

SINOTECH ENERGY LIMITED
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. dollars)

	For the three months ended		
	December 31, 2009	September 30, 2010	December 31, 2010
Sales	\$ 7,422,848	\$ 19,820,023	\$ 22,825,018
-LHD	2,342,063	10,263,743	17,619,809
-MDF	5,080,785	4,858,360	4,942,328
-Others	--	4,697,920	262,881
Cost of sales	1,834,175	3,959,746	6,561,889
-LHD	900,764	3,138,058	5,893,297
-MDF	933,411	584,443	593,352
-Others	--	237,245	75,240
Gross profit	5,588,673	15,860,277	16,263,129
Expenses			
Accounting and auditing fees	97,769	325,026	240,349
Depreciation of equipment	10,107	9,080	9,148
Amortization of intangible assets	1,487,874	1,859,615	1,892,784
Consulting and professional fees	39,826	44,847	120,507
Office and miscellaneous	36,607	151,263	40,680
Rent and utilities	48,305	94,538	87,756
Repair and maintenance	3,150	5,704	1,601
Salaries and benefits	150,739	182,098	228,884
Stock based compensation	--	--	198,604
Travel and business promotion	136,713	166,358	332,742
	2,011,090	2,838,529	3,153,055
Operating income	3,577,583	13,021,748	13,110,074
Other income and expenses			
Gain on disposal of equipment	30,443	30,714	17,221
Interest income	51,067	61,778	69,808
Foreign exchange (loss) gain	(518)	259,185	457,935
Changes in fair value of warrant liabilities	--	(13,760,000)	654,627
Amortization of bank loan discount	--	(2,219,091)	(940,701)
Bank loan interest	--	(725,766)	(112,168)
Write-off bank loan discount	--	--	(36,976,800)
	80,992	(16,353,180)	(36,830,078)