

FIRESWIRL TECHNOLOGIES INC.
Interim Consolidated Financial Statements
For the three months ended March 31, 2008 and March 31, 2007

(Unaudited - Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

May 29, 2008

FIRESWIRL TECHNOLOGIES INC.
Interim Consolidated Balance Sheets (unaudited)

	March 31, 2008	December 31, 2007
	(unaudited)	(audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,695,965	\$ 4,248,211
Amounts receivable	62,926	53,676
Deposits and prepayments	47,857	25,971
	<u>3,806,748</u>	<u>4,327,858</u>
Capital assets	398,859	411,198
Deferred development cost and other assets - Note 3	1,172,310	1,152,795
	<u>5,377,917</u>	<u>5,891,851</u>
LIABILITIES		
Current liabilities		
Accounts payable	173,628	264,032
	<u>173,628</u>	<u>264,032</u>
SHAREHOLDERS' EQUITY		
Share capital - Note 6	5,088,335	5,088,335
Contributed surplus - Note 6	3,328,030	3,191,817
Deficits	(3,212,076)	(2,652,333)
	<u>5,204,289</u>	<u>5,627,819</u>
Total Liabilities and Shareholder's Equity	<u>\$ 5,377,917</u>	<u>\$ 5,891,851</u>

On behalf of the Board:

"Dale Peterson"

"Ji Yoon"

Dale Peterson
President, CEO

Ji Yoon
Director

FIRESWIRL TECHNOLOGIES INC.
Interim Consolidated Statements of Deficit (unaudited)

	Three months ended	
	March 31, 2008	March 31, 2007
Balance, beginning of the period	\$ (2,652,333)	\$ (630,145)
Net loss for the period	(559,743)	(359,592)
Balance, end of the period	\$ (3,212,076)	\$ (989,737)

The accompanying notes are an integral part of these financial statements.

FIRESWIRL TECHNOLOGIES INC.
Interim Consolidated Statements of Operations (unaudited)

	Three months ended	
	March 31, 2008	March 31, 2007
Revenue	\$ 6,119	\$ 22,000
Operating Expenses		
Amortization	13,144	1,475
Sales and marketing	42,237	51,341
General administration	187,090	105,655
Salaries and benefits	265,907	100,776
Stock based compensation	136,212	161,807
	644,590	421,054
Loss before other items	(638,471)	(399,054)
Other items:		
Foreign exchange gain	31,894	5,213
Other incomes and losses - Note 4	46,834	34,249
Loss before income taxes	(559,743)	(359,592)
Income tax expense	-	-
Net loss for the period	\$ (559,743)	\$ (359,592)
Basic/Diluted loss per share - Note 5	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding	25,193,318	21,964,027

The accompanying notes are an integral part of these financial statements.

FIRESWIRL TECHNOLOGIES INC.
Interim Consolidated Statements of Cash Flows (unaudited)

	Three months ended	
	March 31, 2008	March 31, 2007
OPERATING ACTIVITIES		
Net loss for the period	\$ (559,743)	\$ (359,592)
Non cash items:		
Amortization	13,144	4,508
Stock based compensation	136,212	161,807
Impairment of development cost	2,358	-
Changes in non-cash working capital items:		
Amounts receivable	(6,750)	3,426
Deposits and prepayments	(21,886)	(10,594)
Accounts payable and accrued liabilities	(90,404)	65,947
	(527,068)	(134,498)
INVESTING ACTIVITIES		
Deferred development costs and other assets	(25,413)	(245,456)
Acquisition of intellectual property(IP)		(43,586)
Acquisition of equipment		(11,753)
Proceeds from sales of capital assets	235	
	(25,178)	(300,795)
FINANCING ACTIVITIES		
Shares issued for cash	-	4,109,839
Shares issued for warrants exercised	-	489,500
Shares issued for options exercised	-	12,240
	-	4,611,579
Increase in cash during the year	(552,246)	4,176,286
Cash and cash equivalents, beginning of year	4,248,211	2,108,850
Cash and cash equivalents, end of year	\$ 3,695,965	\$ 6,285,136

The accompanying notes are an integral part of these financial statements.

Supplementary cash flow information:

Cash paid for:

Interest	-	-
Income taxes	-	-

FIRESWIRL TECHNOLOGIES INC.
Notes to the Consolidated Financial Statement
for the three months ended March 31, 2008

Note 1 Basis of presentation

These consolidated financial statements of Fireswirl Technologies Inc. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles and are stated in Canadian dollars. These consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2007.

Certain prior period comparative amounts have been reclassified to conform with the presentation adopted in the current reporting.

Note 2 Significant Accounting Policies

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Cash and cash equivalents

Cash and cash equivalents consist of cash, funds in bank accounts, and marketable securities such as guaranteed investment certificates. Interest income earned on these marketable securities is recorded on an accrual basis.

b) Software development costs

Under The CICA Handbook Section 3450 Research and Development Costs, the Company capitalizes computer software development costs incurred subsequent to establishing technological feasibility to the extent that their recovery can reasonably be assured. Amortization of development cost commences with commercial production or the use of the product or process.

c) 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. Such estimates include providing for amortization of equipment, product development costs and intangible assets, the valuation of stock based compensation and warrants issued, and the net recoverable value of product development costs. Actual results could differ from those estimates.

d) Adoption of new accounting standards

In April 2005, the Canadian Institute of Chartered Accountants issued Section 3855 Financial Instruments - Recognition and Measurement, Section 1530 Comprehensive Income, Section 3865 Hedges, Section 3861 Financial Instruments - Disclosure and Presentation, and Section 3251 Equity. These standards introduce new requirements for recognition, measurement and

FIRESWIRL TECHNOLOGIES INC.
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disclosure of financial instruments, when and how hedge accounting may apply, the concept of comprehensive income and rules for reporting it, and rules for the presentation of equity and changes in equity.

The new standards are effective for the Company's interim and annual financial statement commencing January 1, 2007. Upon adoption of the new standards, the Company has designated its cash and cash equivalents as held-for-trading which are measured at fair value with changes recorded in the consolidated statement of earnings and deficit as interest income. There are no adjustments required as a result of adopting these new standards. Prior period financial statements are not revised for the adoption of the new standards.

Note 3 Deferred Development Cost and Other Assets

Deferred cost refers to software development cost and patent application cost which relates to the development. Software development cost consists of labour cost of personnel directly engaged in research and development activities and a reasonable allocation of overhead. The company began amortizing Bet Exchange development cost in 2007 based on the expected life of the software estimated at three years.

Capitalized software is evaluated periodically for impairment by comparing the capitalized cost of a computer software product to the net realizable value of that product.

The company has continued their focus on the development and revenue opportunities from the Casino Suite software. The Casino Suite developments are at the implementation stage, thus the costs associated with Casino Suite are not capitalized and previously capitalized development costs are not amortized during this period.

	Casino Suite	Bet Exchange	Total
Balance, December 31, 2007	\$1,107,705	\$31,213	\$1,138,918
Amortization during the quarter	-	(3,902)	(3,902)
	1,107,705	27,311	1,135,016
Patent Application Cost in 2006	501	-	501
Total deferred cost, March 31, 2008	\$1,108,206	\$27,311	\$1,135,517

The company registered a trademark of its logo in Hong Kong, China, US and Canada. Total cost of this registration is \$14,833.

The Company recognized \$23,956 of leasehold improvement cost during the relocation of the head office and amortized \$1,996 in Q1 2008. This leasehold improvement cost will be amortized over 2 years which is the length of the operating lease.

FIRESWIRL TECHNOLOGIES INC.
Notes to the Consolidated Financial Statement
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Note 4 Other Incomes and Losses

Other incomes and losses consist 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.

The Company signed a contract to sublease its previous premises for the period of March 1, 2008 to June 29, 2011. The Company will recognize \$21,904 as rental revenue during each year of the subleasing.

Note 5 Loss per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to redeem common shares at the prevailing market value. However, under the CICA Handbook Section 3500.33, when an enterprise has a loss before discontinued operations and extraordinary items or a loss before discontinued operations and extraordinary items available to common shareholders, including potential common shares in the computation of the diluted per share amount of that loss is always anti-dilutive.

Note 6 Share Capital and Contributed Surplus

	Number of Shares	Share Capital	Contributed Surplus
Balance, December 31, 2007	25,205,112	\$5,088,335	\$3,191,817
Fair value of options granted in 2007			13,960
Fair value of new options granted in 2008			113,750
Fair value adjustment due to stock option re-price			8,502
Balance, March 31, 2008	25,205,112	\$5,088,335	\$3,328,030

- (a) On May 1, 2006, the Company purchased all the issued and outstanding securities of Fireswirl Systems Inc. for consideration comprised of 12,300,000 common shares at a deemed price of \$0.80 per share and \$300,000 in cash. A finder's fee of 500,000 common shares was paid in connection with the acquisition.
- (b) Concurrent with the acquisition noted above, the Company completed a private placement of 4,000,000 subscription receipts at a price of \$0.80 and for gross proceeds of \$3,200,000. Each subscription receipt was exchanged without any further action on the part of the holder thereof and for no additional consideration for one Redstone unit upon completion of the acquisition. Each unit consists of one Redstone common share and half of one Redstone share purchase warrants. Each whole Warrant will entitle the holder to acquire one Share at an exercise price of

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\$1.10 per Share for a period of twenty-four months following completion of the offering. The Offering was closed on May 18, 2006.

Compensation warrants were issued in connection with the above placement. Additionally a cash commission of 7% of the gross proceeds was paid to the agents.

- (c) On February 22, 2007, the Company completed a non brokered private placement financing of 4.5 million units at \$1.00 per unit. Each unit consists of one common share and one half of a share purchase warrant. Each full warrant will entitle the holder to purchase one common share for \$1.25 for a period of 2 years from the date of closing. The warrants also include a forced conversion clause that will come into effect if the price of the underlying shares exceeds \$1.50 for a period of 30 consecutive trading days
- (d) Shares held in escrow or subject to statutory resale restrictions:
- (i) 1,120,000 common shares issued during the period ended August 31, 2005 are held in escrow pursuant to the requirements of the Exchange to be released as to 10% thereof on the completion of the Corporation's qualifying transaction and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.
- (ii) 12,800,000 shares issued by the Corporation on May 1, 2006 pursuant to the Acquisition, including the Finder's Fee Shares are held in escrow and released as to 10% thereof on the completion of the Corporation's qualifying transaction and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

Stock option plan

The Company maintains stock option plan which enables granting of options to directors, officers and employees of the Company. The aggregate number of shares issuable upon the exercise of all options granted under the plan shall not exceed 10% of the common shares of the corporation.

	Number	Weighted average exercise price
Outstanding , December 31, 2007	1,296,000	\$0.76
Granted during the period	840,000	0.30
Forfeited during the period	(387,000)	0.75
Outstanding , March 31, 2008	1,749,000	\$0.56

On February 19, 2008, the Company re-priced 200,000 stock options granted to employees in 2006 and 2007. The 200,000 re-priced stock options consists of 35,500 options at \$0.80 per share granted in 2006, 100,000 options at \$1.28 per share granted in 2007, and 64,500 options at \$1.35 granted in 2007. All these options were re-priced to \$0.30 per share. There was no change in the vesting period or expiry date for the re-priced options. Consequent to the re-pricing of these stock options, the weighted average exercise price of all stock options as of December 31, 2007 changed from \$0.82 to \$0.76.

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On February 19, 2008, the Company granted 840,000 new options to its employees, officers and directors. Granted options vested 50% immediately and 50% to be vested in one year. The options are exercisable over 5 years.

Warrants

The Company issued compensation warrants and subscriber warrants pursuant to the term of non brokered private placement in 2006 and 2007. The warrants are exercisable over two years.

There were no warrants issued or exercised during the quarter ended March 31, 2008. A summary of the status of outstanding and exercisable warrants is as follows:

Exercise Price (\$)	Warrants Outstanding		Warrants Exercisable	
	Number	Weighted average remaining life (Years)	Number	Weighted average remaining life(Years)
0.80	291,098	0.13	291,098	0.13
1.10	1,738,790	0.13	1,591,366	0.13
1.25	2,250,000	0.90	2,250,000	0.90
	4,279,888	0.53	4,132,464	0.55

Assumptions

The fair value of the options and warrants has been estimated by using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.78 - 3.85%
Dividend yield	-
Volatility	80% - 125%
Expected life	1 year to 5 years

The weighted average fair value of outstanding options and warrants is \$ 0.98.

Note 7 Related Party Transactions

The Company had the following transactions with management, directors and shareholders:

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	Three months ended	
	March 31, 2008	March 31, 2007
Expenditures:		
- Salaries and benefit	\$103,500	\$ 54,415
- Professional fees	-	15,350
- Director fees	3,000	-
	106,500	69,765
Other item:		
Software development costs	\$ -	\$ 59,816

All the above transactions occurred in the normal course of operations and were measured at the exchange amount of consideration established and agreed to by the related parties. These transactions were recorded at market value. During the quarter ended March 31, 2008, the Company paid \$103,500 in salaries to its management and \$3,000 administrative fees to the directors of the Company.

No salary expenditures were capitalized as software development cost this quarter since the projects were in implementation stage or had already started generating revenue.

Note 8 Segmented Information

The source of the Company's sales revenue was the United Kingdom in both Q1 2008 and Q1 2007.

	Three months ended	
	March 31, 2008	March 31, 2007
United Kingdom	\$ 6,119	\$ 22,000

The Company's capital assets are allocated to geographic segments as follows:

	March 31, 2008		March 31, 2007	
Macau	\$298,258	(75%)	-	-
Canada	\$96,290	(24%)	\$68,548	(100%)
China	\$4,310	(1%)	-	-
	\$398,859	(100%)	\$ 68,548	(100%)

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Note 9 Credit Risk and Financial Instrument

Credit risk

The Company grants credit to its customers in the normal course of business. Credit evaluations are performed on a regular basis and the financial statements take into account an allowance for bad debts. The business also depends on new customers using the product and there is additional risk when credit is granted to new and unproven customers. Credit evaluations are performed on new customers.

Currency risk

The majority of the Company's operations are carried out in Canada but the Company has subsidiaries in foreign countries that pay expenditures in their own currencies. Also, the Company bills its revenue primarily in local currencies of the customers. For these reasons, the company holds foreign currencies for operating and investment purposes. Changes in the exchange rates may cause a significant fluctuation in income as transactions are not hedged through derivatives.

The following balances include amounts denominated in foreign currencies:

	March 31, 2008	March 31, 2007
US dollars:		
- Cash and cash equivalents	US\$384,286	US\$426,485
- Accounts payable and accrued liabilities	-	US\$25,000
HK dollars:		
- Accounts payable	HK\$672,000	-
China Yuan Renminbi		
- Cash and cash equivalents	¥537,380	-
United Kingdom Pounds		
- Accounts receivable	£3,000	£11,000

Note 10 Commitments

- (a) The Company has entered into a new lease agreement from February 1, 2008 to January 31, 2009 in which the new operating lease obligation is \$32,775 per year.
- (b) The future annual minimum payment under the operating lease of the Company's previous location is \$61,848. The Company has sub-leased its previous location under an arrangement which expires on June 30, 2011. This generates rental profit of \$21,904 during each year of the subleasing.

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- (c) A foreign subsidiary Fireswirl Asia Limited has a lease obligation of \$5,543 in total until the lease expires on July 9, 2008.

Note 11 Subsequent Events

As at May 20, 2008, \$.80 of 291,098 compensation warrants, \$1.10 of 193,790 compensation warrants and \$1.10 of 1,545,000 subscriber warrants expired.

Subsequent to May 20, 2008, the company had 2,250,000 outstanding warrants that will expire on February 22, 2009, at an exercise price of \$1.25.