

MCVICAR INDUSTRIES INC.

Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

For three months ended March 31, 2009 and 2008

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4 subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

McVICAR INDUSTRIES INC.

Consolidated Balance Sheets

(Expressed in Canadian dollars)

	March 31, 2009	December 31, 2008
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,175,600	\$ 6,764,070
Short term investments (note 4)	2,670,835	2,638,189
Restricted cash (note 5)	1,659,598	2,145,037
Accounts receivable	7,409,515	7,940,157
Inventories	7,942,009	7,945,635
Loans receivable from related parties (note 9)	283,822	361,040
Prepaid expenses, advances and deposits	926,190	1,177,358
Asset held for sale (note 7)	733,935	733,935
	29,801,504	29,705,421
Construction in progress	685,654	649,761
Property, plant and equipment	9,867,651	9,927,737
Intangible assets	904,060	981,888
Future income tax asset	185,400	185,400
Goodwill	9,220,865	9,220,865
	\$ 50,665,134	\$ 50,671,072
Liabilities and Shareholders' Equity		
Current liabilities:		
Loans payable (note 2)	\$ 81,205	\$ 206,651
Notes payable (note 5)	3,319,196	4,290,074
Accounts payable and accrued liabilities	5,779,101	5,745,346
Due to related parties (note 9)	792,919	761,084
Income tax payable	3,191	7,580
	\$ 9,975,612	\$ 11,010,735
Long term loans (note 6)	-	189,279
Future income taxes liability	662,669	635,468
	\$ 10,638,281	\$ 11,835,482
Non-controlling interest	10,149,729	9,960,738
Shareholders' equity:		
Capital stock (note 8a)	26,052,375	26,052,375
Warrants (note 8a)	1,483,048	1,483,048
Contributed surplus (note 8b)	1,094,814	1,067,281
	28,630,237	28,602,704
(Deficit) retained earning	(1,885,376)	(2,271,832)
Accumulated other comprehensive income (page 4)	3,132,263	2,543,980
	1,246,887	272,148
	29,877,124	28,874,852
	\$ 50,665,134	\$ 50,671,072

Commitments and contingencies (note 11)

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

Approved on behalf of the Board

"D. James Misener"

Director

"Gang Chai"

Director

McVICAR INDUSTRIES INC.

Interim Consolidated Statements of Earnings

(Expressed in Canadian dollars)

For three months ended March 31, 2009 and 2008

(Unaudited)

	Three months ended March 31,2009	Three months ended March 31,2008
Sales	\$ 8,415,636	\$ 9,066,061
Cost of goods sold	6,413,354	6,621,471
Gross profit	2,002,282	2,444,590
Expenses:		
General and administrative	1,357,949	1,275,841
Loss on disposal of property, plant and equipment	3,140	7,303
Amortisation on intangible assets	77,828	56,440
Loss (gain) on foreign exchange	(5,001)	67,501
Total operating expenses	1,433,916	1,407,085
Operating income	568,366	1,037,505
Other income	36,432	27,826
Share of income (loss) equity investment	21,166	(61,356)
Interest income (expense)	12,705	(19,604)
Income before income taxes and Non-controlling interest	638,669	984,371
Income taxes-current	60,093	62,755
Income taxes-future	9,429	(13,528)
Total income taxes	69,522	49,227
Non-controlling interest	182,691	607,369
Net earnings for period	\$ 386,456	\$ 327,775
Retained earnings (deficit), beginning of period	\$ (2,271,832)	\$ 784,806
Retained earnings(deficit), end of period	\$ (1,885,376)	\$ 1,112,581
Earnings per share:		
Basic	\$ 0.01	\$ 0.01
Diluted	\$ 0.01	\$ 0.01
Weighted average number of shares outstanding (note 14e):		
Basic	34,427,320	26,201,976
Diluted	34,427,320	27,162,553

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

McVICAR INDUSTRIES INC.

Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

For three months ended March 31, 2009 and 2008

(Unaudited)

	Three months ended March 31,2009	Three months ended March 31,2008
Cash provided by (used in):		
Operating activities:		
Net income for period	\$ 386,456	\$ 327,775
Add:Items not affecting cash:		
Amortisation	454,350	313,149
Loss on disposal of property,plant and equipment	57,790	7,303
Future income taxes	9,429	(13,528)
Non-controlling interest	182,691	607,369
Stock-based compensation	57,956	150,438
Investment (income) loss	(21,166)	61,356
Change in non-cash items from operations <i>(note 10)</i>	1,537,247	(2,444,482)
Net cash provided by (used in) operating activities	2,664,753	(990,620)
Financing activities:		
Proceeds (repayment) of notes payable	(1,074,740)	644,800
Proceeds (repayment) from loans	(321,590)	794,876
Issuance of capital stock for cash	-	953,750
Net cash provided by (used in) financing activities	(1,396,330)	2,393,426
Investing activities:		
Business acquisitions (net of cash and cash equivalents acquired) <i>(note 7)</i>	(40,000)	(560,695)
Short term investment	-	(1,048,735)
Loans receivable from related parties <i>(note 9)</i>	91,080	-
Purchase of property, plant and equipment	(126,817)	(517,382)
Net cash provided by (used in) investing activities	(75,737)	(2,126,812)
Effect of exchange rate changes on cash and cash equivalents:	218,844	413,921
Net change in cash and cash equivalents	1,411,530	(310,085)
Cash and cash equivalents, beginning of period	6,764,070	4,892,181
Cash and cash equivalents, end of period	\$ 8,175,600	\$ 4,582,096

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

McVICAR INDUSTRIES INC.

Interim Consolidated Statements of Other Comprehensive Income

(Expressed in Canadian dollars)

For three months ended March 31, 2009 and 2008

(Unaudited)

	Three months ended	Three months ended
	March 31, 2009	March 31, 2008
Net income	\$ 386,456	\$ 327,775
Other Comprehensive Income		
unrealized income on translating financial		
statements of self-sustaining subsidiaries	588,283	752,740
Total Comprehensive Income	\$ 974,739	\$ 1,080,515

McVICAR INDUSTRIES INC.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise indicated)

Three months ended March 31, 2009 and 2008

McVicar Industries Inc. (the "Company" or "McVicar"), formerly McVicar Resources Inc., was incorporated under the Business Corporations Act (Ontario) on February 19, 2003.

The Company holds a 90.5% interest in its Hong Kong subsidiary McVicar (Hong Kong) Advanced Materials Co. Ltd. ("MAM"), and a 48.6% (2008 - 47.5%) interest in a Canadian publicly listed company JITE Technologies Inc. ("JITE"). The Company is now operating in two different segments:

(a) Chemical industry: develops, manufactures and supplies specialized fine chemical products used in pharmaceutical and cosmetic industries;

(b) Technical industry: designs, manufactures and supplies electronic and electrical connection devices for security, industrial control, automation, telecommunication, and power supply industries.

1. Basis of presentation

These interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and follow the same accounting policies as set out in Note 2 to the financial statements for the year ended December 31, 2008 except as noted below. These financial statements do not contain all disclosures required by Canadian GAAP and should be read in conjunction with the most recently audited annual financial statements for the year ended December 31, 2008. All amounts in these financial statements are in Canadian dollars unless indicated with a "RMB" to represent the Chinese Renminbi. Interim results are not necessarily indicative of the results expected for the fiscal year. Certain comparative figures have been reclassified to conform to the current period's presentation.

2. Change in accounting policies

Goodwill and intangible assets

Effective January 1, 2009, the Company adopted new accounting standards issued by CICA Handbook Section 3064, Goodwill and Intangible Assets, replacing Section 3062 "Goodwill and other intangible assets" and Section 3450 "Research and development costs". This standard contains revised guidance for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard did not have a material impact on the Company's financial statements

3. Future accounting changes

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has announced that Generally accepted accounting principles ("GAAP") in Canada will cease to apply and will be replaced by International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board. Publicly accountable enterprises will be required to adopt IFRS on or by January 1, 2011. The Company will issue its initial Consolidated Financial Statements under IFRS, including comparative information, for the quarter ended March 31, 2011.

4. Short-term investments:

The Company has a total of \$2,670,835 (December 31, 2008-\$2,638,189) short-term investments, of which \$1,785,715 was invested in Guaranteed Investment Certificate funds with variable interest rates ranging from prime rate minus 2.25% to 1.9% and maturing within one year from acquisition, and \$885,120 was invested in China stock market held by Jite Shenzhen.

	March 31, 2009	December 31, 2008
GIC	\$ 1,785,715	\$ 1,776,589
Stock market investments in China	885,120	861,600
	<u>\$ 2,670,835</u>	<u>\$ 2,638,189</u>

McVICAR INDUSTRIES INC.

Notes to the Interim Consolidated Financial Statements (Expressed in Canadian dollars, unless otherwise indicated) Three months ended March 31, 2009 and 2008

4. Short-term investments (continued):

In connection with Jite Shenzhen's short-term investments, Jite Shenzhen engaged a consulting company that is controlled by a director of JITE to manage its short-term investments. Pursuant to the terms of agreement, the consulting company will guarantee the principal amount of the investment and will be compensated 20% of any net gains in the portfolio when realized. The agreement can be cancelled by either party with three months notice. As at March 31, 2008, the principal amount of the investment was \$885,120 (RMB4,800,000), the market value based on quoted prices for the short-term investments was \$656,029 (RMB 3,557,644) (2008 – \$nil), and the unrealized loss was \$229,091 (RMB1,242,356) (2008 – \$nil).

There is no agreed time period within which the related company has to pay any shortfall of the principal amount invested; therefore the amount of the guarantee is subject to measurement uncertainty.

5. Notes payable

The Company's subsidiary Hongbo has a total of RMB 20.9 million of credit facilities, which will expire on the following dates: RMB 6.9 million on July 23, 2010 for which real estate with a carrying value of RMB 11 million was pledged as collateral, RMB 14 million on April 11, 2009 that was guaranteed by a customer of the Company (see Note 13 subsequent events).

Pursuant to the agreements, these credit facilities are limited only to issue notes payable up to the maximum book value of RMB 41.8 million, of which RMB 20.9 million or half of notes payable issued must be held in the bank as deposit. As of March 31, 2009, Hongbo had utilized RMB 9 million of the facilities and had issued RMB 18 million in the form of notes payable, accordingly, RMB 9 million or half amount of notes payable issued has been reflected as restricted cash in the consolidated balance sheets.

6. Loans payable

The loans payable of \$81,205(RMB 440,373) is owed by JITE for its equipment financing, bears an effective interest rate of 10.7% per annum with blended monthly principal and interest payments of \$7,121 (RMB 38,620), and are secured by equipment of \$381,344 (RMB 2,068,030).

During the quarter, the Company repaid equipment loan in the amount of \$285,300 (RMB 1,547,181) before it is due. Total interest payable for the period ended March 31, 2009 was \$9,335 (March 31, 2008 – \$6,774).

7. Acquisitions and disposal

Acquisitions

(a) January 7, 2009, the Company announced that MAM, 90.5%-owned subsidiary, reached an agreement with Sanlong Holdings Co. Ltd. ("Sanlong") to exchange Sanlong's 9.5% equity interest in MAM for a 38% equity interest in Changlong, MAM's subsidiary. Upon closing of the transaction, McVicar's interest in MAM will increase from the existing 90.5% to 100% while MAM's interest in Changlong will decrease from the existing 100% to 62%. Subject to regulatory approval, the transaction is expected to close in 2009.

(b) During the quarter, the Company accumulatively purchased 237,500 of JITE's shares for cash consideration of \$40,000, representing 1.1 % of its public listed shares, through the open market, as a result, the Company's interest in JITE was increased to 48.6% from 47.5%, and the minority interest was reduced by \$40,000.

Disposal

In 2008, the Company reached an agreement with Ascend Technologies Ltd. on the sale of its 27% equity interest in Sino Lion Nanjing Ltd. ("Sino Lion") in Nanjing, Jiangsu province, China for cash consideration of USD 850,000. As at March 31, 2009, the transaction had yet to be completed. Management expects this transaction to be completed in the second quarter of 2009, and this investment remained shown as asset held for sale in current assets and measured at the lower of the carrying value and fair value less costs to sell.

During the first three months ended March 31, 2009, the Company did not recognize its share of operating income (March 31, 2008 — loss of \$61,356).

McVICAR INDUSTRIES INC.

Notes to the Interim Consolidated Financial Statements (Expressed in Canadian dollars, unless otherwise indicated) Three months ended March 31, 2009 and 2008

8. Share capital

(a) Authorized

The Company's authorized capital stock consists of an unlimited number of common shares.

Issued and outstanding

Common shares	Number of shares	Amount
Balance, December 31, 2007	26,006,463	17,178,952
Private placement	2,314,057	3,239,680
Valuation of warrants	-	(525,049)
Less: Share issue costs		(380,595)
Private placement	5,239,800	5,501,790
Options exercised	260,000	195,000
Allocation from options	-	43,763
Warrants exercised	607,000	758,750
Allocation from warrants	-	40,084
Balance, December 31, 2008	34,427,320	\$ 26,052,375
Balance, March 31, 2009	34,427,320	\$ 26,052,375

The Company has issued warrants as follows:

	Number of warrants	Amount
Balance, December 31, 2007	2,322,000	140,905
Private placement	1,288,014	600,753
Private placement	2,619,900	882,295
Exercised	(607,000)	(40,084)
Expired	(1,715,000)	(100,821)
Balance, December 31, 2008	3,907,914	\$ 1,483,048
Balance, March 31, 2009	3,907,914	\$ 1,483,048

(b) Contributed surplus

Balance, December 31, 2007	\$	512,294
Stock based compensation		318,517
Stock options exercised		(43,763)
Warrants expired		100,821
Share of stock-based compensation expense in subsidiary		179,412
Balance, December 31, 2008	\$	1,067,281
Share of stock-based compensation expense in subsidiary		27,533
Balance, March 31, 2009	\$	1,094,814

McVICAR INDUSTRIES INC.

Notes to the Interim Consolidated Financial Statements
 (Expressed in Canadian dollars, unless otherwise indicated)
 Three months ended March 31, 2009 and 2008

8. Share capital (Continued)

(c) Stock-based compensation plan

The Company has established a common share purchase option plan for directors, officers, employees and consultants. Options are granted at a price no lower than the market price of the common shares at the time of the grant less allowable discounts.

A summary of the Company's options granted and exercised is presented below:

	Options Outstanding	Weighted average exercise price
Options outstanding, December 31, 2006	1,095,000	\$ 0.75
Granted	210,000	0.75
Granted	190,000	1.10
Exercised	(410,000)	0.75
Options outstanding, December 31, 2007	1,085,000	0.81
Exercised	(260,000)	\$ 0.75
Expired	(150,000)	0.75
Granted	1,175,000	1.10
Options outstanding, December 31, 2008	1,495,000	\$ 1.10
Expired	(130,000)	\$ 0.75
Options outstanding, March 31, 2009	1,365,000	\$ 1.10

(c) Stock-based compensation plan

The following table summarizes information about the options outstanding and exercisable at March 31, 2009:

Exercise Prices	Options outstanding			Options exercisable		
	Outstanding number	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Remaining contractual life	
\$ 1.10	190,000	0.40	\$ 1.10	190,000	0.40 years	
\$ 1.10	1,175,000	4.50	\$ 1.10	1,175,000	4.50 years	
\$ 1.10	1,365,000	3.60	\$ 1.10	1,365,000	3.60 years	

(d) Warrants

A summary of the Company's warrants granted and exercised is presented below:

	Warrants Outstanding and exercisable	Weighted-Average Exercise price
Warrants outstanding, December 31, 2006	2,340,000	\$ 1.40
Exercised	(18,000)	1.25
Warrants outstanding, December 31, 2007	2,322,000	\$ 1.40
Exercised	(607,000)	1.25
Expired	(1,175,000)	1.38
Issued	3,907,914	1.83
Warrants outstanding, December 31, 2008	3,907,914	\$ 1.83
Warrants outstanding, March 31, 2009	3,907,914	\$ 1.83

McVICAR INDUSTRIES INC.

Notes to the Interim Consolidated Financial Statements (Expressed in Canadian dollars, unless otherwise indicated) Three months ended March 31, 2009 and 2008

8. Share capital (Continued)

The following table summarizes information about the warrants outstanding at March 31, 2009:

	Warrants Outstanding and exercisable	Remaining contractual life
\$ 1.85	2,619,900	1.33 years
\$ 1.85	1,157,030	1.16 years
\$ 1.40	130,984	1.16 years
Warrants outstanding, March 31, 2009	3,907,914	1.27 years

9. Related parties transactions:

Included in accrued liabilities is \$50,000 (December 31, 2008- \$50,000) payable to GC Consulting & Investment Corp., a company controlled by a director of company for consulting fees charged in 2008. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

As at March 31, 2009, there were employee loans outstanding in the amount of \$88,379 (December 31, 2008 – \$ 91,089). These loans were advanced to officers of the Company and was non-interest bearing. The repayment period is one year and repayment is being satisfied by monthly deduction in their regular salary.

Due to related parties of \$792,919 (RMB 4 million) (December 31, 2008 – \$ 761,084(RMB 4 million)), was advanced by individuals related to a key management official and director of the Company. The loan bears interest at 6% per annum and is unsecured, repayable on demand, and has no fixed terms of repayment. Total interest paid and payable for the period ended March 31, 2009 was \$ 10,930 (March 31, 2008 – \$7,604)

Loan receivable from related parties of \$283,822 (RMB 1.5 million) (December 31, 2008 – \$ 361,040(RMB 2 million)) was initially advanced to an officer of a Company's subsidiary on October 31, 2007 with a fixed interest rate of 5% per annum and being mature within six months. On maturity, the loan was extended by another six months with the term unchanged, and then got another one-year extension with the maturity being on October 31, 2009. Pursuant to the extended agreement, the annual interest rate was raised to 6% from 5% and RMB 500,000 (\$91,080) of the principal of the loan was paid during this quarter. Total interest received and receivable for the period ended March 31, 2009 was \$4,149 (March 31, 2008 – \$7,330).

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Supplementary cash flow information:

Change in non-cash items from operations

	Three months ended March 31,	
	2009	2008
Increase (decrease) in restricted cash	\$ 485,439	\$ (489,728)
(Increase) decrease in accounts receivable	1,136,293	(999,368)
(Increase) decrease in prepaid expenses, deposits and other receivables	(156,145)	44,678
(Increase) decrease in inventories	192,941	(190,136)
Decrease in accounts payable and accrued liabilities	(121,281)	(809,928)
	\$ 1,537,247	\$ (2,444,482)

McVICAR INDUSTRIES INC.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise indicated)

Three months ended March 31, 2009 and 2008

11. Commitment and contingencies

(a) Leases commitments:

The Company and its subsidiaries lease offices used in the normal course of operations. These are operating leases with rents charged to operations in the year to which they relate. Total future rental payments for the remainder of these leases total \$5.9 million. The future rental payments by year of payment are as follows:

	McVicar	JITE	Total
2009	\$ 64,067	\$ 598,374	\$ 662,441
2010	64,067	733,272	797,339
2011	-	733,272	733,272
2012	-	733,272	733,272
2013 and after	-	2,933,088	2,933,088
	\$ 128,134	\$ 5,731,278	\$ 5,859,412

(b) Legal proceedings

The Company and its subsidiaries are from time to time subject to legal actions, both as a defendant and as a plaintiff, arising in the normal course of business. Management does not believe that the conclusion of any current legal or regulatory matters, either individually or in the aggregate, will have a material adverse effect on the Company's financial condition or results of operations.

The following is a summary of some of the more significant legal matters involving the Company.

In the fourth quarter of 2008, the Company's subsidiary, Luyuan Chemical Co., Ltd., was a defendant in collective lawsuits, filed by external parties, which requested to return their loans that were allegedly borrowed by Luyuan prior to the periods of it being acquired by Hongbo. The total amounts related to these matters was approximately RMB 2,300,000 (approximately \$400,000), including principal and unpaid accrued interest. In response, the Company had filed appeals in this quarter. Luyuan has a strong defense to all these claims based on the purchase agreement signed by Hongbo and the previous shareholder, who, as an existing minority shareholder and current co-defendant in these lawsuits, guaranteed all the existing and any contingent liabilities incurred prior to acquisition, and contingent obligations arising, if any, exceed certain amounts upon which both parties agreed, Luyuan has the right to recourse these liabilities to this shareholder. Luyuan has established a provision of RMB 600,000 (approximately \$100,000), related to these legal proceedings in 2008. Actual results could differ from these estimates.

There remains the possibility that other or additional claims related to Luyuan's contingent liabilities incurred prior to the period of acquisition could develop.

These proceedings are in their early stages and it is difficult to predict the outcome with certainty. Based on information presently known, the Company does not expect these proceedings to have a material adverse effect on its consolidated financial position.

(c) Guarantee

The Company's subsidiary Hongbo has made a guarantee to a bank of RMB 5,000,000 (\$897,500) for a local business in the progress to obtain a mutual guarantee the local business will make for the Company. The guarantee is valid until January 31, 2010.

McVICAR INDUSTRIES INC.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise indicated)

Three months ended March 31, 2009 and 2008

12. Segmented information

The Company currently operates in two segments: technical products and chemical products segments in Canada, China and Hong Kong. The technical products segment principally involves research, development and production of electronic connection devices for use in elevators, railways, security, and automation systems. The chemical products segment principally involves research, development and production of specialized fine chemical products used in the pharmaceutical and cosmetic industries.

Each segment operates as a strategic business unit with separate management. Segment performance is measured primarily upon the basis of segment operating profit. Industry and geographic segment information for the consolidated results in thousands of Canadian dollars are presented below:

(a) Segmented information:

For the three months ended March 31, 2009 (in thousand of dollars):

	Chemical products	Technical products	Corporate	Total
Revenue	\$ 4,385	\$ 4,031	\$ -	\$ 8,416
Gross profit:	926	1,076		2,002
Operating expenses	(545)	(768)	(121)	(1,434)
Operating income (loss)	381	308	(121)	568
Other income	-	-	-	36
Share of income (loss) of equity investment	-	-	-	21
Interest income	-	-	-	13
Income tax expenses	-	-	-	(70)
Non-controlling interest	-	-	-	(183)
Net income:	-	-	-	386
Tangible assets	18,689	19,486	2,366	40,540
Intangible assets	636	268	-	904
Goodwill	4,442	4,779	-	9,221
Total assets:	\$ 23,768	\$ 24,532	\$ 2,366	\$ 50,665

McVICAR INDUSTRIES INC.

Notes to the Interim Consolidated Financial Statements

(Expressed in Canadian dollars, unless otherwise indicated)

Three months ended March 31, 2009 and 2008

12. Segmented information (continued)

For the three months ended March 31, 2008 (in thousand of dollars):

	Chemical products	Technical products	Corporate	Total
Revenue	\$ 4,828	\$ 4,238	\$ -	\$ 9,066
Gross profit:	1,558	886	-	2,444
Operating expenses	(304)	(923)	(180)	(1,407)
Operating income (loss)	1,254	(37)	(180)	1,037
Other income	-	-	-	28
Share of income (loss) of equity investment	-	-	-	(61)
Interest income (expense)	-	-	-	(20)
Income tax expenses	-	-	-	(49)
Non-controlling interest	-	-	-	(607)
Net income:	-	-	-	328
Tangible assets	16,014	16,832	1,562	34,408
Intangible assets	468	383	-	851
Goodwill	4,692	4,778	-	9,470
Total assets:	\$ 21,174	\$ 21,993	\$ 1,562	\$ 44,729

(b) Sales by geographic area consisted of the following:

For the three months ended March 31, 2009 (in thousand of dollars):

	Canada	U.S.	China & Hong Kong	Other	Total
Revenues:	\$ 783	\$ 829	\$ 6,658	\$ 146	\$ 8,416
Total assets:	\$ 8,173	-	\$ 42,439	-	\$ 50,665
Property, plant and equipment:	\$ 29	-	\$ 9,839	\$ -	\$ 9,868

For the three months ended March 31, 2008 (in thousand of dollars):

	Canada	U.S.	China & Hong Kong	Other	Total
Revenues:	\$ 629	\$ 782	\$ 7,373	\$ 282	\$ 9,066
Total assets:	\$ 7,800	\$ -	\$ 36,929	\$ -	\$ 44,729
Property, plant and equipment:	\$ 37	\$ -	\$ 7,144	\$ -	\$ 7,181

McVICAR INDUSTRIES INC.

Notes to the Interim Consolidated Financial Statements (Expressed in Canadian dollars, unless otherwise indicated) Three months ended March 31, 2009 and 2008

13. Subsequent events

(a) Subsequent to the quarter end, Hongbo, a subsidiary of the Company, was renewing its credit facility with China local bank for a total amount of RMB 20 million, in replacement of an exiting total amount of RMB 20.9 million credit facilities, of which RMB 14 million had expired on April 11, 2009. A portion of the renewed credit facilities, representing RMB11.5 million, will be secured by its real estate, and the remaining amount of RMB 8.5 million will be guaranteed by an independent company, for which Hongbo is expected to provide mutual guarantee for the same amount.

The renewed credit facility will be limited only to issue notes payable up to the maximum book value of RMB 40 million. The final agreement is expected to be reached in the second quarter of 2009.

(b) Subsequent to the quarter end, Changlong, a subsidiary of the Company, reached an agreement in principal with Longshan Chemical Co., Ltd. ("Longshan"), on its factory relocation plan. Due to local government municipal development requirements, Changlong's current location of business will be expropriated by the local government. Changlong, along with Longshan which is located in the same area, will be moved to a new location granted by the government, which is located in Linjiang Industrial Development Park in Hangzhou, Zhejiang Province. Based on the government relocation plan, the relocation would be completed in late 2009. Changlong would receive compensation from the government for its moving costs, including any losses on the disposal of existing buildings and equipment. However, the exact amount of compensation would depend on the final result of negotiations with Longshan, the principal recipient of the government compensation. Longshan currently owns the land which Changlong leases. Based on a valuation report on the assets of Changlong, which was officially prepared by the government, management estimates that the compensation Changlong expects to receive would be adequate to cover its relocation costs, and thus no provision or impairments on its long-lived assets was recognized.

Pursuant to the agreement with Longshan, Changlong will move to the new location together with Longshan, and the two parties would, in principal, keep the commercial leasing relationship on the new location.

The final agreement is expected to be reached in the second quarter of 2009.

14. Comparative figures:

Certain 2008 comparative figures have been reclassified to conform to the presentation of financial statements adopted for 2009. The changes do not affect prior year's earnings.