

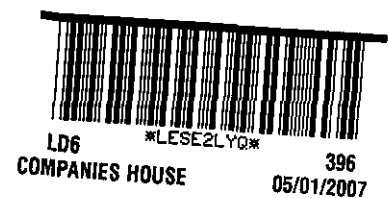
Company Registration No. 5425266 (England and Wales)

8999/8

GAMING TECHNOLOGY SOLUTIONS PLC

ANNUAL REPORT

**FOR THE PERIOD FROM 15 APRIL 2005
TO 30 JUNE 2006**



GAMING TECHNOLOGY SOLUTIONS PLC

DIRECTORS AND ADVISERS

Directors	B R Norris	(Appointed 15 April 2005)
	E J Norris	(Appointed 15 April 2005)
	G Cosier	(Appointed 15 April 2005)
	J M Bowskill	(Appointed 15 April 2005)
	S Matsell	(Appointed 2 May 2006)
Secretary	H G Raynor	
Company number	5425266	
Registered office	72 New Cavendish Street London W1G 8AU	
Registered auditors	Leigh Carr 72 New Cavendish Street London W1G 8AU	
Business address	Orwell Suite 3 Wherry Lane Ipswich Suffolk IP4 1LG	

GAMING TECHNOLOGY SOLUTIONS PLC

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GAMING TECHNOLOGY SOLUTIONS PLC

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 JUNE 2006

The directors present their report and financial statements for the period ended 30 June 2006.

Directors

The following directors have held office since 15 April 2005:

B R Norris	(Appointed 15 April 2005)
E J Norris	(Appointed 15 April 2005)
G Cosier	(Appointed 15 April 2005)
J M Bowskill	(Appointed 15 April 2005)
S Matsell	(Appointed 2 May 2006)

Principal activities

The company was incorporated on 15 April 2005. The principal activity of the company was that of a holding company. The principal activities of the companies within the group was that of the developing of core software that enables internet gambling service providers to offer their end users 'soft gambling' and virtual sports simulation games on computers, interactive televisions and mobile phones. The group also engage in the software development of games for the internet.

Business review

As shown in the group's profit and loss account, sales for the period were £843,090 and the pre tax loss was as expected for the group's commencing period of trade. The company issued shares to the value of £2,380,278 (net of issue costs) in the period under review as shown in notes 14 and 15.

Principal risks and uncertainties

The group faces the competitive and strategic risks that are inherent in a rapidly growing market, and the group's board and executive management keep future strategy under regular review. The group's management are aware of the recent events affecting the U.S.A gaming industry.

The group's management uses key performance indicators (KPIs) to monitor the progress of the business. Important KPIs are:

30 June 2006

Sales	843,090
Sales per employee	60,221
Gross profit percentage	91.30%
Number of debtors days	25

Results and dividends

The consolidated profit and loss account for the period is set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Future developments

The company is planning to raise further capital to progress future expansion or acquisition.

GAMING TECHNOLOGY SOLUTIONS PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2006

Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below:

Gaming Technology Solutions Plc

	Ordinary shares of 5p each	
	30 June 2006	15 April 2005
B R Norris	12,750,000	-
E J Norris	12,750,000	-
G Cosier	8,500,000	-
J M Bowskill	8,500,000	-
S Matsell	-	-

Creditor payment policy

It is the group's policy that payment to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with.

At the year end, the group had an average of 34 days purchases outstanding trade creditors.

Auditors

Leigh Carr were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

GAMING TECHNOLOGY SOLUTIONS PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

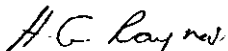
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

By order of the board



H G Raynor

Secretary

6 December 2006

GAMING TECHNOLOGY SOLUTIONS PLC

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF GAMING TECHNOLOGY SOLUTIONS PLC

We have audited the financial statements of Gaming Technology Solutions Plc for the period ended 30 June 2006 set out on pages 6 to 20. These financial statements 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 on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether in our opinion the information given in the directors' report is consistent with the financial statements. 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 information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group'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 financial statements 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 financial statements.

GAMING TECHNOLOGY SOLUTIONS PLC

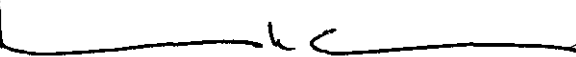
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF GAMING TECHNOLOGY SOLUTIONS PLC

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and the group's affairs as at 30 June 2006 and of the group's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.


Leigh Carr

6 December 2006

Chartered Accountants

Registered Auditor

72 New Cavendish Street
London
W1G 8AU

GAMING TECHNOLOGY SOLUTIONS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 JUNE 2006

	Notes	£	Period ended 30 June 2006 £
Turnover	2		
Continuing operations		-	
Acquisitions		843,090	
			843,090
Cost of sales			(73,474)
Gross profit			769,616
Administrative expenses			(1,144,400)
Operating loss	4		
Continuing operations		-	
Acquisitions		(374,784)	
			(374,784)
Other interest receivable and similar income			308
Interest payable and similar charges	5		(7,849)
Loss on ordinary activities before taxation			(382,325)
Tax on (loss)/profit on ordinary activities	6		-
Loss on ordinary activities after taxation			(382,325)

There are no recognised gains and losses other than those passing through the profit and loss account.

GAMING TECHNOLOGY SOLUTIONS PLC

BALANCE SHEETS

AS AT 30 JUNE 2006

	Notes	Group 2006 £	Company 2006 £
Fixed assets			
Intangible assets	8	2,292,947	-
Tangible assets	9	41,732	-
Investments	10	-	2,127,125
		<u>2,334,679</u>	<u>2,127,125</u>
Current assets			
Debtors	11	165,346	321,713
		<u>165,346</u>	<u>321,713</u>
Creditors: amounts falling due within one year	12	(363,922)	(72,168)
		<u>(198,576)</u>	<u>249,545</u>
Net current liabilities			
		<u>2,136,103</u>	<u>2,376,670</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	13	(138,150)	-
		<u>1,997,953</u>	<u>2,376,670</u>
Capital and reserves			
Called up share capital	14	2,250,005	2,250,005
Share premium account	15	130,273	130,273
Profit and loss account	15	(382,325)	(3,608)
		<u>1,997,953</u>	<u>2,376,670</u>
Shareholders' funds	16		

Approved by the Board and authorised for issue on 6 December 2006

B R Norris
Director



G Cosier
Director



GAMING TECHNOLOGY SOLUTIONS PLC

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2006

		Period ended 30 June 2006 £
Net cash inflow/(outflow) from operating activities		(196,259)
Returns on investments and servicing of finance		
Interest received	308	
Interest paid	(7,849)	
Net cash inflow/(outflow) for returns on investments and servicing of finance		(7,541)
Capital expenditure		
Payments to acquire tangible assets	(20,109)	
Net cash inflow/(outflow) for capital expenditure		(20,109)
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	(43,440)	
Net cash inflow/(outflow) for acquisitions and disposals		(43,440)
Net cash inflow/(outflow) before management of liquid resources and financing		(267,349)
Financing		
Issue of ordinary share capital	285,386	
Cost of share issue	(32,233)	
Issue of shares	253,153	
Repayment of long term bank loan	(33,333)	
Increase/decrease) in debt	(33,333)	
Net cash outflow from financing		219,820
Increase/(decrease) in cash in the period		(47,529)

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2006

1	Reconciliation of operating loss to net cash outflow from operating activities	2006
		£
	Operating (loss)/profit	(374,784)
	Depreciation of tangible assets	16,924
	Amortisation of intangible assets	254,772
	(Increase)/decrease in debtors	(82,076)
	Increase/(decrease) in creditors within one year	(11,095)
	Net cash outflow from operating activities	(196,259)

2	Analysis of net debt	15 April 2005	Acquisitions and disposals*	Cash flow	30 June 2006
		£	£	£	£
	Net cash:				
	Bank overdrafts	-	-	(47,529)	(47,529)
		-	-	(47,529)	(47,529)
	Debts falling due within one year	-	(40,000)	-	(40,000)
	Debts falling due after one year	-	(60,000)	33,333	(26,667)
		-	(100,000)	33,333	(66,667)
	Net debt	-	(100,000)	(14,196)	(114,196)

* Excluding cash and overdrafts

3	Reconciliation of net cash flow to movement in net debt	2006
		£
	Decrease in cash in the period	(47,529)
	Cash outflow from decrease in debt	33,333
	Loans acquired with subsidiary	(100,000)
	Movement in net debt in the period	(114,196)
	Opening net debt	-
	Closing net debt	(114,196)

4 Major non-cash transactions

The subsidiary undertakings were acquired during the period for a consideration which comprised entirely of shares. Further details of the acquisitions can be found in notes 20 and 21.

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2006. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Goodwill

Purchased and consolidated goodwill is amortised through the profit and loss account over the directors' estimate of its useful economic life of ten years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33 1/3% straight line
Fixtures, fittings & equipment	20% straight line

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2006

2 Segmental analysis by class of business

The analysis by class of business of the company's turnover, loss before taxation and net assets is set out as below:

Turnover

	2006 £
Class of business	
Software Games Development	591,793
Gaming Platform Solutions	251,297
	<u>843,090</u>

Loss before taxation

	2006 £
Class of business	
Software Games Development	(70,727)
Gaming Platform Solutions	(311,598)
	<u>(382,325)</u>

Net assets

	2006 £
Class of business	
Software Games Development	(51,230)
Gaming Platform Solutions	(196,235)
	<u>(247,465)</u>
Net operating assets	2,245,418
Net non-operating assets	<u>1,997,953</u>

3 Cost of sales and net operating expenses

The total figures for continuing operations in 2006 include the following amounts relating to acquisitions: cost of sales £73,474, distribution costs £-, administrative expenses £1,144,400 and other operating income £-.

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2006

4	Operating loss	2006
		£
	Operating loss is stated after charging:	
	Depreciation of intangible assets	254,772
	Depreciation of tangible assets	16,924
	Operating lease rentals	20,633
	Auditors' remuneration (company £3,500)	11,329
		<u> </u>

5	Interest payable	2006
		£
	On other loans wholly repayable within five years	7,547
	On overdue tax	302
		<u> </u>
		7,849
		<u> </u>

6	Taxation	2006
	Current tax charge	-
		<u> </u>
	Factors affecting the tax charge for the period	
	Loss on ordinary activities before taxation	(382,325)
		<u> </u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00%	-
	Effects of:	<u> </u>
	Current tax charge	-
		<u> </u>

On the basis of these financial statements no provision has been made for corporation tax.

7 Loss for the financial period

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial period is made up as follows:

	2006
	£
Holding company's loss for the financial period	(3,608)
	<u> </u>

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2006

8 Intangible fixed assets Group

	Goodwill £
Cost	
At 15 April 2005	-
Additions	2,547,719
	<hr/>
At 30 June 2006	2,547,719
	<hr/>
Amortisation	
At 15 April 2005	-
Charge for the period	254,772
	<hr/>
At 30 June 2006	254,772
	<hr/>
Net book value	
At 30 June 2006	2,292,947
	<hr/> <hr/>

9 Tangible fixed assets Group

	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost			
At 15 April 2005	-	-	-
Acquisition of subsidiary	44,379	703	45,082
Additions	11,940	8,169	20,109
	<hr/>	<hr/>	<hr/>
At 30 June 2006	56,319	8,872	65,191
	<hr/>	<hr/>	<hr/>
Depreciation			
At 15 April 2005	-	-	-
Acquisition of subsidiary	6,394	141	6,535
Charge for the period	15,150	1,774	16,924
	<hr/>	<hr/>	<hr/>
At 30 June 2006	21,544	1,915	23,459
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2006	34,775	6,957	41,732
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2006

Fixed asset investments Company

	Shares in group undertakings £
Cost	
At 15 April 2005	-
Additions	2,127,125
At 30 June 2006	2,127,125

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Vs Gaming Limited	England & Wales	Ordinary	100
Vs Technology Limited	England & Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Vs Gaming Limited	Software development of Internet games
Vs Technology Limited	Development of software platform

11 Debtors

	Group 2006 £	Company 2006 £
Trade debtors	57,166	-
Amounts owed by group undertakings	-	312,472
Other debtors	25,961	9,241
Prepayments and accrued income	82,219	-
	<u>165,346</u>	<u>321,713</u>

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2006

12 Creditors : amounts falling due within one year

	Group 2006 £	Company 2006 £
Bank loans and overdrafts	87,529	15,520
Trade creditors	66,895	28,119
Taxes and social security costs	19,391	1,791
Directors current accounts	4,145	-
Other creditors	106,702	-
Accruals and deferred income	79,260	26,738
	<u>363,922</u>	<u>72,168</u>

The bank overdraft of £47,529 is secured by a personal guarantee from one of the directors.

13 Creditors : amounts falling due after more than one year

	Group 2006 £	Company 2006 £
Bank loans	26,667	-
Other creditors	111,483	-
	<u>138,150</u>	<u>-</u>
Analysis of loans		
Wholly repayable within five years	66,667	-
Included in current liabilities	(40,000)	-
	<u>26,667</u>	<u>-</u>
Loan maturity analysis		
In more than one year but not more than two years	40,000	-
In more than two years but not more than five years	26,667	-
	<u>66,667</u>	<u>-</u>

The bank loan of £66,667 is secured by fixed and floating charge over the assets of Vs Technology Limited. The loan is repayable over 3 years. Interest is charged at 3% above the Bank's base rate.

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2006

14 Share capital	2006
	£
Authorised	
200,000,000 Ordinary shares of 5p each	10,000,000
	<u> </u>
Allotted, called up and fully paid	
45,000,093 Ordinary shares of 5p each	2,250,005
	<u> </u>

On the 6 June 2005, the company issued 42,500,000 ordinary 5p shares at par in exchange for acquiring the shares in Vs Gaming Limited and Vs Technology Limited. During the period, the company issued a further 2,500,093 ordinary 5p shares at premium of 11.5p in order to raise finance.

15 Statement of movements on reserves Group

	Share premium account £	Profit and loss account £
Loss for the period	-	(382,325)
Premium on shares issued during the year	162,506	-
Expenses of equity share issues	(32,233)	-
	<u> </u>	<u> </u>
Balance at 30 June 2006	130,273	(382,325)
	<u> </u>	<u> </u>

Company

	Share premium account £	Profit and loss account £
Loss for the period	-	(3,608)
Premium on shares issued during the year	162,506	-
Expenses of equity share issues	(32,233)	-
	<u> </u>	<u> </u>
Balance at 30 June 2006	130,273	(3,608)
	<u> </u>	<u> </u>

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2006

16 Reconciliation of movements in shareholders' funds	2006
Group	£
Loss for the financial period	(382,325)
Proceeds from issue of shares	2,412,511
Cost of share issue written off to share premium account	(32,233)
Net addition to shareholders' funds	1,997,953
Opening shareholders' funds	-
Closing shareholders' funds	1,997,953
	2006
Company	£
Loss for the financial period	(3,608)
Proceeds from issue of shares	2,412,511
Cost of share issue written off to share premium account	(32,233)
Net addition to shareholders' funds	2,376,670
Opening shareholders' funds	-
Closing shareholders' funds	2,376,670

17 Financial commitments

At 30 June 2006 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings
	2006
	£
Expiry date:	
Within one year	19,500

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2006

18 Directors' emoluments 2006 £

Emoluments for qualifying services	203,246
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Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	76,846
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During the period, the group paid £75,000 to Innovation for Business Limited, for the services of Mr G Cosier.

The group also paid £51,600 to Beresford Kane Associates Limited for the services of Mr S Matsell.

19 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2006 Number
Management	4
Platform development	5
Software development	5
	14

	2006 £
Wages and salaries	480,958
Social security costs	50,337
	531,295

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2006

20 Acquisitions

On 6 June 2005, the group acquired the entire issued share capital of Vs Gaming Limited for consideration comprising the issue of 8,500,000 ordinary shares of 5p each in the company.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group:

	Book amount £	Adjustments £	Fair value of assets acquired £
Tangible fixed assets	11,174	-	11,174
Current assets			
Debtors	31,823	-	31,823
Cash	-	-	-
Creditors: amounts falling within one year	(283,691)	-	(283,691)
	<u>(240,694)</u>	<u>-</u>	<u>(240,694)</u>
Fair value of consideration (including expenses)			427,125
Goodwill capitalised			<u>667,819</u>

The consideration of £427,125 for the acquisition was satisfied by the issue of shares.

Vs Gaming Limited made a loss after taxation of £236,140 in the year ended 30 June 2005, of which a loss of £218,435 arose in the period from 1 July 2004 to 5 June 2005. The summarised profit and loss account for the period from 1 July 2004 to 5 June 2005, shown on the basis of the accounting policies of Vs Gaming Limited prior to the acquisition, are as follows:

Profit and loss account	£
Turnover	131,135
Other operating expenses (net)	<u>(349,570)</u>
Operating profit	(218,435)
Finance charges	<u>-</u>
Profit on ordinary activities before taxation	(218,435)
Tax on loss on ordinary activities	<u>-</u>
Profit on ordinary activities after taxation	<u>(218,435)</u>

GAMING TECHNOLOGY SOLUTIONS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2006

21 Acquisitions

On 6 June 2005, the group acquired the entire issued share capital of Vs Technology Limited for consideration comprising the issue of 34,000,000 ordinary shares of 5p each in the company.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group:

	Book amount £	Adjustments £	Fair value of assets acquired £
Tangible fixed assets	27,373	-	27,373
Current assets			
Debtors	51,447	-	51,447
Cash	-	-	-
Creditors: amounts falling within one year	(88,982)	-	(88,982)
Creditors: amounts falling due after one year	(169,738)	-	(169,738)
	<u>(179,900)</u>	<u>-</u>	<u>(179,900)</u>
Fair value of consideration (including expenses)			1,700,000
Goodwill capitalised			<u>1,879,900</u>

The consideration of £1,879,900 for the acquisition was satisfied by the issue of shares.

Vs Technology Limited made a loss after taxation of £191,809 in the year ended 30 June 2005, of which a loss of £178,507 arose in the period from 1 July 2004 to 5 June 2005. The summarised profit and loss account for the period from 1 July 2004 to 5 June 2005, shown on the basis of the accounting policies of Vs Technology Limited prior to the acquisition, are as follows:

	£
Profit and loss account	
Turnover	52,145
Other operating expenses (net)	<u>(230,652)</u>
Operating profit	<u>(178,507)</u>
Finance charges	-
Profit on ordinary activities before taxation	<u>(178,507)</u>
Tax on loss on ordinary activities	-
Profit on ordinary activities after taxation	<u>(178,507)</u>