

**Skybridge Development Corp.**

Financial Statements

(Unaudited)

June 30, 2007

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# **Zara Kanji-Aquino & Co.**

Accounting, Tax, Management Consulting

## **Review Engagement Report**

To the Directors of  
Skybridge Development Corp.

I have reviewed the interim balance sheet of Skybridge Development Corp. as at June 30, 2007 and the interim statements of operations and deficit and cash flow for the period from incorporation on January 30, 2007 to June 30, 2007. My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures, and discussion related to information supplied to me by the company.

A review does not constitute an audit, and consequently, I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

July 25, 2007  
Vancouver, BC

“Zara Kanji-Aquino & Co.”  
Certified General Accountant

**SKYBRIDGE DEVELOPMENT CORP.**

INTERIM BALANCE SHEETS

As of June 30, 2007

(Stated in Canadian dollars)

(Unaudited)

	June 30, <u>2007</u> <u>(Unaudited)</u>
<b><u>ASSETS</u></b>	
Current	
Cash	\$ 64,632
Prepaid expenses	<u>10,845</u>
	75,477
Equipment (Note 4)	<u>1,695</u>
	<u><u>\$ 77,172</u></u>
<b><u>LIABILITIES</u></b>	
Current	
Accounts payable and accrued liabilities	\$ 5,761
<b><u>STOCKHOLDERS' EQUITY</u></b>	
Capital stock (Notes 5)	125,000
Deficit	<u>(53,590)</u>
	<u>71,410</u>
	<u><u>\$ 77,172</u></u>

Continuance of operations (Note 2)

Subsequent Events (Note 8)

On behalf of the Board:

"Patrick Morris" \_\_\_\_\_, Director

"Robert Findlay" \_\_\_\_\_, Director

The accompanying notes are an integral part of these financial statements

**SKYBRIDGE DEVELOPMENT CORP.**  
**INTERIM STATEMENTS OF OPERATIONS AND DEFICIT**  
for the period from Incorporation on January 30 to June 30, 2007  
(Stated in Canadian dollars)  
(Unaudited)

	for the three month period ending June 30, <u>2007</u>	for the period from Incorporation on January 30, 2007 to June 30, <u>2007</u>
Expenses		
Accounting and audit	\$ 3,597	\$ 12,496
Amortization	157	278
Bank charges and interest	10	27
Legal	11,676	24,569
Transfer agent and filing fees	14,971	14,971
Telephone	<u>1,250</u>	<u>1,250</u>
Loss before other items and income taxes	(31,661)	(53,590)
Net loss for the period	(31,661)	(53,590)
Deficit, beginning of the period	<u>-</u>	<u>-</u>
Deficit, end of the period	<u>\$ (31,661)</u>	<u>\$ (53,590)</u>
Basic and diluted net loss per share	<u>\$ -</u>	<u>\$ -</u>
Weighted average number of shares outstanding	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**SKYBRIDGE DEVELOPMENT CORP.**  
**INTERIM STATEMENTS OF CASH FLOWS**  
for the period from Incorporation on January 30 to June 30, 2007  
(Stated in Canadian dollars)  
(Unaudited)

	for the three month period ending June 30, <u>2007</u>		for the period from Incorporation on January 30, 2007 to June 30, <u>2007</u>
Cash flows used in Operating Activities			
Net loss for the period	\$ (31,661)	\$	(53,590)
Items not affecting cash:			
Amortization	<u>157</u>	<u>                    </u>	<u>278</u>
	(31,504)		(53,312)
Changes in non-cash working capital items:			
Prepaid expenses	(9,864)		(10,845)
Accounts payable and accrued liabilities	<u>(3,137)</u>	<u>                    </u>	<u>5,761</u>
Net cash provided by operating activities	<u>(44,505)</u>	<u>                    </u>	<u>(58,396)</u>
Cash flows from Financing Activity			
Issuance of shares for cash	-	<u>                    </u>	<u>125,000</u>
Cash flows used in Investing Activities			
Equipment purchased	<u>(369)</u>	<u>                    </u>	<u>(1,972)</u>
Increase (Decrease) in cash	(44,874)		64,632
Cash, beginning of the period	<u>109,506</u>	<u>                    </u>	<u>-</u>
Cash, end of the period	<u>\$ 64,632</u>	<u>\$</u>	<u>64,632</u>
Supplemental disclosure of cash flow information:			
Cash paid for:			
Interest	<u>\$ -</u>	<u>\$</u>	<u>-</u>
Income taxes	<u>\$ -</u>	<u>\$</u>	<u>-</u>

There were no significant non-cash transactions during the period from January 30 , 2007 to June 30, 2007

The accompanying notes are an integral part of these financial statements

**SKYBRIDGE DEVELOPMENTS CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

**1. INCORPORATION**

The Company was incorporated under the Business Corporations Act (British Columbia) on January 30, 2007 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

**2. CONTINUANCE OF OPERATIONS**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

**Equipment and Amortization**

Equipment is recorded at cost and amortized over their estimated useful lives as follows:

Computer equipment	30% declining balance
Office equipment	20% declining balance

**Future income taxes**

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

**Loss per share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period. Common shares outstanding as of June 30, 2007 that are contingently cancelable have been excluded from the weighted average number of shares outstanding.

**SKYBRIDGE DEVELOPMENTS CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

**4. EQUIPMENT**

	<u>Cost</u>	<u>30-Jun-2007</u> <u>Accumulated</u> <u>Amortization</u>	<u>Net</u>	<u>31-Mar-07</u> <u>Net</u>
Computer equipment	\$ 1,603	\$ 241	\$ 1,362	\$ 1,483
Office equipment	<u>369</u>	<u>37</u>	<u>333</u>	-
Total	<u>\$ 1,972</u>	<u>\$ 278</u>	<u>\$ 1,695</u>	<u>\$ 1,483</u>

**5. CAPITAL STOCK**

	<u>Number</u>	<u>Amount</u>
Authorized:		
Unlimited common shares, without par value		
Issued:		
Shares issued for cash:	<u>2,500,000</u>	<u>\$ 125,000</u>
Balance, June 30, 2007	<u>2,500,000</u>	<u>\$ 125,000</u>

The Company issued 2,500,000 common shares to directors at a price of \$0.05 per share for total proceeds of \$125,000. These common shares are held in escrow and will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. As at June 30, 2007, 2,500,000 of these shares remain in escrow. If a Final Exchange Bulletin is not issued, the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled.

**6. FINANCIAL INSTRUMENTS**

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

**SKYBRIDGE DEVELOPMENTS CORP.**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

**7. INCOME TAXES**

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

Loss for the period	\$ <u>(53,590)</u>
Expected income tax recovery	\$ (19,292)
Unrecognized benefit of non capital losses	<u>19,292</u>
Total income tax recovery	<u>\$ -</u>
	<u>\$ 125,000</u>

The significant components of the Company's future income tax assets is as follows:

Non capital loss carryforwards	\$ (19,292)
Valuation allowance	<u>19,292</u>
Net future income tax assets	<u>\$ -</u>

The Company has available for deduction against future taxable income non-capital losses of \$53,590. These losses, if not utilized, will expire in 2027. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

**8. SUBSEQUENT EVENTS**

The Company successfully completed its initial public offering (the "Offering") through its agent, Canaccord Capital Corporation (the "Agent") of 2,000,000 common shares (the "Shares") for gross proceeds of \$200,000. After giving effect to the Offering, Skybridge now has 4,500,000 Shares issued and outstanding. The Company also granted to its directors and officers, options to acquire 450,000 Shares at a price of \$0.10 per Share, for a period of five years from the date the Corporation's Shares are listed on the TSX Venture Exchange (the "Exchange"). In addition, the Corporation granted to the Agent a non-transferable warrant to purchase up to 200,000 Shares at a price of \$0.10 per Common Share and which may be exercised for a period of 24 months from the day the Common Shares are listed on the Exchange. The Agent also received a cash commission equal to 10% of the gross proceeds of the Offering, as well as an administration fee. Skybridge will use the net proceeds of the Offering as described in the Prospectus. The board of directors of Skybridge consists of Patrick Morris, Robert Findlay and John Seaman.

The company's common shares began trading on the Exchange on July 19, 2007 under the trading symbol "SBD".