

SINOMAR CAPITAL CORP.
FINANCIAL STATEMENTS
For the three and six month periods ended June 30, 2009 and 2008
(Unaudited)

**The interim financial statements for the three and six month periods ended
June 30, 2009 and 2008. June 30, 2008 has not been reviewed
by the Corporation's auditors.**

SINOMAR CAPITAL CORP.

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For the three and six month periods ended June 30, 2009 and 2008**

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SINOMAR CAPITAL CORPORATION

Balance Sheets

As of June 30, 2009 and December 31, 2008
(Unaudited)

	June 30, 2009	December 31, 2008
ASSETS		
CURRENT		
Cash	\$ 458,275	\$ 500,220
Goods and services tax recoverable	10,058	8,021
Interest receivable	113	444
	<u>468,446</u>	<u>508,685</u>
DEFERRED QUALIFYING TRANSACTION COSTS (Note 2)	2,775	-
	<u>\$ 471,221</u>	<u>\$ 508,685</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,465	\$ 9,938
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	503,678	503,678
Contributed surplus (Note 4)	99,086	99,086
Deficit	(134,008)	(104,017)
	<u>468,756</u>	<u>498,747</u>
	<u>\$ 471,221</u>	<u>\$ 508,685</u>

ON BEHALF OF THE BOARD

(signed) "Victor Sun" ,Director

(signed) "Alan Chan" ,Director

The accompanying notes form an integral part of the financial statements

SINOMAR CAPITAL CORPORATION

Statements of Loss, Comprehensive Loss and Deficit For the three and six month periods ended June 30, 2009 and 2008 (Unaudited)

	3 months ended June 30, 2009	3 months ended June 30, 2008	6 months ended June 30, 2009	6 months ended June 30, 2008
EXPENSES				
General & administrative fees	\$ 5,799	\$ -	\$ 11,109	\$ -
Filing fees	5,417	725	11,442	725
Office	2,749	170	7,029	170
Professional fees	1,350	600	2,475	600
	15,315	1,595	32,055	1,595
LOSS FROM OPERATIONS	(15,315)	(1,595)	(32,055)	(1,595)
OTHER INCOME				
Interest Income	611	-	2,064	-
NET LOSS AND COMPREHENSIVE LOSS	(14,704)	(1,595)	(29,991)	(1,595)
RETAINED EARNINGS (DEFICIT)				
- BEGINNING OF PERIOD	(119,304)	-	(104,017)	-
DEFICIT - END OF PERIOD	\$ (134,008)	\$ (1,595)	\$ (134,008)	\$ (1,595)
LOSS PER SHARE				
Basic	\$ (0.005)	\$ (0.001)	\$ (0.009)	\$ (0.001)
WEIGHTED AVERAGE COMMON SHARES				
Basic	3,176,900	1,510,300	3,176,900	1,510,300

The accompanying notes form an integral part of the financial statements

SINOMAR CAPITAL CORPORATION

Statements of Cash Flows

For the three and six month periods ended June 30, 2009 and 2008

(Unaudited)

	3 months ended June 30, 2009	3 months ended June 30, 2009	6 months ended June 30, 2008	6 months ended June 30, 2008
OPERATING ACTIVITIES				
Net loss	\$ (14,704)	\$ (1,595)	\$ (29,991)	\$ (1,595)
Changes in non-cash working capital:				
Accounts payable	(13,399)	(44,664)	(7,473)	(61,379)
Deferred qualifying transaction cost	(850)	-	(2,775)	-
GST recoverable	(1,157)	(2,340)	(2,037)	(2,843)
Interest receivable	45	-	331	-
Cash flow from (used by) operating activities	(30,065)	(48,599)	(41,945)	(65,817)
FINANCING ACTIVITIES				
Share issuance costs	-	(975)	-	(975)
DECREASE IN CASH FLOW	(30,065)	(49,574)	(41,945)	(66,792)
Cash - beginning of period	488,340	170,812	500,220	188,030
CASH - END OF PERIOD	\$ 458,275	\$ 121,238	\$ 458,275	\$ 121,238

The accompanying notes form an integral part of the financial statements

SINOMAR CAPITAL CORP.

Notes to the Financial Statements

For the three and six month periods ended June 30, 2009 and 2008

(Unaudited)

1. DESCRIPTION OF BUSINESS

Sinomar Capital Corp. (the "Corporation") was incorporated on January 10, 2006, under the provisions of Business Corporations Act of the Province of Alberta, Canada. The Corporation is classified as a Capital Pool Company as defined in Policy 2.4 ("CPC Policy") of the TSX Venture Exchange Inc. (the "Exchange").

2. NATURE AND CONTINUANCE OF OPERATIONS

The principal business of the Corporation is to identify and evaluate businesses and assets with a view to potentially acquire them or an interest therein as a result of the closing of a purchase transaction, the exercising of an option or any concomitant transaction (the "Qualifying Transaction"). The purpose of such an acquisition is to satisfy the related conditions of a Qualifying Transaction under the rules of the Exchange.

The Corporation's ability to continue as a going concern depends upon completing a Qualifying Transaction, which is subject to the approval of the Exchange and, if required, receive Majority of the Minority Approval, in accordance with the CPC Policy. Where a Qualifying Transaction is warranted, additional funding may be required. The ability of the Corporation to fund its potential operations and commitments is dependent upon the ability of the Corporation to obtain additional funding. There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the twenty-four months time limitations permissible from the date it is listed under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation's shares from trading.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") for interim financial information. Accordingly they do not contain all of the information and footnotes required by Canadian GAAP for complete financial statements. Please refer to the Corporation's audited financial statements as at December 31, 2008. In the opinion of management, all adjustments considered necessary for fair presentation have been included. Operating results for the three and six month periods ended June 30, 2009 are not necessarily indicative of the results that can be expected for the year ended December 31, 2009. The financial statements have been prepared in accordance with Canadian GAAP applied on a going concern basis, which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business.

Cash and Cash Equivalents

Cash consists of the proceeds raised from the issuance of share capital. The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

Term deposits with an initial term of 90 days or less are considered to be cash.

Stock-based compensation

The Corporation measures all stock based payments using the fair value method of accounting which estimates the value of stock based payments at the date of the grant using the Black-Scholes option pricing model. The fair value thus established for options granted to directors and officers is recognized as an expense over the vesting period of the related stock based payments. The fair value of options granted to agents is recognized as an expense over the vesting period.

SINOMAR CAPITAL CORP.
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 amounts of assets and liabilities reported in the financial statements. Those estimates and assumptions also affect the disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in earnings in the periods in which they become known.

Future income taxes

The Corporation follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases.

In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

Loss per Share

Loss per share is calculated based on the weighted average number of shares outstanding during the period.

The Corporation follows the treasury method of calculating diluted earnings per share. The method assumes that any proceeds from the exercise of stock options and other dilutive instruments would be used to purchase common shares at the average market price during the period.

Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates its carrying value, unless otherwise noted.

Comprehensive income (loss)

Comprehensive income (loss) includes all changes in equity of the Corporation, except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) is the total of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) comprises revenues, expenses, gains and losses that, in accordance with Canadian generally accepted accounting principles, require recognition, but are excluded from net income (loss). The Corporation does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net income for the period. Net loss for the period is equivalent to comprehensive loss for the period.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in accounting policies

As of January 1, 2008, the Corporation adopted the following two new CICA standards: Financial Instruments - Disclosures (Section 3862) and Financial Instruments - Presentation (Section 3863), which replaced Financial Instruments - Disclosure and Presentation (Section 3861). The current standard increased the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed.

As of January 1, 2008, the Corporation adopted CICA standard, Capital Disclosures (Section 1535), which requires companies to disclose their objectives, policies and processes for managing capital. In addition, disclosures includes compliance with externally imposed capital requirements.

Recent accounting pronouncements

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064, Goodwill and intangible assets, replacing Section 3062, Goodwill and other intangible assets and Section 3450, Research and development costs. The new Section will be effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Corporation will adopt the new standards for its fiscal year beginning April 1, 2009. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This change is not expected to have a material effect on the Corporation's financial statements.

The Accounting Standards Board (AcSB) establishes financial accounting and reporting standards for use by Canadian companies. It also participates in the development of internationally accepted accounting standards. The AcSB is accountable to the Accounting Standards Oversight Council, an independent body established in September 2000 by the CICA. On February 13, 2008, the AcSB announced the use of the International Financial Reporting Standards (IFRS) will be required for fiscal years beginning on or after January 1, 2011 for publicly accountable profit-oriented enterprises including listed companies. IFRS will replace Canada's current GAAP. Companies will be required to provide comparative IFRS information for the previous fiscal year. As at June 30, 2009, the Corporation is continuing to assess IFRS and its impact on the Corporation's financial statements. The Corporation does not expect that the adoption of IFRS will have any material impact on its financial statements.

In January 2009, the AcSB issued Section 1582 Business Combinations, Section 1601 Consolidations and Section 1602 Non-controlling interests. Section 1582 replaces Section 1581 Business Combinations and provides the Canadian equivalent to IFRS 3 Business Combinations. Section 1601 and Section 1602 replace Section 1600 Consolidated Financial Statements. Section 1602 provides the Canadian equivalent to International Accounting Standard ("IAS") 27 Consolidated and Separate Financial Statements, for non-controlling interests. These standards are effective January 1, 2011. The Corporation is considering the impact on the adoption for future financial periods.

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4. SHARE CAPITAL

Authorized:
 Unlimited number of common shares without par value
 Unlimited number of preferred shares without par value

Issued:	<i>6 months ended</i>		<i>Year ended</i>	
	<i>June 30,</i>		<i>December 31,</i>	
	<i>2009</i>		<i>2008</i>	
	Number	Amount	Number	Amount
Balance - beginning of period	3,176,900	\$ 503,678	1,510,300	\$ 226,545
Initial public offering	-	-	1,666,600	499,980
Share issuance costs	-	-	-	(196,094)
Agent's stock options	-	-	-	(26,753)
Balance - end of period	3,176,900	\$503,678	3,176,900	\$503,678

Share issuance costs and agent's stock options

On July 28, 2008, the Corporation closed its initial public offering of 1,666,600 common shares at a price of \$0.30 per share for total proceeds of \$499,980. Related share issuance costs on the Offering were \$196,094. In addition, the Corporation granted the agent a non-transferable option to acquire up to 166,660 shares at an exercise price of \$0.30 per share exercisable for a period of 24 months from the date the Corporation's common shares are listed for trading on the TSX Venture Exchange. The fair value of the agent's options of \$26,753 was calculated using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate of 3.05%, expected dividend yield of 0%, stock price volatility of 100%, and an expected life of the options of two years.

Directors' and officers' stock options

On the completion of the initial public offering, the Corporation also granted to directors and officers 317,690 nontransferable options to purchase common shares with an exercise price of \$0.30 per share. The options expire five years from the date of granting. Under the Corporation's share option plan, and in accordance with TSX Venture Exchange requirements, the number of common shares reserved for issuance under the option plan shall not exceed 10% of the issued and outstanding common shares of the Corporation. In connection with the foregoing, the number of common shares reserved for issuance to: (a) any individual director or officer will not exceed 5% of the issued and outstanding common shares; and (b) all consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised the greater of twelve months after the completion of the Qualifying Transaction and ninety days following cessation of the optionee's position with the Corporation. Any common shares acquired pursuant to the exercise of options under the plan prior to the completion of a qualifying transaction must be deposited in escrow and will be subject to escrow provisions.

The Corporation recorded directors' and officers' stock option expense of \$72,333 using the fair value method. The fair value of the options was calculated using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate of 3.50%, expected dividend yield of 0%, stock price volatility of 100%, and an expected life of the options of five years.

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4. SHARE CAPITAL (Continued)

As at June 30, 2009, the following options were outstanding and exercisable:

	Number of Options		Weighted Average Price	
	6 months ended June 30, 2009	Year end December 31, 2008	6 months ended June 30, 2009	Year end December 31, 2008
Balance, beginning of period	484,350	-	\$ 0.30	\$ -
Granted to Directors	-	317,690	-	0.30
Granted to Agents	-	166,660	-	0.30
Balance, end of period	484,350	484,350	\$ 0.30	\$ 0.30

5. STOCK-BASED COMPENSATION

The Corporation follows the recommendations of the CICA Handbook Section 3870 for stock based compensation. Under this standard the fair value of an option is calculated at the grant date, and expensed equally over the vesting term of the option. The Corporation records the cumulative stock based compensation as contributed surplus. Upon exercise of an option, contributed surplus is reduced and share capital is increased by the amount of accumulated stock based compensation attributed to the exercised option. The resultant stock based compensation for 2009 is \$Nil (2008 - \$72,333).

6. LOSS PER SHARE

For the 2009 calculations, including the additional shares that would be issued if the options had been converted to earnings would be anti-dilutive. Therefore these amounts were not included in the 2009 calculation.

7. FINANCIAL INSTRUMENTS

Financial Instrument Classification

The Corporation has implemented the following financial instrument classifications:

- Cash is classified as held-for-trading. Changes in fair value for the period are recorded in net earnings.
- Accounts receivable are classified as “Loans and Receivables”. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.
- Accounts payable and accrued liabilities are classified as “Other Financial Liabilities”. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

Credit risk

Credit risk is the risk of financial loss to a Corporation if a counter party to a financial instrument fails to meet its contractual obligations. In the Corporation’s case its financial instruments subject to credit risk relate to cash in Canadian chartered banks, interest receivable from Canadian chartered banks and GST receivable from the federal government. The Corporation considers the risk of default from these parties to be low.

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7. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Liquidity risk relates to the risk that the Corporation will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on the balance sheet consist of accounts payable and accrued liabilities. The Corporation anticipates it will have adequate liquidity to fund its financial liabilities.

Market risk

Market risk is the risk that changes in market prices, such as currency risk, commodity risk and interest risk will affect the Corporation's net earnings, future cash flows, the value of financial instruments, or the fair value of its assets and liabilities.

The Corporation does not purchase services denominated in other than Canadian dollars and as such is not exposed to currency fluctuations. The Corporation is not exposed to commodity price risk as it has no production or other revenue. The Corporation has no debt and as such has no material exposure to interest risk.

8. CAPITAL MANAGEMENT

The Corporation's policy is to maintain a capital base sufficient to achieve a Qualifying Transaction and to go forward from that point (See Note 2). The Corporation monitors its working capital and issues share capital to manage its development plans. The Corporation has no externally imposed capital requirements.

The Corporation considers its capital structure to include shareholders' equity and working capital.

9. COMPARATIVE FIGURES

The comparative figures for the period ended June 30, 2008 were prepared by management and have not been reviewed.
