
AUDITOR'S REPORT

CHINA YIBAI UNITED
GUARANTEE INTERNATIONAL HOLDING, INC.



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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of:
CHINA YIBAI UNITED GUARANTEE INTERNATIONAL HOLDING, INC.

We have audited the accompanying consolidated balance sheet of China Yibai United Guarantee International Holding, Inc. and its subsidiaries (the "Company"), as of September 30, 2007, 2008 and 2009 and the related consolidated statements of income and comprehensive income, cash flows and stockholders' equity for the year ended September 30, 2007, 2008 and 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of China Yibai United Guarantee International Holding, Inc. and its subsidiaries as of September 30, 2007, 2008 and 2009 and the consolidated result of their operations and their cash flows for the year ended September 30, 2007, 2008 and 2009 in conformity with U.S. generally accepted accounting principles.

/s/ Beijing Trust Certified Public Accountants, Co., Ltd.

Beijing, the People's Republic of China
October 10, 2009

**CHINA YIBAI UNITED
GUARANTEE INTERNATIONAL HOLDING, INC.**
Consolidated Balance Sheets as of September 30, 2008 and September 30, 2009

	Notes	SEPTEMBER 30, 2008 USD	SEPTEMBER 30, 2009 USD
Assets			
Current assets			
Cash and cash equivalents	2(5)	—	761,665.26
Other Receivable and prepayment	2(6),4	—	3,449,352.71
Total current assets		—	4,211,017.97
Non current assets			
Equity investments	2(7),5	—	7,789,828.53
Property, equipment, net	2(8),6	—	93,421.10
Total non current assets		—	7,883,249.64
Total assets		—	12,094,267.60
Liabilities and Shareholders' Equity			
Current liabilities			
Tax payable		—	767,891.68
Accrued expenses and other liabilities	7	—	2,319,976.07
Total current liabilities		—	3,087,867.75
Total liabilities		—	3,087,867.75
Shareholders' Equity			
Ordinary shares (US\$0.001 par value, 1,000,000,000 shares authorized, 132,000,000 outstanding as of September 30, 2009)		—	132,000.00
Additional paid-in capital		—	7,069,716.21
Statutory reserves	2(11)	—	180,325.77
Accumulated other comprehensive income		—	1,425.92
Retained earnings		—	1,622,931.95
Total Shareholders' Equity		—	9,006,399.85
Total Liabilities and Shareholders' Equity		—	12,094,267.60

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

CHINA YIBAI UNITED
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Consolidated Statements of Operations for the years ended September 30, 2007, 2008 and 2009

	<u>Notes</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
		<u>USD</u>	<u>USD</u>	<u>USD</u>
Revenues, net				2,817,994.19
	2(9)	—	—	
Total Revenues				2,817,994.19
		—	—	
Gross profit				2,817,994.19
		—	—	
Operating expenses				
General and administrative expenses		—	—	(413,565.93)
Total operating expenses		—	—	(413,565.93)
		—	—	
Operating (loss)/profit				2,404,428.26
		—	—	
Other income/(expenses)				
Interest income	8	—	—	551.55
Investment gains	8	—	—	(477.14)
Total other (expenses)/income, net		—	—	74.41
		—	—	
(Loss)/profit before tax				2,404,502.67
Income tax expense		—	—	(601,244.95)
Net (loss)/profit		—	—	<u>1,803,257.73</u>
		—	—	
OTHER COMPREHENSIVE INCOME:				
Foreign currency translation adjustments	2(4)	—	—	1,425.92
Net (loss)/profit attributable to ordinary shareholders		—	—	<u>1,804,683.66</u>
		—	—	
Net (loss)/earnings per share, basic				0.0328
		—	—	
Net (loss)/earnings per share, diluted				0.0328
Shares used in calculating basic net earnings per share	2(12)	—	—	55,000,000
Shares used in calculating diluted net earnings per share	2(12)	—	—	55,000,000

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

**CHINA YIBAI UNITED
GUARANTEE INTERNATIONAL HOLDING, INC.**
Consolidated Statements of Cash Flows for the years ended September 30, 2007, 2008 and 2009

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	USD	USD	USD
Cash flows from operating activities:			
Net (loss)/profit	—	—	1,803,257.73
Adjustments for:			
Depreciation and amortization expense	—	—	1,887.40
Investment income	—	—	477.14
Changes in assets and liabilities:			
Current prepayments and other assets	—	—	(3,449,352.71)
Due from/to related parties			
Accrued expenses and other liabilities	—	—	2,200,958.31
Taxes payable	—	—	767,891.68
Net cash provided by operating activities	—	—	1,325,119.55
Cash flows from investing activities:			
Purchase of property, equipment, and software	—	—	(95,234.70)
Cash paid for equity investments	—	—	(7,784,150.77)
Net cash used in investing activities	—	—	(7,879,385.46)
Cash flows from financing activities:			
Cash from capital investment	—	—	7,315,931.17
Net cash provided by/(used in) financing activities	—	—	7,315,931.17
Net increase/(decrease) in cash	—	—	761,665.26
Cash and cash equivalents, beginning of the period	—	—	—
Cash and cash equivalents, end of the period	—	—	761,665.26
Supplemental disclosures of cash flow information:			
Cash paid during the period for interest	—	—	—
Cash paid during the period for income taxes	—	—	—

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

CHINA YIBAI UNITED
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 Consolidated Statements of Changes in Shareholders' Equity for the years ended September 30, 2007, 2008 and 2009

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Statutory Reserve	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
		USD	USD	USD	USD	USD	USD
Balance - September 30, 2006	—	—	—	—	—	—	—
Net Loss for year	—	—	—	—	—	—	—
Balance - September 30, 2007	—	—	—	—	—	—	—
Net income for year	—	—	—	—	—	—	—
Balance - September 30, 2008	—	—	—	—	—	—	—
Issue of shares	132,000,000.00	132,000.00	—	—	—	—	132,000.00
Net income for the year	—	—	—	1,803,257.73	—	—	1,803,257.73
Premium on capital	—	—	7,069,716.21	—	—	—	7,069,716.21
Other Comprehensive Income Foreign Currency translation Adjustments	—	—	—	—	—	1,425.92	1,425.92
Appropriation of Statutory Reserve	—	—	—	-180,325.77	180,325.77	—	—
Balance - September 30, 2009	132,000,000.00	132,000.00	7,069,716.21	1,622,931.95	180,325.77	1,425.92	9,006,399.85

The accompanying notes are an integral part of the consolidated financial statement.

**CHINA YIBAI UNITED
GUARANTEE INTERNATIONAL HOLDING, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2009**

All amounts in USD unless otherwise indicated

1. DESCRIPTION OF BUSINESS AND ORGANIZATION

The accompanying consolidated financial statements include the financial statements of China Yibai United Guarantee International Holding, Inc., (the "Company") and its subsidiaries and variable interest entities ("VIEs"). We were incorporated under the name Medeci Corporation on September 21, 1987, in Nevada. Our principal business was supplying fixtures to the residential and commercial construction industry through our former subsidiaries, Gulf Coast, Connect Source, Builders Source and Builders Lighting.

On February 2, 2009, the Company entered into a material definitive agreement with Belmont Partners, LLC by which a debt of the Company in the amount of five hundred thousand U.S. Dollars (\$500,000.00) was satisfied by the conversion of eight million (8,000,000) shares of restricted common stock. Following the transaction, Belmont Partners, LLC controls 52.51% of the Company's outstanding capital stock. Accordingly Joseph Meuse was appointed as the Company's President and Director. On the same date, both Charles Sheffield and Geary Broadnax resigned from their positions as Directors and/or Officers of the Company.

On April 30, 2009, the Company entered into certain stock purchase agreement with Belmont Partners, LLC and IG Finance Investments, Inc., pursuant to which Belmont Partners, LLC sold an aggregate of 8,000,000 shares of the Company, which represented 52.51% of the issued and outstanding common shares of the Company to IG Finance Investments, Inc. for a total of \$115,000. On June 27, 2009, the Company entered into certain stock purchase agreement with IG Finance Investment, Inc. ("IG Finance"), pursuant to which the Company issued 122,984,317 shares of common stock of the Company to the shareholder of IG Finance and its designators in exchange for all the shares of IG Finance. As a result, IG Finance became a wholly-owned subsidiary of the Company. We issued a total of 122,984,317 shares of common stock, which represented ninety three percent (93%) of our total issued and outstanding common stock to the shareholder of IG Finance and its designators, in connection with the acquisition of IG Finance.

IG finance was incorporated in British Virgin Islands ("BVI") with a wholly-owned subsidiary, China Dragon International Investment Co., Limited. Dalian United Investment Consultancy Co., Ltd (WOFE) was incorporated in August 2009. Dalian Yibai small & Medium Enterprises Guarantees Co., Ltd ("SMEs"), established in PRC in February 2009, was controlled by Dalian United Investment Consultancy Co., Ltd (WOFE) through a contract signed on August 30th. Accounting to the contract, all

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rewards and risks associated with Dalian Yibai SMEs will be bound by Dalian United Investment Consultancy Co., Ltd (WOFE).

On June 17, 2009, we changed the company's name to China Yibai United Guarantee International Holding, Inc., increased our authorized common stock to one billion (1,000,000,000) shares and reverse split our issued and outstanding common stock by a fifteen to one (15-1) ratio. On June 27, 2009, the company completed a stock purchase agreement with IG Finance Investment, Inc. ("IG Finance"). As result of the agreement, the company changes its principal business from manufacturing to financial service. As of December 31, 2008, the Company had four subsidiaries and one VIEs for which the Company is the primary beneficiary.

Upon consummation of the stock purchase agreement, China Yibai United Guarantee International Holding Company is a financial company specializing financial services for Chinese small and medium enterprises. OTC PK Ticker is CBGH. With IG Finance Investment and China Dragon international (HK) CO, Ltd that are the overseas companies of China Yibai. The main operating entity is Dalian Yibai small & Medium Enterprises Guarantee Co, Ltd ("Dalian Yibai").

China YiBai United Guarantee International Guarantee Holding Inc (Stock Code: CBGH) is a financial-service provider specializing in guarantee, assets managements and listing for small and medium enterprises in China..The subsidiaries are as follows:

IG Finance Investment Inc, the holding subsidiary in BVI, is engaged in providing consultancy services about listing in security markets both at home and abroad for small and medium enterprises in China.

China Dragon International Investment (HK) Co., Ltd is an asset management company established in HK and its business lines mainly focus in the Great China Area.

Dalian YiBai Small & Medium Guarantee Co., Ltd mainly serves the small and medium enterprises in Mainland China. With the support and help of favorable policies of governments at all levels, the financial business lines continue to develop into the crosswise and systematic expansion and China YiBai has acquired the market-maker and sponsor qualifications from Tianjin Equity Exchange; the first new-policy equity exchange approved by the State Council. Additionally, Company is always participating in the establishment and operation of equity exchanges in other

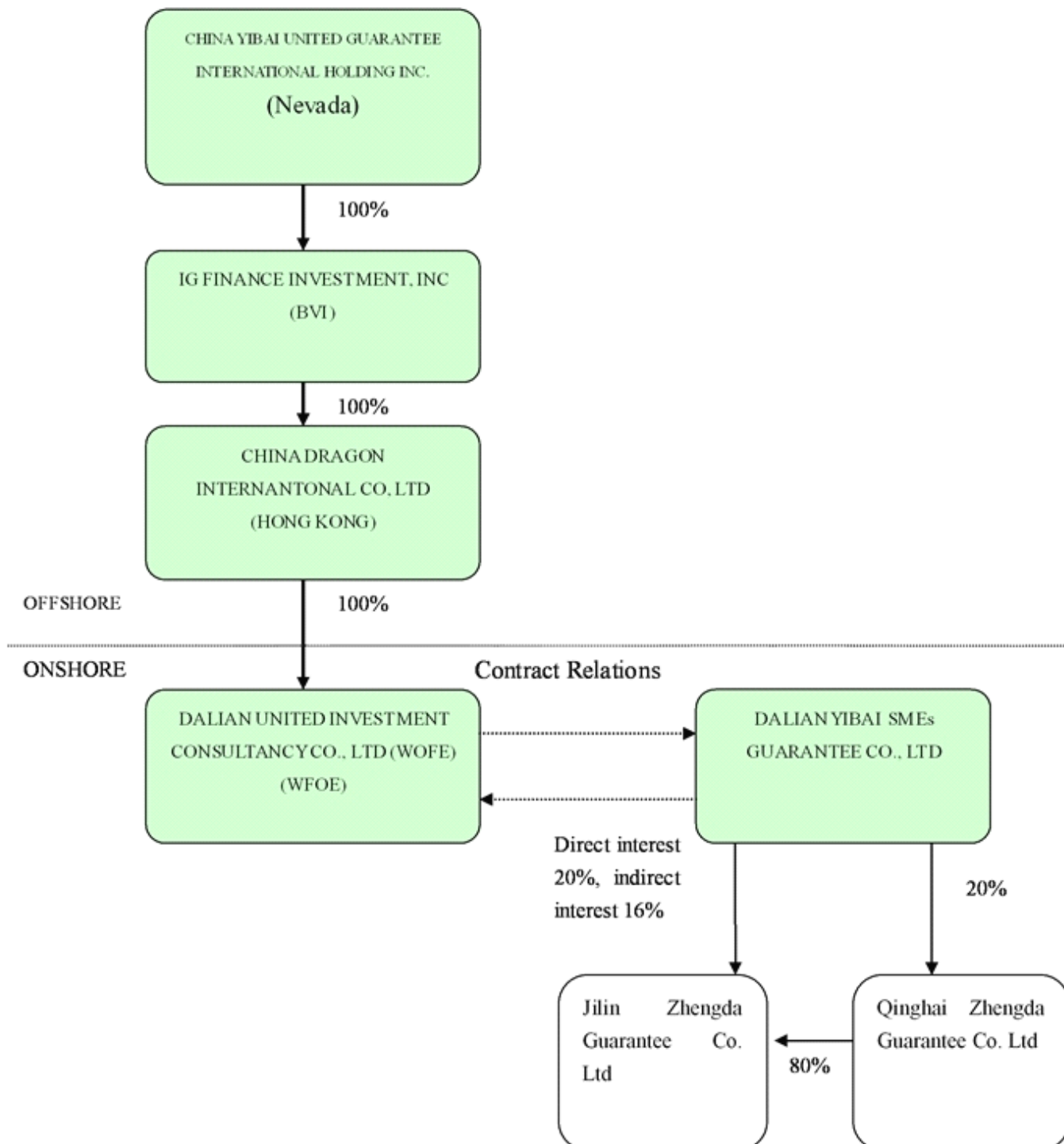
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regions. Equity pledge guarantee is the core business of the innovational services on the basis of traditional guarantee business.

Looking back on the past experiences, China YiBai was awarded the **Top 10 Guarantee Institutions with the Most Comprehensive Strength** in Asia Finance Leader Summit in the year of 2009. Under the leadership of the group company, all the subsidiaries will redouble their efforts to provide comprehensive, pragmatic, highly efficient and compatible financial services and enhance the quality of professional services with the purpose to create greater efficiency and social benefit. We believe that China YiBai will pioneer a bright future in the international capital market.

In February 2009, the Dalian Yibai SMEs made an investment of USD 2,927,443 in Jilin Zhengda Guarantee Co. Ltd (“Jilin ZhengDa”) to acquire 20% of its equity interest. In July 2009, it made another investment of USD 4,859,912 in Qinghai Zhengda Guarantee Co. Ltd (“Qinghai ZhengDa”) to acquire 20% of its equity interest. Furthermore, Qinghai ZhengDa holds 80% equity interest of Jilin ZhengDa. Therefore, Dalian Yibai SMEs holds 20% direct equity interest and 16% indirect equity interest in all of Jilin ZhengDa.

The structure of the company is as follows:



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Details of the controlled entities and VIEs as of September 30, 2009 are described below:

Name	Effective interest held	Place and Date of incorporation
<i>Controlled entities</i>		
IG Finance Investment, Inc. ("IG Finance")	100%	British Virgin Islands March 2006
China Dragon International Investment Co., Limited("China Dragon")	100%	Hong Kong, China June 2008
<i>VIE</i>		
Dalian United Investment Consultancy Co., Ltd.	100%	Dalian, China August 2009
Dalian Yibai Guarantee SMEs Co., Limited	100%	Dalian, China February 2009
Jilin Zhengda Guarantee Co. Ltd	36%	Acquired February 2009
Qinghai Zhengda Guarantee Co. Ltd	20%	Acquired July 2009

2. Summary of significant accounting policies

(1) Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Significant accounting policies followed by the Company in the preparation of the accompanying consolidated financial statements are summarized below.

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(2) Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its controlled entities including its subsidiaries and variable interest entities.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast majority of votes at the meeting of directors.

Variable interest entities are those entities in which the Company, through contractual arrangements, bears the risks of, and enjoys the rewards normally associated with, ownership of the entities, and therefore the Company is the primary beneficiary of these entities. Accordingly, the Company has consolidated the VIE's financial statements in its consolidated financial statements as a variable interest entity pursuant to FIN 46(R) "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51."

All inter-company balances and transactions within the Company have been eliminated upon consolidation.

(3) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affected the reported amount of the assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reported periods. Actual results may differ from those entities.

(4) Foreign currency translation

The Company uses the United States dollars ("US Dollar" or "US\$" or "\$") for financial reporting purposes. The Company maintains the books and records in its functional currency, Chinese Renminbi ("RMB"), being the primary currency of the economic environment in which its operations are conducted. In general, the Company translates its assets and liabilities into U.S. dollars using the applicable exchange rates prevailing at the balance sheet date, and the statement of income is translated at average exchange rates during the reporting period. Equity accounts are

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Company's financial statements are recorded as accumulated other comprehensive income.

The exchange rates used to translate amounts in RMB into U.S. Dollars for the purposes of preparing the consolidated financial statements were as follows:

	September 30, 2009	September 30, 2008
Balance sheet items, except for capital accounts and retained earnings	US\$1=RMB6.8290	
Amounts included in the statements of income and statements of cash flows	US\$1=RMB6.8344	

(5) Cash and cash equivalents

Cash and cash equivalents represent cash on hand, demand deposits and highly-liquid investments placed with banks or other financial institutions, which have original maturities of three months or less.

(6) Accounts receivable, Other Receivable, net

Accounts receivables and other receivables are recorded net of allowance for bad debts. An allowance for doubtful accounts is provided based on an aging analysis of accounts receivable balances, historical bad debt rates, repayment patterns, customer credit worthiness and industry trend analysis. The Company also makes a specific allowance if there is strong evidence showing that the receivable is likely to be unrecoverable.

(7) Equity investments

Equity investments are investments in privately held companies. The Company accounts for an equity investment over which it has significant influence but does not own a majority equity interest or otherwise control using the equity method, in accordance with APB No. 18, "The Equity Method of Accounting for Investments in Common Stock" ("APB No. 18"). For equity investments which the Company does not have significant influence, the cost method accounting is applied.

The Company assesses its equity investments for other-than-temporary impairment by considering factors as well as all relevant and available information including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends and other company-specific information

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including recent financing rounds. No impairment losses were recorded for the years ended September 30, 2007, 2008 and 2009.

(8) Property, equipment, net

Property and equipment are stated at cost less accumulated depreciation. Property and equipment are depreciated at rates sufficient to write off their costs less impairment and residual value, if any, over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

	Estimated useful life	Residual rate
Computers & Office equipment	3 years	5%
Motor vehicles	5 years	5%

Repairs and maintenance costs are expensed as incurred. Gain or loss on the disposal of property and equipment is the differences between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statement of operations.

(9) Revenue recognition

Loans

Loans were made by the Company to SMEs directly. The Company evaluated the management, employees, financial status and overall performance of the SMEs, thus determination of loan had been made by the Company according. Interest income is accrued as revenue by the Company during the loan period.

In August 2009, Dalian Yibai small & Medium Enterprises Guarantee Co, Ltd (SMEs) signed a loan agreement with Dalian Yibai Trade Co., Ltd., with total amount as of RMB 25,000,000.00. The loan was to be issued in two phases, RMB 5,000,000.00 for first phase, and RMB 20,000,000.00 secondly. As at September 30, SMEs did not provide loans to Dalian Yibai Trade Co., Ltd, but Dalian Yibai Trade Co., Ltd paid RMB 2,100,000.00 interest to SMEs.

Financial Consulting Service

The company also provided financial consulting service to SMEs. The revenue of service is recognized when the service is provided regarding the service agreements.

The revenue of financial consulting service fees were US\$ 2,344,902 for the year

(10) Employee benefits

Full-time employees of the Company are entitled to staff welfare benefits including medical care, welfare subsidies, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Company is required to accrue for these benefits based on certain percentages of the employees' salaries. The Company is required to make contributions to the plans out of the amounts accrued. The Chinese government is responsible for the medical benefits and the pension liability to be paid to these employees and the Company's obligations are limited to the amounts contributed.

(11) Statutory reserves

The Company's Subsidiaries and the VIEs incorporated in China are required to make appropriations to reserves, comprising the statutory general reserve, statutory public welfare reserve and discretionary surplus reserve, based on after-tax net income determined in accordance with generally accepted accounting principles of the People's Republic of China (the "PRC GAAP"). Appropriation to the statutory general reserve should be at least 10% of the after-tax net income determined in accordance with the legal requirements in the PRC until the reserve is equal to 50% of the entities' registered capital. Appropriations to the statutory public welfare reserve and the discretionary surplus reserve are made at the discretion of the Board of Directors. The statutory public welfare reserve is established for the purpose of providing employee facilities and other collective benefits to the employees and is non-distributable other than in liquidation. Other statutory reserves are established for the purpose of offsetting accumulated losses, enlarging productions or increasing share capital.

(12) Earnings per share

The Company reports earnings per share in accordance with the provisions of SFAS 128, "Earnings per Share." SFAS 128 requires presentation of basic and diluted earnings per share in conjunction with the disclosure of the methodology used in computing such earnings per share. Basic earnings per share excludes dilution and is computed by dividing income available to common stockholders by the weighted average common shares outstanding during the period. Diluted earnings per share takes into account the potential dilution (using the treasury stock method) that could occur if securities or other contracts to issue common stock were exercised and converted into common stock.

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Calculations of shares used in calculating basic net earnings per share and shares used in calculate diluted net earnings per share are as follows:

$$\begin{aligned}\text{Shares used in calculating basic net earnings per share} &= \text{Total Shares} * 5/12 \\ &= 132,000,000 * 5/12 = 55,000,000\end{aligned}$$

$$\begin{aligned}\text{Shares used in calculating diluted net earnings per share} &= \text{Total Shares} * 5/12 \\ &= 132,000,000 * 5/12 = 55,000,000\end{aligned}$$

(13) Dividends

The Board of Directors of the Company may from time to time declare dividends (including interim dividends) and distributions on shares of the Company outstanding and authorize payment of the same out of the funds of the Company lawfully available.

Under PRC regulations, the Company's Subsidiaries and VIEs incorporated in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, the Company's VIEs are required to annually appropriate 10% of net after-tax income to the statutory general reserve fund prior to payment of any dividends, unless such reserve fund has reached 50% of its respective registered capital. The reserve fund is not distributable in the form of cash dividends to the Company.

(14) Comprehensive (loss)/income

Comprehensive (loss)/income is defined as the change in equity of the Company during a period from transactions and other events and circumstances excluding those resulting from investments by shareholders and distributions to shareholders. The Company has recognized the translation adjustments as comprehensive loss in the Consolidated Statements of Shareholder's Equity.

(15) Tax relief

According to Circular No.59<Guo ban fa(2000)>, guarantee revenue of the company is except from business tax for three years from the year when the company begin to enjoy the tax relief policy. Consequently, the company has not enjoy this relief yet as of June 30, 2009 due to no guarantee revenue was generated for the year ended September 30, 2009.

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(16) Leases

Each lease is classified at the inception date as either a capital lease or an operating lease. For the lessee, a lease is a capital lease if any of the following conditions exist: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property's estimated remaining economic life or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the leaser at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases. The Company has no capital leases for any of the periods presented.

(17) Recent accounting pronouncement

In January 2009, the FASB issued FSP EITF 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20, and EITF Issue No. 99-20, Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets". FSP EITF 99-20-1 changes the impairment model included within EITF 99-20 to be more consistent with the impairment model of SFAS 115. FSP EITF 99-20-1 achieves this by amending the impairment model in EITF 99-20 to remove its exclusive reliance on "market participant" estimates of future cash flows used in determining fair value. Changing the cash flows used to analyze other-than-temporary impairment from the "market participant" view to a holder's estimate of whether there has been a "probable" adverse change in estimated cash flows allows companies to apply reasonable judgment in assessing whether an other-than-temporary impairment has occurred. The adoption of FSP EITF 99-20-1, which is effective for annual reporting periods ending after December 15, 2008, will not have a material impact on the Company's consolidated financial statements.

In December 2008, the FASB issued FSP FAS 140-4 and FIN 46(R)-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities" ("FSP FAS 140-4 and FIN 46(R)-8"). FSP FAS 140-4 and FIN 46(R)-8 amends FAS 140 and FIN 46(R) to require additional disclosures regarding transfers of financial assets and interest in variable interest entities. FSP FAS 140-4 and FIN 46(R)-8 is effective for interim or annual reporting periods ending after December 15, 2008. FSP FAS 140-4 and FIN 46(R)-8 did not have any impact on the Company's financial statements.

In October 2008, the FASB issued FSP FAS 157-3, "Determining the Fair Value of a Financial Asset in a Market That Is Not Active" (FSP 157-3), which clarifies the

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FSP 157-3 clarifies how (1) management's internal assumptions should be considered in measuring fair value when observable data are not present, (2) observable market information from an inactive market should be taken into account, and (3) the use of broker quotes or pricing services should be considered in assessing the relevance of observable and unobservable data to measure fair value. The Company adopted the provisions of FSP 157-3, which did not impact the Company's financial position or results of operations.

In June 2008, the FASB issued EITF 08-4, "Transition Guidance for Conforming Changes to Issue No. 98-5." The objective of EITF 08-4 is to provide transition guidance for conforming changes made to EITF 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios", that result from EITF 00-27 "Application of Issue No. 98-5 to Certain Convertible Instruments", and SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This Issue is effective for financial statements issued for fiscal years ending after December 15, 2008 and has no effect on the Company's financial statements.

In May 2008, the FASB issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts—an interpretation of FASB Statement No. 60". This Statement interprets Statement 60, "Accounting and Reporting by Insurance Enterprises" and amends existing accounting pronouncements to clarify their application to the financial guarantee insurance contracts included within the scope of this Statement. This Statement requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This Statement also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities. This Statement is effective for financial statements issued for fiscal years beginning after December 15, 2008 (that is, fiscal 2010 for the Company), and all interim periods within those fiscal years. Management is evaluating the effect on the Company's consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS No. 162 identifies the sources of accounting principles and provides entities with a framework for selecting the principles used in preparation of financial statements that are presented in conformity with GAAP. The current GAAP hierarchy has been criticized because it is directed to the auditor rather than the entity, it is complex, and it ranks FASB Statements of

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FASB Statements of Financial Accounting Standards, below industry practices that are widely recognized as generally accepted but that are not subject to due process. The adoption of FASB 162 is not expected to have a material impact on the Company's consolidated financial position and results of operations.

In April 2008, the FASB issued Staff Position No. FAS 142-3 "Determination of the Useful Life of Intangible Assets" ("FSP FAS 142-3"). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). The intent of FSP FAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R) and other applicable accounting literature. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008. The Company believes there will be no material impact on its financial statements upon adoption of this standard.

In December 2007, the SEC issued Staff Accounting Bulletin No. 110 ("SAB 110"), codified as SAB Topic 14, "Share-based payment". SAB No. 110 states that the SEC staff will continue to accept, under certain circumstances, the use of the simplified method in developing an estimate of expected term of "plain vanilla" share options in accordance with Statement of Financial Accounting Standard No. 123 (revised 2004 and SAB NO. 107 beyond December 31, 2007). The Company believes there will be no material impact on its financial statements upon adoption of this standard.

In December 2007, the Financial Accounting Standards Board issued FASB Statement No. 160, Non-controlling Interests in Consolidated Financial Statements—an amendment of ARB No. 51 ("SFAS 160"). SFAS 160 amends ARB No. 51 to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This Statement is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company will adopt this statement in the fiscal year 2009 and its effect on future periods will depend on the nature and significance of any new equity investments subject to this statement.

In December 2007, the Financial Accounting Standards Board issued FASB Statement No. 141 (Revised 2007), Business Combinations ("SFAS 141R"). SFAS 141R provides additional guidance on improving the relevance, representational

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provides in its financial reports about a business combination and its effects. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company will adopt this statement in the fiscal year 2010 and its effect on future periods will depend on the nature and significance of any acquisitions subject to this statement.

3. Concentration and risks

Financial instruments that potentially subject the Company to significant concentrations of credit risk primarily consist of cash and cash equivalents and short-term investment. As of June 30, 2009, substantially all of the Company's cash and cash equivalents, restricted cash and short-term investment were held by major financial institutions located in the PRC and Hong Kong, which management believes are of high credit quality.

A majority of the Company's operating transactions are denominated in RMB and a significant portion of the Company's assets and liabilities is denominated in RMB. RMB is not freely convertible into foreign currencies. The value of the RMB is subject to changes in the central government policies and to international economic and political developments. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China ("PBOC"). Remittances in currencies other than RMB by the Company in China must be processed through PBOC or other China foreign exchange regulatory bodies which require certain supporting documentation in order to process the remittance.

4. Other Receivable and Prepayment

	<u>September 30, 2008</u>	<u>September 30, 2009</u>
	USD	USD
Other Receivable	—	3,407,963.78
Prepaid expenses	—	41,388.93
Total	—	3,449,352.71

Other receivable represents the balance due from related party. Detailed information is stated under Note 11.

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5. Equity investments

In February 2009, Dalian Yibai SMEs made an investment of USD 2,927,443 in Jilin Zhengda Guarantee Co. Ltd (“Jinlin ZhengDa”) to acquire 20% of its equity interest. On 29th July 2009, Dalian Yibai SMEs made another investment of USD 4,859,912 in Qinghai Zhengda Guarantee Co. Ltd (“Qinghai ZhengDa”) to acquire 20% of its equity interest. Furthermore, Qinghai ZhengDa holds 80% equity interest of Jilin ZhengDa. Therefore, Dalian Yibai SMEs holds 20% direct equity interest and 16% indirect equity interest in all of Jilin ZhengDa.

6. Property, equipment, net

	<u>September 30, 2008</u>	<u>September 30, 2009</u>
	USD	USD
Computers & Office equipment	—	12,813.55
Motor Vehicles	—	82,494.95
Less: Accumulated depreciation	—	1,887.40
Net book value	—	<u>93,421.10</u>

The depreciation expenses for the property and equipment were USD 1,887.40 for the year ended September 30 2009.

7. Accrued expenses and other liabilities

	<u>September 30, 2008</u>	<u>September 30, 2009</u>
	USD	USD
Accrued expenses	—	2,064,723.97
Other payable	—	135,252.10
Charles Sheffield’s executive compensation	—	120,000.00
Total	—	<u>2,319,976.07</u>

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8 .The following table summarizes the Company's other income or expenses:

Item	For the years ended		
	September 30,		
	2007	2008	2009
	USD	USD	USD
Interest income	—	—	551.55
Investment gains	—	—	-477.14
Total	—	—	74.41

From Feb. 2009 to Sep. 2009, Jilin ZhengDa, made a net profit of USD -1,663.36. Thus Dalian Yibai SMEs incurred investment gains of USD -135.43. From Aug, 2009 to Sep. 2009, Qinghai ZhengDa, made a net loss of USD -1,708.54. Therefore, Dalian Yibai SMEs suffered investment loss of USD -341.71. In China, annual financial report reporting date is December 31, so the financial reports of the two companies are unaudited.

9. Taxation

a. Business tax

Dalian Yibai SMEs, established in February, 2009 in China, is subject to 5% business tax and 11% surcharge of other tax payables.

b. Income taxes

British Virgin Islands

IG Finance was incorporated in the BVI and under the current laws of the BVI, is not subject to income taxes.

United States

China Yibai United Guarantee International Holding, Inc. is subject to the corporate income taxes in the United States. No provision for income taxes in the United States has been made as China Yibai United Guarantee International Holding, Inc. had no income taxable in the United States.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, China Dragon is subject to

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provision is made for Hong Kong profit tax, as China Dragon is an immediate holding company, no profit raised in or derived from Hong Kong for the reporting period.

China

A company registered in China is subject to national and local income taxes within China at the applicable tax rate on the taxable income as reported in its PRC statutory financial statements in accordance with relevant income tax laws.

The New EIT Law and corresponding implementing rules were released in 2007, both of which became effective on January 1, 2008. Comparing to the previous tax law, the New EIT Law significantly curtails tax incentives granted to foreign-invested enterprises. The New EIT Law, however, (i) reduces the statutory rate of enterprise income tax from 33% to 25%, (ii) permits companies to continue to enjoy their existing tax incentives, adjusted by certain transitional phase-out rules, and (iii) introduces new tax incentives, subject to various qualification criteria.

Substantially all of China Yibai's income may be derived from dividends it receives from its PRC subsidiaries. The New EIT Law and corresponding implementing rules generally provide that a 10% withholding tax applies to China-sourced income derived by non-resident enterprises for PRC enterprise income tax purposes. We expect that such 10% withholding tax will apply to dividends paid to China Yibai by its PRC subsidiaries, but this treatment will depend on our status as a non-resident enterprise. For detailed discussion of PRC tax issues related to resident enterprise status, see "Risk Factors — Risks Associated with Doing Business in China — Under the New EIT Law, we may be classified as a 'resident enterprise' of China. Such classification will likely result in unfavorable tax consequences to us and our non-PRC stockholders."

Reconciliation of the difference between statutory tax rate and the Company's effective tax rate for the years ended December 31, 2006, 2007 and 2008 is as follows:

	For the years ended September 30,		
	2007	2008	2009
Statutory income tax rate	—	—	34%
Effect on different tax rate	—	—	(9)%
Effect tax rate	—	—	25%

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10. Employee benefits

The full-time employees of the Company's subsidiaries and VIEs that are incorporated in the PRC are entitled to staff welfare benefits, including medical care, welfare subsidies, unemployment insurance, pension benefits and housing fund. These companies are required to accrue for these benefits based on certain percentages of the employees' salaries in accordance with the relevant regulations, and to make contributions to the state sponsored pension and medical plans out of the amounts accrued for medical and pension benefits. The PRC government is responsible for the medical benefits and ultimate pension liability to these employees and the Company's obligation is limited to the amounts contributed.

11. Related party transaction

The table below sets the major related parties and their relationships with Dalian Yibai small & Medium Enterprises Guarantees Co, Ltd:

Company name

Dalian Yibai trade Co., Ltd ("Yibai trade")
Dalian Yibai Investment and Management Co., Ltd.
("Dalian Yibai IM")

During the years ended September 30, 2007, 2008 and 2009, significant related party transactions were as follows:

	For the years ended September 30,		
	2007	2008	2009
	USD	USD	USD
Due from Dalian Yibai Trade Co., Ltd("Yibai Trade")	—	—	3,374,725.44
Due to Dalian Yibai Investment and Management Co., Ltd.("Yibai IM")	—	—	134,958.02

During the current accounting period, Dalian Yibai provided financial support to Yibai Trade and Yibai IM as of USD 4,389,559 and USD 149,514. And Yibai IM provided financial support to Dalian Yibai as of USD 136,037. Interests paid accordingly in respect of loan agreements as the amount of USD 287,003.98 during year 2009.