

VALDOR TECHNOLOGY INTERNATIONAL INC.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

(Stated in US Dollars)

(Unaudited)

THE ACCOMPANYING FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008 HAVE NOT BEEN REVIEWED OR AUDITED BY THE CORPORATION'S AUDITORS.

VALDOR TECHNOLOGY INTERNATIONAL INC.
INTERIM CONSOLIDATED BALANCE SHEETS
 March 31, 2009 and December 31, 2008
 (Stated in US Dollars)
 (Unaudited)

	March 31, <u>2009</u>	December 31, <u>2008</u>
<u>ASSETS</u>		
Current		
Cash	\$ 26,896	\$ 84,262
Accounts receivable	28,815	55,362
Inventories	56,096	53,947
Prepaid expenses – Note 5	<u>10,400</u>	<u>14,264</u>
	122,207	207,835
Equipment	<u>1,721</u>	<u>2,325</u>
	<u>\$ 123,928</u>	<u>\$ 210,160</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 613,844	\$ 565,775
Promissory note payable – Note 2	455,339	467,933
Due to related parties – Note 3	<u>44,582</u>	<u>45,419</u>
	<u>1,113,765</u>	<u>1,079,127</u>
<u>SHAREHOLDERS' DEFICIENCY</u>		
Share capital – Notes 4 and 7	13,402,846	13,402,846
Share subscriptions – Note 4	62,259	244
Contributed surplus – Note 4	2,430,014	2,370,378
Deficit	<u>(16,884,956)</u>	<u>(16,642,435)</u>
	<u>(989,837)</u>	<u>(868,967)</u>
	<u>\$ 123,928</u>	<u>\$ 210,160</u>

SEE ACCOMPANYING NOTES

VALDOR TECHNOLOGY INTERNATIONAL INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
for the three months ended March 31, 2009 and 2008
(Stated in US Dollars)
(Unaudited)

	<u>2009</u>	<u>2008</u>
Revenue	\$ 62,478	\$ 140,888
Direct expenses	<u>32,610</u>	<u>85,739</u>
Gross profit	<u>29,868</u>	<u>55,149</u>
Expenses		
Administration and general – Schedule 1	171,219	104,599
Marketing	17,809	21,544
Interest	11,260	11,873
Research and development	37,091	32,496
Amortization of capital assets and other assets	603	993
Stock-based compensation – Note 4	<u>59,636</u>	<u>58,670</u>
	<u>297,618</u>	<u>230,175</u>
Loss from operations	<u>(267,750)</u>	<u>(175,026)</u>
Other items		
Other income	-	247
Foreign exchange gain (loss)	<u>25,229</u>	<u>(39,384)</u>
	<u>25,229</u>	<u>(39,137)</u>
Net loss and comprehensive loss for the period	<u>\$ (242,521)</u>	<u>\$ (214,163)</u>
Basic and diluted loss per share	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average number of shares outstanding	<u>21,170,220</u>	<u>10,581,335</u>

SEE ACCOMPANYING NOTES

VALDOR TECHNOLOGY INTERNATIONAL INC.
INTERIM CONSOLIDATED STATEMENTS OF DEFICIT
for the three months ended March 31, 2009 and 2008
(Stated in US Dollars)
(Unaudited)

	<u>2009</u>	<u>2008</u>
Deficit, beginning of the period	\$(16,642,435)	\$(15,579,592)
Net loss for the period	<u>(242,521)</u>	<u>(214,163)</u>
Deficit, end of the period	<u><u>\$(16,884,956)</u></u>	<u><u>\$(15,793,755)</u></u>

SEE ACCOMPANYING NOTES

VALDOR TECHNOLOGY INTERNATIONAL INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three months ended March 31, 2009 and 2008
(Stated in US Dollars)
(Unaudited)

	<u>2009</u>	<u>2008</u>
Operating Activities		
Net loss and comprehensive loss for the period	\$ (242,521)	\$ (214,163)
Charges to income not affecting cash:		
Amortization of capital assets and other assets	603	993
Non-cash compensation charge	<u>59,636</u>	<u>58,670</u>
	(182,282)	(154,500)
Changes in non-cash working capital balances related to operations:		
Accounts receivable	26,647	(46,970)
Inventories	(2,149)	(12,236)
Prepaid expenses	3,915	(11,508)
Accounts payable and accrued liabilities	<u>51,876</u>	<u>87,530</u>
	<u>(101,993)</u>	<u>(137,684)</u>
Financing Activities		
Increase in loans payable	-	48,710
Increase (decrease) in due to related parties	(235)	30,215
Decrease in promissory note payable	(3,503)	-
Share subscriptions	<u>62,015</u>	<u>-</u>
	<u>58,277</u>	<u>78,925</u>
Effect of unrealized foreign exchange gain or loss on cash	<u>(13,650)</u>	<u>58,938</u>
Increase (decrease) in cash during the period	(57,366)	179
Cash, beginning of the period	<u>84,262</u>	<u>35,694</u>
Cash, end of the period	<u>\$ 26,896</u>	<u>\$ 35,873</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	<u>\$ 261</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES

VALDOR TECHNOLOGY INTERNATIONAL INC.
INTERIM CONSOLIDATED SCHEDULE OF
ADMINISTRATION AND GENERAL EXPENSES
for the three months ended March 31, 2009 and 2008
(Stated in US Dollars)
(Unaudited)

Schedule 1

	<u>2009</u>	<u>2008</u>
Entertainment and travel	\$ 7,673	\$ 6,744
Investor relations and corporate services	45,521	288
Legal and accounting fees	792	9,345
Licenses and permits	76	896
Management fees – Note 5	7,249	8,959
Office and miscellaneous – Note 5	12,408	8,575
Rent – Note 5	9,929	10,335
Repairs and maintenance (recovery)	1,802	(1,567)
Salaries, wages and benefits – Note 5	76,363	55,677
Stock exchange filing fees	4,128	1,244
Telephone and utilities	4,189	3,226
Transfer agent fees	<u>1,089</u>	<u>877</u>
	<u>\$ 171,219</u>	<u>\$ 104,599</u>

SEE ACCOMPANYING NOTES

VALDOR TECHNOLOGY INTERNATIONAL INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2009
 (Stated in US Dollars)
(Unaudited)

Note 1 Interim Reporting

The unaudited interim financial statements have been prepared in accordance with the accounting principles generally accepted in Canada for interim financial information and follow the same accounting policies and methods of their application as the Company's most recent annual financial statements. These interim financial statements do not include all of the disclosure included in the annual financial statements, and accordingly, they should be read in conjunction with the annual financial statements for the year ended December 31, 2008. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The results of operations for the interim periods are not necessarily indicative of the results of operations for the entire year.

Note 2 Promissory Note Payable

	March 31, <u>2009</u>	December 31, <u>2008</u>
Promissory note payable in Euros (E152,449) to a former director of the Company, bearing interest at 10% per annum, unsecured and due on demand, includes accrued interest payable of \$253,882 (December 31, 2008: \$256,260)	<u>\$ 455,339</u>	<u>\$ 467,933</u>

Note 3 Due to Related Parties

Due to related parties represent amounts due to directors and officers of the Company and companies with common directors, are non-interest bearing, unsecured and are due on demand.

Note 4 Share Capital

a) Authorized:

100,000,000 common shares without par value
 50,000,000 preferred shares, without par value

Valdor Technology International Inc.
Notes to the Interim Consolidated Financial Statements
March 31, 2009
(Stated in US Dollars)
(Unaudited) – Page 2

Note 4 Share Capital – (cont'd)

b) Issued: common shares

	<u>Number</u>	<u>Amount</u>
Balance, beginning and end of the period	<u>21,170,220</u>	<u>\$ 13,402,846</u>

c) Commitments:

Stock-Based Compensation Plan

The Company has established a formal stock option plan in accordance with the policies of the TSX-V under which it is authorized to grant options up to a maximum of 20% of the issued and outstanding common shares to officers, directors, employees and consultants. The exercise price of each option is not less than the market price of the Company's stock on the trading day immediately before the date of grant, subject to a minimum of CDN\$0.10 per common share. No options will be exercisable until it has vested. Options vest at 25% on a quarterly basis unless specified by the board. The options are for a maximum term of five years.

The Company has granted employees and directors common share purchase options. These options are granted with an exercise price equal to the market price of the Company's stock on the date of the grant.

A summary of the status of the stock option plan as of March 31, 2009 and 2008 and changes during the periods then ended on those dates is presented below:

	<u>2009</u>		<u>2008</u>	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding at the beginning of the period	2,390,000	\$0.11	990,385	\$0.65
Forfeited	<u>-</u>	<u>-</u>	<u>(206,923)</u>	<u>\$0.65</u>
Options outstanding at end of the period	<u>2,390,000</u>	<u>\$0.11</u>	<u>783,462</u>	<u>\$0.65</u>
Options exercisable at end of the period	<u>1,107,500</u>		<u>783,462</u>	

Note 4 Share Capital – (cont'd)

c) Commitments – (cont'd)

Stock-Based Compensation Plan – (cont'd)

At March 31, 2009, the Company has 2,390,000 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
350,000	CDN\$0.15	April 30, 2010
<u>2,040,000</u>	CDN\$0.10	August 1, 2013
<u>2,390,000</u>		

As at March 31, 2009, the 2,390,000 share purchase options outstanding have a weighted average remaining contractual life of 3.86 years.

Stock-based compensation charges are expensed for stock options granted and vested with a corresponding increase to contributed surplus. Upon exercise of stock options, consideration paid on the exercise of stock options and purchase of stock is credited to share capital.

During the three months ended March 31, 2009, the Company recorded stock-based compensation expense of \$59,636 (March 31, 2008: \$58,670) on stock options granted during the year ended December 31, 2008. The fair value of share purchase options granted was estimated on the grant date using the Black-Scholes option pricing model. The assumptions used in calculating fair value were as follows: 2.11 – 3.03% risk free rate; 0% dividend yield; 126 - 214% expected volatility and 1.5 - 5 years weighted average expected stock option life.

The following table reconciles the Company's contributed surplus:

	<u>March 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Balance, beginning of the period	\$ 2,370,378	\$ 2,055,201
Options vested	<u>59,636</u>	<u>315,177</u>
Balance, end of the period	<u>\$ 2,430,014</u>	<u>\$ 2,370,378</u>

Note 4 Share Capital – (cont'd)

c) Commitments – (cont'd)

Stock-Based Compensation Plan – (cont'd)

Share Subscriptions

As at March 31, 2009, share subscriptions consist of the following:

- Share subscriptions totalling \$62,015 (December 31, 2008: \$Nil) relating to a private placement of 4,300,000 units at a price of CDN\$0.10 per unit (Note 7).
- Share subscriptions totalling \$244 (December 31, 2008: \$244) in respect to the exercise of 2,500 (December 31, 2008: 2,500) share purchase options.

Share Purchase Warrants

	March 31, 2009		March 31, 2008	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance, beginning and end of the period	10,585,000	CDN \$0.10	-	-

As at March 31, 2009, the Company has 10,585,000 share purchase warrants outstanding and exercisable expiring on October 1, 2010.

Note 5 Related Party Transactions

The Company incurred the following charges with directors and officers of the Company and companies with common directors:

	<u>2009</u>	<u>2008</u>
Management fees	\$ 7,249	\$ 8,959
Office and miscellaneous - secretarial services	3,322	1,643
Rent	4,832	1,493
Salaries, wages and benefits	<u>20,769</u>	<u>20,769</u>
	<u>\$ 36,172</u>	<u>\$ 32,864</u>

Note 5 Related Party Transactions – (cont'd)

These charges were measured by the exchange amount that is the amount agreed upon by the transacting parties.

Included in prepaid expenses at March 31, 2009, is \$487 (December 31, 2008: \$1,637) of rent prepaid to a company with a common director.

Note 6 Segmented information

The Company's principal business activities are the developing, manufacturing and marketing of fiber optic products. The Company's sales revenues are allocated to geographic segments as follows:

	<u>2009</u>	<u>2008</u>
United States of America	\$ 35,266	\$ 132,481
Europe	12,510	8,407
Asia	11,977	-
Other	<u>2,725</u>	<u>-</u>
	<u>\$ 62,478</u>	<u>\$ 140,888</u>

Note 7 Subsequent Events

- a) The Company completed a private placement of 4,300,000 units at a price of CDN\$0.10 per unit for gross proceeds of \$347,380 (CDN\$430,000). Each unit is comprised of one common share and one share purchase warrant. Each warrant will allow the holder thereof to purchase one additional common share of the Company at a price of CDN\$0.125 per share for a period of two years from the date of closing of the private placement. The warrants issued with the units sold will be subject to an acceleration provision. A finder's fee of \$2,000 was paid. As at March 31, 2009, the Company has received a total of \$62,015 in proceeds towards the private placement.
- b) Subsequent to March 31, 2009, the Company agreed to grant 370,000 share purchase options entitling the holders thereof the right to purchase one common share for each option held at CDN\$0.15 per share for a period of five years. These options are subject to shareholder and regulatory approval.
- c) Subsequent to March 31, 2009 the Company issued 320,000 common shares at CDN\$0.10 per share for proceeds of CDN\$32,000 pursuant to the exercise of share purchase warrants.