KR INVESTMENT LTD.

INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH ENDED MAY 31, 2011

(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited interim financial statements have been prepared by management and approved by the Board of Directors. The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

KR INVESTMENT LTD.

BALANCE SHEET

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	May 31, 2011 $ (Unaudited)	**August 31, 2010 $** (Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	263,231	209,864
DEFERRED FINANCING COSTS	-	1,680
	263,231	211,544
LIABILITIES		
CURRENT LIABILITIES		
Accounts payables and accrued liabilities	3,154	5,799
Due to related party (Note 6b)	11,100	11,100
	14,254	16,899
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	262,834	197,760
Contributed Surplus (Note 5)	43,574	-
Deficit	(57,431)	(3,115)
	248,977	194,645
	263,231	211,544

NATURE OF OPERATIONS (Note 1)

Approved on behalf of the Board: *"Ki Bong Cho"* Ki Bong Cho, Director *"S. John Kim"* S. John Kim, Director

The accompanying notes are an integral part of these financial statements.

KR INVESTMENT LTD.

STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Three Month Period Ended May 31, 2011 $	**Nine Month Period Ended May 31, 2011 $**	**Period from Inception on August 3, 2010 to August 31, 2010 $**
REVENUE	-	-	-
EXPENSES			
Accounting and legal	3,860	12,252	3,115
Bank charges	190	459	-
Rent (Note 6a)	4,480	4,480	-
Stock-based compensation	30,573	30,573	-
Telephone	199	432	-
Transfer agent and filing fees	2,113	4,858	-
Travel	1,262	1,262	-
	42,677	54,316	3,115
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(42,677)	(54,316)	(3,115)
DEFICIT, BEGINNING OF PERIOD	(14,754)	(3,115)	-
DEFICIT, END OF PERIOD	(57,431)	(57,431)	(3,115)
LOSS PER SHARE			
Loss Per Share – Basic and Diluted	(0.01)	(0.01)	(0.02)
Weighted Average Shares Outstanding	5,478,261	4,498,168	142,860

The accompanying notes are an integral part of these financial statements.

KR INVESTMENT LTD.

STATEMENTS OF CASH FLOWS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Three Month Period Ended May 31,2011 $	**Nine Month Period Ended May 31, 2011 $**	**Period from Inception on August 3, 2010 to August 31, 2010 $**
OPERATING ACTIVITIES			
Net loss for the period	(42,677)	(54,316)	(3,115)
Item not involving cash:			
Stock-based compensation	30,573	30,573	-
Changes in operating assets and liabilities:			
Accounts payable and accrued liabilities	(1,039)	(2,645)	5.799
	(13,143)	(26,388)	2,684
FINANCING ACTIVITIES			
Advances from a related party	-	-	11,100
Common shares issued for cash	200,000	200,000	200,000
Share issuance and deferred financing costs	(37,856)	(120,245)	(3,920)
	162,144	79,755	207,180
INCREASE IN CASH AND CASH EQUIVALENTS	149,001	53,367	209,864
CASH AND CASH EQUIVALENTS, BEGINNING O PERIOD	114,230	209,864	-
CASH AND CASH EQUIVALENTS, END OF PERIOI	263,231	263,231	209,864
CASH AND CASH EQUIVALENTS			
Demand deposits	263,231	263,231	200,000
Cash held in trust	-	-	9,864
	263,231	263,231	209,864
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for:			
Interest	-	-	-
Income taxes	-	-	-

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

KR Investment Ltd. (the "Company") was incorporated on August 3, 2010 under the *Business Corporations Act* (British Columbia). The Company is a Capital Pool Company ("CPC") as defined in TSX Venture Exchange Policy 2.4, and accordingly, its planned principal activity is to use its capital to investigate and find a business or group of assets to acquire (the "Qualifying Transaction"). The Company completed its initial public offering ("IPO") on March 24, 2011 and its common shares commenced trading on the TSX Venture Exchange on March 29, 2011.

The Company does not currently have operations or assets capable of generating ongoing revenues or cash flows and there is no certainty that it will complete a Qualifying Transaction within the twenty-four month time period specified by TSX Venture Exchange Policy 2.4.

Although these financial statements have been prepared and presented on a going concern basis, there is significant risk that the Company will not become a going concern, in which case this basis of presentation will not be appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash in accounts, cash held in trust and when applicable, securities that on acquisition have a term to maturity of three months or less, or may be redeemed during this period. These financial instruments are highly liquid marketable securities and deposits, which will be designated as held-for-trading and recorded at their fair values. Fair values are determined by reference to quoted market prices at the balance sheet date. Unrealized gains and losses on held-for-trading investments are recognized in income. Investment transactions will be recognized on the trade date with transaction costs included in the underlying balance. At each balance sheet date, the Company will assess for any impairment in value that is considered to be other than temporary, and record any write-downs in net loss for the period.

(d) Income Taxes

The Company follows the asset and liability method for determining income taxes. Under this method, future income tax assets and liabilities are recognized for temporary differences between the carrying amounts for financial statement purposes and the tax basis for certain assets and liabilities. Future income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be settled. A valuation allowance is recorded against future income tax assets if it is more likely than not that the asset will not be realized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments

Cash and cash equivalents are classified as held-for-trading and are measured at fair value, with changes in fair value being recorded in net loss. Due to related party is classified as other financial liabilities and is recorded at amortized cost.

(f) Financing Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the transaction has been specifically identified and completion is considered likely; otherwise they are expensed as incurred. Share issuance costs are offset against share capital when the related shares are issued. Debt issuance costs will be offset against the related obligation when issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

(g) Comprehensive Loss

Comprehensive loss reflects net loss and other comprehensive income (loss) for the period. Other comprehensive income (loss) includes changes in unrealized foreign currency translation amounts arising from self-sustaining foreign operations, unrealized gains and losses on available-for-sale assets and changes in the fair value of derivatives designated as cash flow hedges to the extent they are effective.

(h) Loss per Share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method of calculating diluted per share amounts whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period they are outstanding.

(i) Future income taxes

Income taxes are accounted for using the future income tax method. Under this method, income taxes are recognized for the estimated income taxes payable for the current year and future income taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities and for the benefit of losses available to be carried forward for tax purposes that are more likely than not to be realized. Future income tax assets and liabilities are measured using tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

Due to the uncertainty regarding the Company's future profitability, the future tax benefits of its losses have been fully reserved for and no net tax benefit has been recorded in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Stock-based compensation

In accordance with *CICA Handbook Section 3870 ("Section 3870*"), *Stock-Based Compensation and Other Stock-Based Payments*, the Company recognizes stock-based compensation expense for the estimated fair value of equity-based instruments granted to both employees and non-employees. Compensation expense is recognized when the options are granted with the same amount being recorded as contributed surplus. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the current share price, the expected volatility of the underlying shares, the expected dividend yield, and the risk free interest rate for the term of the option. If the options are exercised, contributed surplus will be reduced by the applicable amount. Stock-based compensation calculations have no effect in the Company's cash position.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Recent Canadian accounting pronouncements that have been announced but are not yet effective are as follows:

(i) CICA 1582, "Business Combinations", CICA 1601, "Consolidated Financial Statements" and CICA 1602, "Non-Controlling Interests"

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The adoption of this standard is not expected to have a material effect on the Company's financial statements.

(ii) International Financial Reporting Standards

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of adopting IFRS and has not yet determined its effect on its financial statements.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued and Outstanding

	Number of Shares	Amount $
Balance, August 3, 2010	–	–
Issued for cash	4,000,001	200,001
Cancelled	(1)	(1)
Less: related issuance costs	–	(2,240)
Balance, August 31, 2010	4,000,000	197,760
Issued for cash	2,000,000	200,000
Less: related issuance costs	–	(134,926)
Balance as at May 31, 2011	6,000,000	262,834

On August 3, 2010, the Company issued 1 common share at a price of $1 and 1 common share at a price of $0.05. The first common share issued at $1 was subsequently returned to treasury and cancelled.

On August 5, 2010, the Company issued 2 common shares at a price of $0.05.

On August 30, 2010, the Company issued 3,999,997 common shares at a price of $0.05 per share for gross proceeds of $200,000. These shares were subscribed for by the Company's directors.

(c) On September 2, 2010, the Company entered into an agreement with its agent to commit to offer 2,000,000 common shares of the Company at a price of $0.10 per share for gross proceeds of $200,000. In connection with the IPO, the Company filed a preliminary prospectus on SEDAR on October 15, 2010, and agreed to pay to its agent a cash commission equal to 10% of the gross proceeds of the IPO (paid) and to issue agent options to acquire the number of common shares of the Company equal to 10% of the common shares issued under the IPO (issued). The agent options are exercisable at a price of $0.10 per share for a period of two years from the date the common shares are listed for trading on the TSX Venture Exchange. The fair value of the agent options, which was included in share issuance costs, was $13,001 which was determined using the Black-Scholes option pricing model with the following assumptions: an annualized volatility of 130%; an expected life of 2 years; a dividend yield rate of 0%; and a risk-free interest rate of 1.807%.

(d) On September 15, 2010, the Company approved the issuance of 400,000 share purchase options to directors of the Company, at an exercise price of $0.10 per share, exercisable for a period of ten years from the date of issuance. These options were issued at the time of closing the IPO as described in Note 4(c) and are subject to the same escrow provisions as described in Note 4(f).

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

(e) Escrowed Shares

Upon closing of the IPO, 4,000,000 shares issued and outstanding prior to the IPO were placed in escrow to be released in accordance with TSX Venture Exchange Policy 2.4 over a period of up to 36 months from the date of the Final Exchange Bulletin following the completion of a Qualifying Transaction.

(g) Stock Options:

The Company has established an incentive share option plan for granting options to directors, employees and consultants in accordance with Exchange policies. On March 24, 2011, the Company granted 400,000 stock options to directors and officers of the Company at a price of $0.10 per share, exercisable from March 29, 2011 to March 29, 2021. The options vest fully on the date of grant. The fair value of the directors' and officers' stock options, which was expensed during the period, was $30,573 which was determined using the Black-Scholes option pricing model with the following assumptions: an annualized volatility of 75%; an expected life of 10 years; a dividend yield rate of 0%; and a risk-free interest rate of 3.3745%.

As at May 31, 2011, the following incentive stock options are outstanding:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Directors' and Officers' options	400,000	$0.10	March 29, 2021

Agent's options

As at May 31, 2011, the following agent's options are outstanding:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Agent's options	200,000	$0.10	March 29, 2013

(Expressed in Canadian Dollars)

5. CONTRIBUTED SURPLUS

	$
Balance, August 31, 2010	–
Directors' and Officers' options	30,573
Agent's options	13,001
Balance, May 31, 2011	43,574

6. RELATED PARTY TRANSACTIONS AND BALANCES

During the nine month period ended May 31, 2011, the Company recorded rent totalling $4,480 (2010 - nil) for office premises provided by a company controlled by a director of the Company.

During August 2010, a director of the company advanced a retainer of $11,100 to the Company's legal counsel on behalf of the Company. This advance remains outstanding as of May 31, 2011, is unsecured, non-interest bearing and due on demand.

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to complete a qualifying transaction to raise equity or other financing and to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

As at May 31, 2011, the Company considers capital to consist of share capital deficit. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or long term debt.

The Company expects its current and future capital resources to be sufficient to pursue a Qualifying Transaction and to fund current operations.

8. FINANCIAL INSTRUMENTS AND RISKS

(a) Financial instruments

The Company's financial instruments include cash and cash equivalents, accounts payable and amounts due to a related party. The Company classified its cash and cash equivalents as held-for-trading and its accounts payable as other financial liabilities.

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS AND RISKS (continued)

(b) Fair value measurements

CICA 3862, *Financial Instruments – Disclosures*, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. CICA 3862 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. CICA 3862 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The fair value of cash and cash equivalents is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets.

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as at May 31, 2011 and August 31, 2010 as follows:

	Fair Value Measurements as at May 31, 2011 Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $	May 31, 2011 $
Assets:				
Cash and cash equivalents	263,231	–	–	263,231

8. FINANCIAL INSTRUMENTS AND RISKS (continued)

(b) Fair value measurements (continued)

	Fair Value Measurements as at August 31, 2010 Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $	August 31, 2010 $
Assets:				
Cash and cash equivalents	209,864	–	–	209,864

(c) Financial risks

In management's opinion, the Company is not exposed to significant interest rate, currency exchange rate or liquidity risk arising from these financial instruments. The fair values of these financial instruments approximate their carrying values because of their current or on demand nature. The Company is not exposed to derivative financial instruments.

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with high credit quality financial institutions. The values of these instruments may exceed the amounts insured by an agency of the government of Canada.