

CERES CAPITAL CORP.  
INTERIM FINANCIAL STATEMENTS  
June 30, 2008  
(Unaudited - Prepared by Management)

National Instrument 51-102 Notice.

The financial statements of Ceres Capital Corp. (the "Company") as at June 30, 2008 have been compiled by management and approved by the Company's Board of Directors.

These financial statements have not been reviewed or audited on behalf of the shareholders by the Company's independent external auditors, RSM Richter (Calgary) LLP.

Ceres Capital Corp.

Balance Sheets

June 30, 2008

(Unaudited - Prepared by Management)

	(Unaudited) June 30, <u>2008</u>	(Audited) December 31, <u>2007</u>
<b>Assets</b>		
<b>Current</b>		
Cash in trust	\$ 1,475,838	\$ 1,534,811
Accounts receivable	4,865	4,876
Loan receivable (Note 4)	<u>25,000</u>	<u>          </u>
	<u>\$ 1,505,703</u>	<u>\$ 1,539,687</u>
 <b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	<u>\$ 10,258</u>	<u>\$ 34,502</u>
 <b>Shareholders' equity</b>		
Share capital (Note 5)	1,455,042	1,455,042
Contributed surplus	250,922	250,922
Deficit	<u>(210,519)</u>	<u>(200,779)</u>
	<u>1,495,445</u>	<u>1,505,185</u>
	<u>\$ 1,505,703</u>	<u>\$ 1,539,687</u>

See accompanying notes

APPROVED ON BEHALF OF THE BOARD

Signed "Bohdan Romaniuk"

Signed "Ronald Allen"

Ceres Capital Corp.

Statements of Loss and Deficit

For the Six Month Period Ended June 30, 2008

(Unaudited - Prepared by Management)

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	(Unaudited) Three months Ended June 30, 2008	(Unaudited) Six Months Ended June 30, 2008	(Unaudited) Six Months Ended June 30, 2007
Interest income	\$ 8,699	\$ 19,349	\$ 19,712
Expenses			
General and administrative	<u>18,231</u>	<u>29,089</u>	<u>25,632</u>
Net loss and comprehensive loss for the period	(9,532)	(9,740)	(5,920)
Deficit beginning of period	<u>(200,987)</u>	<u>(200,779)</u>	<u>(183,350)</u>
Deficit end of period	<u><u>\$ (210,519)</u></u>	<u><u>\$ (210,519)</u></u>	<u><u>\$ (189,270)</u></u>
Loss per share			
Basic	<u>\$ NIL</u>	<u>\$ NIL</u>	<u>\$ NIL</u>
Diluted	<u>\$ NIL</u>	<u>\$ NIL</u>	<u>\$ NIL</u>
Weighted average number of Shares outstanding	<u>10,261,250</u>	<u>10,261,250</u>	<u>10,253,500</u>

See accompanying notes

Ceres Capital Corp.

Statements of Cash Flows

For the Six Month Period Ended June 30, 2008

(Unaudited - Prepared by Management)

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	(Unaudited) Three Months Ended June 30, <u>2008</u>	(Unaudited) Six Months Ended June 30, <u>2008</u>	(Unaudited) Six Months Ended June 30, <u>2007</u>
Operating activities			
Net loss and comprehensive loss for the period	\$ (9,532)	\$ (9,740)	\$ (5,920)
Deferred organization expense, expensed			604
Change in non-cash working capital (Note 6)	<u>(30,210)</u>	<u>(24,233)</u>	<u>(431)</u>
	(39,742)	(33,973)	(5,747)
Investing activities			
Loan receivable	(25,000)	(25,000)	-
Financing activities			
Issuance of shares	<u>                    </u>	<u>                    </u>	<u>2,250</u>
Increase (decrease) in cash for the period	(64,742)	(58,973)	(3,497)
Cash in trust - beginning of period	<u>1,540,580</u>	<u>1,534,811</u>	<u>1,526,611</u>
Cash in trust - end of period	<u>\$ 1,475,838</u>	<u>\$ 1,475,838</u>	<u>\$ 1,523,114</u>

See accompanying notes

Ceres Capital Corp.

Notes to Financial Statements

June 30, 2008

(Unaudited - Prepared by Management)

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1. Nature of operations and going concern

Ceres Capital Corp. ("Ceres" or the "Company"), incorporated under the Business Corporation Act (Alberta) on June 5, 2006, is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "Exchange" or the "TSXV"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquiring them or an interest therein as a result of the closing of a purchase transaction, the exercising of an option or any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction ("Qualifying Transaction") under the Exchange rules.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of assets or businesses, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned, and, in the case of a non-arm's length transaction, of the majority of the minority shareholders. The Exchange may suspend from trading or delist the common shares of the Company should it not carry out a qualifying transaction within 24 months of the date of listing on the Exchange. The 24 month period for carrying out a qualifying transaction expires on November 27, 2008.

2. Accounting policies

The interim financial statements for the six month period ended June 30, 2008 should be read in conjunction with the audited financial statements for Ceres Capital Corp. as at December 31, 2007. These interim financial statements are presented following the same accounting policies and methods of computation that were used in the audited financial statements of the Company for the year ended December 31, 2007 statements except for the changes in accounting policies described in note 3. Notes to these interim financial statements are provided with regulatory disclosure requirements. Disclosures that are normally required in the notes to the annual financial statements have been condensed or omitted in the notes to these interim financial statements.

3. Changes in accounting policies

Effective January 1, 2008, the Company adopted the following policies.

Capital disclosures

CICA Handbook Section 1535, Capital disclosures - requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. The Company's management strategy is

outlined in Note 7 to the financial statements.

#### Financial instruments disclosures

CICA Handbook Section 3862, Financial instruments disclosures - requires disclosures that will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about liquidity risk and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of market risk to which an entity is exposed, showing how net income and other comprehensive income would have been affected by reasonably possible changes in relevant risk variable. The adoption of this policy did not have a material impact on the Company's financial statements.

#### Financial instruments presentation

CICA Handbook Section 3863, Financial instruments presentation - discloses where each class of financial assets and financial liabilities and its related interest income or expense, and gains and losses, are reported in the balance sheet, income statement and cash flows statement. The adoption of this policy did not have a material impact on the Company's financial statements.

#### General Standard on financial statements presentation

CICA Handbook Section 1400, General Standards on financial statement presentation, includes requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. The adoption of this policy did not have a material impact on the Company's financial statements.

#### 4. Loan receivable

On June 23, 2008 the Company advanced \$ 25,000 to Toggle Networks Inc., a private Alberta Corporation, for its general working capital purposes. The loan is due on demand together with interest accruing on the Demand Payment date with a rate of 10% per annum.

#### 5. Share capital

##### (a) Authorized:

Unlimited number of common shares  
Unlimited number of preferred shares, conditions to be determined

##### (b) Issued:

	June 30, 2008		December 31, 2007	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Common shares	<u>10,261,250</u>	<u>\$1,455,042</u>	<u>10,261,250</u>	<u>\$1,455,042</u>

#### Escrowed shares

At June 30, 2008 and December 31, 2007 3,500,000 issued and outstanding shares were in escrow pursuant to the requirements of the TSX Venture Exchange. Upon issuance of the final Exchange bulletin subsequent completion of the Qualifying Transaction, 10% of the escrowed securities will be released immediately and thereafter 15% of the escrowed securities will be released at the completion of each six month period.

#### Stock option plan

The Company maintains a Stock Option Plan (the "Plan") for directors and officers, employees and consultants of the Company. Each option entitles the

holder to acquire one share of the Company. The total number of common shares reserved under option for issuance under the Plan may not exceed 10% of the issued and outstanding common shares. Stock options granted under the Plan may not be outstanding for a period of more than five years.

The Company records compensation expense when stock options are issued to directors, officers, employees, and consultants. The fair value of stock options is determined at the date of the grant and this amount is charged to earnings over the vesting period of the options.

#### Agent options

On November 21, 2006, the Company granted Northern Securities Inc. (the "Agent") a non-transferable option to purchase 607,500 common shares of the Company. The Agent's option is exercisable at a price of \$0.20 per share for a period of 24 months from November 27, 2006 being the date the common shares were listed on the Exchange.

#### 6. Change in non-cash working capital

	Three months Ended June 30, <u>2008</u>	Six months Ended June 30, <u>2008</u>	Six months Ended June 30, <u>2007</u>
Account receivable	\$ (995)	\$ 11	\$ 784
Accounts payable and accrued liabilities	<u>(29,215)</u>	<u>(24,244)</u>	<u>(1,215)</u>
	<u>\$ (30,210)</u>	<u>\$ (24,233)</u>	<u>\$ (431)</u>

#### 7. Financial instruments

##### Fair value

Cash in trust, accounts receivable and accounts payable and accrued liabilities are all short-term in nature and as such, their carrying values approximate fair values.

##### Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in the interest rate on cash in trust.

#### 8. Capital management

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete a purchase of assets or businesses.

#### 9. Proposed Qualifying Transaction

The Company has entered into a letter of intent (the "LOI") dated May 20, 2008 with certain of the majority shareholders of Toggle Networks Inc. ("Toggle"), a private Alberta corporation, whereunder the parties have agreed to negotiate a definitive agreement relating to a proposed takeover transaction (the "Transaction") pursuant to which Ceres will acquire all of the issued and outstanding securities of Toggle (the combined entity hereinafter referred to as the "Resulting Issuer"). The arm's length Transaction will constitute Ceres's "Qualifying Transaction" under the applicable policies of the "TSXV". Pursuant to the LOI, the parties have agreed to the essential terms of the Transaction.

If the Transaction is completed, Ceres will issue 4,166,667 common shares to the Toggle shareholders having a deemed value of \$0.18 per share, which implies an entity value for Toggle of approximately \$750,000. Further, it is a condition of the Transaction that Ceres complete a private placement for gross proceeds of \$750,000 (the "Ceres Private Placement") concurrent with the closing of the Transaction. The Ceres Private Placement will

result in the issuance of an aggregate of 4,166,667 units (each a "Unit") at a price of \$0.18 per Unit. Each Unit shall consist of one common share of Ceres and one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant shall entitle the holder thereof to purchase one common share of Ceres at a price of \$0.24 per share for two (2) years following the closing date of the Transaction. The proceeds from the Ceres Private Placement will be used to provide the Resulting Issuer with additional working capital. If the Transaction and the Ceres Private Placement are completed, Ceres will have 18,594,584 common shares issued and outstanding (on a non-diluted basis).

The proposed qualifying transaction is subject to a number of conditions including the following:

- a. approval by the board of directors of both Ceres and Toggle;
- b. approval by the Toggle shareholders;
- c. satisfactory due diligence by both Ceres and Toggle;
- d. completion of the Ceres Private Placement;
- e. Toggle appointing a Chief Financial Officer (who will become the Chief Financial Officer of the Resulting Issuer) who is acceptable to Ceres and who has experience with Canadian GAAP and Canadian Public reporting requirements;
- f. negotiation and execution of a definitive agreement; and
- g. regulatory approval.

There can be no assurance that the Transaction will be completed as proposed, or at all.