
SIGMA VENTURES INC.

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2005 AND 2004

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AUDITORS' REPORT

To the Shareholders of
Sigma Ventures Inc.

We have audited the balance sheet of Sigma Ventures Inc. as at March 31, 2005 and 2004 and the statements of income and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2005 and 2004 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Montreal, Canada
June 1, 2005

Frackt Piro
Chartered Accountants
S.E.N.C.

BALANCE SHEET AS AT MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>		<u>2004</u>
			(restated)
CURRENT			
Cash and cash equivalents	\$ 4,663	\$	321,283
Term deposit	270,000		
Other receivables	1,805		425
Prepays	<u>1,725</u>		
	\$ <u>278,193</u>	\$	<u>321,708</u>

LIABILITIES


CURRENT			
Accounts payable and accrued liabilities	\$ <u>122,064</u>	\$	<u>16,984</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK(note 4)	474,014		474,014
CONTRIBUTED SURPLUS	51,610		11,654
DEFICIT	<u>(369,495)</u>		<u>(180,944)</u>
	<u>156,129</u>		<u>304,724</u>
	\$ <u>278,193</u>	\$	<u>321,708</u>

Approved by the Board of Directors


_____, Director
Angelo M. Panarello


_____, Director
Nabil Fawaz

See accompanying notes to financial statements

SIGMA VENTURES INC.

STATEMENT OF INCOME AND DEFICIT

YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u> (restated)
INCOME		
Interest	\$ 5,175	\$ 1,398
EXPENSES		
Administrative	20,704	23,521
Bank charges	110	137
Office	910	
Professional fees	127,609	5,000
Securities commissions and related costs	3,732	64,463
Stock-based compensation	39,956	11,654
Travel	705	
	<u>193,726</u>	<u>104,775</u>
LOSS	(188,551)	(103,377)
DEFICIT AT BEGINNING OF YEAR (note 6)	<u>(180,944)</u>	<u>(77,567)</u>
DEFICIT AT END OF YEAR	\$ <u><u>(369,495)</u></u>	\$ <u><u>(180,944)</u></u>
LOSS PER SHARE		
Basic	\$ <u><u>(0.061)</u></u>	\$ <u><u>(0.063)</u></u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic	<u><u>3,112,855</u></u>	<u><u>1,628,106</u></u>

See accompanying notes to financial statements

SIGMA VENTURES INC.

STATEMENT OF CASH FLOWS

YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u> (restated)
OPERATING ACTIVITIES		
Loss for the year	\$ (188,551)	\$ (103,377)
Changes in non-cash working capital balances		
Increase in other receivables	(1,380)	(425)
Increase in prepaids	(1,725)	
Decrease in deposits		4,440
Increase in accounts payable and accrued liabilities	<u>105,080</u>	<u>4,179</u>
	<u>(86,576)</u>	<u>(95,183)</u>
FINANCING ACTIVITIES		
Decrease in deferred financing costs		42,269
Issuance of common shares		374,014
Increase in contributed surplus	39,956	11,654
Restatement of deficit (note 6)		<u>(42,269)</u>
	<u>39,956</u>	<u>385,668</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS DURING YEAR	(46,620)	290,485
CASH POSITION AT BEGINNING OF YEAR	<u>321,283</u>	<u>30,798</u>
CASH POSITION AT END OF YEAR (note 3)	<u>\$ 274,663</u>	<u>\$ 321,283</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2005 AND 2004

1. STATUS AND NATURE OF OPERATIONS

Sigma Ventures Inc. was incorporated under the Alberta Business Corporations Act on September 5, 2001. The corporation is classified as a Capital Pool Corporation as defined in Policy 2.4 of the Canadian Venture Exchange Inc. The corporation intends to secure equity financing with which it intends to identify and evaluate potential assets or businesses with a view to acquisition or participation therein (Qualifying Transaction).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

All highly liquid investments with original maturities of three months or less are classified as cash and cash equivalents. The fair value of cash and cash equivalents approximates the amounts shown in the financial statements.

b) Stock-based compensation

Effective April 1, 2003, the corporation adopted, on a prospective basis, the Canadian Institute of Chartered Accountants (CICA) handbook Section 3870, Stock-Based Compensation and Other Stock-Based Payments, and began to expense the cost of all stock options granted since April 1, 2003 using the fair value method. This method of accounting uses an option pricing model to determine the fair value of stock options at the time of grant and the amount is amortized over the period in which the related option vests with a corresponding increase to contributed surplus. At the time of exercise, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

c) Earnings or loss per share

Basic earnings or loss per share are calculated by dividing net income or loss by the weighted average number of common shares outstanding during the reporting period. Diluted earnings or loss per share are calculated by dividing net income or loss by the weighted average number of common shares outstanding during the reporting period after giving effect to dilutive potential common shares. The dilutive effects of stock options are determined using the treasury stock method.

d) Fair value of financial instruments

Fair value of financial instruments is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties. The estimated fair values of cash equivalents, other receivable, accounts payable and accrued liabilities approximate their carrying values due to the short maturity periods of these instruments.

SIGMA VENTURES INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED MARCH 31, 2005 AND 2004

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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 reported amounts of assets and liabilities and disclosure of contingent liabilities 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.

3. CASH POSITION

Cash position is comprised of the following items:

	2005		2004
Cash in bank	\$ 4,663	\$	321,283
Term deposit	270,000		
	\$ 274,663	\$	321,283

4. CAPITAL STOCK

Authorized - unlimited number of shares without par value

Common shares, voting, non-cumulative dividends at a rate to be determined by the directors

Preferred shares, issuable in series. The directors are authorized to fix the number of shares in each issued series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each issued series

	2005		2004
Issued and fully paid			
3,112,855 Common shares	\$ 517,571	\$	517,571
Charges related to issuance of shares	(43,557)		(43,557)
	\$ 474,014	\$	474,014

SIGMA VENTURES INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED MARCH 31, 2005 AND 2004

4. CAPITAL STOCK (Continued)

On May 29, 2003, by special resolution of the shareholders, and pursuant to the provisions of Section 173 of the Alberta Business Corporations Act, the articles of the corporation were amended to provide for the subdivision, on the basis of 1.5 for 1 of the then issued and outstanding common shares into 1,000,000 common shares.

On May 30, 2003, the corporation issued 50,000 common shares for a total cash consideration of \$5,000.

The corporation filed a prospectus dated August 19, 2003, with a closing date of November 19, 2003, extended to December 19, 2003, with the Quebec Securities Commission and the TSX Venture Exchange Inc., relating to an offering to the public of a minimum of 2,000,000 common shares and a maximum of 4,000,000 common shares at \$0.20 per share.

As a result of the prospectus offering, 2,062,855 common shares, for a total consideration of \$412,571, were subscribed for.

The corporation entered into an Agency Agreement with Jones, Gable & Company Ltd. (Agent), whereby the Agent was granted a non-transferable option to purchase 10% of the common shares issued in the offering at a price of \$0.20 per share at any time up to 18 months from the date of listing of the common shares on the TSX Venture Exchange Inc. 206,286 options for common shares were issued to the Agent. None of the 206,286 options issued to the Agent were exercised during the year.

The Corporation entered into a stock option agreement with its directors and officers whereby the directors and officers were granted options to acquire up to 10% of the common shares issued and outstanding at an exercise price of \$0.20 per share at any time up to 5 years from the date of listing of the common shares on TSX Venture Exchange Inc. 311,286 options for common shares were issued to directors and officers. None of the 311,286 options issued to directors and officers were exercised during the year.

SIGMA VENTURES INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED MARCH 31, 2005 AND 2004

5. INCOME TAXES

As at March 31, 2005, the corporation has non-capital losses of \$325,907, available to reduce future years' earnings, the tax effect of which has not been recorded in the accounts, the availability of which expires as follows:

2009	-	\$	4,085
2010	-		73,482
2011	-		99,745
2012	-		<u>148,595</u>
		\$	<u>325,907</u>

6. RESTATEMENT OF DEFICIT

During the year ended March 31, 2005, the corporation changed its method of accounting for costs relating to the securities commissions and public filings. In prior years, costs relating to the securities commissions and public filings were capitalized as deferred financing changes. These costs should have been expensed in the period in which they were incurred. These changes were adopted retroactively with restatement of prior years. The effect of the adjustment increased the deficit as of March 31, 2004 by \$114,754 (March 31, 2003; increase of \$42,269).

7. COMPARATIVE FIGURES

The 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for the year ended March 31, 2005.