

**NAPIER ENVIRONMENTAL
TECHNOLOGIES INC.**

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
INTERIM CONSOLIDATED BALANCE SHEETS
(UNAUDITED - Prepared by Management)

| | June 30 | December 31 |
|--|---------------------|---------------------|
| | 2008 | 2007 |
| | | (Note 11) |
| ASSETS | | |
| Current | | |
| Cash | \$ 41,090 | \$ 4,413 |
| Accounts receivable | 379,236 | 240,990 |
| Inventory (Note 4) | 526,020 | 437,613 |
| Prepaid expenses | 23,779 | 36,093 |
| | 970,125 | 719,109 |
| Deferred leasehold inducements (Note 3) | 147,311 | 193,830 |
| Property, plant and equipment (Note 5) | 182,919 | 230,443 |
| | \$ 1,300,355 | \$ 1,143,382 |
| LIABILITIES | | |
| Current | | |
| Loans payable (Note 6) | \$ 3,500,000 | \$ 3,500,000 |
| Accounts payable | 2,048,185 | 1,379,270 |
| Deposit received (Note 7) | 250,000 | - |
| Deferred revenue (Note 8) | - | 116,904 |
| Current portion of long term debt (Note 9) | 300,000 | 300,000 |
| | 6,098,185 | 5,296,174 |
| Deferred revenue (Note 8) | 82,639 | 84,723 |
| Long term debt (Note 9) | 600,000 | 600,000 |
| | 6,780,824 | 5,980,897 |
| SHAREHOLDERS' DEFICIENCY | | |
| Capital stock (Note 10) | 24,819,578 | 24,819,578 |
| Contributed surplus (Note 10) | 405,128 | 398,241 |
| Deficit | (30,705,175) | (30,055,334) |
| | (5,480,469) | (4,837,515) |
| | \$ 1,300,355 | \$ 1,143,382 |

Continuing Operations (Note 1)

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(UNAUDITED - Prepared by Management)

| | Three month period ended June 30 | | Six month period ended June 30 | |
|---|----------------------------------|-------------------|--------------------------------|-------------------|
| | 2008 | 2007 (Note 11) | 2008 | 2007 (Note 11) |
| Sales | \$ 745,665 | \$ 1,183,325 | \$ 1,143,780 | \$ 1,660,820 |
| Cost of sales (Note 4) | 713,349 | 839,245 | 1,069,605 | 1,257,929 |
| Gross margin | 32,316 | 344,080 | 74,175 | 402,891 |
| | 4.3% | 29.1% | 6.5% | 24.3% |
| Expenses | | | | |
| General and administrative (Schedule) | 298,219 | 255,612 | 450,531 | 457,880 |
| Interest and financing costs (Note 3) | 100,042 | 92,966 | 207,984 | 191,226 |
| Selling and marketing (Schedule) | 78,294 | 172,565 | 149,456 | 395,801 |
| Research and development | 41,895 | 38,561 | 88,434 | 75,817 |
| | 518,450 | 559,704 | 896,405 | 1,120,724 |
| Operating loss | (486,134) | (215,624) | (822,230) | (717,833) |
| Other items | | | | |
| Foreign exchange loss | (2,983) | (27,938) | (1,008) | (24,720) |
| Royalty and other income | 141,313 | 155,699 | 173,397 | 155,699 |
| | 138,330 | 127,761 | 172,389 | 130,979 |
| Net loss for the period | (347,804) | (87,863) | (649,841) | (586,854) |
| Deficit at beginning of the period | (30,357,371) | (28,270,274) | (30,055,334) | (27,771,283) |
| Deficit at end of the period | \$ (30,705,175) | \$ (28,358,137) | \$ (30,705,175) | \$ (28,358,137) |
| Weighted average shares outstanding | 129,921,742 | 129,921,742 | 129,921,742 | 116,305,107 |
| Net loss per share, basic and fully-diluted | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.01) |

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED - Prepared by Management)

| | Three month period ended June 30 | | Six month period ended June 30 | |
|--|----------------------------------|-------------------|--------------------------------|-------------------|
| | 2008 | 2007 (Note 11) | 2008 | 2007 (Note 11) |
| Operating activities | | | | |
| Net loss for the period | \$ (347,804) | \$ (87,863) | \$ (649,841) | \$ (586,854) |
| Items not involving cash | | | | |
| Depreciation and amortization | 23,699 | 34,501 | 47,524 | 47,669 |
| Amortization of deferred leasehold inducements | 23,260 | 23,260 | 46,519 | 46,520 |
| Stock based compensation | 3,444 | 5,807 | 6,887 | 9,854 |
| | (297,401) | (24,295) | (548,911) | (482,811) |
| Change in non-cash operating working capital | | | | |
| Accounts receivable | (137,076) | (365,914) | (138,246) | (520,716) |
| Inventory | 91,950 | (9,931) | (88,407) | (3,222) |
| Prepaid expenses | (10,692) | 6,701 | 12,314 | 2,358 |
| Accounts payable | 349,274 | 430,343 | 668,915 | 705,226 |
| Deposit received | - | - | 250,000 | - |
| Deferred revenue | (105,383) | (146,250) | (118,988) | - |
| | 188,073 | (85,051) | 585,588 | 183,646 |
| | (109,328) | (109,346) | 36,677 | (299,165) |
| Financing activities | | | | |
| Proceeds from loans payable and long term debt | - | - | - | 300,000 |
| Repayment of loans payable and long term debt | - | - | - | (400,000) |
| Proceeds on issuance of share capital | - | - | - | 410,769 |
| | - | - | - | 310,769 |
| Investing activities | | | | |
| Purchase of property, plant and equipment | - | - | - | (210) |
| | - | - | - | (210) |
| Change in cash during the period | (109,328) | (109,346) | 36,677 | 11,394 |
| Cash at beginning of the period | 150,418 | 140,311 | 4,413 | 19,571 |
| Cash at the end of the period | \$ 41,090 | \$ 30,965 | \$ 41,090 | \$ 30,965 |

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
INTERIM CONSOLIDATED SCHEDULES
(UNAUDITED- Prepared by Management)

| GENERAL AND ADMINISTRATIVE | Three Month Period ended June 30 | | Six Month Period ended June 30 | |
|---|---|--------------------------|---------------------------------------|--------------------------|
| | 2008 | 2007 (Note 11) | 2008 | 2007 (Note 11) |
| Professional fees | \$ 107,795 | \$ 29,091 | \$ 127,443 | \$ 48,530 |
| Salaries and wages | 45,420 | 94,805 | 89,983 | 164,941 |
| Regulatory, filing and investor relations | 54,154 | 22,943 | 58,571 | 28,803 |
| Insurance | 28,513 | 32,711 | 56,264 | 65,421 |
| Director fees | 19,500 | 12,000 | 31,000 | 24,000 |
| Occupancy | 11,431 | 18,442 | 21,667 | 42,416 |
| Office | 10,045 | 21,113 | 19,513 | 45,740 |
| Travel | 3,900 | 1,083 | 11,403 | 2,495 |
| Telecommunications | 3,927 | 5,012 | 7,494 | 10,666 |
| Amortization | 13,534 | 18,412 | 27,193 | 24,868 |
| | \$ 298,219 | \$ 255,612 | \$ 450,531 | \$ 457,880 |
| SELLING AND MARKETING | | | | |
| | 2008 | 2007 | 2008 | 2007 |
| Salaries and wages | \$ 34,364 | \$ 42,331 | \$ 68,587 | \$ 108,677 |
| Consulting | 14,591 | 51,048 | 27,239 | 105,135 |
| Marketing | 16,451 | 40,891 | 24,679 | 66,514 |
| Commissions | 9,466 | 35,692 | 15,750 | 100,644 |
| Travel and entertainment | 2,427 | 850 | 11,373 | 9,940 |
| Communications and other | 995 | 1,753 | 1,828 | 4,891 |
| | \$ 78,294 | \$ 172,565 | \$ 149,456 | \$ 395,801 |

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED – Prepared by Management)

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 the comparative figures in 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.

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED – Prepared by Management)

1. CONTINUING OPERATIONS

The Company is governed by the Business Corporations Act (British Columbia) and is primarily involved in the manufacturing, distribution and licensing of a wide range of products created through environmentally advanced technology. These include coating removal and wood restoration products.

The consolidated financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern. While the Company renegotiated its unsecured debt obligations and obtained additional financing during the year ended December 31, 2005, it does not meet margin requirements required under these loans and has operating losses, negative working capital and shareholders' deficiency. The company's ability to continue as a going concern remains dependant on the continued cooperation and support of its lenders, a return to positive cash flow from operations, and the successful implementation of managements' initiatives for financial stability, sales and marketing, and control of fixed expenditures.

If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, the reported net income and the balance sheet classifications used.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the footnotes and disclosures required by Canadian generally accepted accounting principles for annual financial statements.

These unaudited interim consolidated financial statements reflect the same basis of presentation and significant accounting policies described in the Company's annual consolidated financial statements for the year ended December 31, 2007, and should be read in conjunction with these statements.

It is management's opinion that the unaudited interim consolidated financial statements reflect all adjustments (consisting of normal and recurring accruals) and reclassifications necessary to present fairly the Company's financial position, results of operations and cash flows.

The results of operations for the three and six month periods ended June 30, 2008 are not necessarily indicative of the results for the full year.

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED – Prepared by Management)

3. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2005 the Company obtained financing, described in notes 6 and 9, from companies controlled by directors and officers of the Company. Total interest accrued on these loans for the three and six months ended June 30, 2008 was \$100,042 and \$207,984 respectively.

On September 1, 2005, the Company entered into a management services agreement with I.C.T.C. Holdings Corporation (“I.C.T.C.”), a company that is controlled in common with the related parties described in the preceding paragraph. Pursuant to the agreement, the Company reimburses or charges I.C.T.C., at cost, for personnel expenditures. During the three and six months ended June 30, 2008, the Company earned a recovery of \$18,110 and \$34,173 respectively related to the management services agreement. These transactions are in the normal course of operations.

On October 31, 2005 the Company entered into a sublease agreement whereby half of the Company’s premises have been subleased to I.C.T.C until July 31, 2007. As a condition of this agreement, during the year ended December 31, 2005, the Company incurred \$395,413 for leasehold inducements related to I.C.T.C.’s relocation costs and costs associated with the cancellation of I.C.T.C.’s existing lease. As at June 30, 2008 the unamortized portion of these deferred leasehold improvements is \$147,311. This sublease has been extended to January 31, 2010.

Effective July 1, 2006 the Company’s chairman accepted a revised compensation agreement resulting in nominal annual compensation in return for a bonus based on the net income of the Company. This bonus is cumulative and payable at the lesser of 75% of net income or the cumulative bonus entitlement. To the extent that the bonus is not paid on an annual basis, an additional 15% will be added to it and compounded annually. No amount related to this bonus is due and accordingly there has been no accrual in these financial statements.

The Company entered into a Sales Service Agreement on January 9, 2007 with I.C.T.C. Under the terms of this agreement, I.C.T.C. accepted the transfer of certain sales staff and their respective expenses in return for a sliding scale sales fee that will be determined at the end of the year. There were no fees earned during the six months ended June 30, 2008. There are fees of \$227,627 accrued and payable to I.C.T.C. relating to services performed under this agreement during the year ended December 31, 2007.

Included in accounts payable at June 30, 2008 is \$1,520,332 (December 31, 2007: \$990,205) due to related parties.

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED – Prepared by Management)

4. INVENTORY

Inventory is comprised of:

| | June 30, 2008 | December 31, 2007 |
|----------------|--------------------------|----------------------|
| Raw materials | \$ 320,938 | \$ 316,815 |
| Finished goods | 205,082 | 120,798 |
| | \$ 526,020 | \$ 437,613 |

Finished goods inventory contains an allocation of fixed operating costs based on the standard costing method of accounting for inventory and determination of cost of sales. Unallocated fixed operating costs are charged to cost of sales as they occur. As a result, the quarterly gross profit and related gross profit percentage, as it relates to sales, will vary based on the level of production in that quarter. Therefore, due to the cyclical nature of the Company's business, this results in lower gross margins during periods where production is lower.

5. PROPERTY, PLANT AND EQUIPMENT

| | June 30, 2008 | | December 31, 2007 | |
|-------------------------|--------------------------|-------------------------------------|---------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Machinery and equipment | \$ 1,033,471 | \$ 946,884 | \$ 86,587 | \$ 111,110 |
| Furniture and fixtures | 213,837 | 172,106 | 41,731 | 49,454 |
| Leasehold improvements | 277,544 | 222,943 | 54,601 | 69,879 |
| | \$ 1,524,852 | \$ 1,341,933 | \$ 182,919 | \$ 230,443 |

6. LOANS PAYABLE

Loans payable consist of two loan facilities, each to a maximum of \$1,750,000 from each of 6408753 Canada Corporation and 6408788 Canada Corp. (see Note 3) secured as outlined in Note 9. The term of each loan is 364 days and is renewable for successive 364-day terms by giving notice to the lenders and obtaining their consent, at least 90 days prior to the expiry. Interest is payable on the last day of each month at a rate of prime plus 2%.

These loans are subject to the following margins: (i) 50% of the aggregate amount of eligible inventory minus the aggregate amount of accounts payable plus (ii) 75% of the aggregate amount of eligible accounts receivable.

At the time of advancement and at June 30, 2008, the lenders and the Company acknowledge that the Company did not meet the margin requirements required under these loans. Strict compliance was waived by the lender in connection with the period ended June 30, 2008.

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED – Prepared by Management)

7. DEPOSIT RECEIVED

The Company has received a deposit of \$250,000 towards the sale of intellectual property for certain territories, for which it signed a term sheet dated March 12, 2008. The transaction was completed on July 29, 2008 (Note 14).

8. DEFERRED REVENUE

On February 5, 2007, the Company entered into a Letter of Intent with a major paint manufacturer to licence the manufacturing and distribution of specific products in return for guaranteed minimum royalty payments of U.S. \$525,000 per year for the exclusive rights to one mass merchant retailer for a 12 year term. The Company is in the process of entering into a definitive agreement based on the Letter of Intent. The minimum royalty payments are expected to commence in 2009.

During the year ended December 31, 2007, in accordance with this licensing agreement, the Company received a royalty payment of \$146,250 (US\$125,000) and \$104,250 (US\$100,000) as a fee for the confirmation of the Licensing Agreement. The confirmation fee will be recognized equally over the term of the agreement, and at June 30, 2008, \$82,639 remained deferred.

9. LONG TERM DEBT

Long term debt consists of two term loans, originally in the amounts of \$750,000, of which \$450,000 is outstanding at June 30, 2008, payable to each of 6408753 Canada Corporation and 6408788 Canada Corp. (see Note 3). The term of each loan is five years and interest is payable monthly at a rate of prime plus 2%. Annual principal repayments of \$300,000 in aggregate are required on each of the anniversary dates of the loans until maturity on July 14, 2010. As a condition of these loans, share purchase warrants were issued to the lenders on August 30, 2005 (Note 10). Long term debt and the loans payable (Note 6) are secured by a general security agreement and an assignment of general insurance.

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED – Prepared by Management)

10. CAPITAL STOCK

- a) Authorized
 Unlimited common shares
- b) Issued

| | June 30, 2008 | | December 31, 2007 | |
|--|------------------|------------|-------------------|------------|
| | Number of shares | \$ | Number of shares | \$ |
| Beginning of the period | 129,921,742 | 24,819,578 | 88,844,892 | 24,093,809 |
| Issued on exercise of warrants | | | 41,076,850 | 410,769 |
| Financing costs related to warrants exercised | | | | 315,000 |
| End of the period | 129,921,742 | 24,819,578 | 129,921,742 | 24,819,578 |

- c) Stock options

Under the terms of the Company's incentive stock option plan, options are granted to employees and directors upon approval by the Board of Directors and the exercise price of each option is determined by reference to the market price of the Company's stock. Options are normally exercisable within 5 years from the date of grant or an alternate period as determined by the Board and within 30 days of termination of employment. Options normally vest over a period of five years.

The following table summarizes the status and changes in stock options outstanding at June 30, 2008:

| | June 30, 2008 | | December 31, 2007 | |
|---|---------------|------------------------|-------------------|------------------------|
| | Number | Weighted average price | Number | Weighted average price |
| Outstanding, beginning of period | 2,213,000 | 0.05 | 3,095,000 | \$0.07 |
| Granted | | | 100,000 | 0.08 |
| Cancelled / expired | (200,000) | (0.10) | (982,000) | (0.11) |
| Outstanding, end of period | 2,013,000 | 0.04 | 2,213,000 | 0.05 |
| Exercisable, end of period | 1,650,400 | \$0.04 | 1,667,800 | \$0.04 |
| Options reserved for issuance, under stock option plan | 2,607,000 | | 2,407,000 | |

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED – Prepared by Management)

10. CAPITAL STOCK (Continued)

The following table summarizes information about stock options outstanding at June 30, 2008:

| Range of exercise prices | Number of options | Weighted average remaining contractual life | Weighted average exercise price |
|--------------------------|-------------------|---|---------------------------------|
| \$0.04 - \$0.12 | 2,000,000 | 2.3 years | \$0.04 |
| \$0.15 | 13,000 | 0.6 years | \$0.15 |
| | 2,013,000 | 2.3 years | \$0.04 |

During the period, the Company recorded stock based compensation expense, with a corresponding credit to contributed surplus of \$6,887 relating to the stock options that vested during the period.

The Black Scholes option-pricing model assumptions used to compute the fair value of options granted are as follows:

| | | |
|--|---------------|--------|
| | 2008 | 2007 |
| Dividend yield | 0% | 0% |
| Expected volatility | 132% | 132% |
| Expected life | 5 yrs | 5 yrs |
| Risk free rate of return | 4.50% | 4.50% |
| Weighted average fair value of options granted | \$0.07 | \$0.07 |

d) Warrants

| | June 30, 2008 | December 31, 2007 |
|----------------------------------|----------------------|-------------------|
| Outstanding, beginning of period | - | 41,076,850 |
| Exercised | - | (41,076,850) |
| Outstanding, end of period | - | - |

As a condition of obtaining the loans described in Note 6 and 9, the Company granted the lenders warrants entitling the lenders to purchase, from treasury, up to 30% each of the common shares of the Company, calculated on a fully-diluted basis, upon payment of \$0.01 per share.

During the year ended December 31, 2007 all remaining outstanding warrants were exercised for proceeds of \$410,769.

11. COMPARATIVE FIGURES

Certain of the prior period comparative figures have been reclassified to conform to the current period presentation.

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED – Prepared by Management)

12. INCOME TAXES

The Company has loss carry-forwards available for income tax purposes as follows:

| <u>Expiry date</u> | <u>Amount</u> |
|--------------------|----------------------|
| December 31, 2008 | \$ 3,000,000 |
| December 31, 2009 | 1,017,000 |
| December 31, 2010 | 1,478,000 |
| December 31, 2014 | 1,752,000 |
| December 31, 2015 | 2,428,000 |
| December 31, 2026 | 1,398,000 |
| December 31, 2027 | 1,623,000 |
| | <u>\$ 12,696,000</u> |

The Company has capital loss carry-forwards available for income tax purposes in the amount of \$1,194,000 that do not expire.

13. COMMITMENTS

The Company leases its premises under an operating lease. The aggregate minimum rental payments, including operating costs, remaining under this lease is approximately:

| | |
|------|-----------|
| 2008 | \$202,611 |
| 2009 | 413,540 |
| 2010 | 34,462 |

14. SUBSEQUENT EVENTS

On July 29, 2008 the Company completed the sale of its intellectual property (“IP”) to Freeworld Coatings Global (JSE: FWD) (“Freeworld”) together with an option granting Freeworld the rights to the North American sales, marketing and manufacturing operations of Napier, for aggregate consideration of \$5,250,000. Of these proceeds, \$1,500,000 has been received, a further \$3,250,000 is to be received in the third quarter and the balance of \$500,000 is being held in an escrow account to be released over the next two years.

Should Freeworld exercise its option to proceed with the IP and operations within North America, Napier will receive further proceeds for machinery and inventory. If Freeworld does not exercise its option with respect to the North American sales, marketing and manufacturing operations of Napier, the IP for North America will be transferred back to Napier in return for a payment to Freeworld of \$100,000.

NAPIER ENVIRONMENTAL TECHNOLOGIES INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED – Prepared by Management)

15. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2007, the Company adopted the new recommendations of The Canadian Institute of Chartered Accountants ["CICA"] Handbook Section 3251: Equity; Section 1530: Comprehensive Income; and Section 3855: Financial Instruments - Recognition and Measurement, and Section 3861: Financial Instruments – Disclosure and Presentation, retroactively, without restatement. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard had no significant impact on net loss and net loss per share.

In accordance with Section 3855, the Company adopted a policy to expense debt financing fees as incurred resulting in an increased deficit of \$462,000 to eliminate the deferred financing costs that were capitalized and amortized under the Company's previous accounting policy. This change in policy caused a restatement of the net loss for the three months and six months ended June 30, 2007 to \$87,863 and \$586,854 respectively.

16. RECENT ACCOUNTING PRONOUNCEMENTS

Section 1535, Capital disclosures

Section 1535, Capital Disclosures, applicable to interim and annual periods relating to fiscal years beginning on or after October 1, 2007, specifies disclosures of (1) information about the entity's objectives, policies, and processes for managing capital structure; (2) quantitative data about what the entity regards as capital; and (3) whether the entity has complied with externally imposed capital requirements and if it has not complied, the consequences of such non-compliance.

Section 3031, Inventories

In June 2007 the CICA issued Handbook Section 3031, Inventories which provides additional guidance in the measurement and disclosure requirements for inventory. Section 3031 applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

Section 3862, Financial Instruments – Disclosure and Section 3863, Financial Instruments - Presentation

These new standards revise and enhance the disclosure requirements, and carry forward, substantially unchanged, the presentation requirements. These new standards emphasize the significance of financial instruments to the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how these risks are managed. These new standards are applicable to interim and annual periods relating to fiscal years beginning on or after October 1, 2007.