

DPC BIOSCIENCES CORPORATION

FINANCIAL STATEMENTS

AS AT MAY 31, 2006

(Unaudited)

DPC BIOSCIENCES CORPORATION

MAY 31, 2006

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FINANCIAL STATEMENTS

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DPC BIOSCIENCES CORPORATION
BALANCE SHEET
AS AT MAY 31, 2006 AND NOVEMBER 30, 2005
(Unaudited)

	May 31 2006	November 30 2005 (Audited)
ASSETS		
Current assets		
Cash	\$ 227,964	\$ 12,823
Accounts Receivable	6,659	6,107
Deposits	31,420	0
	266,043	18,930
	\$ 266,043	\$ 18,930

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 11,767	\$ 278,039
Current portion of long-term debt	0	52,904
	11,767	330,943

SHAREHOLDERS' EQUITY

Capital Stock (Note 2)	6,063,921	5,613,921
Contributed surplus	1,992,125	1,992,125
Deficit	(7,801,770)	(7,918,059)
	254,276	(312,013)
	\$ 266,043	\$ 18,930

On behalf of the Board

Signed "*Morden C. Lazarus*", Director

Signed "*Christopher S. Kape*", Director

DPC BIOSCIENCES CORPORATION
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE PERIODS ENDED
(Unaudited)

	May 31, 2006		May 31, 2005	
	3 Months	6 Months	3 Months	6 Months
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses				
Consulting Fees	\$ 28,500	\$ 45,000	\$ 0	\$ 0
Professional Fees	69,019	91,109	0	0
General and administrative	56,509	70,292	19,214	28,257
Loss before extraordinary item	154,028	206,401	19,214	28,257
Gain on Sale of Subsidiary (Note 3)	0	322,690	0	0
INCOME/(LOSS) FOR THE PERIOD	(154,028)	116,289	(19,214)	(28,257)
DEFICIT, Beginning of the Period	7,647,742	7,918,059	7,888,759	7,879,716
DEFICIT, End of Period	7,801,770	7,801,770	7,907,973	7,907,973
Net earnings (loss) per share, basic and fully diluted	\$ (0.010)	\$ 0.004	\$ (0.001)	\$ (0.001)
Weighted average number of common shares basic and fully diluted	23,506,533	26,286,753	19,006,533	19,006,533

DPC BIOSCIENCES CORPORATION
STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED
(Unaudited)

	May 31, 2006		May 31, 2005	
	3 Months	6 Months	3 Months	6 months
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Cash Flows from (used in)				
Operating Activities				
Net Income (Loss)	\$ (154,028)	\$ 116,289	\$ (19,214)	\$ (28,257)
Adjustments to reconcile net loss to net cash				
cash provided by (used in) operating activities				
Gain on Sale of Subsidiary	0	(322,690)	0	0
Accounts Receivable & Deposits	(35,562)	(31,972)	(2,006)	(2,374)
Accounts Payable	(1,337)	3,504	12,809	12,881
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Net Cash provided by (used in)				
Operating Activities	(190,927)	(234,869)	(8,411)	(17,750)
Cash Flows from (used in)				
Investing Activities				
Proceeds from Disposition of Subsidiary	0	10	0	0
Net Cash provided by (used in) Investing Activities	0	10	0	0
Cash Flows from (used in)				
Financing Activities				
Capital Stock	0	450,000	50,000	50,000
Share issue Costs	0	0	(7,421)	(7,421)
Net Cash provided by (used in) Financing Activities	0	450,000	42,579	42,579
Increase (decrease) in				
Cash and Cash Equivalents	(190,927)	215,141	34,168	24,829
Cash and Cash Equivalents				
at beginning of Period	418,891	12,823	4,132	13,471
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Cash and Cash Equivalents				
at end of Period	\$ 227,964	\$ 227,964	\$ 38,300	\$ 38,300
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DPC BIOSCIENCES CORPORATION
NOTES TO FINANCIAL STATEMENTS
AS AT MAY 31, 2006
(UNAUDITED)

1. Basis of Presentation

(a) Interim financial statements

The financial statements included in this report are unaudited and reflect normal and recurring adjustments which are, in the opinion of the Company, considered necessary for a fair presentation. These financial statements have been prepared in conformity with Canadian generally accepted accounting principles and should be read in connection with the financial statements and the notes thereto as at and for the year ended November 30, 2005.

(b) Going concern

The financial statements are prepared in accordance with generally accepted accounting principles with the assumption that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business as a going concern.

The Corporation is currently reorganizing and has sustained material losses in recent years. Therefore, its continued existence will depend on its ability to secure future revenue producing activities and to successfully arrange for the financing of these activities.

2. Capital Stock

a) Authorized: Unlimited number of common shares

	May 31, 2006	November 30, 2005
Issued and fully paid:		
29,006,533 (November 30, 2005 - 20,006,533)	\$ 6,063,921	\$ 5,613,921

On January 12, 2006, the Company completed a private placement of 3,000,000 common shares for total gross proceeds of \$150,000. Furthermore, on February 28, 2006 the Company completed a private placement of 6,000,000 common shares for total gross proceeds of \$300,000.

b) Stock based compensation

The following table summarizes the stock option activity under the Company plan:

	May 31, 2006		November 30, 2005	
	#	\$	#	\$
Outstanding at beginning of period	3,477,500	0.15 – 0.58	3,496,250	0.15 – 0.58
Expired	(156,250)	0.15 – 0.20	(18,750)	0.20
Cancelled	(3,321,250)	0.37 – 0.58	-	-
Granted	2,837,500	0.10 – 0.15	-	-
Outstanding at end of period	2,837,500	0.10 – 0.15	3,477,500	0.15 – 0.58
Exercisable at end of period	2,387,500	0.10 – 0.15	3,477,500	0.15 – 0.58

2. Capital Stock (Cont'd)

The following table summarizes the stock options outstanding and exercisable as at May 31, 2006:

Options outstanding			Options exercisable		
Exercise Price \$	Number outstanding #	Weighted avg. remaining life years	Weighted avg. exercise price \$	Number exercisable #	Weighted avg. exercise price \$
0.10	1,350,000	2.75	0.10	900,000	0.10
0.15	1,487,500	1.58	0.15	1,487,500	0.15
Total	2,837,500	2.14	0.1262	2,387,500	0.131

On February 28, 2006, the Corporation granted 1,350,000 stock options at an exercise price of \$0.10 which were vested at the grant date. The fair value of these options granted was estimated using the Black-Scholes model with the following assumptions:

Market value of options at grant date	\$0.05
Risk-free interest rate	3.89%
Expected volatility	44%
Expected dividend yield	nil
Expected life	2 years

The fair value of options granted is nil according to this method, therefore no compensation expense has been recognized.

On February 28, 2006, the Corporation granted 1,487,500 stock options at an exercise price of \$0.15 which were vested at the grant date. The fair value of these options granted was estimated using the Black-Scholes model with the following assumptions:

Market value of options at grant date	\$0.05
Risk-free interest rate	3.96%
Expected volatility	44%
Expected dividend yield	nil
Expected life	1 year

The fair value of options granted is nil according to this method, therefore no compensation expense has been recognized.

3. Disposition of Investment

On December 20, 2005 the Corporation sold all of its shares in DPC Biosciences Inc. for a total cash consideration of \$10 resulting in a gain of \$322,690.

4. Related Party Transactions

The Corporation entered into a consulting agreement with a company controlled by a director for a term of 36 months commencing February 1, 2006 up to and including the earlier of the date of the Company's reactivation as a trading entity on the TSX Venture Exchange or January 31, 2009 for a monthly remuneration of \$2,500 per month pursuant to which 112,500 stock options were cancelled. The Company also granted 600,000 stock options at an exercise price of \$0.10 to the same company on February 28, 2006.

The Corporation entered into a consulting agreement with a director for the period commencing February 28, 2006 and terminating December 14, 2007 pursuant to which 262,500 stock options at an exercise price of \$0.15 were granted and 212,500 stock options granted in the previous years were cancelled.

The Corporation also granted 600,000 stock options at an exercise price of \$0.10 to another director of the Company on February 28, 2006.

5. Potential Acquisition

On April 5, 2006, the Company entered into a letter of intent to acquire certain assets which are presently being utilized to derive revenues from online gaming related industries (the "Acquisition") for a consideration of \$500,000 in cash, 5,500,000 common shares upon closing of the Acquisition, and 1,000,000 common shares from the treasury of the Company contingent upon the acquired assets maintaining the agreed revenue generating performance for 12 months from the closing of the Acquisition. As at May 31, 2006, the Company has advanced \$25,000 as a deposit towards the acquisition.