FORME CAPITAL, INC.

CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31, 2008 AND 2007
(Stated in US Dollars)

	March 31, 2008 (Unaudited)	December 31,2007 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 28,583,324	$ 10,742,064
Other receivables	3,424,174	3,190,205
Inventories and consumables	9,449,705	8,239,770
Advances to suppliers	989,590	1,005,824
Prepaid expenses	691,097	909,587
Total current assets	$ 43,137,890	$ 24,087,450
Property, plant and equipment, net	10,133,227	9,806,545
Lease prepayments, net	795,327	752,844
TOTAL ASSETS	$ 54,066,444	$ 34,646,839
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term bank loans	$ 1,424,055	$ 2,734,444
Accounts payable	10,635,795	7,856,753
Cash card and coupon liabilities	2,568,734	1,814,229
Deposits received	20,223	873,657
Accruals	408,149	347,486
Other PRC taxes payable	69,258	16,115
Other payables	647,442	793,484
Income taxes payable	1,048,245	374,895
Total current liabilities	$ 16,821,901	$ 14,811,063
Long-term bank loans	2,136,083	2,050,833
TOTAL LIABILITIES	$ 18,957,984	$ 16,861,896
Commitments and contingencies	$ -	$ -
STOCKHOLDERS' EQUITY		
Common stock, par value $0.001, 100,000,000 shares authorized, 20,882,353 and 19,082,299 issued and outstanding respectively	$ 20,882	$ 19,082

Series A convertible preferred stock, par value $0.01, 10,000,000 shares authorized, 9,117,647 issued and outstanding	91,176	-
Additional paid-in capital	19,805,207	4,457,653
Statutory reserves	2,703,742	2,703,742
Retained earnings	9,390,801	9,179,694
Accumulated other comprehensive income	3,096,652	1,424,772
	$ 35,108,460	$ 17,784,943
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 54,066,444	$ 34,646,839

FORME CAPITAL, INC.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE THREE-MONTHS ENDED MARCH 31, 2008 AND 2007
(Stated in US Dollars)(Unaudited)

	Three months ended March 31,	
	2008	2007
Net revenues		
Direct sales	$ 32,716,005	$ 26,193,521
Other operating income	1,173,494	370,672
	$ 33,889,499	$ 26,564,193
Cost of inventories sold	(26,382,060)	(20,924,697)
Gross profit	$ 7,507,439	$ 5,639,496
Selling	(2,962,974)	(2,194,513)
General and administrative	(485,642)	(185,153)
Operating income	4,058,823	3,259,830
Other expenses – loss on disposal of plant and equipment	(5,751)	(691)
Interest income	24,707	6,374
Interest expenses	(72,759)	(48,388)
Income from continuing activities before income taxes	$ 4,005,020	$ 3,217,125
Income taxes	(1,025,825)	(1,061,651)

Net income	$ 2,979,195	$ 2,155,474
Other comprehensive income:		
Foreign currency translation adjustment	1,671,880	117,384
Comprehensive income	$ 4,651,075	$ 2,272,858
Basic earnings per share	$ 0.14	$ 0.11
Diluted earnings per share	$ 0.12	$ 0.11
Basic weighted average share outstanding	20,882,353	19,082,299
Diluted weighted average share outstanding	25,441,177	19,082,299

FORME CAPITAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTHS ENDED MARCH 31, 2008 AND 2007
(Stated in US Dollars)(Unaudited)

	Three months ended March 31,	
	2008	2007
Cash flows from operating activities		
Net income	$ 2,979,195	$ 2,155,474
Depreciation	425,317	339,136
Amortization	1,580	829
Loss on disposal of plant and equipment	5,751	691
Adjustments to reconcile net income to net cash provided by operating activities:		
Other receivables	(99,190)	98,188
Inventories and consumables	(848,870)	480,836
Advances to suppliers	56,803	830,497
Prepaid expenses	250,818	373,925
Accounts payable	2,399,996	(771,891)
Cash card and coupon liabilities	664,566	229,811
Deposits received	(870,719)	(822,390)
Accruals	45,230	251,635
Other PRC taxes payable	51,351	201,042
Other payables	(175,196)	463,067
Income taxes payable	643,697	263,837

Net cash provided by operating activities	$ 5,530,329	$ 4,094,687
Cash flows from investing activities		
Purchase of plant and equipment	$ (353,422)	$ (721,188)
Payment of lease prepayments	(10,949)	-
Net cash used in investing activities	$ (364,371)	$ (721,188)
Cash flows from financing activities		
Issue of capital, net of transaction costs of $1,976,470	$ 13,539,921	$ -
Bank repayment	(1,393,596)	-
Net cash provided by financing activities	$ 12,146,325	$ -