

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

Item 1 - Financial Statements

Balance Sheet at September 30, 2003 (unaudited).....3

Statements of Operations for the three and six months ended
September 30, 2003 and 2002 (unaudited).....4

Statements of Cash Flows for the six months ended
September 30, 2003 and 2002 (unaudited).....5

Notes to Financial Statements.....6-10

Item 2 - Management's Discussion and Analysis or
Plan of Operations.....10-13

Item 3 - Controls and Procedures.....13-14

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings.....15

Item 2 - Changes in securities and use of proceeds.....15

Item 3 - Defaults upon senior securities.....15

Item 4 - Submission of matters to a vote of security holders.....15

Item 5 - Other events.....15

Item 6 - Exhibits and Reports on 8-K.....15

Signatures.....16

-2-

iGAMES ENTERTAINMENT, INC.

BALANCE SHEET

September 30, 2003
(Unaudited)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 13,994
Certificate of deposit - restricted	150,000
Accounts receivable	31,113
Inventory	136,094
Prepaid expenses and other current assets	16,322

TOTAL CURRENT ASSETS 347,523

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

PROPERTY AND EQUIPMENT - net	8,457
INTANGIBLE ASSETS - net	409,380
DEPOSITS	4,865

TOTAL ASSETS	\$ 770,225
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:	
Note payable	\$ 43,500
Line of credit	150,000
Accounts payable and accrued expenses	102,738

TOTAL CURRENT LIABILITIES	296,238

STOCKHOLDERS' EQUITY:	
Preferred stock; no shares issued and outstanding	-
Common stock; \$.001 par value, 50,000,000 shares authorized	
14,000,000 shares issued and outstanding	14,000
Additional paid-in capital	4,388,955
Accumulated deficit	(3,808,343)
Deferred compensation	(120,625)

TOTAL STOCKHOLDERS' EQUITY	473,987

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 770,225
	=====

See accompanying notes to financial statements

-3-

iGAMES ENTERTAINMENT, INC.

STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2003	2002	2003	2002
	-----	-----	-----	-----
REVENUE	\$ 157,020	\$ 25,998	\$ 158,760	\$ 25,9
COST OF GOODS SOLD	29,799	8,236	30,038	8,2
	-----	-----	-----	-----
	127,221	17,762	128,722	17,7
	-----	-----	-----	-----

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

OPERATING EXPENSES:				
Salaries and benefits	127,869	46,375	276,709	110,4
Noncash compensation	267,425	103,830	357,175	418,8
Professional fees	12,833	87,591	23,333	108,8
Advertising	7,950	6,997	17,544	40,2
Research and development	14,212	33,184	24,477	64,8
Travel and entertainment	9,443	26,716	17,655	47,2
Rent	13,507	22,346	27,019	36,6
Other general and administrative	185,109	64,332	317,232	116,6
	-----	-----	-----	-----
	638,348	391,371	1,061,144	943,7
	-----	-----	-----	-----
LOSS FROM OPERATIONS	(511,127)	(373,609)	(932,422)	(925,9
OTHER INCOME (EXPENSE):				
Interest expense	(4,331)	(12,500)	(8,060)	(12,5
Interest income	-	463	87	5
	-----	-----	-----	-----
	(4,331)	(12,037)	(7,973)	(11,9
	-----	-----	-----	-----
NET LOSS	\$ (515,458)	\$ (385,646)	\$ (940,395)	\$ (937,9
	=====	=====	=====	=====
NET LOSS PER COMMON SHARE-BASIC AND DILUTED	\$ (0.04)	\$ (0.04)	\$ (0.07)	\$ (0.
	=====	=====	=====	=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
-BASIC AND DILUTED	13,733,750	9,328,750	13,292,857	8,947,8
	=====	=====	=====	=====

See accompanying notes to financial statements

-4-

iGAMES ENTERTAINMENT, INC.

STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended September 30,	
	----- 2003	2002 -----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (940,395)	\$ (937,917)
Adjustments to reconcile net loss to net cash used in operations:		
Common stock issued for services	357,175	418,830
Depreciation and amortization	19,152	1,800
Changes in assets (increase) decrease:		
Accounts receivable	(26,360)	(12,999)
Inventory	(116,463)	(15,840)
Prepaid expenses	96,979	(37,232)
Deposits	148	(1,813)

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

Changes in liabilities increase (decrease):		
Accounts payable and accrued expenses	62,755	53,980
Accounts payable related party	(20,495)	-
Deferred revenue	-	42,611
Customer deposits	(8,584)	-
	-----	-----
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(576,088)	(488,580)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of notes payable	(56,500)	-
Purchase of certificate of deposit	(150,000)	-
Net proceeds from line of credit	150,000	-
Proceeds from the sale of common stock and warrants ..	252,500	750,000
Offering costs	(15,000)	(97,500)
	-----	-----
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	181,000	652,500
	-----	-----
NET (DECREASE) INCREASE IN CASH	(395,088)	163,920
CASH AND CASH EQUIVALENTS - beginning of period	409,082	436,972
	-----	-----
CASH AND CASH EQUIVALENTS- end of period	\$ 13,994	\$ 600,892
	=====	=====

See accompanying notes to financial statements

-5-

iGAMES ENTERTAINMENT, INC.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2003

NOTE 1 - BASIS OF PRESENTATION

iGames Entertainment, Inc. (the "Company" or "iGames") was originally incorporated in the State of Florida on May 9, 2001 under the name Alladin Software, Inc. On June 25, 2001, the Company changed its name to iGames Entertainment, Inc. On July 10, 2001, iGames Entertainment, Inc. was incorporated in Nevada, and iGames Entertainment, Inc., a Florida corporation, became a wholly-owned subsidiary. The acquisition was accounted for as a purchase between commonly controlled entities and the financial statements have been combined for all periods presented.

On February 15, 2002, the Company purchased the world-wide patents, trademarks and rights thereto for a "slot anti-cheating device", known as the Protector, which is marketed to slot and gaming machine companies and their customers. In January of 2003, the Company purchased the world-wide patents, trademarks and rights thereto for "Table-Slots", a new, exciting, and innovative table game. The table game is marketed to casinos world-wide and is expected to provide recurring revenue derived from leases with casinos. In addition, the Company is currently researching and developing new products to extend its current product offering for the gaming industry. The Company will continue to establish strategic relationships within the gaming industry in order to continue strengthening its position in the industry and broaden corporate visibility.

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The accompanying financial statements for the interim periods are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the periods presented. These financial statements should be read in conjunction with the financial statements and related footnotes for the period ended March 31, 2003 contained in the annual report on Form 10-KSB as filed with the Securities and Exchange Commission. The results of operations for the six months ended September 30, 2003 are not necessarily indicative of the results for the full fiscal year ending March 31, 2004.

NOTE 2 - NOTES PAYABLE

On March 1, 2002, the Company received two convertible promissory notes from an individual for \$100,000 and \$150,000, respectively. The notes bear interest at 10% per annum and were due on September 1, 2002. The notes are convertible, at the option of the lender, into 200,000 and 300,000 common shares at \$0.50 per share. Additionally, upon conversion, warrants equal to the number of common shares issued will be granted. These warrants shall be exercisable at \$1.00 per share and expire on December 31, 2005. In October 2002, the noteholder converted the \$150,000 note into 300,000 shares of the Company's common stock. The remaining note of \$43,500 continues to bear interest at 10% per annum and is due upon demand. As of September 30, 2003, the Company has paid all interest relating to this note.

-6-

iGAMES ENTERTAINMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2003

NOTE 3 - LINE OF CREDIT

On April 4, 2002, the Company entered into a \$150,000 one-year renewable line of credit with a bank. This debt matures April 4, 2004 and bears interest at 6% per annum, with interest payable monthly. This debt is collateralized by a \$150,000 restricted certificate of deposit that matures on April 4, 2004 and pays interest at 1.65% per annum. As of September 30, 2003, the balance of this line of credit is \$150,000.

NOTE 4 - STOCKHOLDERS' EQUITY

In July 2003, the Company issued 250,000 shares of its restricted common stock to its Chief Executive Officer, pursuant to the terms of this executive's employment contract. The Company valued these shares at \$0.57 per share the fair market value on the date of the grant.

In July 2003, the Company issued 100,000 shares of its restricted common stock to a consultant for services provided. The Company valued these shares at \$0.57 per share the fair market value on the date of the grant. This amount relating to the sale of the Company's securities has been recorded as an offering cost and charged against additional paid-in capital.

The amortization of deferred compensation resulted in a non-cash compensation expense of \$37,750 for the six months ended September 30, 2003.

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

Stock option and warrant activity for the six months ended September 30, 2003, is summarized as follows:

	Number of shares	Weighted average exercise price
Outstanding at June 30, 2003	5,336,250	\$ 1.08
Granted	-	-
Exercised	-	-
Canceled	-	-
	-----	-----
Outstanding at September 30, 2003	5,336,250	1.08

-7-

iGAMES ENTERTAINMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2003

NOTE 4 - STOCKHOLDERS' EQUITY (continued)

The following table summarizes the Company's stock options outstanding at September 30, 2003:

Range of exercise price	Options outstanding			Options exercisable	
	Number	Weighted average remaining life	Weighted average exercise price	Weighted average exercise Number	price
\$ 1.00	4,728,250	3.30	1.00	4,728,250	\$1.00
1.50	608,000	4.00	1.50	608,000	1.50
	-----			-----	
	5,336,250			5,336,250	
	=====			=====	

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related Interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the estimated fair value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. The Company has adopted the "disclosure only" alternative described in SFAS 123 and SFAS 148, which require pro forma disclosures of net income and earnings per share as if the fair value method of accounting had been applied.

NOTE 5 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has a net loss of \$940,395 for the six months ended September 30, 2003, an accumulated deficit of

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

\$3,808,343 at September 30, 2003, cash used in operations of \$576,088 for the six months ended September 30, 2003, and requires additional funds to implement our business plan. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

Management is in the process of implementing its business plan and has begun to generate revenues. Management believes that sales of its Protector and placement of new table games will continue to contribute to its operating cash flows. Additionally, management is actively seeking additional sources of capital, but no assurance can be made that capital will be available on reasonable terms. Management believes the actions it is taking allow the Company to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

-8-

iGAMES ENTERTAINMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2003

NOTE 6 - RECENT ACCOUNTING PRONOUNCEMENTS

In April 2003, SFAS No. 149, "Amendment of Statement 133 on Derivative Financial Instruments and Hedging Activities," was issued and is effective for contracts entered into or modified after June 30, 2003, except as stated below and for hedging relationships designated after June 30, 2003. The changes in this Statement improves financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. In particular, this Statement (1) clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative discussed in paragraph 6(b) of Statement 133, (2) clarifies when a derivative contains a financing component, (3) amends the definition of an underlying guarantee to conform it to language used in FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" and (4) amends certain other existing pronouncements. The Company does not believe this Statement will have a material effect on its results of operations or financial position.

In May 2003, SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," was issued and 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 nonpublic entities. This Statement 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 an asset in some circumstances). Many of those instruments were previously classified as equity. The Company does not believe this Statement will have a material effect on its results of operations or financial position.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN No. 46), which requires the consolidation of variable interest entities. FIN No. 46 is applicable to financial statements issued by us beginning with the second quarter of fiscal 2004. However, disclosures are required if we expect to consolidate any variable interest entities. The Company does not believe this Statement will have a material effect on its results of operations or financial position.

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

NOTE 7 - SUBSEQUENT EVENTS

In October 2003, the Company sold in a private placement 100,000 shares and 200,000 warrants exercisable at \$0.60 for proceeds of \$25,000.

In October 2003, the Company issued 625,000 shares of its common stock to three consultants for services rendered. The Company valued the shares at a contemporaneous sales price on the date of issuance and recorded consulting expense of \$281,250.00 or \$.45 per share.

-9-

iGAMES ENTERTAINMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2003

On September 11, 2003 the Company announced that it entered into a Letter of Intent to acquire Money Centers of America, Inc. and is now undergoing the process of completing a definitive agreement. Money Centers of America has approximately six million dollars in annual revenues and provides casinos with cash access services (ATM, check cashing, credit card and debit card advances), POS units, cage systems, and most notably the CreditPlus system. CreditPlus is a credit guarantee and reporting solution that will revolutionize the current systems in casinos today.

On September 16, 2003, The Company entered into an Offer to Purchase of Capital Stock of Chex Services, a division of Equitex, Inc. A definitive stock purchase agreement was signed on November 3, 2003. Chex Services, branded as FastFunds, has a synergistic product line that compliments that of Money Centers of America, with annual revenues in excess of \$20 million. Chex's products are ATM, Multi-function cash machines, electronic check conversion, full service booth operations, collections, and credit card cash advances. We will immediately have the ability to capitalize on the install base of Chex Services and Money Centers of America and will pursue the sales, installation, and cross marketing of new products.

In October 2003, the Company issued 55,165 options exercisable at \$0.47 or at fair market value to employees. Such options were then exercised utilizing outstanding accrued salaries for in lieu of the exercise price.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion of the results of operations, financial condition and liquidity should be read in conjunction with iGames Entertainment, Inc. financial statements and notes thereto for the period ended March 31, 2003 appearing in our most recent annual report on Form 10-KSB as filed with the Securities and Exchange Commission.

This report on Form 10-QSB contains forward-looking statements that are subject to risks and uncertainties, which could cause actual results to differ materially from those discussed in the forward-looking statements and from historical results of operations. Among the risks and uncertainties which could cause such a difference are those relating to our dependence upon certain key personnel, our ability to manage our growth, our success in implementing the business strategy, our success in arranging financing where required, and the risk of economic and market factors affecting our customers. Many of such risks are beyond the control of the Company and its management.

CRITICAL ACCOUNTING POLICIES

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

A summary of significant accounting policies is included in Note 2 to the audited financial statements included in our Annual Report on Form 10-KSB for the year ended March 31, 2003. We believe that the application of these policies on a consistent basis enables us to provide useful and reliable financial information about our operating results and financial condition.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

-10-

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS (Continued)

CRITICAL ACCOUNTING POLICIES (Continued)

Revenues from the sale or lease of products are recognized as earned when the sale is completed, or over the lease term; as appropriate.

Revenues from the sale of the Company's table gaming units will be recognized as the products are sold, any ongoing licensing revenues will be recognized on a monthly ongoing basis. Additionally, revenues from any units that are leased pursuant to operating leases will be recognized monthly as earned.

We account for intangible assets as follows: licensing and patent agreements are stated at cost. The recoverability of the license and patent agreements is evaluated each year based upon management's expectations relating to the life of the technology and current competitive market conditions. Based upon management's expectations they believe that no impairment of its license agreement and patent exists at September 30, 2003.

We account for stock based compensation utilizing Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), which encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. We have chosen to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the estimated fair market value of our stock at the date of the grant over the amount an employee must pay to acquire the stock. We have adopted the "disclosure only" alternative described in SFAS 123 and SFAS 148 (See New Accounting Pronouncements), which require pro forma disclosures of net income and earnings per share as if the fair value method of accounting had been applied.

RESULTS OF OPERATIONS

For the six months ended September 30, 2003 we generated revenues of \$158,760 as compared to \$25,998 for the comparable period ended in 2002. Cost of goods sold for the six months September 30, 2003 was \$30,038 generating a gross profit of \$128,722 (81%).

Salaries and benefits for the six months ended September 30, 2003 were \$276,709 as compared to \$110,452 for the six months ended September 30, 2002 an increase of \$166,257 or 151%. This increase was due to the hiring of personnel for sales and administration purposes during the year ended March 31, 2003.

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

Non-cash compensation during six months ended September 30, 2003 was \$357,175 and consisted of common stock issued to consultants for services rendered. During the six months ended September 30, 2002, we incurred \$418,830 in non-cash compensation. The decrease of \$61,655 was due to a decreased demand for outside services that we utilized our stock as payment.

-11-

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS (Continued)

RESULTS OF OPERATIONS (Continued)

Professional fees were \$23,333 for the six months ended September 30, 2003 as compared to \$108,842 for the six months ended September 30, 2002, a decrease of \$85,509 or 79%. This decrease was due to a reduction in our legal fees associated with the costs of the registration of our patents and our licensing agreements as well as the filing of our Form SB-2 and our other public filings.

Advertising expense for the six months ended September 30, 2003 was \$17,544 as compared to \$40,230 for the six months ended September 30, 2002. The decrease in advertising expenses was due to our efforts to conserve our working capital and our desire to market our products in the most cost effective manner possible.

Research and development costs were \$24,477 for the six months ended September 30, 2003 as compared to \$64,868 for the six months ended September 30, 2002 a decrease of \$40,391 or 62%. The decrease is due to the completion of the development of our Protector product as well as our table slots game during the year ended March 31, 2003.

Travel and entertainment was \$17,655 for the six months ended September 30, 2003 as compared to \$47,247 for the six months ended September 30, 2002, a decrease of \$29,592 or 63%. The decrease in travel and entertainment is directly attributable to our efforts to preserve working capital.

Rent for the six months ended September 30, 2003 was \$27,019 as compared to \$36,604 for the six months ended September 30, 2002. The decrease was due to consolidating our Boca Raton offices into one space during the year ended March 31, 2003.

Other general and administrative costs for the six months ended September 30, 2003 were \$317,232 as compared to \$116,629 for the six months ended September 30, 2002, an increase of \$200,603 or 172%. The increase was due to further execution of our business plan. These costs consist of primarily depreciation, amortization of intangibles, insurance, office supplies and equipment, royalty fees and printing.

We incurred interest expense of \$8,060 for the six months ended September 30, 2003 relating to our financing in March 2002 consisting of notes payable of \$100,000. Additionally, we recorded \$87 in interest income relating to our cash balances during the current fiscal year.

We reported a net loss for the six months ended September 30, 2003 of \$940,395 compared to a net loss for the six months ended September 30, 2002 of \$937,917.

This translates to an overall per-share loss of \$.07 for the six months ended September 30, 2003 compared to a per share loss of \$.10 for the six months ended September 30, 2002.

-12-

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS (Continued)

LIQUIDITY AND CAPITAL RESOURCES

Our available cash equivalent balance at September 30, 2003 was approximately \$164,000; and is approximately \$155,000 at October 15, 2003. From inception through March 31, 2003, we raised an aggregate of approximately \$2.50 million in capital through the sale of shares pursuant to a private placement made in accordance with Rule 506 under the Securities Act of 1933. In addition, we issued for \$250,000 to a single investor, two 10% convertible promissory notes due September 1, 2002; pursuant to the exemption afforded by Section 4 (2) of the Securities Act of 1933. During October 2002, such investor converted a \$150,000 note into 300,000 shares of our common stock, and during July and August 2003 repaid an additional \$56,500 of this debt. At the present time the investor has not indicated that the remaining note of \$43,500 will be converted into equity or called for payment.

During the six months ended September 30, 2003, the Company used net cash of approximately \$576,000 for operations. This consisted of a net loss of \$940,395 and increases in our operating assets of \$45,844 offset by non-cash compensation from the issuance of common stock for services of \$357,175, depreciation and amortization expense of \$19,152, and increases in our liabilities consisting of accounts payable and accrued expenses and customer deposits of \$33,676. Additionally, the Company had net cash flows from financing activities of \$181,000. This consisted of \$252,500 in gross proceeds from a sale of units of our common stock and stock purchase warrants offset by offering costs of \$15,000 and the proceeds from a line of credit of \$150,000 offset by the purchase of a certificate of deposit of \$150,000 and repayments on a note payable of \$56,500.

There are presently no plans to purchase a new facility or significant new equipment. We are actively seeking additional sources of capital that will enable us to achieve our long-term objectives of marketing our product lines. However, we may not be able to obtain such capital on acceptable terms or conditions, in such event we may have to modify our business plan.

ITEM 3. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer (collectively, the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures for us. Based upon such officers' evaluation of these controls and procedures as of a date within 45 days of the filing of this Quarterly Report, and subject to the limitations noted hereinafter, the Certifying Officers have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in this Quarterly Report is accumulated and communicated to management, including our principal executive officers as appropriate, to allow timely decisions regarding required disclosure.

The Certifying Officers have also indicated that there were no significant changes in our internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation, and there were no corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 3. CONTROLS AND PROCEDURES (Continued)

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

Our management, including each of the Certifying Officers, does not expect that our disclosure controls or our internal controls will prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and their can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

-14-

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

None.

Item 2 - Changes in Securities and Use of Proceeds

In July 2003, the Company issued 250,000 shares of its restricted common stock to its Chief Executive Officer, pursuant to the terms of this executive's employment contract. The Company valued these shares at \$0.57 per share the fair market value on the date of the grant.

In July 2003, the Company issued 100,000 shares of its restricted common stock to a consultant for services provided. The Company valued these shares at \$0.57 per share the fair market value on the date of the grant. This amount relating to the sale of the Company's securities has been recorded as an offering cost and charged against additional paid-in capital.

The amortization of deferred compensation resulted in a noncash compensation expense of \$37,750 for the six months ended September 30, 2003.

Item 3 - Defaults Upon Senior Securities

None.

Item 4 - Submissions of Matters to a Vote of Security Holders

None.

Item 5 - Other Events

Edgar Filing: IGAMES ENTERTAINMENT INC - Form 10QSB

None.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits required by item 601 of Regulation S-B

- 31.1 Certification by Chief Executive Officer Pursuant to Section 302
- 31.2 Certification by Chief Financial Officer Pursuant to Section 302
- 32.1 Certification by Chief Executive Officer Pursuant to Section 906
- 32.2 Certification by Chief Financial Officer Pursuant to Section 906

(b) Reports on Form 8-K

None

-15-

SIGNATURES

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

iGAMES ENTERTAINMENT, INC.

Date: November 14, 2003

By: /s/ Jeremy Stein

Jeremy Stein,
Chief Executive Officer,
President and Director

Date: November 14, 2003

By: /s/ Adam C. Wasserman

Adam C. Wasserman,
Chief Financial Officer

-16-