

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.)

Form 10QSB

May 15, 2006

U.S. Securities and Exchange Commission Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the qua  
 TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the tr  
Commission File number 0-26559

**CHINA MOBILITY SOLUTIONS, INC.** (Exact name of small business issuer as specified in its charter)  
**XIN NET CORP.** (Former name of registrant)

Florida

330-751560

(State or other jurisdiction of incorporation or organization)  
(IRS Employer Identification No.)

#900 - 789 West Pender Street, Vancouver, B.C., Canada V6C 1H2 (Address of principal execu  
(604) 632-9638 (Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the

Indicate by check mark whether the registrant is a shell company (as defined in Rule 126-2 of the

State the number of shares outstanding of each of the issuer's classes of common equity, as of t

INDEX TO FORM 10-QSB

Page No.

PART I

Item 1. Financial Statements

2

Consolidated Balance Sheet - March 31, 2006 (unaudited)

3

Consolidated Statements of Operations - Three Months Ended March 31, 2006 and 2005 (unaudited)

4

Consolidated Statements of Stockholders' Equity

5

Consolidated Statements of Cash Flows - Three Months Ended March 31, 2006 and 2005 (unaudited)

6

Consolidated Statements of Deficit

7

Notes to Consolidated Financial Statements (unaudited)

8-12

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

13

Item 3. Controls and Procedures

16

PART II

Item 1. Legal Proceedings

17

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

17

Item 3. Defaults Upon Senior Securities

18

Item 4. Submission of Matters to a Vote of Security Holders

18

Item 5. Other Information

18

Item 6. Exhibits and Reports on Form 8-K.

18

Signature Page

19

-1-

Index

PART I. FINANCIAL INFORMATION

**Item 1. Financial Statements**

The financial statements have been adjusted with all adjustments, which, in the opinion of management,

For financial information, please see the financial statements and the notes thereto, attached hereto.

The financial statements have been prepared by China Mobility Solutions, Inc., a Florida corporation.

Cautionary and Forward Looking Statements

In addition to statements of historical fact, this Form 10-QSB contains forward-looking statements.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties that are described below.

Some of these risks might include, but are not limited to, the following:

- (a) volatility or decline of the Company's stock price;
- (b) potential fluctuation in quarterly results;
- (c) failure of the Company to earn revenues or profits;
- (d) inadequate capital to continue or expand its business, inability to raise additional capital;
- (e) failure to commercialize its technology or to make sales;
- (f) rapid and significant changes in markets;

(g) litigation with or legal claims and allegations by outside parties;

(h) insufficient revenues to cover operating costs.

There is no assurance that the Company will be profitable, successfully develop, manage or market

The Company undertakes no obligation to publicly revise these forward-looking statements to refl

-2-

Index

**CHINA MOBILITY SOLUTIONS, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**March 31, 2006 and December 31, 2005**

(Unaudited)

**Stated in U.S. dollars**

**2006**

**2005**

(Unaudited)

(Audited)

**ASSETS**

**Current Assets**

Cash and Cash Equivalents

\$

5,741,569

\$

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

6,138,609

Accounts receivable

6,835

5,870

Prepaid Expenses and Other Current Assets

113,131

235,165

Amount due from related parties

45,721

33,249

**Total Current Assets**

5,907,256

6,412,893

**Investment**

1

1

**Property and Equipment, Net (Note 2)**

5,646

6,248

**Goodwill**

4,802,520

4,802,520

**Other assets**

692

701

**Total Assets**

\$

10,716,115

\$

11,222,363

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Current Liabilities**

Accounts Payable and Other Accrued Liabilities  
\$  
336,735  
\$  
362,013

Deferred Revenue  
2,626,886  
3,053,282

Convertible Debentures (Note 3)  
3,350,000  
3,350,000

**Total Current Liabilities**

6,313,621  
6,765,295

**Stockholders' Equity**

Common Stock : \$0.001 Par Value

Authorized : 50,000,000 common shares

Issued and Outstanding : 20,011,792 shares (2005: 20,011,792 shares)  
20,012  
20,012

Additional Paid In Capital  
18,442,826  
18,442,826

Accumulated Deficit  
(13,862,008)  
(13,804,409)

Accumulated Other Comprehensive Loss  
(198,336)  
(201,361)

**Total Stockholders' Equity**  
4,402,494  
4,457,068

**Total Liabilities and Stockholders' Equity**  
\$  
10,716,115  
\$  
11,222,363

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

-3-

Index

**CHINA MOBILITY SOLUTIONS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**For the three months ended March 31, 2006 AND 2005**

(Unaudited)

**Stated in U.S. dollars**

**March 31, 2006**



Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

December 31, 2005

**Revenue**

Mobile marketing services

\$  
1,440,917  
\$  
1,052,529

Tuition fee

19,027  
  
74,678

1,459,944  
1,127,207

**Cost of revenue**

Mobile marketing services

291,833  
223,545

Tuition fee

4,632  
  
10,439

296,465  
233,984

**Gross profit**

1,163,479  
  
893,223

**Expenses**

Advertising and promotion

199,171

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

141,320

Consulting and professional

89,979

16,156

Depreciation

611

592

Foreign exchange loss (gain)

(1,310)

3,578

General and administrative

36,274

24,317

Interest expense

54,312

-

Investor relations

87,825

-

Liquidated damages

201,000

-

Rent

235,913

158,615

Salaries, wages and sub-contract

341,861

300,583

Website development

-

80,000

1,245,636

725,161

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

**Operating Loss**

(82,157)  
168,062

**Other Income**

Interest income  
24,558  
17,242

Other income

-  
1,984

24,558  
19,226

**Income (loss) before minority interest**

(57,599)  
187,288

**Minority interest**

-  
(126,547)

**Net Income (Loss) Available to Common Stockholders**

\$ (57,599)  
\$60,741

**Earnings (loss) per share attributable to common stockholders:**

Basic and diluted

(0.00)

\$0.00

**Weighted average number of common shares outstanding:**

Basic and diluted

20,011,792

16,024,670

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

-4-

Index

**CHINA MOBILITY SOLUTIONS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**

**For the three months ended March 31, 2006 and year ended December 31, 2005**

(Unaudited)

**Accumulated**

**Stock**

**Additional**

**Other**

**Common**

**Amount At**

**Paid In**

**Accumulated**

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

Comprehensive  
Comprehensive

Stated in U.S. dollars

Shares  
Par Value  
Capital  
Deficit  
Income (Loss)  
Loss  
Total

Balance, December 31, 2004

15,826,792  
\$ 15,827  
\$ 8,770,378  
\$ (4,640,956)  
\$ (183,532)  
\$3,961,717

Issuance of common stock for cash on  
  
exercised of stock options on February

24, 2005 @\$0.30  
495,000  
495  
148,005  
148,500

Issuance of common stock for services

rendered  
600,000  
600  
350,700  
351,300

Issuance of common stock for cash on  
  
exercised of stock options on September

1, 2005 @\$0.40  
500,000

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

500  
199,500  
200,000

Issuance of common stock for cash on  
  
exercised of stock options on September

1, 2005 @\$0.35  
2,590,000  
2,590  
903,910  
906,500

Stock-based compensation  
126,000  
126,000

Fair value of Series 'C' warrants issued  
3,254,305  
3,254,305

Fair value of Series 'D' warrants issued  
3,637,165  
3,637,165

Intrinsic value of the conversion feature of the  
  
convertible debenture  
1,052,863  
1,052,863

Net loss for the year ended

December 31, 2005  
(9,163,453)  
(9,163,453)  
(9,163,453)

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

Foreign currency translation adjustments  
    (17,829)  
(17,829)  
(17,829)

Total comprehensive loss  
    \$ (9,181,282)

Balance, December 31, 2005  
    20,011,792  
    \$ 20,012  
    \$18,442,826  
    \$ (13,804,409)  
    \$ (201,361)  
    \$4,457,068

Net loss for the three months ended

March 31, 2006  
    (57,599)  
(57,599)  
(57,599)

Foreign currency translation adjustments  
    3,025  
    \$3,025  
    3,025

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

Total comprehensive loss  
\$(54,574)

Balance, March 31, 2006  
20,011,792  
\$20,012  
18442826.00  
\$ (13,862,008)  
\$ (198,336)  
\$4,402,494

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

-5-

Index

**CHINA MOBILITY SOLUTIONS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the three months ended March 31, 2006 and 2005**

(Unaudited)

**Stated in U.S. dollars**

**2006**

**2005**

**Cash flows from operating activities**

Net income (loss)  
\$(57,599)  
\$60,741



Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

Adjustments to reconcile net loss to net cash

Provided by (Used in) operating activities

Depreciation and amortization

611

592

Interest expenses on intrinsic value of the convertible debenture

Translation adjustments

3,025

2,045

Minority interest

-

126,547

Changes in assets and liabilities

(Increase)Decrease in accounts receivable

(965)

5,336

(Increase)Decrease in prepaid expenses and other current assets

122,034

8,451

Increase in amount due from (to) related parties

(12,472)

(29,202)

Decrease in accounts payable

(25,278)

59,522

Increase in deferred revenue

(426,396)

(95,419)

Net cash provided by (used in) operating activities

(397,040)

138,613

**Cash flows from financing activities**

Issuance of common stock for cash

-  
148,500

Net cash flows provided by financing activities

-  
148,500

**Increase (Decrease) in cash and cash equivalents**

(397,040)  
287,113

**Cash and cash equivalents - beginning of period**

6,138,609  
5,380,622

**Cash and cash equivalents - end of period**

\$5,741,569  
\$5,667,735

Supplemental Information :

Cash paid for :

Interest

\$53,600  
\$1

Income taxes

-  
-

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

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

-6-

Index

**CHINA MOBILITY SOLUTIONS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF DEFICIT**

**March 31, 2006 and December 31, 2005**

**Stated in U.S. dollars**

**2006**

**2005**

(Unaudited)

(Audited)

**Deficit, Beginning of period**

\$ (13,804,409)

\$ (4,640,956)

Net Income (Loss) Available to

(57,599)

(9,163,453)

Common Stockholders

**Deficit, End of period**

\$ (13,862,008)

\$ (13,804,409)

-7-

Index

**CHINA MOBILITY SOLUTIONS, INC.** (Previously known as Xin Net Corp.) **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Basis of Presentation**

The accompanying unaudited financial statements have been prepared in conformity with generally accepted accounting principles.

Certain items have been reclassified to conform to the current period presentation.

**2. Property and Equipment**

March 31,

December 31,

2006

2005

Equipment

\$ 26,986

\$ 26,986

Library

9,554

9,554

Furniture

10,189

10,189

Total

46,729

46,729

Less : Accumulated depreciation

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

(41,083)

(40,481)

Net book figures

\$ 5,646

\$ 6,248

The depreciation expense charged to continuing operations for the three-month period end

-8-

Index

**3. Convertible debentures**

On August 15, 2005, the Company completed an offering of 134 units ("Units") for \$3,350,000. Each

Each Unit also includes: (i) new Series "A" Warrants exercisable at \$0.44 per share to purchase

On January 18, 2006, the Company received a letter (the "Default Notice") from the attorney for S

The Debenture was issued on August 15, 2005, as part of a \$3,350,000 offering of units. Under the

The Company denied that it was in default of the Transaction Agreements; however, in order to av

The Lender waived the S-8 Default set forth in the Default Notice and the Company agreed not to

The Company has recorded \$201,600 as expense for estimated liquidated damages in the statement of  
As of March 31, 2006, interest payable of \$27,512 has been recorded as part of the accounts payab

**4. Basic and Diluted Earnings (Loss) Per Share**

Basic earnings (loss) per share are computed by dividing net earnings (loss) available to common

The following table sets forth the computations of shares and net loss used in the calculation of

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

Three months ended

March 31,

2006

2005

Net income (loss) for the period

(57,599)

60,741

Weighted-average number of shares outstanding

20,011,792

16,024,670

Effective of dilutive securities :

Dilutive options - \$0.30

-

-

Dilutive warrants new Series "A" - \$0.44

-

-

Dilutive warrants new Series "B" - \$0.52

-

-

Dilutive potential common shares

-

-

Adjusted weighted-average shares and assumed conversions

20,011,792

16,024,670

Basic income (loss) per share attributable to common shareholders

\$ (0.00)  
\$ 0.00

Diluted income (loss) per share attributable to common shareholders

\$ (0.00)  
\$ 0.00

The effect of outstanding options and warrants was not included as the effect would be antidilutive.

-9-

Index

**5. Share Purchase Warrants**

During the quarter ended March 31, 2006, 10 Series "B" warrants which entitle the holders to purchase

As of March 31, 2006, 134 new Series "A" warrants were outstanding which entitle the holders to purchase

**6. Stock Options**

The Company filed a Form S-8 Registration Statement for its 2006 non-qualified Stock Option Plan.

Options outstanding at March 31, 2006 were 660,000 with an option price of \$0.30 each. No options were exercised.

Prior to January 1, 2006, the Company accounted for stock-based awards under the intrinsic value method.

As of January 1, 2006, the Company adopted SFAS No. 123(R) using the modified prospective method.

Since the Company did not issue stock options to employees during the three months ended March 31, 2006,

-10-

Index

**7. Related Party Transactions**

During the three-month period ended March 31, 2006, the Company paid \$14,475, as compared with \$

**8. New Accounting Pronouncements**

There have been no new pronouncements issued since December 31, 2005, that are expected to have a

**9. Segment and Geographic Data**

The Company's reportable segments are geographic areas and two operating segments, the latter com

A. By geographic areas

China  
Canada  
Other  
Total

Three months ended March 31, 2006

Revenue from continuing operations

\$ 1,440,917  
\$ 19,027  
\$ -  
\$ 1,459,944

Operating income (loss)

387,730  
(39,158)  
(430,729)  
(82,157)

Total assets

3,257,230  
298,983  
7,159,902



Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

10,716,115

Depreciation

-  
611  
-  
611

Interest income

6,303  
397  
17,858  
24,558

Income from discontinued operations

-  
-  
-  
-

Investment in equity method investee

-  
-  
1  
1

Three months ended March 31, 2005

Revenue from continuing operations

\$ 1,052,529  
\$ 74,678  
\$ -  
\$ 1,127,207

Operating income (loss)

257,183  
7,212  
(96,333)  
168,062

Total assets

6,589,865  
112,381  
46,720  
6,748,966

Depreciation

-  
584  
8  
592

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

Interest income  
17,238  
4  
-  
17,242

Income from discontinued operations  
-  
-  
-  
-

Investment in equity method investee  
-  
-  
1  
1

-11-

Index

B. By operating segments  
Mobile communications  
  
ESL education  
  
Other  
Total

For the three months ended March 31, 2006

Revenue from external customers  
\$ 1,440,917  
\$ 19,027  
\$ -  
\$ 1,459,944

Intersegment revenue

-

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

-  
-  
-

Interest revenue

6,303  
397  
17,858  
24,558

Interest expense

-  
-  
54,312  
54,312

Depreciation

-  
436  
175  
611

Segment operation profit (loss)

387,730  
(12,385)  
(457,502)  
(82,157)

Segment assets

3,257,230  
78,739  
7,380,146  
10,716,115

For the three months ended March 31, 2005

Revenue from external customers

\$ 1,052,529  
\$ 74,678  
\$ -  
\$ 1,127,207

Intersegment revenue

-  
-  
-  
-

Interest revenue

-  
4  
17,238  
17,242

Interest expense

-  
-  
1  
1

Depreciation

-  
542  
50  
592

Segment operation profit (loss)

258,260  
28,235  
(118,433)  
168,062

Segment assets

2,303,522

99,819  
4,345,625  
6,748,966

-12-

Index

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The information presented here should be read in conjunction with China Mobility Solutions, Inc.'

**CRITICAL ACCOUNTING POLICIES**

Our discussion and analysis is based upon our consolidated financial statements, which have been

An accounting policy is deemed to be critical if it requires an accounting estimate to be made ba

**RESULTS OF OPERATIONS FOR THE QUARTER ENDED MARCH 31, 2006 AS COMPARED TO THE QUARTER EN**

Revenues. The Company had revenues of \$1,459,944 in the first quarter of 2006 compared to \$127,20

Business Segments

During the quarter, the Company had revenues in two segments:

Mobile marketing services  
\$  
1,440,917

Windsor - ESL Education  
\$  
\$19,027

The cost of revenue in each segment was:

Mobile marketing services  
\$  
291,833

Windsor  
\$  
4,632

Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

The gross profit from each of the business segments was:

Mobile  
\$  
1,149,084

Windsor  
\$  
14,395

\$  
1,163,479

-13-

Index Net Income/Loss per share: The per share earnings for the first quarter of 2006 was nil, and The Company expects the trend of losses to continue at about the same rate in the succeeding period.  
**Changes in Financial Condition March 31 2006 and Compared to December 31, 2005.**

At the end of the first quarter of 2006, Company had assets of \$10,716,115 compared to \$11,222,360 at December 31, 2005.

The Company had cash capital of \$5,741,569 at the quarter ended March 31, 2006, which will be used for operations.

At the quarter ended March 31, 2006, it had \$5,907,256 in current assets and current liabilities.

The Company's cash on hand decreased from \$6,138,609 at December 31, 2005 to \$5,741,569 at March 31, 2006.

-14-

Index

**Need for Additional Financing:**

The Company believes it has sufficient capital to meet its short-term cash needs, including the cost of operations.

No commitments to provide additional funds have been made by management or other stockholders. A

## Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

If future revenue declines, or operations are unprofitable, it will be forced to develop another

From the aspect of whether it can continue toward the business goal of maintaining and expanding

The effects of inflation have not had a material impact on its operation, nor is it expected to

### **Market Risk:**

The Company does not hold any derivatives or investments that are subject to market risk. The can

### **Future Trends:**

For the Education Services side, we have operated for over two years now, the competition is very

The Company has experienced growth in revenues in its Quicknet services, and it anticipates futu

-15-

### Index

#### **Item 3. Controls and Procedures.**

##### **Quarterly Evaluation of Controls.**

As of the end of the period covered by this quarterly report on Form 10-QSB, we evaluated the eff

#### **CEO and CFO Certifications**

Attached to this quarterly report, as Exhibits 31.1 and 31.2, are certain certifications of the C

#### **Disclosure Controls and Internal Controls**

Disclosure Controls are procedures designed with the objective of ensuring that information requi

#### **Limitations on the Effectiveness of Controls**

Our management does not expect that our Disclosure Controls or our Internal Controls will prevent

**Scope of the Evaluation**

The CEO and CFO's evaluation of our Disclosure Controls and Internal Controls included a review of

Among other matters, we sought in our Evaluation to determine whether there were any significant

-16-

Index

**Conclusions**

Based upon the Evaluation, our disclosure controls and procedures are designed to provide reasonable

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings.**

On February 7, 2005, we were sued by Sino-I Technology Limited, in the Supreme Court of British Columbia

No director, officer or affiliate of ours and no owner of record or beneficial owner of more than 10%

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None

-17-

Index

**Item 3. Defaults Upon Senior Securities.**

On January 18, 2006, China Mobility Solutions, Inc. (the "Company") received a letter (the "Default Notice")

The Company denied that it was in default of the Transaction Agreements; however, in order to avoid a

The Debenture was issued on August 15, 2005, as part of a \$3,350,000 offering of units. Under the terms of

In accordance with the terms of the Waiver/Settlement Agreement, the initial conversion price of the

The Lender waived the S-8 Default set forth in the Default Notice and the Company agreed not to

**Item 4. Submission of Matters to a Vote of Security Holders.**



Edgar Filing: CHINA MOBILITY SOLUTIONS, INC. (formerly Xin Net Corp.) - Form 10QSB

None

**Item 5. Other Information.**

None.

**Item 6. Exhibits and Reports on Form 8-K.** Reports on Form 8-K:

(a) Filed a Form 8-K on February 3, 2006 to report the receipt of a default letter with respect

(b) File a Form 8-K on May 10, 2006 to report the entry into a Waiver/Settlement Agreement with

Exhibits:

Copies of the following documents are included as exhibits to this quarterly report pursuant to I

**EXHIBIT INDEX**

**ExhibitNumber**

**Description**

31.1

Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section

31.2

Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section

32.1

Certification pursuant to 18U.S.C. 1350, as adopted pursuant to Section 906 of the Sarban

32.2

Certification pursuant to 18 V.S.C. 1350, as adopted pursuant to Section 906 of the Sarba

-18-

Index

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caus

**CHINA MOBILITY SOLUTIONS, INC.** (Registrant)

Date: *May 15, 2006*  
By:  
*/s/ Angela Du*

*Angela Du* Chief Executive Officer and Principal Accounting Officer

Date: *May 15, 2006*  
By:  
*/s/ Ernest Cheung*

*Ernest Cheung* Principal Financial Officer