

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

Commission file number 0-29 219

POKER.COM INC

(Exact name of small business issuer as specified in its charter)

FLORIDA

98-0199508

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

SUITE 201 1166 ALBERNI ST. VANCOUVER

V6E 3Z3

(Address of principal executive offices)

(Zip Code)

(604) 689-5998

(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last  
report)

Check whether the issuer (1) filed all reports required to be filed by Section  
13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter  
period that the registrant was required to file such reports), and (2) has been  
subject to such filing requirements for the past 90 days. Yes \_\_\_ No X

Applicable only to issuers involved in bankruptcy proceedings during the  
preceding five years

Check whether the registrant filed all documents and reports required to be  
filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of  
securities under a plan confirmed by a court. Yes \_\_\_ No \_\_\_

Applicable only to corporate issuers

State the number of shares outstanding of each of the issuer's classes of common  
equity, as of the latest practicable date. 16,935,000 COMMON SHARES AS AT JUNE  
30, 2001.

Transitional Small Business Disclosure Format

(Check one):

Yes \_\_\_ No X

PART 1 - FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

POKER.COM, INC.

(A Development Stage Company)

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POKER.COM, INC.

Consolidated Financial Statements  
 June 30, 2001  
 (U.S. Dollars)  
 (Unaudited)

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POKER.COM, INC.

Consolidated Balance Sheets  
 (U.S. Dollars)  
 (Unaudited)

<TABLE>

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	June 30, 2001	December 31, 2000
<S>	<C>	<C>
Assets		
Current		
Cash	\$ 164,193	\$ 41,775
Accounts receivable, net of \$18,750 allowance for bad debts		602,916 456,032
Prepaid expenses		5,000 50,229
Total Current Assets	772,109	548,036
Long-Term Receivable	140,000	140,000
Property and Equipment	142,461	161,755
Intangible Assets	243,212	218,346
Total Assets	\$ 1,297,782	\$ 1,068,137
Liabilities		
Current		
Accounts payable and accrued liabilities		\$ 602,520 \$ 562,570
Advances from related parties		424 6,828
Total Liabilities	602,944	569,398
Stockholders' Equity		
Preferred Stock, \$0.01 par value, 5,000,000 shares authorized, no shares issued and outstanding		
Common Stock and Paid-In Capital in Excess of \$0.01 Par Value		
100,000,000 Shares authorized		
16,950,000 (December 31, 2000 - 16,935,000) shares issued and outstanding	1,482,818	1,469,235
Subscriptions Received	32,480	22,480
Other Comprehensive Income	10,867	4,755
Deficit	(831,327)	(997,731)
Total Stockholders' Equity	694,838	498,739
Total Liabilities and Stockholders' Equity	\$ 1,297,782	\$ 1,068,137

</TABLE>

See notes to consolidated financial statements.

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POKER.COM, INC.  
Consolidated Statements of Income  
(U.S. Dollars)  
(Unaudited)

<TABLE>  
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	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Revenue				
Marketing and sublicensing	\$ 349,113	\$ 320,625	\$ 800,807	\$ 577,845
Cost of Goods Sold	15,527	65,634	71,573	94,323
Gross Margin	333,586	254,991	729,234	483,522
Expenses				
Website marketing	74,418	119,434	166,976	340,102
Wages	56,038	0	107,677	0
Corporation promotion	48,619	44,961	66,812	112,432
Management and consulting fees	29,311	21,906	51,896	41,001
Royalties	19,447	67,892	50,184	65,623
Office supplies and services	16,046	42,993	29,998	83,330
Professional fees	9,474	19,051	11,694	22,013
Bad debts	11,000	0	11,000	0
Rent	4,524	7,895	9,157	14,526
Depreciation and amortization	28,540	53,483	57,436	66,824
Total Expenses	297,417	377,615	562,830	745,851
Income (Loss) Before Income Taxes	36,169	(122,624)	166,404	(262,329)
Income Taxes	16,276	0	74,882	0
Less: Application of loss carryforwards	(16,276)	0	(74,882)	0
Net Income (Loss) for Period	\$ 36,169	\$ (122,624)	\$ 166,404	\$ (262,329)
Weighted Average Number of Common Shares Outstanding	16,937,637	15,802,746	16,936,657	15,568,094
Dilutive Effect of Options	1,621,000	1,410,000	1,621,000	1,410,000
Weighted Average Number of Shares Outstanding Assuming Full Dilution	18,558,637	17,212,746	18,557,657	16,978,094
Earnings (Loss) Per share	\$ 0.00	\$ (0.01)	\$ 0.01	\$ (0.01)
Fully Diluted Earnings (Loss) Per Share	\$ 0.00	\$ (0.01)	\$ 0.01	\$ (0.01)

</TABLE>

See notes to consolidated financial statements.

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POKER.COM, INC.  
Consolidated Statements of Stockholders' Equity  
Six Month Period Ended June 30, 2001 and Year Ended December 31, 2000  
(U.S. Dollars)  
(Unaudited)

<TABLE>  
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	June 30, 2001	December 31, 2000
<S>	<C>	<C>
Shares of Common Stock Issued		
Balance, beginning of period	16,935,000	14,100,000

Issued for		
Settlement of debt	0	225,000
Cash	15,000	1,080,000
Subscriptions receivable	0	30,000
Subscriptions previously received	0	1,500,000
<hr/>		
Balance, end of period	16,950,000	16,935,000
<hr/>		
Common Stock and Paid-in Capital in Excess of Par		
Balance, beginning of period	\$ 1,469,235	\$ 510,000
Issued for		
Settlement of debt	0	175,000
Cash	2,250	260,000
Subscriptions previously received	0	500,000
Subscriptions receivable	0	10,000
Stock option benefit	11,333	4,235
<hr/>		
Balance, end of period	\$ 1,482,818	\$ 1,469,235
<hr/>		
Subscriptions Received		
Balance, beginning of period	\$ 22,480	\$ 500,000
Issued for subscriptions received	0	(500,000)
Subscriptions received	0	32,480
Subscriptions receivable	10,000	(10,000)
<hr/>		
Balance, end of period	\$ 32,480	\$ 22,480
<hr/>		
Other Comprehensive Income (Loss)		
Balance, beginning of period	\$ 4,755	\$ (14,130)
Foreign currency translation gain	6,112	18,885
<hr/>		
Balance, end of period	\$ 10,867	\$ 4,755
<hr/>		
Deficit		
Balance, beginning of period	\$ (997,731)	\$ (670,518)
Net income for period	166,404	(327,213)
<hr/>		
Balance, end of period	\$ (831,327)	\$ (997,731)
<hr/>		
Total Stockholders' Equity	\$ 694,838	\$ 498,739

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See notes to consolidated financial statements. 3

POKER.COM, INC.  
Consolidated Statements of Cash Flows  
Six Month Period Ended June 30  
(U.S. Dollars)

<TABLE>  
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	2001	2000
<S>	<C>	<C>
Operating Activities		
Net income (loss)	\$ 166,404	\$(262,329)
Adjustments to reconcile net income to net cash used by operating activities		
Stock option compensation expense	11,333	0
Depreciation and amortization	57,436	66,824
Changes in non-cash working capital	(118,109)	(767)
<hr/>		
Net Cash Provided by (Used in) Operating Activities	117,064	(196,272)
Investing Activity		
Purchase of property, equipment and intangible assets	(13,008)	(35,643)
Financing Activity		
Proceeds from exercise of options	2,250	0
Subscriptions received	10,000	260,000
<hr/>		
Cash Provided by Financing Activities	12,250	260,000

Effect of Foreign Currency Translation	6,112	(7,893)
Inflow of Cash	122,418	20,192
Cash, Beginning of Period	41,775	41,132
Cash, End of Period	\$ 164,193	\$ 61,324
Supplemental Disclosure of Non-Cash Transactions		
Reduction of subscriptions previously received by issuance of shares	\$ 0	\$ 500,000

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POKER.COM, INC.  
Notes to Consolidated Financial Statements  
Six Month Period Ended June 30, 2001  
(U.S. Dollars)  
(Unaudited)

## 1. BASIS OF PRESENTATION

These unaudited financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information. These financial statements are condensed and do not include all disclosures required for annual financial statements. The organization and business of the Company, accounting policies followed by the Company and other information are contained in the notes to the Company's audited consolidated financial statements filed as part of the Company's December 31, 2000 Form 10KSB.

In the opinion of the Company's management, these financial statements reflect all adjustments necessary to present fairly the Company's consolidated financial position at June 30, 2001 and December 31, 2000 and the consolidated results of operations and the consolidated statement of cash flows for the six months then ended. The results of operations for the six months ended June 30, 2001 are not necessarily indicative of the results to be expected for the entire fiscal year.

## 2. STOCK OPTIONS

- (a) Pursuant to a directors' resolution dated March 21, 2001, 300,000 options with an exercise price of \$0.15 were awarded to one of the officers of the Company. All of these options will vest by September 1, 2001 and expire on March 21, 2003. On the date of the grant, the market price of the stock was less than the exercise price. Therefore, no compensation expense was recognized.
- (b) Pursuant to a directors' resolution dated June 27, 2001, 100,000 options with an exercise price of \$0.15 were awarded to employees of the Company. All of the options will vest by December 31, 2001 and expire on June 27, 2003. The Company applies APB opinion No. 25 and related interpretations in accounting for its stock options granted to employees, and accordingly compensation expense of \$11,333 was recognized as salaries expense.

Had compensation expense been determined as provided in SFAS 123 using the Black-Scholes option-pricing model, the pro-forma effect on the Company's net income and per share amounts would have been as follows:

	2001
Net income, as reported	\$166,404
Net income, pro-forma	\$155,737
Net income per share, as reported	\$ 0.01
Net income per share, pro-forma	\$ 0.01

## 3. FUTURE INCOME TAXES

It is the Company's estimate that the tax assets will not be realized in the immediate future. Therefore, a tax asset arising from the Company's loss carryforwards has been reduced by a valuation allowance to zero.

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## ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

August 10, 2001

POKER.COM INC (PKER.OB)

Quarterly Report (SEC form 10-QSB)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS  
(All figures are in thousands of US dollars)

OVERVIEW

Poker.com Inc is a licensing and marketing company that licenses turnkey Internet gaming systems and has the exclusive worldwide rights to market the poker.com domain name. The Company's main sources of revenue are derived from sub-licensing fees, ongoing royalty fees, and banner advertising.

Casino Marketing, SA (a wholly owned subsidiary of Poker.com Inc) sells Casino and Poker card room sub-licenses and derives its revenue from the sub-licensing fees and royalty payments. Casino Marketing currently has the master license agreement with Starnet Systems International to sell their on line gaming software, and with Transnet International Inc. to sell their Poker card room systems. The Company recently entered into a letter of intent with Fairwinds Technologies Inc. to acquire a Master license to sell Casino & Poker games on Wireless Application Protocol (WAP) through Trimon Systems International. The contract was not consummated, as Fairwind Technology Inc. believed it was in the best interest for Poker.com to deal directly with Trimon Systems Inc. On July 31, 2001 a contract was entered into with Trimon Systems Inc. and Poker.com.

Poker.com's mission is to become the World's preferred site for Poker. Poker.com is committed to provide a secure place to play, information you can trust, and an opportunity to learn.

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RESULTS OF CONTINUING OPERATIONS

The following table sets forth for the periods indicated selected information from Poker.com's consolidated statement of operations:

	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000
--	--	--

(IN THOUSANDS)

Net Sales	349	320
Gross Margin	333	255
Operating Expenses	297	378
Income (loss) from continuing operations	36	(123)
Net (loss) Income	36	(123)

Information shown is for the three months ended June 30, 2001 and June 30, 2000 respectively.

THREE-MONTH PERIOD ENDED JUNE 30, 2001

NET SALES. Net sales for the three months ended June 30, 2001 was \$349 compared to \$320 for the three months ended June 30, 2000 as the company was still in the development stage. Sub-license revenues were \$17, banner advertising revenues were \$172 and royalty fees were \$159 for the three months ended June 30, 2001 respectively. Sub-license revenues decreased over Q1 due to the sale of licenses not being operational. Under the revenue recognition principle revenue cannot be recorded until the software contract has been significantly completed. Sub-license fees for the quarter ended June 30, 2000 was \$68, banner advertising revenues were \$171 and royalty fees were \$76 for the three months ended June 30, 2000 respectively.

Management expects to increase the revenues derived from the sale of Casino and Poker cardrooms. Management also believes that royalty revenue derived from the sale of casino and Poker cardrooms will continue to improve as new sub-licences revenues increase and the number of cardrooms also increases. These are forward-looking statements, particularly as related to the business plans of the company, within the meaning of Section 27A of the Securities Act of 1993 and Sections 21E of the Securities Exchange Act of 1934 and are subject to the safe harbor created by these sections. Actual results may differ materially from the company's expectations and estimates.

GROSS MARGIN. Gross margin was 95.5% of net sales for the three months ended June 30, 2001 compared to 79.5% in 2000. Management believes the margin is consistent with licensing and marketing of turnkey Internet gaming systems. Poker.com's gross margin may be affected by several factors including (i) the mix of revenue streams, (ii) the price of products sold and (iii) other components of cost of sales.

OPERATING EXPENSES. Operating expenses for the three month ended June 30, 2001 was \$297 compared to \$377 June 30, 2000. The major expense items were for website marketing to direct traffic to the Poker.com's portal and to develop the Company's name brand. With the changes in both the internet and on-line gaming market, Management devised an alternative strategy to reach users using several different methods of advertising that proved to be very cost effective.

PROVISION FOR INCOME TAXES. No tax provision was made for the three months ended June 30, 2001. At December 31, 2000 the Company had an available net operating loss carry forward of approximately \$405 that may be used to offset future taxable income. As of June 30, 2001 the net operating loss carry forward is approximately \$369.

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#### FINANCIAL CONDITION AND LIQUIDITY

LIQUIDITY AND CAPITAL RESOURCES. At June 30, 2001 the Company had cash and cash equivalents totaling \$164 compared to \$1 at March 31, 2001 and \$42 at December 31, 2000. The increase in cash is mainly due from payments received from customers even though the accounts receivable were rising due to an increase in the monthly royalties from sub-licences.

Approximately \$498 of the \$743 accounts receivable and long term receivable was due from Antico Holdings for the purchase of a Poker sub-license and Royalty fees. The amount due from Antico Holdings for their License fee was re-negotiated with the terms of \$6 per month commencing March 2001. Antico Holdings has assigned to Poker.com Inc the 15% credit card hold back that is being released each month on a rolling month-to-month basis.

Net cash provided by operating activities for the six months ended June 30, 2001 was \$117. The increase in cash was mainly due to the operating activities of the company.

Net cash (used) for investing activities for the six months ended June 30, 2001 was (\$13). The cash was used for the purchase of additional intangible assets and equipment.

Net cash provided by financing activities for the six months ended June 30, 2001 was \$12. The cash was provided through the issuance of stock options.

#### PART II--OTHER INFORMATION

##### Item 1. Legal Proceedings

None.

##### Item 2. Changes in Securities and Use of Proceeds

None.

##### Item 3. Defaults upon Senior Securities

None.

##### Item 4. Submission of Matters to a Vote of Security Holders

None.

##### Item 5. Other Information.

None.

##### Item 6. Exhibits and Reports on Form 8-K

None

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#### Signatures

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In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Poker.com Inc

-----  
(Registrant)

Date 10 August 2001            /s/ C. Taylor

-----  
(Signature)\* Secretary

Date \_\_\_\_\_  
(Signature)\*

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\* Print the name and title of each signing officer under his signatures.

Form 10-QSB