charged to operations, with the offset credit to contributed surplus, over the vesting period. If and when the stock options are exercised, the applicable amounts from contributed surplus are transferred to capital stock.

i) Revenue recognition

The Company recognizes revenues from licensees on an accrual basis upon completion of each game according to the terms and conditions of each individual license agreement. Allowances for non-collection of revenues are made when collectibility becomes uncertain.

5. Significant Accounting Policies (Continued)

j) Income taxes

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

k) Foreign currency translation

The Company's functional currency is the Canadian dollar, therefore, amounts recorded in foreign currency are translated into Canadian dollars as follows:

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

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

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

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

l) Earnings (loss) per share

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

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

5. Significant Accounting Policies (Continued)

m) Use of estimates

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

n) Intangible assets

The Company has registered and regularly renews several hundred domain names. These amounts are insignificant and are expensed when incurred.

o) Changes in accounting policies

On January 1, 2008, the Company adopted the following provisions of the CICA Handbook. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

(i) Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation", replace Section 3861, revising its disclosure requirements and carrying forward its presentation requirements. These new sections place increased emphasis on disclosure about the nature of and risks arising from financial instruments and how the entity manages those risks. Section 3862 specifies disclosures that enable readers to evaluate: (i) the significance of financial instruments for the entity's financial position and performance; and (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption were recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair value of assets and liabilities prior to January 1, 2007 were recognized by adjusting opening deficit or opening accumulated other comprehensive income.

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

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments and amortized using the effective interest method (see note 6).

5. Significant Accounting Policies (Continued)

o) Changes in accounting policies (Continued)

(ii) Section 1535, “Capital Disclosures”, which establishes standards for disclosing information about an entity’s capital and how it is managed (see note 14). Under this standard, the Company is required to disclose the following:

- qualitative information about its objectives, policies and procedures for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirement to which it is subject; and
- when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

(iii) Section 1400, “General Standards of Financial Statement Presentation”, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern (see note 2).

p) Future accounting changes

(i) Goodwill and intangible assets

In February 2008, the CICA issued Handbook Section 3064, “Goodwill and Intangible Assets”, replacing Section 3062, “Goodwill and Other Intangible Assets”, and Section 3450, “Research and Development Costs”. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section is effective for years beginning on or after January 1, 2009. The Company is in the process of assessing the impact of this new section on its consolidated financial statements.

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

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(iii) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC-173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”, which clarifies that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. EIC-173 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance of EIC-173.

6. Financial Instruments

The Company has designated its cash and cash equivalents as held-for-trading; accounts receivable as loans and receivables; and accounts payable and accrued liabilities as other liabilities.

Prior to the adoption of CICA Handbook Section 3855, the Company disclosed the fair value of its financial instruments. The carrying values of cash, term deposits, receivables, and accounts payable and accrued liabilities approximated their fair values due to the relatively short periods to maturity of those financial instruments.

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

a) Credit risk

The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. In regards to amounts receivable, the Company is not exposed to significant credit risk as they are due from governmental agencies, and risks on accounts receivable from licensees are minimal, as accounts receivable balances are insignificant.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as all amounts are held at one major Canadian financial institution.

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

	September 30, 2009	December 31, 2008	September 30, 2008
Bank accounts	$ 239,325	$ 100,747	$ 425,788
Term deposits	1,180,000	3,272,605	3,584,676
Balance	$ 1,419,325	$ 3,373,352	$ 4,010,464

The credit risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are placed with major financial institutions with strong investment grade ratings by a primary ratings agency. The Company has no asset backed securities.

Included in accounts receivable is $3,794 (September 30, 2008: $3,150) due from related parties. Credit risk has been assessed as low by management as the Company has strong working relationships with the related parties involved.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company maintains substantially sufficient cash and

6. Financial Instruments (Continued)

b) Liquidity risk (Continued)

cash equivalents at September 30, 2009 in the amount of $1,419,325 (September 30, 2008: $4,010,464) in order to meet short-term business requirements. At September 30, 2009, the Company had accounts payable and accrued liabilities of $142,715 (September 30, 2008: $99,007).

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

The Company's cash and cash equivalents consists of cash held in bank accounts and guaranteed investment certificates that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2009. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company's sensitivity analysis suggests that a 1% change in interest rates would have a $11,800 effect on interest income.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk as it holds cash denominated in US dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. The Company considers the Canadian dollar to be its functional currency and translates the results of foreign operations into Canadian currency using approximately the average exchange rate for the year. The exchange rate may vary from time to time.

Of the Company's cash and cash equivalents around 3% are in US dollars, approximately US$41,216 (CDN$44,130) is US dollar denominated cash and cash equivalents. The Company's reported earnings include gain/losses on foreign exchange, largely reflecting revaluation of its foreign operations. The future foreign exchange gain or loss would change based on the level of foreign operating activities.

(iii) Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign exchange risk. The Company is not exposed to significant other price risk.

7. Term Deposits

The following term deposits are included in cash and cash equivalents at September 30, 2009 which are convertible to cash on demand:

Interest Rate	Maturity	2009
2.85 %	November 23, 2009	$ 1,005,000
2.90%	December 3, 2009	175,000
Total		$ 1,180,000

8. Accounts Receivable

Accounts receivable is comprised of the following:

	September 30, 2009	September 30, 2008
Due from licensees	$ 16,172	$ 37,047
Other	14,567	11,067
	$ 30,739	$ 48,114

9. Equipment and Software Development

	Cost	Accumulated Amortization	September 30, 2009 Net Book Value	December 31, 2008 Net Book Value
Software and development costs	$ 526,577	$ 434,564	$ 92,013	$ 171,006
Computer equipment	968,098	627,293	340,805	423,494
Furniture	21,400	6,364	15,036	17,491
	$ 1,516,075	$ 1,068,221	$ 447,854	$ 611,991

10. 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.

	Common Shares	Amount	Contributed Surplus
Balance, December 31, 2007	102,070,795	$ 30,253,288	$ 3,159,311
Shares issued for cash			
Exercise of options	78,750	9,200	0
Share subscriptions	5,000,000	800,000	0
Reclassification of contributed surplus on exercise of options	0	7,105	(7,105)
Stock-based compensation	0	0	41,922
Balance, December 31, 2008	107,149,545	$ 31,069,593	$ 3,194,128
Stock based compensation	0	0	9,903
Share subscriptions	0	50,000	0
Balance, September 30, 2009	107,149,545	$ 31,119,593	$ 3,204,031

During the year ended December 31, 2008, a total of 78,750 employee stock options were exercised at prices ranging from $0.10 to $0.12 per common share for total proceeds to the Company of $9,200.

During the year ended December 31, 2007, the Company arranged with Special Opportunity Ltd. (“SPO”), a foreign investment holding company, to enter into a private placement with the Company to subscribe for 5,000,000 units at $0.17 per unit for total proceeds to the Company of $850,000 with each unit consisting of one common share and one whole warrant to buy an additional share at $0.25 per common share until February 19, 2009. The Company received the proceeds prior to the end of 2007.

During the year ended December 31, 2008, the Company completed the private placement entered into with SPO and issued 5,000,000 units on the terms set out above. The fair value assigned to these warrants within the units was $50,000 determined using the Black-Scholes option pricing model. In connection with this private placement, the Company entered into a Definitive Agreement with CY Foundation Group Limited (“CY Foundation”) to pay CY Foundation $850,000 in order for CY Foundation to exclusively use the Company’s software to operate certain online games in a designated territory in the People’s Republic of China. Subsequently and by mutual consent, the Definitive Agreement was terminated for consideration of $500,000, which was paid to the Company by CY Foundation, and the Company renegotiated and entered into a revised Software Licensing Agreement with CY Foundation. As a result of the cancellation of the Definitive Agreement and in consideration of CY Foundation advertising the Company’s software in the People’s Republic of China, the Company paid CY Foundation the amount of $350,000 for their services, which is expensed in 2008 advertising and promotion.

10. Capital Stock (Continued)

b) Issued (Continued)

During the year ended December 31, 2007, the Company issued 1,961,500 common shares of the Company to employees and consultants as a result of exercising stock options at prices ranging from $0.12 to $0.27 per common share for total proceeds to the Company of $247,755.

The Company received TSX.V approval on October 30, 2006 to commence a normal course issuer bid. Under the bid, which was conducted pursuant to the rules of the TSX.V, the Company could have purchased up to 8,913,000 of its common shares (the "Common Shares") representing approximately 8.9% of the Company's then issued and outstanding Common Shares. The Company had until November 3, 2007 to purchase any or all of its 8,913,000 Common Shares. The price at which the Company could have purchased its Common Shares would have been the market price thereof at the time of acquisition. Purchases of Common Shares would have been made in the open market through the facilities of the TSX.V. Any Common Shares acquired by the Company would be cancelled. Purchases under the bid would have been made on behalf of the Company by Wellington West Capital Markets Inc. As of December 31, 2007, the Company returned to treasury for cancellation 125,000 Common Shares, which were purchased for a total cost of $22,500. The share repurchase resulted in an increase to contributed surplus of $14,375 and reduction to capital stock of $36,875.

On November 4, 2002, the Company entered into a licensing agreement with Kokomo Enterprises Inc. (formerly Zab Resources Inc.) (“Kokomo”), a related company, for the joint development of certain gaming software consisting of three card games (the “three card games software”), as a result of which the three card games software was equally owned by the Company and Kokomo. On May 5, 2006, Kokomo sold its interest in the three card games software to the Company for a consideration of 6,670,000 fully paid and non-assessable common shares of the Company at a deemed price of $0.36 per share determined by the market value of the Company’s common shares, for a total acquisition cost of $2,401,200, as determined by an independent valuation. The 6,670,000 common shares of the Company, which have been issued to Kokomo, were restricted from trading until May 1, 2007.

c) Warrants

During the year ended December 31, 2008, the Company issued 5,000,000 warrants to SPO in connection with the private placement, which was completed in February 2008. Each share purchase warrant entitled SPO to purchase, until February 19, 2009, an additional common share of the Company at the price of $0.25 per common share. The fair value attached to these warrants was $50,000, and credited to warrants. During the nine month period ended September 30, 2009, a total of 5,000,000 share purchase warrants with an exercise price of $0.25 per share expired unexercised. As at September 30, 2009, there were no warrants issued or outstanding.

During the year ended December 31, 2007, the Company issued 25 common shares of the Company as a result of exercising broker’s compensation warrants at the price of $1 per common share for total proceeds to the Company of $25.

10. Capital Stock (Continued)

d) Stock options

During 2004, the Company's stockholders adopted and approved the Company's 2004 Stock Option Plan (the "2004 Plan"). The 2004 Plan, which has received the approval of the TSX.V, reserved 11,290,154 common shares for issuance representing 20% of the Company's issued and outstanding common shares on April 12, 2004. At the Annual and Special General Meeting of the Company's stockholders, which was held on June 30, 2005, the stockholders approved the amendment to the Company's 2004 Plan by increasing the maximum number of common shares that may be reserved for issuance pursuant to the Stock Option Plan to 15,866,936 common shares (the "Company's Amended 2004 Stock Option Plan"). Pursuant to the Company's Amended 2004 Stock Option Plan that has received TSX.V approval, the Company grants stock options to employees, directors, officers and consultants. As at September 30, 2009, there are 2,468,844 stock options available for granting.

The following summarizes the officer, director, employee and consultant stock options that have been granted, exercised, forfeited and expired during the nine month period ended September 30, 2009. The options vest 25% on grant and thereafter at 25% every six months.

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2007	11,287,500	$ 0.13
Granted	1,410,000	$ 0.11
Exercised	(78,750)	$ 0.12
Forfeited	(2,182,500)	$ 0.16
Expired	(107,500)	$ 0.19
Balance, December 31, 2008	10,328,750	$ 0.12
Forfeited	(180,000)	$0.12
Granted	30,000	$0.10
Balance, September 30, 2009	10,178,750	$0.12

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly during the nine months ended September 30, 2009, compensation expense of $9,902 (September 30, 2008: $37,292) was recognized as salaries expense.

11. Related Party Transactions

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

Amounts due from related parties are due on demand with certain amounts bearing interest at prime plus 1%.

Amounts payable to directors are for expenses incurred on behalf of the Company and are payable on demand without interest.

11. Related Party Transactions (Continued)

On May 5, 2006, Kokomo sold its interest in the three card games software to the Company for consideration of 6,670,000 fully paid and non-assessable common shares in the capital of the Company at a deemed price of $0.36 per share for a total acquisition cost of $2,401,200 (see note 10(b).

a) Due from related parties

	September 30, 2009	**September 30, 2008**
Receivables from TDCI		
Rent charged by LVFH	$ 315	$ 315
Office services charged by LVFH	1,260	1,260
Reimbursements for expenses paid by LVFH	134	0
	1,709	1,575
Receivable from Kokomo		
Rent charged by LVFH	315	315
Office expenses charged by LVFH	1,260	1,260
Reimbursements for expenses paid by LVFH	510	0
	2,085	1,575
Receivable from related parties	$ 3,794	$ 3,150

b) Related party transactions are measured at the exchange amount and, as at September 30, 2009 and 2008 related party transactions comprised of the following:

(i) management fees paid to a company owned by two directors in the amount of $270,000 (September 30, 2008: $270,000);

(ii) paid to the Company:

The Company charged Kokomo for:
(a) rent of $2,700 (September 30, 2008: $2,700),
(b) office expenses of $10,800 (September 30, 2008: $10,800), and
(c) other expenses of $1,163 (September 30, 2008: $34).

The Company charged TDCI for:
(d) rent of $2,700 (September 30, 2008: $2,700),
(e) office expenses of $10,800 (September 30, 2008: $10,800), and
(f) other expenses of $128 (September 30, 2008: $0).

The Company charged CRI for:
(g) other expenses of $417 (September 30, 2008: $62).

12. Income Taxes

The Company has available non-capital losses of $12,925,000 that may be carried forward to apply against future income for Canadian tax purposes. The losses expire as follows:

Year		Amount
2009	$	1,578,000
2010		2,316,000
2014		965,000
2026		687,000
2027		3,876,000
2028		3,503,000
	$	12,925,000

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

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

The Company has net capital losses for income tax purposes of $604,000 that can be carried forward indefinitely.

13. Commitments

a) The Company has a management services agreement with Kalpakian Bros. of B.C. Ltd., a private company owned by two directors of LVFH. The remuneration for the services provided is $30,000, plus GST per month. The agreement expires in June 2010 and is thereafter renewable on an annual basis.

b) The Company has entered into a sublease agreement with an arm's length third party on September 15, 2009 which has a term of two years and seven months commencing on October 1, 2009 in respect to approximately 4,817 square feet of office space. Current monthly payment for the sublease consists of $6,017 plus GST for rent and, $5,761 plus GST for the Company's proportionate share of the property taxes and operating expenses.

14. Capital Disclosures

The Company considers its capital to be stockholders' equity.

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

There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The Company's risk management procedures and policies are detailed in note 6.

15. Subsequent Events

a) Subsequent to the nine months period ended September 30, 2009, a total of 1,352,500 stock options with exercise prices ranging from $0.10 to $0.205 per common share have been forfeited.

b) The Company has received regulatory approval for the non-brokered private placement financing which was announced by the Company on September 30, 2009. On November 23, 2009 the Company has issued an aggregate of 10,000,000 common shares in the capital of the Company at the price of $0.015 per common share for total gross proceeds to the Company of $150,000. All securities issued pursuant to this private placement financing have a hold period which expires on March 24, 2010. There were no finder's fees payable in respect to this private placement financing.