## SECURITIES AND EXCHANGE COMMISSION

# FORM 6-K

Current report of foreign issuer pursuant to Rules 13a-16 and 15d-16 Amendments

Filing Date: **2005-05-02** | Period of Report: **2005-04-29**
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## FILER

| | | |
|---|---|---|
| **LAS VEGAS FROM HOME COM ENTERTAINMENT INC**<br>CIK:**1061612**\| IRS No.: **000000000** \| State of Incorp.:**A1** \| Fiscal Year End: **1231**<br>Type: **6-K** \| Act: **34** \| File No.: **000-29718** \| Film No.: **05787922**<br>SIC: **7900** Amusement & recreation services | Mailing Address<br>*6TH FLOOR, 1199 WEST HASTINGS STREET*<br>*VANCOUVER A1 V6E 3T5* | Business Address<br>*6TH FLOOR, 1199 WEST HASTINGS STREET*<br>*VANCOUVER A1 V6E 3T5*<br>*6046810204* |

# FORM 6-K
# SECURITIES AND EXCHANGE COMMISSION
# Washington, D.C. 20549

## Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16**
**of the Securities Exchange Act of 1934**

For the month of April 29, 2005

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

6th Floor, 1199 West Hastings Street

Vancouver, B.C. Canada V6E 3T5

**COMMISSION FILE NUMBER: 029718**

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F_X__ Form 40-F __

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ..... No ..X...

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-________

- **EXHIBITS**

Exhibit 1 Audited Consolidated Financial Statements for the year ended December 31, 2004.

Exhibit 2 Management' s Discussion & Analysis for the year ended December 31, 2004.

## Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.<br>
(Registrant)<br><br>
By: "Bedo H. Kalpakian"<br>
(Signature)<br><br>
Chairman & Director

**Date: April 29, 2005**

SmytheRatcliffe
CHARTERED ACCOUNTANTS

# LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

**Consolidated Financial Statements**
**December 31, 2004 and 2003**

<u>**INDEX**</u>



A Member of PKF International

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# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

## TO THE STOCKHOLDERS OF LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

We have audited the consolidated balance sheets of Las Vegas from Home.com Entertainment Inc. as at December 31, 2004 and 2003 and the related consolidated statements of operations and deficit and cash flows for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada and the standards of the Public Company Accounting Oversight Board ("PCAOB") (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 and the results of its operations and cash flows for each of the two years then ended in conformity with Canadian generally accepted accounting principles. Accounting principles generally accepted in Canada differ in certain significant respects from accounting principles in the United States of America and are discussed in note 15 to the consolidated financial statements.

In the United States of America, reporting standards for auditors require the addition of an explanatory paragraph when the financial statements are affected by the Company's ability to continue as a going-concern. Our report to the shareholders dated March 8, 2005 is also expressed in accordance with Canadian reporting standards that do not permit a reference to such an uncertainty in the auditors' report when the uncertainty is adequately disclosed in the financial statements.

"Smythe Ratcliffe"

Chartered Accountants

Vancouver, Canada
March 8, 2005

## COMMENTS BY AUDITORS FOR US READERS

The accompanying financial statements have been prepared assuming the Company will continue as a going-concern. As discussed in note 1 to the financial statements, the Company has incurred significant operating losses over the past three fiscal years. These matters raise substantial doubt about the Company's ability to continue as a going-concern. The financial statements do not include any adjustment that might result from the outcome of this uncertainty.

As discussed in note 15(a)(viii) to the financial statements for US GAAP reconciliation purposes, the Company adopted FASB Interpretation 123R, *Share-Based Payment* and, accordingly, began expensing stock options granted to officers, directors, consultants and employees using the fair value method. This change was accounted for on a prospective basis for US GAAP.

"Smythe Ratcliffe"

Chartered Accountants

Vancouver, Canada
March 8, 2005

A Member of PKF International

## LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
**Consolidated Balance Sheets**
**December 31**
**(Canadian Dollars)**

| | 2004 | 2003 (note 3(e)) |
|---|---|---|
| **Assets** | | |
| **Current** | | |
| Marketable securities (note 5) | $383 | $17,374 |
| Accounts receivable | 1,203,471 | 179,133 |
| Prepaids and security deposits | 102,899 | 85,041 |
| **Equipment and Software Development** (note 7) | 904,747 | 238,655 |
| **Due from Related Party** (note 11) | 371,347 | 140,832 |
| **Total Assets** | $ 2,582,847 | $ 661,035 |
| **Liabilities** | | |
| **Current** | | |
| Bank indebtedness | $20,717 | $3,300 |
| Accounts payable and accrued liabilities | 1,361,239 | 405,608 |
| Other obligations (note 8) | 516,008 | 0 |
| Obligation under capital lease (note 9) | 19,904 | 12,127 |
| Due to related parties (note 11) | 8,525 | 7,981 |
| | 1,926,393 | 429,016 |
| **Obligation Under Capital Lease** (note 9) | 23,190 | 27,565 |
| | 1,949,583 | 456,581 |
| **Stockholders' Equity** | | |
| **Capital Stock** (note 10) | 17,299,101 | 14,345,780 |
| **Subscription Received** (note 10(b)) | 750,000 | 0 |
| **Contributed Surplus** (note 10(f)) | 2,451,298 | 379,297 |
| **Deficit** | (19,867,135) | (14,520,623) |
| | 633,264 | 204,454 |
| **Total Liabilities and Stockholders' Equity** | $2,582,847 | $661,035 |

Commitments (note 14)

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

"Neil Spellman"
........................................................................ Director
Neil Spellman

## LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
### Consolidated Statements of Operations and Deficit
### Years Ended December 31
### (Canadian Dollars)

| | 2004 | 2003 | 2002 |
|---|---|---|---|
| | | (note 3(e)) | (note 3(e)) |
| **Interest Income** | $ 3,046 | $ 1,997 | $ 9,776 |
| **Revenue** | 1,980,918 | 1,380,427 | 375,608 |
| | 1,983,964 | 1,382,424 | 385,384 |
| **Expenses** | | | |
| Salaries and benefits | 2,292,755 | 1,344,223 | 894,661 |
| Advertising and promotion | 1,236,938 | 771,813 | 346,736 |
| Rent | 289,269 | 255,702 | 112,886 |
| Management fees | 180,000 | 180,000 | 180,000 |
| Travel, meals and entertainment | 172,233 | 163,834 | 184,581 |
| Office | 126,891 | 83,323 | 92,573 |
| Legal, accounting and audit | 78,661 | 133,947 | 188,293 |
| Telephone | 24,863 | 27,704 | 25,484 |
| License fee | 13,033 | 26,755 | 41,250 |
| Regulatory and transfer agent fees | 10,357 | 6,891 | 12,270 |
| Shareholder communication | 9,424 | 11,150 | 5,641 |
| Technical consulting | 2,600 | 59,701 | 272,698 |
| Recovery on software development | 0 | 0 | (200,000) |
| Bank charges, interest and foreign exchange | (17,840) | 34,278 | 26,644 |
| Amortization | 168,108 | 71,677 | 67,188 |
| | 5,579,242 | 3,398,136 | 2,376,669 |
| **Loss Before Other Items** | (3,595,278) | (2,015,712) | (1,991,285) |
| **Other Items** | | | |
| Gain (loss) on disposal of property and equipment | 0 | 435 | (39,575) |
| Recovery for loans receivable | 0 | 0 | 156,470 |
| Write-down of software | 0 | 0 | (166,023) |
| Gain on settlement of debt | 0 | 0 | 200,000 |
| Interest income on debt settlement | 0 | 0 | 15,000 |
| Write-down of investments | (39,301) | 0 | 0 |
| Gain (loss) on sale of investments | (42,011) | 6,502 | 0 |
| Settlement of lawsuit | (240,400) | 0 | 0 |
| Purchase of net revenue sharing (note 12) | (1,429,522) | 0 | 0 |
| | (1,751,234) | 6,937 | 165,413 |
| **Net Loss for Year** | (5,346,512) | (2,008,775) | (1,825,413) |
| **Deficit,** as previously reported | (14,223,548) | (12,428,797) | (10,686,435) |
| **Adjustment for Change in Accounting Policy** (note 3(e)) | (297,075) | (83,051) | 0 |
| **Deficit, Beginning of Year,** as restated | (14,520,623) | (12,511,848) | (10,686,435) |
| **Deficit, End of Year** | $(19,867,135) | (14,520,623) | (12,511,848) |
| **Net Loss Per Share** | $ (0.10) | $ (0.05) | $ (0.05) |
| **Weighted Average Number of Common Shares** | 58,428,307 | 42,579,518 | 34,176,428 |

**LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.**
**Consolidated Statements of Cash Flows**
**Years Ended December 31**
**(Canadian Dollars)**

| | 2004 | 2003 | 2002 |
|---|---|---|---|
| **Operating Activities** | | | |
| Net loss | $ (5,346,512) | $ (2,008,775) | $ (1,825,413) |
| Items not involving cash | | | |
| Amortization | 168,108 | 71,677 | 67,188 |
| Capitalization of deferred amortization on software development | 11,977 | 0 | 0 |
| Stock-based compensation | 2,323,004 | 528,457 | 83,051 |
| Gain (loss) on sale of investments | 42,011 | (6,502) | 0 |
| Write-down of investments | 39,301 | 0 | 0 |
| License fee from settlement | 240,400 | 0 | 0 |
| Gain (loss) on disposal of property and equipment | 0 | (435) | 39,575 |
| Recovery of loans receivable | 0 | 0 | (156,470) |
| Write-down of software | 0 | 0 | 166,023 |
| Gain on settlement of debt | 0 | 0 | (200,000) |
| **Operating Cash Flow** | (2,521,711) | (1,415,578) | (1,826,046) |
| **Changes in Non-Cash Working Capital** | | | |
| Accounts receivable | (1,024,338) | (85,282) | (66,119) |
| Prepaids and security deposits | (17,858) | (80,446) | 60,105 |
| Due from related party | (230,515) | (140,832) | 26,180 |
| Accounts payable and accrued liabilities | 955,631 | 77,518 | 115,134 |
| Due to related parties | 544 | (94,138) | 88,532 |
| | (316,536) | (323,180) | 223,832 |
| **Cash Used in Operating Activities** | (2,838,247) | (1,738,758) | (1,602,214)2 |
| **Financing Activities** | | | |
| Common shares issued, net of issue costs | 2,702,318 | 1,769,781 | 1,542,400 |
| Subscriptions received | 750,000 | 0 | 0 |
| Other obligations | 275,608 | 0 | 0 |
| Repayment of capital lease | (14,282) | (8,403) | 0 |
| **Cash Provided by Financing Activities** | 3,713,644 | 1,761,378 | 1,542,400 |
| **Investing Activities** | | | |
| Proceeds on sale of marketable securities | 173,839 | 30,864 | 0 |
| Purchase of marketable securities | (238,160) | (34,553) | 0 |
| Proceeds on disposal of property and equipment | 0 | 1,650 | 1,353 |
| Purchase of equipment | (168,514) | (43,175) | (41,517) |
| Additions to software development | (659,979) | 0 | 0 |

| | | | |
|---|---|---|---|
| **Cash Used in Investing Activities** | (892,814) | (45,214) | (40,164) |
| **Outflow of Cash** | (17,417) | (22,594) | (99,978) |
| **Cash and Term Deposits (Bank Indebtedness), Beginning of Year** | (3,300) | 19,294 | 119,272 |
| **Cash and Term Deposits (Bank Indebtedness), End of Year** | $(20,717) | (3,300) | 19,294 |
| **Supplementary Information** | | | |
| Interest paid | $ 34,545 | $ 21,496 | $ 0 |

## 1. NATURE OF OPERATIONS AND GOING-CONCERN

These financial statements have been prepared on the basis of accounting principles applicable to a "going-concern" basis, which assumes that 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.

The Company was previously involved in the exploration of mineral properties. During 2003, the Company decided to write-down its remaining mineral property to $0 (note 6) as it was no longer pursuing this activity.

The Company and its wholly-owned Antiguan subsidiary Action Poker Gaming Inc. ("Action") are in the business of developing and marketing software for online multiplayer interactive card games.

During 2002, Action moved its operations from its location in Antigua to the facilities of Mohawk Internet Technologies Inc. ("Mohawk"), which acts as its hosting facility for its servers, located on the Kahnawake Mohawk Reserve ("Kahnawake") in Canada.

Kahnawake has reserve status in Canada, and has its own regulations and laws concerning interactive gaming. These regulations allow the Kahnawake Gaming Commission to issue a gaming license to a third party authorizing the conduct of authorized games by means of a telecommunication device, including the Internet. The law in Kahnawake regarding online gaming has not yet been tested by Canadian legal authorities; therefore, the legality of this issue is inconclusive.

The Kahnawake Gaming Commission issued to Action, an interactive gaming license to operate and exploit an Internet gaming facility, to be located at Mohawk. Action is the owner and operator of www.tigergaming.com. Furthermore, Action hosts and operates other online poker websites on behalf of its licensees.

The gaming and entertainment operations are carried on by Action. The principal revenues of Action are from collecting rakes, licensing fees and royalties. Action operates as an Internet host of card games and collects a fee as host (rake) and does not participate in the actual card games.

Although management believes that the conduct of Internet gaming related activities by Action represents a lawful business, there is the risk that the legality of the Internet gaming related activities may be challenged by Canadian or other legal authorities. If the legality of the Internet gaming related activities are challenged and the challenge is sustained, it may have a material adverse impact on the financial affairs of the Company.

1. **NATURE OF OPERATIONS AND GOING-CONCERN** (Continued)

The Company has incurred significant operating losses over the past three fiscal years. Management' s efforts are directed at increasing revenues and pursuing opportunities of merit for the Company.

These financial statements do not reflect adjustments that would be necessary if the "going- concern" assumption were not appropriate because management believes that the actions already taken or planned will mitigate the adverse conditions and events, which raise doubts about the validity of the "going-concern" assumption used in preparing these financial statements.

If the "going-concern" assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

2. **BASIS OF PRESENTATION**

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and all amounts are expressed in Canadian dollars. As described in note 15, these principles differ in certain respects from those that the Company would have followed had its financial statements been prepared in accordance with accounting principles generally accepted in the United States of America.

3. **SIGNIFICANT ACCOUNTING POLICIES**

(a) Principles of consolidation

These consolidated financial statements include the accounts of Las Vegas from Home.com Entertainment Inc. and its wholly-owned subsidiaries Action Poker Gaming Inc. and Action Commerce Limited. The Company' s other subsidiaries Touchdown Inc., Endzone Inc., G.T. Enterprises Inc. and Azat Investment LLC were dissolved in 2003. All intercompany balances and transactions have been eliminated.

(b) Mineral properties

Mineral properties are recorded at cost. The costs relating to a property abandoned are written off when the decision to abandon is made.

(c) Marketable securities

Marketable securities are valued at the lower of cost and market at the balance sheet date.

**3. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(d) Amortization

Amortization of property and equipment is calculated on a straight-line basis at the following annual rates:

| | |
|---|---|
| Software and development costs | - 5 years |
| Computer equipment | - 30% |

Software development costs are capitalized once technical feasibility has been established and a market has been identified. Such capitalized costs are amortized over the expected life of the product developed once it has been commercially released or pro-rated based upon future revenue projection, whichever creates the greatest amortization expense.

(e) Stock-based compensation plans

Effective January 2004, the Company adopted the new requirements of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, which requires an expense to be recognized in the financial statements for all forms of employee stock-based compensation including stock options. Previously, the Company did not record any compensation cost on the granting of stock options to employees and directors as the exercise price was equal to or greater than the market price at the date of the grants. Options granted are accounted for using the fair value method where compensation expense is calculated using the Black-Scholes options pricing model.

As a result of this change in accounting, the opening deficit was restated on a retroactive basis to show the effect of compensation expense associated with stock option grants to employees and directors in 2003 of $214,024 and $83,051 in 2002. Accordingly, contributed surplus was increased by $297,075.

(f) Revenue recognition

The Company recognizes revenues from licensees and customers on an accrual basis based on agreed terms of licenses and contracts as the services are rendered, when collectibility is assured and no future obligation exists. Revenues are earned from licensees based on rake splits established in licensee contracts and can vary depending on the licensee. When a player joins a game, they are charged rake revenue; this amount is non-refundable, therefore the Company recognizes rake revenue as well as rake rate based license fees revenue at the time a player joins a game. In addition, the Company charges fees to its licensees for administration.

Allowances for non-collection of revenues are made when collectibility becomes uncertain.

(g) Income taxes

The Company follows the liability method based on the accounting recommendations for income taxes issued by the CICA. Under the liability method, future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values using the enacted income tax rates at each balance sheet date. Future income tax assets can also result by applying unused loss carry-forwards and other deductions. The valuation of any future income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

**3. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(h) 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.

(i) Net loss per share

Net loss per share is calculated using the weighted average number of shares outstanding. The dilutive effect of options and warrants is not reflected in loss per share for 2004, 2003 and 2002 as the effect would be anti-dilutive.

(j) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and would impact future results of operations and cash flows.

**4. FINANCIAL INSTRUMENTS**

(a) Fair value

The carrying values of accounts receivable, bank indebtedness, accounts payable and accrued liabilities, amounts due to and from related parties, and obligation under capital lease approximate their fair values because of the short maturity of these financial instruments.

(b) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

(c) Credit risk

The Company is exposed to credit risk with respect to its accounts receivable; however, risk on accounts receivable is minimal as receivables are from major Internet payment processors.

**4. FINANCIAL INSTRUMENTS** (Continued)

(d) Translation risk

The Company remeasures 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. This risk is minimized to the extent that all non-Canadian source revenues and expenses are in US dollars.

(e) Market risk

The Company is exposed to market risk with respect to marketable securities from adverse fluctuations in their market value and in the event the marketable securities are delisted from public trading.

**5. MARKETABLE SECURITIES**

| | 2004 | 2003 |
|---|---|---|
| Marketable securities (market value - $520; 2003 - $23,856) | $ 383 | $ 17,374 |

**6. MINERAL PROPERTIES**

During 1992, the Company purchased several mineral properties located in Pike County, Arkansas, USA. During 1999, the Company sold a portion of the mineral properties and wrote down the remaining mineral property to $1. During 2003, the Company wrote down the mineral property to $0.

**7. EQUIPMENT AND SOFTWARE DEVELOPMENT**

| | 2004 | | |
|---|---|---|---|
| | Cost | Accumulated Amortization | Net |
| Software and development costs | $ 840,880 | $ 174,538 | $ 666,342 |
| Computer equipment | 298,941 | 101,381 | 197,560 |
| Computer equipment under capital lease | 64,320 | 23,475 | 40,845 |
| | $1,201,141 | $299,394 | $904,747 |

| | 2003 | | |
|---|---|---|---|
| | Cost | Accumulated Amortization | Net |
| Software and development costs | $ 180,901 | $ 72,360 | $ 108,541 |
| Computer equipment | 130,970 | 40,034 | 90,936 |
| Computer equipment under capital lease | 46,092 | 6,914 | 39,178 |
| | $ 357,963 | $ 119,308 | $ 238,655 |

**(Canadian dollars)**

## 7. EQUIPMENT AND SOFTWARE DEVELOPMENT (Continued)

During 2000, the Company helped develop and acquired, subject to a Source Code Escrow Agreement, ownership interest in certain software for multi-player interactive games. The software was at a stage where it could be played for fun money when various disputes arose between the Company and the software developer during 2001. As a result, the development of the software was halted. During 2001, the Company wrote down the software by $156,724 and, during 2002 the Company wrote off the remaining $166,023. The Company commenced legal action against the software developer seeking repayment of a promissory note due to the Company for $25,000 plus interest. Subsequently, the Company and two directors were named defendants in a counterclaim for damages totalling $307,944. On July 25, 2003, the parties to these lawsuits settled all their differences by entering into an amicable out-of-court settlement and, as a result, these lawsuits were dismissed by consent.

During 2001, the Company commenced developing its own multi-player interactive card games software. The amount of $180,901 has been capitalized under software and development costs. Amortization commenced in 2002 as the software was commercially released during the year. During 2004, an additional $659,979 was capitalized as software development costs.

## 8. OTHER OBLIGATIONS

Other obligations are comprised of the following:

| | 2004 | 2003 |
|---|---|---|
| Loan from International Interactive Ventures ("Interactive") | $ 275,608 | $ 0 |
| License fee from settlement | 240,400 | 0 |
| | $516,008 | $ 0 |

The loan from Interactive of US $250,000 (Cdn $275,608) was obtained in June 2004, and payable in monthly instalments equal to 5% of Action's revenues for the first twelve months and 10% of Action's revenues thereafter until the loan is repaid. As of December 31, 2004, US $20,709 of the US $250,000 has been repaid.

In lieu of interest, the Company is obliged to make monthly bonus payments to Interactive equal to 5% of Action's revenues for a period of twelve months.

The license fee from settlement of US $200,000 (see note 16(a)) is the maximum amount of a series of royalty payments that are payable as follows:

(a) four equal instalments of US $25,000 until November 2, 2005 of which one instalment payment has already been made;
(b) quarterly payments of US $10,000 for every US $1,000,000 of Las Vegas' cumulative rake income commencing January 1, 2005 for up to US $5,000,000 of Las Vegas' cumulative rake revenues; and
(c) a single payment of US $50,000 for the first subsequent US $5,000,000 of Las Vegas' cumulative rake revenues after the above-mentioned US $5,000,000 (note 8(b)) has been reached.

**(Canadian dollars)**

## 9. OBLIGATION UNDER CAPITAL LEASE

The following is the schedule of future minimum lease payments under capital lease:

| | | 2004 | 2003 |
|---|---|---|---|
| 2005 | $ | 27,056 | $19,389 |
| 2006 | | 23,947 | 19,389 |
| 2007 | | 2,556 | 16,279 |
| Total minimum lease payments | | 53,559 | 55,057 |
| Less: Amount representing interest and executory costs | | 10,465 | 15,365 |
| Present value of net minimum lease payments | | 43,094 | 39,692 |
| Less: Current portion | | 19,904 | 12,127 |
| Obligation under capital lease | $ | 23,190 | $27,565 |

## 10. CAPITAL STOCK

(a) Authorized
100,000,000 Common shares without par value
5,000,000 Preferred shares (none issued)

(b) Issued

| Common shares | Number | Amount |
|---|---|---|
| Balance, December 31, 2001 | 24,754,420 | $ 10,801,388 |
| Exercise of warrants for cash | 1,311,066 | 199,800 |
| Reclassification of contributed surplus on exercise of options | 0 | 56,819 |
| Private placements | | |
| Net proceeds | 12,038,000 | 1,342,600 |
| Balance, December 31, 2002 | 38,103,486 | 12,400,607 |
| Exercise of stock options for cash | 1,929,814 | 199,785 |
| Reclassification of contributed surplus on exercise of options | 0 | 175,392 |
| Private placements | | |
| Net proceeds | 11,999,970 | 1,569,996 |
| Balance, December 31, 2003 | 52,033,270 | 14,345,780 |
| Exercise of stock options for cash | 2,375,408 | 424,318 |
| Reclassification of contributed surplus on exercise of options | 0 | 251,003 |
| Private placements | | |
| Net proceeds | 15,450,000 | 2,278,000 |
| Balance, December 31, 2004 | 69,858,678 | $ 17,299,101 |

**10. CAPITAL STOCK** (Continued)

(b) Issued (Continued)

The Company has entered into non-brokered private placements dated December 13, 2004 to issue 5,000,000 units at $0.20 per unit, each unit consisting of one common share and one-half of one share purchase warrant; each whole warrant entitling the holder to purchase one common share at a price of $0.25 per common share for a period of 24 months up to January 7, 2007.

As of December 31, 2004, the Company received subscriptions of $750,000 for 3,700,000 units of the 5,000,000 units mentioned above that had not yet been issued. As of January 7, 2005, all 5,000,000 units were issued.

(c) During 2004, the Company closed private placements with a related company for a total of 4,000,000 common shares at prices of $0.30 and $0.32 per common share for net proceeds of $1,225,000.

The Company also closed brokered and non-brokered private placements dated October 25, 2004 with various investors and two directors for a total of 11,450,000 units at $0.10 per unit consisting of one common share and one half of one warrant for net proceeds of $1,053,000. A 10% cash commission of $92,000 and 920,000 broker warrants were issued to the agent in relation to the brokered private placement. Each whole warrant is exercisable at $0.20 per common share for a period of 24 months.

During 2003, the Company closed non-brokered private placements with a related company, certain directors of the Company and individuals for a total of 11,999,970 common shares at prices ranging from $0.10 to $0.15 per share, for net proceeds of $1,569,996.

During 2002, the Company closed non-brokered private placements with certain directors of the Company and individuals for a total number of 12,038,000 units of the Company' s securities at prices ranging from $0.10 to $0.20 per unit, for net proceeds of $1,342,600. Of the units issued, 1,688,000 units consisted of one common share in the capital of the Company and one non-transferable share purchase warrant. Each share purchase warrant entitled the holder thereof to purchase one additional common share in the capital of the Company for a period of two years from the closing date at an exercise price of $0.35 per common share in the first year and an exercise price of $0.70 per common share in the second year.

During 2002, the Company issued 1,311,066 common shares of the Company to certain directors of the Company and certain individuals as a result of the exercising of warrants from $0.14 to $0.16 per warrant for total proceeds of $199,800.

**(Canadian dollars)**

**10. CAPITAL STOCK** (Continued)

(d) Warrants

At December 31, 2004 and 2003, the following warrants are outstanding. Each warrant entitles the holder to purchase one common share of the Company at the exercise price per common share with the following expiry dates:

| Expiry Date | Exercise Price | Number of Warrants 2004 | 2003 |
|---|---|---|---|
| January 9, 2004 (expired) | $ 0.35 or $ 0.70 | 0 | 955,000 |
| February 8, 2004 (expired) | $ 0.35 or $ 0.70 | 0 | 733,000 |
| October 31, 2006 | $ 0.20 | 4,600,000 | 0 |
| October 31, 2006 | $ 0.10 | 920,000 | 0 |
| November 8, 2006 | $ 0.20 | 1,125,000 | 0 |
| Total warrants outstanding | | 6,645,000 | 1,688,000 |

(e) Stock options

From time to time the Company grants stock options to employees and directors pursuant to the rules and regulations of the TSX Venture Exchange ("TSX").

During 2002, the Company adopted an incentive stock option plan (the "2002 Plan") under which the Company may issue 3,810,349 stock options to acquire common shares in the capital of the Company as an incentive to officers, directors, employees, management company employees and consultants who can contribute to the success of the Company. The 2002 Plan has received TSX approval. In addition to the 2002 Plan, the Company' s shareholders adopted and approved the Company' s 2003 Stock Option Plan (the "2003 Plan") under which the Company may reserve up to 10% of its issued and outstanding capital stock for issuance under the Company' s stock option plan on a "rolling" basis, meaning the 10% limit is calculated from time to time whenever an option is granted and is based on the number of the then issued and outstanding common shares. The 2003 Plan has received TSX approval.

During 2004, the Company' s shareholders adopted and approved the Company' s 2004 Stock Option Plan (the "2004 Plan") which replaces the Company' s aforementioned 2002 and 2003 Stock Option Plans. The 2004 Plan, which has received the approval of the TSX, reserved 11,290,154 common shares for issuance representing 20% of the Company' s issued and outstanding common shares on April 12, 2004.

The following summarizes the employee, director and consultant stock options that have been granted, exercised, cancelled and expired during the years ended December 31, 2004, 2003 and 2002.

**(Canadian dollars)**

**10. CAPITAL STOCK** (Continued)

(e) Stock options (Continued)

| | Number of Shares | Exercise Price |
|---|---|---|
| Balance, December 31, 2002 | 3,610,349 | $ 0.10 to $ 0.36 |
| Year ended December 31, 2003 | | |
| Options granted | 2,920,349 | $ 0.11 to $ 0.22 |
| Options cancelled | (516,178) | $ 0.10 to $ 0.36 |
| Options exercised | (1,929,814) | $ 0.10 to $ 0.36 |
| Options expired | (1,146,357) | $ 0.10 to $ 0.11 |
| Balance, December 31, 2003 | 2,938,349 | $ 0.11 to $ 0.36 |
| Year ended December 31, 2004 | | |
| Options granted | 13,310,000 | $ 0.12 to $ 0.21 |
| Options cancelled | (381,250) | $ 0.18 to $ 0.19 |
| Options exercised | (2,375,408) | $ 0.11 to $ 0.22 |
| Options expired | (2,326,099) | $ 0.11 to $ 0.36 |
| Balance, December 31, 2004 | 11,165,592 | $ 0.12 to $ 0.20 |

**(Canadian dollars)**

## 10. CAPITAL STOCK (Continued)

(e) Stock options (Continued)

At December 31, 2004 and 2003, the following stock options are outstanding. The options entitle the holders to purchase the stated number of common shares at the exercise price per common share with the following expiry dates:

| Expiry Date | Exercise Price | Number of Shares **2004** | **2003** |
|---|---|---|---|
| August 5, 2004 | $ 0.36 | 0 | 25 |
| September 25, 2004 | $ 0.11 | 0 | 993 |
| October 10, 2004 | $ 0.11 | 0 | 25 |
| October 28, 2004 | $ 0.22 | 0 | 1,870 |
| February 4, 2005 | $ 0.19 | 565,000 | |
| February 4, 2006 | $ 0.19 | 361,842 | |
| March 23, 2006 | $ 0.15 | 25,000 | 25 |
| June 9, 2006 | $ 0.18 | 246,250 | |
| June 23, 2006 | $ 0.13 | 50,000 | |
| July 7, 2006 | $ 0.16 | 50,000 | |
| July 8, 2006 | $ 0.18 | 37,500 | |
| July 18, 2006 | $ 0.18 | 50,000 | |
| September 15, 2006 | $ 0.18 | 70,000 | |
| October 28, 2006 | $ 0.12 | 500,000 | |
| November 3, 2006 | $ 0.16 | 5,200,000 | |
| March 12, 2007 | $ 0.18 | 120,000 | |
| March 12, 2007 | $ 0.18 | 880,000 | |
| April 28, 2007 | $ 0.12 | 1,960,000 | |
| May 2, 2007 | $ 0.16 | 900,000 | |
| May 18, 2007 | $ 0.17 | 50,000 | |
| May 22, 2007 | $ 0.17 | 50,000 | |
| June 1, 2007 | $ 0.20 | 50,000 | |
| Total stock options outstanding | | 11,165,592 | 2,938,34 |

**(Canadian dollars)**

**10. CAPITAL STOCK** (Continued)

(f) Stock option compensation

The Company applies the fair value method using the Black-Scholes options model in accounting for its stock options granted. Accordingly, compensation expense of $1,489,526 (2003 - $357,152; 2002 - $83,051)) was recognized as salaries expense, and $833,478 (2003 - $171,305; 2002 - $0) was recognized as consulting expense in 2004. These amounts are credited to contributed surplus and then subsequently transferred to capital stock on exercise of the options.

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

| | 2004 | 2003 |
|---|---|---|
| Expected life (years) | 1 | 1 |
| Interest rate | 3.00% | 3.00% |
| Volatility | 145.97% | 188.13% |
| Dividend yield | 0.00% | 0.00% |

**11. RELATED PARTY TRANSACTIONS**

(a) During 2002, the Company received a payment of $200,000 from Bronx Ventures Inc. (formerly Lucky 1 Enterprises Inc.) ("Bronx"), a company related by common management, directors and officers. This payment represented Bronx's sole contribution towards the software development costs for three online card games ("the three card games software"). The Company and Bronx have equal ownership of the three card games software. The Company's Antiguan subsidiary is the operator of the gaming software and is responsible for the marketing of all the online card games. The Company's Antiguan subsidiary receives 60% of all revenues generated from the operations of the gaming software and Bronx receives the remaining 40%.

(b) Due from related party

| | 2004 | 2003 |
|---|---|---|
| Bronx Ventures Inc. | $ 371,347 | $ 140,832 |

(c) Due to related parties

| | 2004 | 2003 |
|---|---|---|
| Directors | $ 8,525 | $ 7,981 |

The Company shares office premises and office expenses with Bronx. Prior to August 2001, Bronx charged the Company for its proportionate share of office rent, payroll expenses and other expenses. Subsequent to August 2001, rent for the office premises is paid by the Company and Bronx is charged for its proportionate share.

Loans to and from Bronx bear interest at Bank of Montreal prime plus 1% and are payable on demand.

Amounts payable to directors are for expenses incurred on behalf of the Company.

## 11. RELATED PARTY TRANSACTIONS (Continued)

(d) Related party transactions during the year comprised:

(i) interest paid to directors in the amount of $2,419 (2003 - $3,433; 2002 - $842);

(ii) management fees paid to a company related by common management and directors in the amount of $180,000 (2003 - $180,000; 2002 - $180,000);

(iii) interest income received from Bronx for loans in the amount of $513 (2003 - $1,740; 2002 - $4,834);

(iv) the Company entered into two private placement agreements with a related company to sell a total of 4,000,000 common shares of the Company at $0.30 and $0.32 per common share for total proceeds of $1,225,000; and

(v) two directors of the Company participated in the non-brokered private placement dated October 25, 2004, whereby they acquired a total of 300,000 units of the Company at $0.10 per unit (see note 10(c)).

(e) Due to related parties comprised:

(i) rent received from Bronx for shared offices in the amount of $6,032 (2003 - $7,090; 2002 - $5,153);

(ii) rent paid to Bronx for shared offices in the amount of $0 (2003 - $0; 2002 - $0).

(iii) reimbursed Bronx for payroll and benefits in the amount of $185,450 (2003 - $155,796; 2002 - $142,351);

(iv) reimbursed Bronx for other office expenses in the amount of $14,139 (2003 - $29,629; 2002 - $31,819); and

(v) interest was charged for funds loaned to the Company by Bronx in the amount of $378 (2003 - $1,387; 2002 - $303).

## 12. PURCHASE OF NET REVENUE SHARING

In June 2003, Action entered into an agreement with Atlantis Casino (“Atlantis”) whereby Atlantis purchased a 35% interest in Action’ s monthly net revenues for US $1,000,000 of which the portion received was included in the Company’ s revenues.

During 2004, the parties entered into an agreement (the “Purchase Back Agreement”) whereby Action purchased back the 35% interest in Action’ s monthly net revenues from Atlantis for US $1,000,000 of which US $327,620 remained outstanding at December 31, 2004. As of March 8, 2005, the outstanding amount was fully paid. The Company and Action have no further obligations whatsoever to Atlantis.

**(Canadian dollars)**

## 13. INCOME TAXES

| | 2004 | 2003 |
|---|---|---|
| Future income tax assets | | |
| Non-capital loss carry-forwards for Canadian purposes | $ 7,883,567 | $ 7,041,796 |
| Capital losses | 979,548 | 905,088 |
| Excess of unamortized capital cost over net book value of fixed assets | 223,723 | 61,661 |
| Exploration expenditures for Canadian purposes | | |
| Unused cumulative Canadian exploration expenses | 6,370 | 6,370 |
| Unused cumulative foreign exploration and development expenses | 262,527 | 262,527 |
| | 9,355,735 | |
| Tax rate - 38.00% | 3,555,179 | 3,145,428 |
| Valuation allowance | (3,555,179) | (3,145,428) |
| | $ 0 | $ 0 |

The valuation allowance reflects the Company's estimate that the tax assets will likely not be realized and consequently have not been recorded in these financial statements.

For Canadian income tax purposes, the exploration and development expenses can be carried forward indefinitely.

The Company has net capital losses for income tax purposes of $979,548, which can be carried forward indefinitely.

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

| | |
|---|---|
| 2005 | $ 158,221 |
| 2006 | 708,311 |
| 2007 | 1,108,651 |
| 2008 | 1,049,307 |
| 2009 | 1,578,410 |
| 2010 | 2,315,756 |
| 2014 | 964,911 |
| | $ |

(Canadian dollars)

## 14. COMMITMENTS

(a) Pursuant to agreements entered into with various parties, Action is required to make the following payments:

(i) Interactive gaming license

Annual license fee of US $10,000.

(ii) Kahnawake server park rent

Monthly user fee of US $10,000.

(iii) Financial transaction fees

Minimum monthly fee of US $2,000 for credit card transactions, plus bank surcharges and other charges or fees imposed by banks or clearing houses for handling credit card transactions.

(b) Lease commitments

The Company has entered into an operating lease for office space expiring in 2006. The minimum rental commitments under the operating lease are as follows:

| | | Amount |
|---|---|---|
| 2005 | $ | 56,916 |
| 2006 | $ | 14,229 |

## 15. DIFFERENCES BETWEEN CANADIAN AND US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND PRACTICES

(a) Recent US accounting pronouncements

(i) In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements. Interpretation 46 establishes accounting guidance for consolidation of variable interest entities that function to support the activities of the primary beneficiary. Interpretation 46 applies to any business enterprise both public and private that has a controlling interest, contractual relationship or other business relationship with a variable interest entity. The Company has no investment in or contractual relationship or other business relationship with a variable interest entity and therefore the adoption did not have any impact on the Company' s financial position, results of operations or cash flows.

**15. DIFFERENCES BETWEEN CANADIAN AND US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND PRACTICES** (Continued)

(a) Recent US accounting pronouncements (Continued)

(ii) On April 30, 2003, the FASB issued Statement No. 146, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. Statement 149 is intended to result in more consistent reporting of contracts as either freestanding derivative instruments subject to Statement 133 in its entirety, or as hybrid instruments with debt host contracts and embedded derivative features. In addition, Statement 149 clarifies the definition of a derivative by providing guidance on the meaning of initial net investments related to derivatives. Statement 149 is effective for contracts entered into or modified after June 30, 2003. The Company believes the adoption of Statement 149 will not have any effect on its consolidated financial position, results of operations or cash flows.

(iii) In May 2003, the FASB issued SFAS No. 150 Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or asset in some circumstances). These requirements of SFAS No. 150 apply to issuers' classification and measurement of freestanding financial instruments, including those that comprise more than one option or forward contract. SFAS No. 150 does not apply to features that are embedded in a financial instrument that is not a derivative in its entirety. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatory redeemable financial instruments of non-public entities. It is to be implemented by reporting the cumulative effect of a change in an accounting principal for financial instruments created before the issuance date of SFAS No. 150 and still existing at the beginning of the interim period of adoption. The Company's adoption of SFAS No. 150 did not have any effect on its financial position, results of operations or cash flows.

(iv) FAS 151, Inventory Costs. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 24, 2004. The provisions of this statement should be applied prospectively. There is no impact on the Company's financial statements.

(v) FAS 152, Accounting for Real Estate Time-Sharing Transactions. This statement is effective for financial statements for fiscal years beginning after June 15, 2005. Restatement of previously issued financial statements is not permitted. There is no impact on the Company's financial statements.

(vi) FAS 153, Exchanges of Non-Monetary Assets. The provisions of this statement is effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Earlier application is permitted for non-monetary asset exchanges occurring in fiscal periods beginning after December 16, 2004. The provisions of this statement should be applied prospectively. There is no impact on the Company's financial statements.

**15. DIFFERENCES BETWEEN CANADIAN AND US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND PRACTICES** (Continued)

(a) Recent US accounting pronouncements (Continued)

(vii) FIN 46(R), Consolidation of Variable Interest Entities, applies at different dates to different types of enterprises and entities, and special provisions apply to enterprises that have fully or partially applied Interpretation 46 prior to issuance of Interpretation 46(R). Application of Interpretation 46 or Interpretation 46(R) is required in financial statements of public entities that have interests in variable interest entities or potential variable interest entities commonly referred to as special-purpose entities for periods ending after December 15, 2003. Application by public entities (other than small business issuers) for all other types of entities is required in financial statements for periods ending after March 15, 2004. Application by small business issuers to entities other than special-purpose entities and by non-public entities to all types of entities is required at various dates in 2004 and 2005. In some instances, enterprises have the option of applying or continuing to apply Interpretation 46 for a short period of time before applying Interpretation 46(R). There is no impact on the Company's financial statements.

(viii) In 2004, FASB issued a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. This statement supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and its related implementation guidance. This revised pronouncement requires that all stock options and warrants be accounted for using the fair value method. This pronouncement had no impact on the Company, as the Company accounts for all options and warrants using the fair value method, under Canadian GAAP.

(b) The financial statements have been prepared in accordance with accounting principles and practices generally accepted in Canada ("Canadian GAAP") which differ in certain respects from those principles and practices that the Company would have followed had its financial statements been prepared in accordance with principles and practices generally accepted in the United States of America ("US GAAP").

Under US GAAP, the accounting treatment would differ as follows:

(i) Exploration costs are expensed as incurred. As a result, under US GAAP there is greater expense in earlier periods and fewer write-downs in subsequent periods than under Canadian GAAP.

(ii) Marketable securities are recorded at fair market value. The value recorded under Canadian GAAP is the lower of cost and market.

For US GAAP purposes, unrealized gains and losses on marketable securities available for sale are recorded as a separate item in the stockholders' equity section as other comprehensive income. For Canadian GAAP, gains and losses are only recognized in the income statements when realized.

(iii) Under US GAAP, comprehensive income must be reported, which is defined as all changes in equity other than those resulting from investments by owners and distributions to owners.

Other comprehensive income includes the unrealized holding gains and losses on the available-for-sale securities.

(Canadian dollars)

**15. DIFFERENCES BETWEEN CANADIAN AND US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND PRACTICES** (Continued)

(b) (Continued)

(iv) Under Canadian GAAP, the Company did not meet the criteria to adopt prospectively the fair value method of accounting for stock-based compensation and, therefore, had to adopt the change retroactively. Under US GAAP, the Company has the option to adopt the change either prospectively or retroactively. For US GAAP, the Company adopted the change for US GAAP, prospectively.

| | 2004 | 2003 | 2002 |
|---|---|---|---|
| Net loss under Canadian GAAP | $ (5,346,512) | $ (2,008,775) | $ (1,825,413) |
| Adopt fair value for stock-based compensation prospectively under US GAAP | 0 | 214,024 | 83,051 |
| Net loss under US GAAP | $ (5,346,512) | $ (1,794,751) | $ (1,742,362) |
| Unrealized gain on marketable securities | 135 | 5,783 | 0 |
| Other comprehensive loss under US GAAP | $ (5,346,377) | $ (1,788,968) | $ (1,742,362) |

(c) Effect on total assets

| | 2004 | 2003 | 2002 |
|---|---|---|---|
| Total assets under Canadian GAAP | $ 2,582,847 | $ 661,035 | $ 345,200 |
| Available for sale securities recorded at cost for Canadian GAAP purposes and at fair value for US GAAP purposes | 135 | 5,783 | 0 |
| Total assets under US GAAP | $ 2,582,982 | $ 666,818 | $ 345,200 |

(d) Effect on shareholders' equity

| | 2004 | 2003 | 2002 |
|---|---|---|---|
| Stockholders' equity (deficiency) under Canadian GAAP | $ 633,264 | $ 204,454 | $ (83,590) |
| Comprehensive income on available for sale securities recorded at cost for Canadian GAAP and at fair value for US GAAP purposes | 135 | 5,783 | 0 |
| Stockholders' equity (deficiency) under US GAAP | $ 663,399 | $ 210,237 | $ (83,590) |

## 16. SUBSEQUENT EVENTS

(a) During the year, the Company was involved in a lawsuit for patent infringement. Subsequent to year-end, the Company reached an out-of-court settlement whereby the Company has agreed to pay a series of royalty payments not to exceed the sum of US $200,000 of which US $25,000 has already been paid as of February 28, 2005. Accordingly, US $200,000 (Cdn $240,400) has been accrued as settlement expense in the statement of operations.

(b) As of January 7, 2005, Bronx, a related company, has acquired for investment purposes, 1,250,000 units of the Company, at a price of $0.20 per unit. Each unit consists of one common share and one-half of one warrant of the Company (note 10(b)). Bronx may either increase or decrease its investment in the Company in the future.

Form 51-102F1

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

Management Discussion & Analysis
Audited Consolidated Financial Statements for the
Year ended
December 31, 2004

*The following discussion and analysis of the financial position and results of operations for Las Vegas From Home.com Entertainment Inc. ( the "Company") should be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended December 31, 2004 and 2003, and which are prepared in accordance with Canadian generally accepted accounting principals. The audited consolidated financial statements and notes thereto have been reviewed by the Company's Auditor. The following discussion and analysis, which* ***has not been reviewed by the Company's Auditor,*** *should also be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended December 31, 2004 and 2003.*

***The following information will include all the disclosure required under Form 51-102F1 for Annual MD&A.***

**The following information is prepared as at April 28, 2005.**

## Forward-Looking Statements

Certain statements contained herein are "forward-looking" and are based on the opinions and estimates of management, or on opinions and estimates provided to and accepted by management. Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied. Readers are therefore cautioned not to place reliance on any forward-looking statement.

## Description of Business

The Company and its Antiguan subsidiary, Action Poker Gaming Inc. ("Action") are in the business of developing and marketing software for on-line multi-player interactive card games. The gaming and entertainment operations are carried on by Action. The principal revenues of Action are from collecting rakes, licensing fees and royalties. Action operates as an internet host of card games and collects a fee (rake) as host and does not participate in the actual card games.

Las Vegas From Home.com Entertainment Inc. is a reporting issuer in the Provinces of British Columbia and Alberta and files all public documents on *www.sedar.com* . The Company is a foreign private issuer in the United States of America and in this respect, files on EDGAR, its annual report on Form 20-F and other reports on Form 6K. The following link, http://www.sec.gov/cgi-bin/browse-edgar?company=&CIK=0001061612&filenum=&State=&SIC=&owner=include&action=getcompany will give you direct access to the Company's S.E.C. filings.

**Selected Annual Information**

Selected annual information from the audited consolidated financial statements for the three years ended December, 31, 2004, 2003 and 2002 is shown in the following table:

| | 2004 | 2003 | 2002 |
|---|---|---|---|
| Revenue | $ 1,980,918 | $ 1,380,427 | $ 375,608 |
| Interest Income | 3,046 | 1,997 | 9,776 |
| Loss before other items | (3,595,278) | (2,015,712) | (1,991,285) |
| Loss per common share before other items | (0.05) | (0.04) | (0.05) |
| Fully diluted loss per common share before other items | (0.04) | (0.04) | (0.04) |
| Net loss | (5,346,512) | (2,008,775) | (1,825,413) |
| Net loss per common share | (0.08) | (0.04) | (0.05) |
| Fully diluted net loss per common share | (0.06) | (0.04) | (0.04) |
| Total Assets | 2,582,847 | 661,035 | 345,200 |
| Long term financial obligations | 43,094 | 39,692 | Nil |
| Cash dividends | Nil | Nil | Nil |

For the twelve month period ended December 31, 2004, the Company has recorded Revenue of $1,980,918 (2003:$1,380,427) reflecting a general acceptance of the Company's Gaming Software by the Company's Licensees and users of the Company's Gaming Software. Interest income increased to $3,046 (2003:$1,997) due to higher cash balances in the bank. The loss before other items of $3,595,278 (2003:$2,015,712) and the loss per common share before other items on a fully diluted basis was $0.04 (2003:$0.04) and on a non-diluted basis was $0.05 (2003:$0.04) which occurred as a result of increased expenses totalling $5,579,242 (2003:$3,398,136) mainly due to the Company incurring advertising and promotion expenses of $1,236,938 (2003:$771,813) and also due to the Company recognizing stock options granted to Employees, Directors and Officers as salaries' expense of $1,489,526 (2003:$357,152) and stock options granted to Consultants as Consulting expense of $833,478 (2003:171,305). The increased net loss of $5,346,512 (2003: $2,008,775) and the net loss per common share on a fully diluted basis of $0.06 (2003:$0.04) and on a non-diluted basis of $0.08 (2003:$0.04) is due to the loss on sale of investments of $42,011 as compared to a gain of $6,502 in 2003, the settlement of a lawsuit for $240,400 (2003:$Nil), the write down of investments by $39,301 (2003:$Nil) and the purchase back of net revenue sharing for $1,429,522 (2003:$Nil). The gain/loss on disposal of property and equipment was $Nil as compared to a gain of $435 in 2003. Total assets of $2,582,847 (2003: $661,035) is comprised of marketable securities of $383 (2003:$17,374); accounts receivable of $1,203,471 (2003:$179,133); prepaids and security deposits of $102,899 (2003:$85,041); due from related party of $371,347 (2003:$140,832); and equipment and software development of $904,747 (2003:$238,655). The Company has long term obligations of $43,094 (2003:$39,692) for hardware equipment. The Company has never paid any cash dividends and has no plans to pay any cash dividends in the future. The weighted average number of common shares was 58,428,307 as compared to 42,579,518 for the same period in 2003 as compared to 34,176,428 for the same period in 2002.

**Results of Operations**

All financial figures presented herein are expressed in Canadian Dollars (CDN$) unless otherwise specified.

The Company has developed and has built a Software for on-line multi-player interactive card games (the "Company's Gaming Software") which is licensed to its wholly owned Antiguan subsidiary Action Poker Gaming Inc. ("Action").

The Kahnawake Gaming Commission has issued to Action an interactive gaming license to operate and exploit an Internet Gaming Facility located at the facilities of Mohawk Internet Technologies Inc., which is located in the Kahnawake Mohawk Reserve in Canada.

Action hosts the Company's Gaming Software to the general public. Action is the owner and operator of the URLs www.tigergaming.com, www.tigergaming.net, www.holycowpoker.com, www.atlantisworldpoker.com, www.pokerincanada.com and www.pokerincanada.net.

Action licenses the Company's Software to several third party operators. For a list of all licensees, please visit www.lvfh.com . Furthermore, Action hosts and operates online poker websites on behalf of its licensees.

The principal revenues of Action are from collecting rakes, licensing fees and royalties.

During the year ended December 31, 2004, Action launched www.zerorake.com. However, for the time being, Action has decided not to market www.zerorake.com.

The Company is continually enhancing and upgrading the Company's Gaming Software. Furthermore, the Company is developing new games which will be added to the Company's Gaming Software.

In June 2003, Action entered into an agreement with Atlantis Casino ("Atlantis") whereby Atlantis purchased a 35% interest in Action's monthly net revenues for US$1,000,000 of which the portion received was included in the Company's revenues. During 2004, the parties entered into an agreement (the "Purchase Back Agreement") whereby Action purchased back the 35% interest in Action's monthly net revenues from Atlantis for US$1,000,000 of which US$327,620 remained outstanding as at December 31, 2004. As of March 8, 2005, the outstanding amount was fully paid. The Company and Action have no further obligations whatsoever to Atlantis.

During the year, the Company was involved in a lawsuit for patent infringement. Even though Management of the Company is of the opinion that the lawsuit was frivolous and of no merit, nevertheless Management decided that it would be more prudent and cost effective to have an amicable out-of-court settlement. Subsequent to year-end, the Company reached an out-of-court settlement whereby the Company has agreed to pay a series of royalty payments, not to exceed the sum of US$200,000, which are payable as follows:

(a) Four equal instalments of US$25,000 until November 2, 2005, of which one instalment payment has already been made;
(b) Quarterly payments of US$10,000 for every US$1,000,000 of Las Vegas' cumulative rake income commencing January 1, 2005, for up to US$5,000,000 of Las Vegas' cumulative rake revenues; and,
(c) A single payment of US$50,000 for the first subsequent US$5,000,000 of Las Vegas' cumulative rake revenues after the above mentioned US$5,000,000 has been reached.

Accordingly, US$200,000 (Cdn$240,400) has been accrued as settlement expense in the statement of operations for the year ended December 31, 2004.

The Company is presently not a party to any legal proceedings whatsoever.

On June 15, 2004, the Company entered into a Loan Agreement (the “Loan Agreement”) with International Interactive Ventures (“Interactive”) whereby Interactive lent the Company’s Antiguan subsidiary, Action, the amount of US$250,000 (the “Loan”). The Loan is repayable together with bonus on a monthly basis commencing on July 30, 2004 and ending on July 30, 2006. In lieu of interest, the Company is obliged to make monthly bonus payments to Interactive equal to 5% of Action’s revenues for a period of 12 months. Bonus payments totalling US$20,709 have been made up to October, 2004.

The Company acquired, on April 28, 2004, Action Commerce Limited (UK), a United Kingdom corporation. Action Commerce Limited (UK) is now a wholly owned subsidiary of the Company, and acts as payment processor for the Company and its subsidiaries. Furthermore, the Company has caused to incorporate the following companies which are wholly owned subsidiaries of the Company; (1) Guardian Commerce Limited, (“Guardian”) a St. Kitt’s Corporation which was incorporated to enable the Company’s subsidiaries to continue their business relationship with Optimal Payments Inc., and, (2) APG Enterprises Ltd., (“APG”) a Cypriot Corporation. The Company’s wholly owned Cypriot subsidiary, APG has commenced its operations in Cyprus and currently employs 16 people. Upon the dissolution of one of the Company’s former subsidiaries, the Company acquired a 100% wholly owned interest in 4010493 Canada Inc., a federally chartered Canadian company, which is currently dormant. Furthermore, the Company caused to incorporate two Panamanian subsidiaries during the year, Georgia Enterprises Corp., and Tiger Ventures Corp., both of which are presently inactive. The Company may, in the future, possibly use the two Panamanian subsidiaries as payment processors for the Company and its subsidiaries.

At the 2004 Annual General Meeting of the shareholders of the Company which was held on May 31, 2004, the shareholders approved the Audited Consolidated Financial Statements for the year ended December 31, 2003 and the Auditor’s report thereon; fixed the number of Directors for the ensuing year at four; elected Bedo H. Kalpakian, Jacob H. Kalpakian, Neil Spellman and Gregory T. McFarlane as Directors of the Company; re-appointed the Company’s Auditor, Smythe Ratcliffe, Chartered Accountants, for the ensuing year and authorized the Directors to fix the remuneration to be paid to the Auditor; and, adopted the Company’s 2004 Stock Option Plan whereby the Company may reserve up to 11,290,154 of the issued and outstanding common shares of the Company for the granting of stock options to directors, officers, employees and consultants. The material terms of the 2004 Stock Option Plan, which has received the approval of the TSX Venture Exchange (“TSX”), are outlined in the Company’s Information Circular, dated April 12, 2004, and which has been filed on www.Sedar.com .

In addition to the Public Markets on which the Company’s shares are presently either quoted or listed for trading, and in order that the Company may have an enhanced profile, and increased status and credibility, Management of the Company is currently pursuing the possibilities of having the Company’s securities quoted for trading on AIM of the London Stock Exchange.

For the year ended December 31, 2004, the Company recorded revenue of $1,980,918 as compared to $1,380,427 for the same period in 2003. Interest income was $3,046 as compared to $1,997 during the same period in 2003. The loss before other items was $3,595,278 as compared to $2,015,712 for the same period in 2003 due to the fact that the total expenses increased to $5,579,242 reflecting an increase in the level of the Company’s activities as compared to $3,398,136 for the same period in 2003. Items which contributed to an increase in operating expenses during the year ended December 31, 2004, were office expenses of $126,891 (2003:$83,323), consulting and professional fees of $991,950 (2003:$227,138) which includes a non-cash expense item of $833,478 (2003:$171,305) for stock options granted to Consultants, salaries and benefit expenses of $2,292,755 (2003:$1,344,223) which includes a non-cash expense item of $1,489,526 (2003:$357,152) for stock options granted to Directors, Officers and Employees, advertising and promotion expenses of $1,236,938 (2003:$771,813), amortization of $168,108 (2003:$71,677), regulatory and transfer agent fees of $10,357 (2003:$6,891), rent of $289,269 (2003:$255,702), and, travel, meals and entertainment expenses of $172,233 (2003:$163,834).

The weighted average loss per common share was $0.10 as compared to a loss of $0.05 during the same period in 2003. Total assets at December 31, 2004, were $2,582,847 (2003:$661,035) which are comprised of marketable securities of $383 (2003:$17,374), accounts receivable of $1,203,471 (2003:$179,133), prepaids and security deposits of $102,899 (2003:$85,041), equipment and software development of $904,747, (2003:$238,655), and due from related party of $371,347 (2003:$140,832). As at December 31, 2004, the Company has equipment leases with a present value of net minimum lease payments of $43,094 (2003:$39,692) expiring in 2007. The current portion totals $19,904 (2003:$12,127) a certain portion of which has been personally guaranteed by the Company's President, Jacob H. Kalpakian. The Company has not paid any cash dividends and does not plan to pay any cash dividends in the future.

For the year ended December 31, 2004, the Company had a working capital deficit of $619,640 as compared to $147,468 in the same period of 2003.

During the twelve month period ended December 31, 2004, the Company incurred a net loss of $5,346,512 or $0.08 per share (2003:$2,008,775 or $0.04 per share), which includes non-cash expense items totalling $2,323,004 (2003:$528,457) for stock options granted to Directors, Employees, Officers and Consultants. Operating expenses during the twelve month period amounted to $5,579,242 as compared to $3,398,136 in the same period for the year 2003. The increase in the Company's operating expenses is mainly due to the Company increasing its work force considerably, substantially increasing its advertising and promotional efforts, and the Company's recognition of compensation expense for stock options granted to Directors, Officers, Employees and Consultants. During the twelve month period ended December 31, 2004, the Company recorded revenues of $1,980,918 (2003:$1,380,427) (2002: $375,608). The increase in the Company's revenues is due to the general acceptance of the Company's Gaming Software by the Company's licensees and users of the Company's Gaming Software.

**Fourth Quarter, (December 31, 2004)**

During the three month [fourth quarter] period ended December 31, 2004, the Company had a net loss of $3,461,006 or $0.05 per share as compared to a net gain of $178,640 or $0.00 per share in the same three month [fourth quarter] period ended December 31, 2003. Operating costs increased to $3,250,031 as compared to $1,400,873 for the same period in 2003. Costs relating to salaries and benefits, advertising and promotion, consulting fees, telephone, amortization and rent contributed mainly to the increase in operating costs as a result of an overall increase in the Company's activities.

The Company's fourth quarter revenue for the three month period ended December 31, 2004, was $1,073,463; (2003:$260,887) as a result of increased revenue generated from the Company's Gaming Software.

**Risks related to our Business**

Although management believes that the conduct of Internet gaming related activities by its Antiguan subsidiary, Action, represents a lawful business, there is the risk that the legality of the Internet gaming related activities 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.

There is an ongoing effort in the U.S.A. to enact legislation for the prohibition of on-line gaming and for financial transactions pertaining to on-line gaming. The passage of such legislation could substantially and adversely impact the business of the Company and its licensees.

The marketplace for the Company's Gaming Software is constantly undergoing changes, is intensely competitive and is subject to changes in customer preferences. The Company's products and services compete against those of other companies that have greater financial, marketing, technical and other resources than those of the Company. Any changes in the internet's role as the premier computer network information service or any shutdown of internet services by significant internet service providers will have an adverse material impact on the Company's ability to generate revenues. Furthermore, the Company can be adversely affected from power failures, internet failures, software failures and hackings. The Company relies heavily on its employees, the loss of any of whom could have an adverse effect on the Company. The Company also relies on its licensees for the operation of the Company's Gaming Software, the loss of any of which could have an adverse effect on the affairs of the Company. Changes in policies of companies, financial institutions or banks, that handle credit card transactions and/or other types of financial transactions for on-line gaming, may have an adverse impact on the financial affairs of the Company.

**Summary of Quarterly Results**

The following are the results for the eight most recent quarterly periods, starting with the three month quarterly period ended December 31, 2004:

| For the Quarterly Periods ended | December 31, 2004 | September 30, 2004 | June 30, 2004 | March 31, 2004 |
|---|---|---|---|---|
| Total Revenues | $ 1,073,518 | 350,688 | 282,979 | 276,779 |
| Income (loss) before other items | (2,176,513) | (530,878) | (429,508) | (458,379) |
| Earnings (loss) per common share before other items | (0.03) | (0.01) | (0.01) | (0.01) |
| Fully diluted earnings (loss) per common share before other items | (0.02) | (0.01) | (0.01) | (0.01) |
| Net income (loss) for the period | (3,461,006) | (558,394) | (862,178) | (464,934) |
| Basic net earnings (loss) per share | (0.05) | (0.01) | (0.02) | (0.01) |
| Diluted net earnings (loss) per share | (0.04) | (0.01) | (0.01) | (0.01) |

| For the Quarterly Periods ended | December 31, 2003 | September 30, 2003 | June 30, 2003 | March 31, 2003 |
|---|---|---|---|---|
| Total Revenues | $ 261,122 | 186,722 | 841,991 | 92,589 |
| Income (loss) before other items | (1,139,751) | (667,955) | 311,970 | (519,976) |
| Earnings (loss) per common share before other items | (0.02) | (0.01) | 0.01 | (0.01) |
| Fully diluted earnings (loss) per common share before other items | (0.01) | (0.01) | 0.01 | (0.01) |
| Net income (loss) for the period | 178,640 | (578,491) | 307,244 | (1,916,168) |
| Basic net earnings (loss) per share | 0.00 | (0.01) | 0.01 | (0.05) |
| Diluted net earnings (loss) per share | 0.00 | (0.01) | 0.01 | (0.04) |

The Company's business is not of a seasonal nature.

The Company's total revenues have been generated mainly as a result of the Company's Gaming Software.

Fluctuations in the exchange rate of the US dollar in relation to the Canadian dollar have a direct impact on the results of the Company's operations due to the fact that the Company's revenues are generated in US dollars while a certain portion of the Company's expenses are incurred in Canadian dollars.

**Liquidity and Capital Resources**

The Company's revenues did not meet the Company's expenditures and capital requirements. For the year ended December 31, 2004, the Company has required additional funds to conduct its operations uninterruptedly. During the fourth quarter of 2004, the Company experienced meaningful increases in its revenues. In order for the Company to further increase its revenues, the Company must dedicate more resources to marketing and to upgrading the Company's Software so as to have a full suite of poker games as well as new products. If the Company is successful in increasing its revenues, Management is of the opinion that the Company shall be able to fund its marketing and development expenditures from the Company's increased cash flow. Until the Company is able to reach such a level, and in order to meet its funding requirements, the Company intends to seek equity and/or debt financings through private placements and/or public offerings and/or loans.

During the year ended December 31, 2004, the Company entered into two private placement financing agreements with Bronx Ventures Inc, [formerly Lucky 1 Enterprises Inc.] ("Bronx"), a related party, whereby the Company issued an aggregate of 4,000,000 common shares at prices ranging from $0.30 to $0.32 per common share for total proceeds to the Company of $1,225,000.

During the year ended December 31, 2004, the Company closed a Brokered Private Placement Financing and a Non-Brokered Private Placement Financing dated October 25, 2004, for total gross proceeds to the Company of $1,145,000, the details of which are as follows:

- The Brokered Private Placement Financing consists of 9,200,000 Units of the Company's securities at $0.10 per Unit. Each Unit consists of one common share ("Common Share") in the capital of the Company and one-half of one share purchase warrant ("Warrant"). Each whole Warrant is required to purchase one Common Share in the capital of the Company at $0.20 per Common Share for a period of 24 months. A 10% Finder's Fee of $92,000 was paid in cash to the Agent and an aggregate of 920,000 broker warrants ("Broker Warrants") were issued. Each Broker Warrant entitles the broker to acquire one Common Share in the capital of the Company at $0.10 per Common Share for a period of 24 months. All Common Shares, Warrants and Broker Warrants have been issued and have a hold period expiring on March 2, 2005, and;

- The Non-Brokered Private Placement Financing consists of 2,250,000 Units of the Company's securities at $0.10 per Unit. Each Unit consists of one common share ("Common Share") in the capital of the Company and one-half of one warrant ("Warrant"). Each whole Warrant is required to purchase one Common Share in the capital of the Company at $0.20 per Common Share for a period of 24 months. No Finder's Fee was paid in respect to this Financing. All Common Shares and Warrants have been issued and have a hold period expiring on March 10, 2005.

The Company has entered into Non-Brokered Private Placement Agreements dated December 13, 2004, to issue 5,000,000 units at $0.20 per unit, each unit consisting of one common share and one-half of one warrant; each whole warrant entitling the holder to purchase one common share exercisable at a price of $0.25 per common share for a period of 24 months. A related party, Bronx Ventures Inc., [formerly Lucky 1 Enterprises Inc.], ("Bronx"), participated in this financing and purchased 1,250,000 units of the 5,000,000 units. In the future, Bronx may either increase or decrease its investment in the Company. The financing was approved by the TSX Venture Exchange on January 7, 2005, and all units, which have a hold period expiring on May 8, 2005, have been issued by the Company.

Proceeds received by the Company from all financings are being utilized for general working capital purposes.

The Company has granted stock options to acquire common shares of the Company, at certain prices, to various parties. Should any outstanding stock options be exercised by any party, then any funds received by the Company shall be used for general working capital purposes. However, there are no assurances whatsoever that any stock options will be exercised before their respective expiry dates.

During the year ended December 31, 2004, an aggregate of 2,375,408 stock options were exercised for total proceeds of $424,318; 13,310,000 stock options were granted; 2,326,099 stock options expired and 381,250 stock options were cancelled. As at December 31, 2004, the Company had 11,165,592 outstanding stock options exercisable at prices ranging between $0.12 and $0.20 per common share.

During the year ended December 31, 2004, 1,688,000 share purchase warrants in the capital of the Company expired and a total of 6,645,000 share purchase warrants were issued of which 4,600,000 are exercisable at $0.20 per common share expiring on October 31, 2006, 1,125,000 are exercisable at $0.20 per common share expiring on November 8, 2006, and 920,000 are exercisable at $0.10 per common share expiring on October 31, 2006.

There was a working capital deficit of $619,640 as at December 31, 2004, as compared to a working capital deficit of $147,468 as at December 31, 2003. Marketable securities at December 31, 2004, were $383 as compared to $17,374 at December 31, 2003. Accounts receivable at December 31, 2004, was $1,203,471 as compared to $179,133 at December 31, 2003. Prepaids and security deposits at December 31, 2004, were $102,899 as compared to $85,041 at December 31, 2003. Due from related party at December 31, 2004, was $371,347 as compared to $140,832 at December 31, 2003.

**Trends**

The marketplace for the Company' s business is constantly undergoing changes, is intensely competitive and is subject to changes in customer preferences. Consequently, new products are being developed continuously by the Online Gaming Industry in order to satisfy customer demands, and new venues of advertising and promotion are being used by the Online Gaming Industry so as to attract new customers and retain existing ones.

**Related Party Transactions**

The company shares office premises with a related company, Bronx Ventures Inc. (formerly Lucky 1 Enterprises Inc.), ("Bronx"). Subsequent to August 2001, rent for the office premises is paid by the Company and Bronx is charged for its proportionate share which was $6,032 for the twelve month period ended December 31, 2004 (2003: $7,090). Bronx charges the Company for its proportionate share of payroll expenses and other office expenses, ("Las Vegas obligations"). During the twelve month period ended December 31, 2004, the Company has paid to Bronx the sum of $199,589 (2003:$185,425) for the Las Vegas obligations which are as follows: payroll and benefits in the amount of $185,450 (2003:$155,796) and other office expenses in the amount of $14,139 (2003:$29,629).

The Company entered into a licensing agreement on November 4, 2002, with Bronx for the joint development of certain on-line gaming software consisting of three card games; Pan, Big 2, and Chinese Poker, (the "three card games software"). In respect to this transaction, the Company received the approval of the TSX Venture Exchange on November 21, 2002. The Company has received from Bronx the agreed license fee of $200,000 for the three card games software. The three card games software is equally owned by the Company and Bronx. The Company is the operator of the three card games software. The Company receives 60% and Bronx receives 40% of all revenues that are generated from the operation of the three card games software. The Company' s 60% share of revenues generated from the three card games software was $ 438,560 for the twelve month period ended December 31, 2004 (2003:$151,425). As at December 31, 2004, the Company has paid to Bronx $292,372 representing 40% of revenues generated from the three card games software (2003:$100,951).

For the year ended December 31, 2004, Kalpakian Bros. of B.C. Ltd., was paid $180,000. The principals of Kalpakian Bros. of B.C. Ltd., are Bedo H. Kalpakian and Jacob H. Kalpakian, both Company directors and officers. Pursuant to a Management Agreement dated February 1, 2000, the remuneration payable to Kalpakian Bros. of B.C. Ltd., is $15,000 per month plus GST plus reimbursement of all traveling and other expenses incurred by Kalpakian Bros. of B.C. Ltd., in connection with performing its services. The Management Agreement is automatically renewable on a year by year basis and may be terminated at anytime by either party on six months' written notice.

During the year ended December 31, 2004, the Company entered into Non-Brokered Private Placement Financing Agreements with Bronx, a related company. The Company has issued to Bronx a total of 4,000,000 common shares of the Company at $0.30 and $0.32 per common share for total net proceeds to the Company of $1,225,000. These shares were restricted from trading until June 20, 2004.

As of January 7, 2005, Bronx, a related company, has acquired for investment purposes, 1,250,000 units of the Company at a price of $0.20 per unit. Each unit consists of one common share and one-half of one warrant. One whole warrant is required to purchase one common share at $0.25 per share for a period of 24 months. The 1,250,000 units of the Company, which have a hold period expiring on May 8, 2005, have been issued to Bronx. In the future, Bronx may either increase or decrease its' investment in the Company.

During the year, 2 directors of the Company participated in the Company's Non-Brokered Private Placement financing dated October 25, 2004, by purchasing an aggregate of 300,000 units at $0.10 per unit. (For details, please see Liquidity and Capital Resources)

During the year, the Company charged interest, for funds loaned to Bronx, in the amount of $513 (2003:$1,740). During the year, the Company was charged interest, for funds loaned by Bronx, in the amount of $378 (2003:$1,387). Loans made to and received from Bronx bear interest at Bank of Montreal prime plus 1% and are payable on demand.

**Changes in Accounting Policies**

Effective January 2004, the Company adopted the new requirements of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, which requires an expense to be recognized in the financial statements for all forms of employee stock based compensation, including stock options. Previously, the Company did not record any compensation cost on the granting of stock options to employees and directors, as the exercise price was equal to or greater than the market price at the date of the grants. Options granted are accounted for using the fair value method where compensation expense is calculated using the Black-Scholes options pricing model.

As a result of this change in accounting policy, the opening deficit was restated on a retroactive basis to show the effect of compensation expense associated with stock options granted to employees and directors in 2003 of $214,024 and $83,051 in 2002. Accordingly, contributed surplus was increased by $297,075.



**Financial Instruments**

(i) Fair value

The carrying value of cash and term deposits, accounts receivable, accounts payable and accrued liabilities, amounts due to and from related parties and obligation under capital lease approximate their fair value because of the short maturity of these financial instruments.

(ii) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and liabilities.

(iii) Credit risk

The Company is exposed to credit risk with respect to its accounts receivable, however, risks on accounts receivable is minimal as receivables are from major internet payment processors.

(iv) Translation risk

The Company remeasures 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. This risk is minimized to the extent that all non-Canadian source revenues and expenses are in US dollars.

(v) Market risk

The Company is exposed to market risk with respect to marketable securities from adverse fluctuations in their market value and in the event the marketable securities are delisted from public trading.



**Analysis of expenses**

For a breakdown of general and administrative expenditures, please refer to the Company' s December 31, 2004 & 2003 Annual Audited Consolidated Financial Statements.

**Capital Stock**

100,000,000 common shares without par value
5,000,000 preferred shares

| Outstanding Share Data | No. of Common Shares | No. of Preferred Shares | Exercise ($) Price per common share | Expiry Dates |
|---|---|---|---|---|
| Issued and Outstanding as at April 28, 2005 | 79,129,678 | Nil | N/A | N/A |
| Stock Options | 10,184,592 | Nil | $0.12 to 0.44 | Feb 5/06 to June 1/07 |
| Brokers' Warrants | 90,000 | Nil | 0.10 | Oct 31/06 |
| Warrants | 6,850,000 | Nil | $0.20 to $0.25 | Oct 31/06 to Jan 7/07 |
| Fully Diluted as at April 28, 2005 | 96,254,270 | Nil | N/A | N/A |

**Subsequent Events to the year ended December 31, 2004, and up to April 28, 2005.**

In respect to the Loan Agreement with International Interactive Ventures ("Interactive"), on March 15, 2005, the Company fully repaid the Loan to Interactive. On April 15, 2005, as consideration for the early repayment of the Loan on March 15, 2005 by the Company, Interactive has cancelled the Loan Agreement and has forever forgiven all outstanding and future bonus payments that were payable pursuant to the Loan Agreement.

A total of 2,066,000 stock options were exercised at prices ranging between $0.12 and $0.19 per common share for total proceeds to the Company of $365,970. No stock options were cancelled or had expired and a total of 1,085,000 stock options were granted exercisable at prices ranging between $0.20 and $0.44 per common share.

A total of 2,205,000 warrants were exercised at prices ranging between $0.10 and $0.25 per common share for total proceeds to the Company of $358,000.

The Company has entered into an agreement on April 20, 2005, with a syndicate of underwriters led by Wellington West Capital Markets Inc. and CIBC World Markets Inc. and including GMP Securities Ltd. and Sprott Securities Inc. (collectively the "Underwriters") for a "bought-deal" underwritten private placement of Subscription Receipts ("Subscription Receipts") for gross proceeds of $8,000,200 (the "Offering"). Pursuant to the Offering, the Company will issue 12,308,000 Subscription Receipts at a price of $0.65 per Subscription Receipt. The Underwriters will also have the option to purchase up to an additional 3,077,000 Subscription Receipts on identical terms from the Company.

Each Subscription Receipt is exercisable into one unit (a "Unit") of the Company. Each Unit is comprised of one common share ("Common Share") of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share at an exercise price of $1.00 for 24 months following the closing of the Offering.

The proceeds of the Offering, exclusive of the proceeds from the sale of 2,497,100 Subscription Receipts, will be held in escrow pending the receipt of the certificate of articles of amendment of the Company providing for an increase in the authorized capital of the Company to a number of Common Shares sufficient to permit the issuance of all of the underlying Common Shares.

The proceeds from the Offering will be used to fund the Company's continued growth, to expand sales and marketing initiatives, for potential acquisitions by the Company, and for general working capital purposes.

Completion of the private placement is subject to receipt of all required regulatory and other approvals, including the approval of the TSX Venture Exchange. It is anticipated that the private placement will close on or about May 12, 2005, (the "Closing Date").

In respect to this financing, the directors and officers of the Company have consented to execute and deliver written undertakings, in favour of the underwriters, agreeing not to sell, transfer, assign, pledge or otherwise dispose of any securities of the Company owned, directly or indirectly, by the Company's directors and officers for a period of 120 days following the Closing Date without the prior written consent of the lead underwriter.

Additionally and concurrently, the Company has entered into a non-brokered private placement for 1,462,000 Units with a third party, for proceeds of $950,300, on the same terms as the Offering. A finder's fee of 6.75% will be payable to an arm's length party through the issuance of the Company's Common Shares. This transaction is subject to TSX Venture Exchange approval and shareholder approval and is expected to close on July 14, 2005.

**Outlook**

In 2004, online poker became the fastest growth sector in the e-gaming industry, fueled by poker television coverage and Cinderella stories of online players winning the World Series of Poker and other land based tournaments. Strong growth in online poker is expected to continue in the coming year, with an estimated US$66 billion to be wagered online in 2005.

Industry indications are strong that the growth trend in the internet gaming sector, in particular for poker and other multiplayer games, shall continue to enjoy high growth. At the present time, the Company's main objective is to expand the marketing of its core product. Management strongly believes it has a solid marketing plan that can increase traffic and revenue through proven marketing medians.

The Company has commenced an aggressive marketing campaign which has started to produce positive results. Consequently, the Company has started gaining market share. Management is of the opinion that with the continuation of such an aggressive marketing campaign, there is a good possibility that the Company shall increase its market share and thus advance to the next level of the Company's growth.

At the time of this filing, the Company is experiencing a continued and substantial growth in its revenues which Management expects will be reflected in the Company's 2005, 1st quarter results.