

Pegasus Gaming, Corp.
(A Development Stage Company)

FINANCIAL STATEMENTS

For the Quarter ended

June 30, 2007

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



NOTICE TO READER

The accompanying unaudited financial statements have been prepared by the Company in accordance with the instructions for Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission and, therefore, do not include all information and footnotes necessary for a complete presentation of the financial position, results of operations, cash flows, and stockholders equity in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature.

The unaudited balance sheet of the Company as of June 30, 2007, the unaudited statement of operations and cash flows for the three months ended June 30, 2007 and the statement of stockholders equity as at June 30, 2007 are attached hereto and incorporated herein by this reference.

PEGASUS GAMING, CORP.

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

PEGASUS GAMING, CORP.
(A Development Stage Company)
Balance Sheet

	Jun 30, 07	Mar 31, 07	Jun 30, 06
ASSETS			
Current Assets			
Total Checking/Savings	18,329	30,885	40,130
Total Accounts Receivable	122,000	122,000	157,000
Total Current Assets	140,329	152,885	197,130
Other Assets			
Software License	2,000,000	2,000,000	2,000,000
Total Other Assets	2,000,000	2,000,000	2,000,000
TOTAL ASSETS	2,140,329	2,152,885	2,197,130
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Total Accounts Payable	128,911	128,911	145,361
Total Other Current Liabilities	671,764	671,764	750,264
Total Current Liabilities	800,675	800,675	895,625
Total Liabilities	800,675	800,675	895,625
Equity			
Common Stock, \$.001 par value	27,840	27,840	27,840
Paid in capital, Additional	1,064,170	1,064,170	1,064,170
Received, Subscriptions	398,000	398,000	348,000
Retained Earnings	(123,660)	(123,660)	(217,001)
Net Income	(26,696)	(14,140)	78,497
Total Equity	1,339,654	1,352,210	1,301,506
TOTAL LIABILITIES & EQUITY	2,140,329	2,152,885	2,197,131

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PEGASUS GAMING, CORP.
(A Development Stage Company)
Statement of Operations and Other Comprehensive Income

	Apr - Jun 07	Apr - Jun 06	Jan - Jun 07
Ordinary Income/Expense			
Income			
Consulting Income	0	25,000	0
License Fee Income	0	25,000	0
Poker Platform Maintenance	0	1,500	0
Total Income	0	51,500	0
Gross Profit	0	51,500	0
Expense			
Bank Service Charges	0	55	0
Communications (Tel/Fax/Intrnt)	45	30	90
Consulting Expense	11,000	22,640	20,750
Corporate Maintenance	308	4,675	1,077
Office Supplies Expenses	0	42	0
Postage and Delivery	0	32	0
Promotion	0	590	0
Travel & Ent	1,204	15	4,779
Total Expense	12,557	28,079	26,696
Net Ordinary Income	(12,557)	23,421	(26,696)
Net Income	(12,557)	23,421	(26,696)

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

PEGASUS GAMING, CORP.

**(A Development Stage Company)
Statement of Stockholders' Equity (Deficit)**

	<u>Common Stock Shares</u>	<u>Amount</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>TOTAL</u>
Inception	0	\$0	\$0	\$0	\$0
Stock issued for cash	5,000	\$5	\$4,995	\$0	\$5,000
Stock issued for services	2,500	\$3	(\$3)	\$0	\$0
Value of Services Provided	0	\$0	\$2,498	\$0	\$2,498
Capital contributed by Stockholder	0	\$0	\$3,771	\$0	\$3,771
Net loss for fiscal year 1998	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$11,268)</u>	<u>(\$11,268)</u>
Balance at December 31, 1998	7,500	\$8	\$11,261	(\$11,268)	\$0
Stock issued for Business Plan	18,600,000	\$18,600	(\$18,600)	\$0	\$0
Stock issued for services	1,992,500	\$1,993	(\$1,993)	\$0	\$0
Value of Services Provided	0	\$0	\$19,925	\$0	\$19,925
Capital contributed by Stockholder	0	\$0	\$7,086	\$0	\$7,086
Net loss for fiscal year 1999	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$27,011)</u>	<u>(\$27,011)</u>
Balance at December 31, 1999	20,600,000	\$20,600	\$17,679	(\$38,279)	\$0
Capital contributed by Stockholder	0	\$0	\$7,876	\$0	\$7,876
Net loss for fiscal year 2000	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$7,876)</u>	<u>(\$7,876)</u>
Balance at December 31, 2000	20,600,000	\$20,600	\$25,555	(\$46,155)	\$0
Capital contributed by Stockholder	0	\$0	\$10,114	\$0	\$10,114
Net loss for fiscal year 2001	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$10,114)</u>	<u>(\$10,114)</u>
Balance at December 31, 2001	20,600,000	\$20,600	\$35,669	(\$56,269)	\$0
Capital contributed by Stockholder	0	\$0	\$11,001	\$0	\$11,001
Net loss for fiscal year 2002	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$11,001)</u>	<u>(\$11,001)</u>
Balance at December 31, 2002	20,600,000	\$20,600	\$46,670	(\$67,270)	\$0
Net loss for fiscal year 2003	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$6,202)</u>	<u>(\$6,202)</u>
Balance at December 31, 2003	20,600,000	\$20,600	\$46,670	(\$73,472)	\$(6,202)

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

PEGASUS GAMING, CORP.
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit)

	<u>Common Stock Shares</u>	<u>Amount</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>TOTAL</u>
Share Split of 60 old shares for each 1 new share	(20,259,417)	(\$20,260)	\$0	\$0	\$(20,260)
Stock issued for services	5,000,000	\$5,000	(\$5,000)	\$0	\$0
Stock issued for services	5,000,000	\$5,000	(\$5,000)	\$0	\$0
Value of Services Provided	0	\$0	\$20,000	\$0	\$20,000
Subscriptions, Stock issued for cash	12,500,000	\$12,500	\$12,500	\$0	\$25,000
Net loss for fiscal year 2004	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$36,245)</u>	<u>(\$36,245)</u>
Balance at December 31, 2004	22,840,583	\$22,840	\$69,170	(\$109,717)	\$(17,707)

	<u>Common Stock Shares</u>	<u>Amount</u>	<u>Additional Paid-In Capital</u>	<u>Subscription Received and Issued</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Stock issued for software license at \$0.20 per share	5,000,000	\$5,000	\$995,000	\$0	\$0	\$1,000,000
10 Aug 2005, cash received for subscription	0	\$0	\$0	\$233,000	\$0	\$233,000
9 Sep 2005, cash received for subscription	0	\$0	\$0	\$65,000	\$0	\$65,000
30 Nov 2005, cash received for Subscriptions	0	\$0	\$0	\$25,000	\$0	\$25,000
Net loss for the year ended December 31, 2005	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$107,284)</u>	<u>(\$84784)</u>
Balance at Dec 31, 2005	27,840,583	\$27,840	\$1,064,170	\$323,000	(\$217,001)	\$1,198,009
Apr 6 2006 Cash for Subscriptions Received	0	\$0	\$0	\$25,000	\$0	\$25,000
13 Sep 2006 shares issued for subscription	250,000	\$250	\$24,750	(\$25,000)	\$0	\$0
Net loss for the year ended December 31, 2006	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$93,341</u>	<u>\$93,341</u>
Balance at Dec 31, 2006	28,090,583	\$28,090	\$1,088,920	\$323,000	(\$123,660)	\$1,316,350

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

PEGASUS GAMING, CORP.
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit)

	<u>Common Stock</u> <u>Shares</u>	<u>Amount</u>	<u>Additional</u> <u>Paid-In</u> <u>Capital</u>	<u>Subscription</u> <u>Received</u> <u>and Issued</u>	<u>Retained</u> <u>Earnings</u> <u>(Deficit)</u>	<u>Total</u>
Balance at Dec 31, 2006	28,090,583	\$28,090	\$1,088,920	\$323,000	(\$123,660)	\$1,316,350
Feb 21 2007 Cash for Subscriptions Received	0	\$0	\$0	\$50,000	\$0	\$25,000
Net loss for the quarter ended March 31, 2007	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$14,140)</u>	<u>(\$14,140)</u>
Balance at Mar 31, 2007	28,090,583	\$28,090	\$1,088,920	\$373,000	(\$137,800)	\$1,352,210
Net loss for the quarter ended June 30, 2007	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$12,557)</u>	<u>(\$12,557)</u>
Balance at Jun 30, 2007	28,090,583	\$28,090	\$1,088,920	\$373,000	(\$150,357)	\$1,339,653

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

PEGASUS GAMING, CORP.
(A Development Stage Company)
 Statements of Cash Flows
 (Unaudited)

Statement of Cash Flow for Quarter 2, 2007

	Apr - Jun 07
OPERATING ACTIVITIES	
Net Income	(12,557)
Net cash provided by Operating Activities	(12,557)
Net cash increase for period	(12,557)
Cash at beginning of period	30,885
Cash at end of period	18,328

Statement of Cash Flow for current Fiscal Year 2007

	Jan - Jun 07
OPERATING ACTIVITIES	
Net Income	(26,696)
Adjustments to reconcile Net Income to net cash provided by operations:	
Due to/from Chimera	(50,000)
Net cash provided by Operating Activities	(76,696)
FINANCING ACTIVITIES	
Received, Subscriptions	50,000
Net cash provided by Financing Activities	50,000
Net cash increase for period	(26,696)
Cash at beginning of period	45,025
Cash at end of period	18,329

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

PEGASUS GAMING, CORP.
(A Development Stage Company)
Notes to the Financial Statements
June 30, 2007

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted in accordance with such rules and regulations.

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has a Software License purchased for \$2 million dollars.

The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3- MATERIAL EVENTS

The Company entered into a letter of intent with Chimera Technology, Corp., to acquire an exclusive license for the resale of the Chimera 2 Internet Casino Operating system, platforms and applications. The acquisition cost is Two Million Dollars of which One Million Dollars is in the form of company common stock and One Million dollars in cash to be paid in four installments of Two Hundred and Fifty Thousand Dollars per quarter beginning in Quarter 3, 2006.

NOTE 4- SUBSEQUENT EVENTS

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

PEGASUS GAMING, CORP.
(A Development Stage Company)
Notes to the Financial Statements
June 30, 2007

ITEM 2. MANagements DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Going Concern and Ability of the Company to Continue

The Company has net operating losses carry forwards of (\$150,356) since inception through June 30, 2007.

The Company's consolidated financial statements are prepared using generally accepted accounting principles applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company has not established revenues sufficient to cover its operating costs and allow it to continue as a going concern. Management believes that the Company will soon be able to generate revenues sufficient to cover its operating costs.

In the interim, the Company intends to raise additional capital through private placements of its common stock.

Liquidity and Capital Resources

As of June 30, 2007 the Company has \$2,140,329 dollars in total assets comprised of cash in the amount of \$18,329, receivables of \$122,000 and a Software License valued at \$2,000,000. There is (\$800,675) in current liabilities. These liabilities are comprised of (\$128,911) in accounts payable and a payable due to Chimera Technologies of (\$671,764).

This is compared to assets of \$2,197,130 and current liabilities of (\$895,625) as of the same period in the prior year.

The Company is involved in a best efforts financing in order to increase the Company's liquidity and capital resources.

Results of Operations

For the period quarter ending June 30, 2007, the Company had a net loss of (\$12,557) comprised of expenses (corporate maintenance, professional fees, and consulting fees). There was a net income of \$23,421 for the same fiscal period in the prior year.

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

Sale of Common Capital Stock

CERTIFICATION

All financial statements and the notes thereto present fairly in all material respects the financial position of the Company and the results of its operations and cash flows for the period presented, in conformity with accounting principles generally accepted in the United States, consistently applied.

Dated: July 31, 2007

By:/S Alexander Anderson

/Alexander Anderson
Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed in its behalf by the undersigned hereto duly authorized.

PEGASUS GAMING, CORP.

Dated: July 31, 2007

By:/S Alexander Anderson

/Alexander Anderson
Chief Financial Officer

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