



**May 29, 2008**

The following Management Discussion and Analysis of Financial Condition and Results



## SUMMARY OF FINANCIAL RESULTS

increased total expenses to \$666,510 in Q1 2007. Development costs were not capitalized in Q1 2008 as the projects are now at implementation stage.

### **Depreciation and Amortization**

Depreciation and amortization expenses increased to \$13,144 in Q1 2008 compared to \$1,475 in Q1 2007 reflecting a higher net book value of capital assets in Q1 2008. Commencing Q4 2007, the Company began amortizing software development costs related to the Bet Exchange over a 3 year period equal to the anticipated life of the developed software. As the company's other software development

### **Other Incomes and Losses**

Other income totaled \$46,834 (consisting of \$35,778 interest income, \$13,414 rental income and \$2,358 loss from the sale of capital assets during the relocation of the head office) in Q1 2008 compared to \$34,249 (entirely interest income) for the same period of 2007.

Interest income increased in Q1 2008 compared to Q1 2007 reflecting additional cash on deposit associated with a private placement

\$55,339 excluding capitalized development cost) in Q1 2007. The main investing activities in Q1 2008 were \$23,956 for leasehold improvements to our new facilities, and \$1,457 for trademark and patents. In Q1 2007, the Company capitalized software development cost

## **7. RISKS AND UNCERTAINTIES**



\$979,440 from the options (1,749,000 options at weighted average exercise price of \$.56) and \$2,812,500 from the warrants (2,250,000 warrants at \$1.25) for a total of \$3,791,940.

## **OTHER MD&A REQUIREMENTS**

The Company evaluated the effectiveness and design of its disclosure controls and procedures for the financial statements and MD&A as at March 31, 2008 and based on this evaluation, management has concluded these disclosure controls and procedures to be effective.

The Corporation's financial reporting procedures and practices have enabled the