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Win Gaming Media, Inc.
Form 10-Q
November 19, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2008

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 000-51255

WIN GAMING MEDIA, INC.
(Exact name of registrant as specified in its charter)

NEVADA
(State of incorporation)

98-037121
(IRS Employer Identification No.)

103 FOULK ROAD, WILMINGTON, DELAWARE
(Address of principal executive offices)

(972) - 3 - 647-1884
(Registrant's telephone number, including area code)

WIN GAMING MEDIA, INC.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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

Indicate by check mark whether the registrant is large accelerated filer, an accelerated filer, or a non-accelerated filer. See of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the registrant's Common Stock, \$0.001 par value, was 32,319,031 as of November 14, 2008.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

WIN GAMING MEDIA, INC.
(FORMERLY KNOWN AS: ZONE 4 PLAY, INC)
AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2008

IN U.S. DOLLARS

UNAUDITED

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WIN GAMING MEDIA, INC. (FORMERLY KNOWN AS: ZONE 4 PLAY, INC.) AND ITS
SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

U.S. DOLLARS

| | SEPTEMBER 30, | DECEMBER 31, |
|--|---------------|--------------|
| | ----- | ----- |
| | 2008 | 2007 |
| | ----- | ----- |
| | UNAUDITED | UNAUDITED |
| | ----- | ----- |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 359,939 | \$ 359,939 |
| Trade receivables | | |
| (net of allowance for doubtful accounts of \$405,452) | 124,369 | 124,369 |
| Other accounts receivable, prepaid expenses, and related parties | 614,346 | 614,346 |
| Assets attributed to discontinued operations | - | - |
| | ----- | ----- |
| TOTAL current assets | 1,098,654 | 1,098,654 |
| | ----- | ----- |
| RELATED PARTIES | | |
| (net of allowance for doubtful accounts of \$924,742) | 39,182 | 39,182 |
| | ----- | ----- |
| SEVERANCE PAY FUND | 70,430 | 70,430 |
| | ----- | ----- |
| PROPERTY AND EQUIPMENT, NET | 125,536 | 125,536 |
| | ----- | ----- |
| ACQUIRED TECHNOLOGY, NET | - | - |
| | ----- | ----- |
| Total assets | \$1,333,802 | \$1,333,802 |
| | ===== | ===== |

The accompanying notes are an integral part of the consolidated financial statements.

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WIN GAMING MEDIA, INC. (FORMERLY KNOWN AS: ZONE 4 PLAY, INC.) AND ITS
SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

U.S. DOLLARS

SEPTEMBER 30, 2008

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LIABILITIES AND STOCKHOLDERS' DEFICIENCY

CURRENT LIABILITIES:

| | |
|---|---|
| Trade payables | |
| Employees and payroll accruals | |
| Accrued expenses and other liabilities | 4 |
| Liabilities attributed to discontinued operations | |

| | |
|---------------------------|---|
| TOTAL current liabilities | 5 |
|---------------------------|---|

| | |
|-----------------------|---|
| Call option | 2 |
| Accrued Severance pay | 1 |

| | |
|-----------------------------|---|
| TOTAL Long term liabilities | 3 |
|-----------------------------|---|

| | |
|-------------------|---|
| TOTAL liabilities | 8 |
|-------------------|---|

COMMITMENTS AND CONTINGENT LIABILITIES

| | |
|----------------------------------|---|
| INVESTMENT IN AFFILIATED COMPANY | 9 |
|----------------------------------|---|

STOCKHOLDERS' DEFICIENCY :

| | |
|---|-------|
| Common stock of \$ 0.001 par value: | |
| Authorized: 75,000,000 shares at September 30, 2008 and December 31, 2007; Issued and outstanding: 32,319,031 shares at September 30, 2008 and December 31,2007, respectively | |
| Additional paid-in capital | 17,2 |
| Accumulated other comprehensive loss | (17,8 |
| Accumulated deficit | ===== |

| | |
|--------------------------------|-------|
| TOTAL stockholders' deficiency | \$ (5 |
|--------------------------------|-------|

| | |
|--|--------|
| TOTAL liabilities and stockholders' deficiency | \$ 1,3 |
|--|--------|

The accompanying notes are an integral part of the consolidated financial statements.

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WIN GAMING MEDIA, INC. (FORMERLY KNOWN AS: ZONE 4 PLAY, INC.) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. DOLLARS (EXCEPT SHARE DATA)

NINE MONTHS ENDED
SEPTEMBER 30,

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| | 2008 | 2007 | --- |
|--|-------------|-------------|-------|
| | ----- | ----- | ----- |
| | | UNAUDITED | |
| | ----- | ----- | ----- |
| Revenues: | | | |
| Revenues from software applications | \$ 330,371 | \$ 698,198 | \$ |
| Revenues from services to affiliated company | 729,175 | - | |
| | ----- | ----- | |
| Total Revenues | 1,059,546 | 698,198 | |
| | ----- | ----- | |
| Cost of revenues | 1,128,463 | 276,711 | |
| | ----- | ----- | |
| Gross profit (loss) | 68,917 | 421,487 | |
| | ----- | ----- | |
| Operating expenses: | | | |
| Research and development | 161,849 | 1,618,437 | |
| Selling and marketing | 29,410 | 133,296 | |
| General and administrative | 347,314 | 1,305,014 | |
| | ----- | ----- | |
| Total operating expenses | 538,573 | 3,056,747 | |
| | ----- | ----- | |
| Operating loss | (607,490) | (2,635,260) | |
| Financial expenses, net | 406,762 | 57,026 | |
| | ----- | ----- | |
| Other income | 1,690,488 | 69,592 | |
| | ----- | ----- | |
| | 676,236 | (2,622,694) | |
| Equity in profit (losses) of affiliated company | (1,181,114) | - | |
| Minority interests in losses of subsidiaries | - | 138,374 | |
| | ----- | ----- | |
| Net income (loss) from continuing operation | (504,878) | (2,484,320) | |
| Net income (loss) from discontinued operation, net | (8,439) | (620,250) | |
| | ----- | ----- | |
| Net Loss | (513,317) | (3,104,570) | |
| | ===== | ===== | ===== |
| Basic and diluted net income (loss) per share from continuing operation | \$ (0.015) | \$ (0.078) | \$ |
| Basic and diluted net loss per share from discontinued operation | \$ (0.000) | \$ (0.019) | \$ |
| | ----- | ----- | |
| Total Basic and diluted net loss per share | \$ (0.015) | \$ (0.097) | \$ |
| | ===== | ===== | ===== |
| Weighted average number of shares of Common stock used in computing basic and diluted net loss per share | 32,319,031 | 32,319,031 | 3 |
| | ===== | ===== | ===== |

The accompanying notes are an integral part of the consolidated financial statements.

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WIN GAMING MEDIA, INC. (FORMERLY KNOWN AS: ZONE 4 PLAY, INC.) AND ITS
SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. DOLLARS

| | NINE MONTHS ENDED SEPTEMBER 30, | |
|--|------------------------------------|----------------|
| | 2008 | 2007 |
| | UNAUDITED | |
| <hr/> | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (513,317) | \$ (3,104,570) |
| Adjustments required to reconcile net profit (loss) to net cash used in operating activities: | | |
| Depreciation and amortization | 205,068 | 514,114 |
| Decrease (increase) in trade and other accounts receivable prepaid expenses, and related parties | (385,580) | 880,158 |
| Stock-based compensation | 111,670 | 313,230 |
| Decrease (increase) in trade payables | (57,087) | (260,716) |
| Increase (decrease) in employees and payroll accruals | (233,415) | (241,875) |
| Increase (decrease) in accrued expenses and other liabilities | 217,133 | (358,197) |
| Change in value of convertible debt, net | 124,020 | - |
| Accrued severance pay, net | 2,119 | (112,152) |
| Equity in losses (profit) of affiliated company | 1,181,114 | - |
| Capital loss (gain) on sale of property and equipment | (96,189) | 24,166 |
| Capital gain on sale of intellectual property | (1,690,488) | - |
| Impairment of discontinued assets, net | 27,856 | - |
| Minority interests in losses of subsidiaries | - | (138,374) |
| | <hr/> | <hr/> |
| Net cash used in operating activities | (1,107,096) | (2,484,216) |
| <hr/> | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of property and equipment | 70,960 | - |
| Proceeds from sale of intellectual property | 1,250,000 | - |
| Purchase of property and equipment | - | (10,935) |
| | <hr/> | <hr/> |
| Net cash provided by (used in) investing activities | 1,320,960 | (10,935) |
| <hr/> | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Issuance of convertible note, shares and warrants, net | 550,000 | (6,867) |
| Redemption of convertible note | (550,000) | - |
| Short-term bank credit, net | - | (16,750) |
| | <hr/> | <hr/> |
| Net cash provided by financing activities | - | (23,617) |
| <hr/> | | |
| Effect of exchange rate changes on cash and cash equivalents | (971) | 11,819 |
| <hr/> | | |
| Increase (decrease) in cash and cash equivalents | 212,893 | (2,506,949) |
| Cash and cash equivalents at the beginning of the period | 147,046 | 3,019,282 |

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| | | |
|--|------------------------------|------------------------------|
| Cash and cash equivalents at the end of the period | ----- \$ 359,939 ===== | ----- \$ 512,333 ===== |
|--|------------------------------|------------------------------|

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:

Cash paid during the period for:

| | | |
|----------|-----------------|-------------------|
| Interest | \$ 168 ===== | \$ 1,212 ===== |
|----------|-----------------|-------------------|

The accompanying notes are an integral part of the consolidated financial statements.

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WIN GAMING MEDIA, INC. (FORMERLY KNOWN AS: ZONE 4 PLAY, INC.) AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. DOLLARS

NOTE 1: GENERAL

- a. On May 1, 2008 the company has changed its name to Win Gaming Media. Win Gaming Media, inc. (formerly known as: Zone4Play Inc.) ("the Company") was incorporated under the laws of the State of Nevada on April 23, 2002 as Old Goat Enterprises, Inc. On February 1, 2004, the Company acquired Zone4Play, Inc. ("Zone4Play (Delaware)") (see b. below), which was incorporated under the laws of the State of Delaware on April 2, 2001, and subsequently changed the Company's name to Zone4Play, Inc., a Nevada corporation. The Company develops and markets interactive games applications for Internet, portable devices and interactive TV platforms.

The Company conducts its operations and business with and through its subsidiaries, (1) Zone4Play (Delaware), (2) Zone4Play Limited, an Israeli corporation incorporated in July 2001, which is engaged in research and development and marketing of the applications, (3) Zone4Play (UK) Limited, a United Kingdom corporation, incorporated in November 2002, which is engaged in marketing of the applications, (4) Win Gamin Media (Israel) Ltd (formerly known as MixTV Ltd.), an Israeli corporation which develops and markets participation TV games applications., and (5) Gaming Ventures Plc ("Gaming") , a company incorporated in the Isle of Man .

The Company's shares of common stock are currently traded on the OTC Bulletin Board under the trading symbol "WGMI.OB"

- b. The Company has suffered losses from operations and negative cash flows from operations since inception. For the nine months ended September 30, 2008 the Company incurred a negative cash flow from operations of \$1,107,096 and has accumulated deficit of \$17,849,305 as of September 30, 2008. Despite its negative cash flows, the Company has been able to secure financing in order to support its operation to date, based on shares issuances and proceeds from the Intellectual Property and Technology Agreement signed with Playtech (Note 1.d.).
- c. According to the agreement between the Company and Zone4Play

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(Delaware), the Company issued 10,426,190 shares of common stock to the former holders of equity interest in Zone4Play (Delaware). The acquisition has been accounted for as a reverse acquisition, whereby the Company was treated as the acquiree and Zone4Play (Delaware) as the acquirer, primarily because Zone4Play (Delaware) shareholders owned a majority, approximately 58% of the Company's common stock, upon completion of the acquisition. Immediately prior to the consummation of the transaction, the Company had no material assets and liabilities, hence the reverse acquisition is treated as a capital stock transaction in which Zone4Play (Delaware) is deemed to have issued the common stock held by the Company shareholders for the net assets of the Company. The historical financial statements of Zone4Play (Delaware) became the historical financial statements of the Company.

- d. On November 6, 2007, the Company and Two Way Media Ltd (the "Parties") have incorporated a new entity in Alderney bearing the name Two Way Gaming Limited ("TWG") to conduct all gaming activity undertaken by the Parties on interactive television, mobile telephony, participation television and the internet. Both companies are equal holders of the issued shares of TWG. On the same day the Parties agreed to grant to Winner.com (UK) Ltd ("winner") in exchange to the brand name winner an option to purchase directly from Z4P part of Z4P's shareholding in TWG equivalent to 7.5% of the TWG's total shares subject to certain events. The call option was accounted for as a derivative pursuant to EITF 00-06 "Accounting for Freestanding Derivative Financial Instruments Indexed to, and Potentially Settled in, the Stock of a Consolidated Subsidiary". Since the company holds 50% of TWG's issued shares, it accounts for its investment under the equity method. Until September 30, 2008 the asset due to services provided by the Company to TWG was classified as related parties. During the period of three months ended on September 30, 2008, the company has decided to include an allowance for doubtful accounts of \$924,742 due to the uncertainty of receiving payments from TWG within the next 12 months.
- e. On July 31, 2008 the company has signed an agreement with Playtech Software Limited ("Playtech") for the sale of all the Intellectual Property and certain computer servers and hardware of its fully owned subsidiary MixTV Ltd for consideration of \$1,750,000. Out of the consideration amount, \$1,250,000 was received and the additional amount of \$500,000 was put in escrow and released to the Company on November 7, 2008. Under the agreement, MixTV has terminated the employment of all of its employees most of which where hired by Playtech.
- f. Concentration of risk that may have a significant impact on the Company:

The Company derived 85% of its revenues from two major customers (see Note 4b).

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WIN GAMING MEDIA, INC. (FORMERLY KNOWN AS: ZONE 4 PLAY, INC.) AND ITS
SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. DOLLARS

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NOTE 2: BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments including non-recurring adjustments attributable to reorganization and severance and impairment considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. For further information, reference is made to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007.

The interim condensed consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries. All significant intercompany balances and transactions have been eliminated on consolidation.

The significant accounting policies applied in the annual consolidated financial statements of the Company as of December 31, 2007 contained in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission ("SEC") on April 15, 2008, have been applied consistently in these unaudited interim condensed consolidated financial statements.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

- a. The significant accounting policies applied in the annual consolidated financial statements of the Company as of December 31, 2007 are applied consistently in these consolidated financial statements.
- b. These financial statements should be read in conjunction with the audited annual financial statements of the Company as of December 31, 2007 and their accompanying notes.
- c. Accounting for stock-based compensation Effective January 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004) ("SFAS 123(R)", "Share-Based Payment," and Staff Accounting Bulletin No. 107 ("SAB 107"), which was issued in March 2005 by the SEC. SFAS 123(R) addresses the accounting for share-based payment transactions in which the Company obtains employee services in exchange for equity instruments of the Company.

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WIN GAMING MEDIA, INC. (FORMERLY KNOWN AS: ZONE 4 PLAY, INC.) AND ITS
SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. DOLLARS

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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This statement requires that employee equity awards be accounted for using the grant-date fair value method. SAB 107 provides supplemental implementation guidance on SFAS 123(R), including guidance on valuation methods, classification of compensation expense, income statement effects, disclosures and other issues.

The following table shows the total stock-based compensation charge included in the Consolidated Statement of Operations:

| | NINE MONTHS ENDED SEPTEMBER 30, | | THREE MONTHS SEPTEMBER |
|--|------------------------------------|-------------|---------------------------|
| | 2008 | 2007 | 2008 |
| | (UNAUDITED) | (UNAUDITED) | (UNAUDITED) |
| Research and development expenses (income) | \$ 54,925 | \$ 86,750 | \$ 24,601 |
| Sales and marketing expenses | 15,585 | 21,158 | 7,235 |
| General and administrative expenses | 41,160 | 205,322 | 27,874 |
| | ----- | ----- | ----- |
| Total | \$111,670 | \$313,230 | \$ 59,710 |

The fair value for these options was estimated at the grant date using a Black-Scholes option pricing model as allowed Under SFAS 123(R).

A summary of the Company's share option activity to employees and directors, and related information is as follows:

| | NINE MONTHS ENDED SEPTEMBER 30, | | | |
|---|---------------------------------|--|----------------------|--|
| | 2008 | | 2007 | |
| | UNAUDITED | | UNAUDITED | |
| | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE |
| | | \$ | | \$ |
| Outstanding at the beginning of the year | 3,950,965 | 0.98 | 7,653,046 | 1.01 |
| Granted | 2,400,000 | 0.06 | 500,000 | 0.58 |
| Forfeited | (324,586) | 0.58 | (2,225,414) | 0.81 |
| | ----- | | ----- | |
| Outstanding at the end of the quarter | 6,026,379 | 0.82 | 5,297,632 | 0.93 |
| Options exercisable at the end of the quarter | 3,532,292 | 1.00 | 4,245,779 | 0.91 |

The Company applies Emerging Issues Task Force 96-18, "Accounting for Equity Instruments that Are Issued to Other than Employees for

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Acquiring or in Conjunction with Selling, Goods or Services" ("EITF 96-18") with respect to options and warrants issued to non-employees.

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WIN GAMING MEDIA, INC. (FORMERLY KNOWN AS: ZONE 4 PLAY, INC.) AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. DOLLARS

NOTE 4: SEGMENTS, CUSTOMERS AND GEOGRAPHIC INFORMATION

Summary information about geographic areas:

The Company manages its business on the basis of one reportable segment (see Note 1 for a brief description of the Company's business) and follows the requirements of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information".

a. The following is a summary of operations within geographic areas, based on the location of the customers:

| | NINE MONTHS ENDED SEPTEMBER 30, | |
|---------------------|------------------------------------|------------|
| | 2008 | 2007 |
| | TOTAL REVENUES | |
| Alderney | \$ 729,175 | \$ - |
| Australia | 175,000 | 262,500 |
| United States | 155,371 | 121,368 |
| England | - | 252,855 |
| Antigua and Barbuda | - | 60,945 |
| Others | - | 530 |
| | \$1,059,546 | \$ 698,198 |

b. Major customer data as a percentage of total revenues:

| | NINE MONTHS ENDED SEPTEMBER 30, | |
|-----------------------------------|------------------------------------|------|
| | 2008 | 2007 |
| Customer A (an affiliate company) | 69% | 38% |
| Customer B | 16% | 33% |
| Customer C | *) | 10% |
| Customer D | *) | *) |

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*) Represents an amount lower than 10%.

NOTE 5: RECENTLY ISSUED ACCOUNTING STANDARDS

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). This Standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The provisions of SFAS No. 157 are effective for the Company beginning January 1, 2008. The FASB issued a FASB Staff Position (FSP) to defer the effective date of SFAS No. 157 for one year for all nonfinancial assets and nonfinancial liabilities, except for those items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The adoption of this statement didn't have a material effect on the Company's consolidated financial statements.

In February 2007, the FASB issued FAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities." This standard permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. As applicable to the Company, this statement will be effective as of the year beginning January 1, 2008.

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WIN GAMING MEDIA, INC. (FORMERLY KNOWN AS: ZONE 4 PLAY, INC.) AND ITS
SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. DOLLARS

NOTE 5: RECENTLY ISSUED ACCOUNTING STANDARDS (CONT.)

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, the goodwill acquired, and any noncontrolling interest in the acquire. This Statement also establishes disclosure requirements to enable the evaluation of the nature and financial effect of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after December 15, 2008. Earlier adoption is prohibited. The Company is currently evaluating the potential impact, if any, of the adoption of FAS 141(R) on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51." SFAS No. 160 establishes accounting and reporting standards pertaining to ownership interests in subsidiaries held by parties other than the parent, the amount of net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of any retained noncontrolling equity investment when a subsidiary is deconsolidated. This Statement also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008. The

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Company is currently evaluating the potential impact, if any, of the adoption of SFAS No. 160 on its consolidated financial statements.

In December 2007, the SEC issued Staff Accounting Bulletin No. 110 ("SAB 110") relating to the use of a "simplified" method in developing an estimate of the expected term of "plan vanilla" share options. SAB 107 previously allowed the use of the simplified method until December 31, 2007. SAB 110 allows, under certain circumstances, to continue to accept the use of the simplified method beyond December 31, 2007. The adoption of SAB 110 has an impact on the consolidated financial statements since the Company uses the "simplified" method in developing an estimate of the expected term on its share options.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (SFAS 161). This statement is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. SFAS 161 applies to all derivative instruments within the scope of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133) as well as related hedged items, bifurcated derivatives, and nonderivative instruments that are designated and qualify as hedging instruments. Entities with instruments subject to SFAS 161 must provide more robust qualitative disclosures and expanded quantitative disclosures. SFAS 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application permitted. The Company is currently evaluating the disclosure implications of this statement.

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WIN GAMING MEDIA, INC. (FORMERLY KNOWN AS: ZONE 4 PLAY, INC.) AND ITS
SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. DOLLARS

NOTE 6: SUBSEQUENT EVENTS

On October 28, 2008 MixTV Ltd has changed its name to Win Gaming Media (Israel) Ltd. Win Gaming Media (Israel) Ltd. an Israeli corporation which developed and markets participation TV games applications.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

FORWARD LOOKING STATEMENTS

This quarterly report on Form 10-Q contains certain forward-looking statements. Forward-looking statements may include our statements regarding our goals, beliefs, strategies, objectives, plans, including product and service developments, future financial conditions, results or projections or current expectations. For example, when we discuss our funding plans and opportunities,

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including our expectation that we will finance our operations with the proceeds from the agreement that we signed with Playtech and that these proceeds should be sufficient to sustain our operations for the next 12 months, or that we will concentrate on expanding the TWG venture, or that additional cash will be sought by pursuing sales of our multi-player Black Jack IP and our mobile gaming application on a revenue-share basis, we are using a forward looking statement. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of such terms, or other comparable terminology. These statements are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results to be materially different from those contemplated by the forward-looking statements. The business and operations of Win Gaming Media, Inc. are subject to substantial risks, which increase the uncertainty inherent in the forward-looking statements contained in this report. We undertake no obligation to release publicly the result of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Further information on potential factors that could affect our business is described under the heading "Risks Related to Our Business" in Part I, Item 1, "Description of Business" of our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007. Readers are also urged to carefully review and consider the various disclosures we have made in this report.

OVERVIEW

Our financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

You should read the following discussion of our financial condition and results of operations together with the unaudited financial statements and the notes to unaudited financial statements included elsewhere in this report.

OUR BUSINESS

We are a software and technology developer and provider to companies that service the interactive gaming industry, delivering cross-platform systems that are built for mass participation gaming over mobile devices, TV and the internet. Our software provides and supports play-for-fun and play-for-real interactive games. We offer four core solutions to companies that offer play-for-real gaming, namely:

(i) Interactive TV gaming: the provision of software and technology currently supporting fixed odds games.

(ii) Mobile gaming: the provision of services on mobile devices, including fixed odds games, multiplayer games, sports betting services, scratch cards and exchange betting.

(iii) Multiplayer blackjack tournaments: 24/7 availability of a variety of blackjack tournaments games based on a peer-to-peer technology allowing users to compete against each other and not against the "house".

(iv) Online gaming: the provision of fixed odds and casino games over the internet