

DALIAN CAPITAL GROUP, INC.

FORM 10-Q (Quarterly Report)

Filed August 20, 2010 for the period ending 06/30/10

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended June 30, 2010.

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _____ to _____

Commission File Number : 000-52185

Dalian Capital Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	N/A
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

850 West Hastings Street, Suite 900,
Vancouver, BC V6C 1E1, Canada
(Address of principal executive offices,
including zip code)

604-801-5022
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes (X) No ()

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes (☐) No (☐)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a not-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer (☐) Accelerated filer (☐)

Non-accelerated filer (☐) Smaller reporting company (☒)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes (☒) No (☐)

At August 18, 2010, the Company had outstanding of 41,389,994 shares of Common Stock, \$0.0001 par value per share.

DALIAN CAPITAL GROUP, INC.

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Part 1. Item 1. Consolidated Financial Statements

DALIAN CAPITAL GROUP, INC.

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DALIAN CAPITAL GROUP, INC.

(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010

(Expressed in US Dollars)

(Unaudited)

PART 1. FINANCIAL INFORMATION

DALIAN CAPITAL GROUP, INC.

(A development stage company)

CONSOLIDATED BALANCE SHEETS

(U.S. Dollars)

(Unaudited)

	June 30, 2010	Dec 31, 2009
Assets		
Current Assets		
Cash	\$ 58	\$ 130
Total current assets	58	130
Goodwill	3,000	-
Total Assets	\$ 3,058	\$ 130
Liabilities		
Current Liabilities		
Related party accounts	\$ 90,049	\$ 89,799
Total liabilities	90,049	89,799
Stockholders' Equity		
Preferred Stock, \$0.0001 par value		
Authorized 20,000,000 shares		
Issued and outstanding, none issued	\$ -	\$ -
Common stock, \$0.0001 par value		
Authorized 100,000,000 shares		
Issued and outstanding, 41,389,994 shares	4,139	139
Additional paid-in capital	9,000	-
Subscription notes receivable	(10,000)	-
Accumulated deficit	(90,130)	(89,808)
Total stockholders' deficit	(86,991)	(89,669)
Total Liabilities and Stockholders' Deficit	\$ 3,058	\$ 130

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

DALIAN CAPITAL GROUP, INC.

(A development stage company)

CONSOLIDATED STATEMENTS OF OPERATIONS

(U.S. Dollars)

(Unaudited)

	For the 3 Months ended June 30,		For the 6 Months ended June 30,		Inception May 31, 2006 to June 30,
	2010	2009	2010	2009	2010
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
General and administrative	35	31	322	290	14,991
Consultation and reorganization fees	-	-	-	-	75,139
Total operating expenses	\$ 35	\$ 31	\$ 322	\$ 290	\$ 90,130
Net loss	\$ (35)	\$ (31)	\$ (322)	\$ (290)	\$ (90,130)
Net loss per common shares					
- Basic and Diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	
Weighted average number of shares outstanding	6,115,274	1,390,000	3,765,690	1,390,000	

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

DALIAN CAPITAL GROUP, INC.

(A development stage company)

Statement of Stockholders' Equity (Deficiency)

for the period May 31, 2006 (Inception) to June 30, 2010

(U.S. Dollars)

	Common Stock		Additional	Accum.	Total
	Shares	Amount	Paid-In Capital	Deficit	Stockholders' Equity
Bal, May 31, 2006	-	\$ -	-	-	-
Shares issued for service	1,390,000	139	-	-	139
Net loss for the period				(139)	(139)
Bal, Dec 31, 2007	1,390,000	139	-	(139)	-
Net loss for the year				(89,309)	(89,309)
Bal, Dec 31, 2008	1,390,000	139	-	(89,448)	(89,309)
Net loss for the year				(360)	(360)
Bal, Dec 31, 2009	1,390,000	139	-	(89,808)	(89,669)
Shares issued for cash	10,000,000	1,000	9,000		10,000
Shares issued for exchange	29,999,994	3,000			3,000
Subscription notes receivable		(1,000)	(9,000)		(10,000)
Net loss for the period				(322)	(322)
Bal, June 30, 2010	41,389,994	3,139	-	(90,130)	(86,991)

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

DALIAN CAPITAL GROUP, INC.

(A development stage company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. Dollars)

(Unaudited)

	For the 6 Months ended June 30,		Inception May 31, 2006 to June 30,
	2010	2009	2010
Cash Flows Provided By (Used In):			
Operating activities			
Net loss for the period	\$ (322)	\$ (290)	\$ (90,130)
Adjustments to reconcile net income to net cash used in operating activities:			
Goodwill	(3,000)	-	(3,000)
Accounts payable to related parties	250	100	90,188
Net cash used in operating activities	(3,072)	(190)	(2,942)
Cash flows from investing activities			
Issued of common shares	3,000	-	3,000
Net cash used in investing activities	3,000	-	3,000
Cash flows from Financing activities			
Issued of common shares	10,000	-	10,000
Subscription notes receivable	(10,000)	-	(10,000)
Net cash provided by financing activities	-	-	-
Net increase (decrease) in cash	\$ (72)	\$ (190)	\$ 58
Cash - beginning of period	130	390	-
Cash - end of period	\$ 58	\$ 200	\$ 58
Supplemental disclosure of cash flow information:			
Interest paid	\$ -	\$ -	\$ -
Income tax paid	\$ -	\$ -	\$ -

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

DALIAN CAPITAL GROUP, INC.

(A development stage company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010

(Expressed in US Dollars)

Note 1 - Organization and Business Operations

Dalian Capital Group, Inc. (the "Company") was incorporated in the State of Delaware on May 31, 2006. Since inception, the Company has been engaged in organizational efforts in obtaining initial financing. The Company was formed as a vehicle to pursue a business combination and has made efforts to identify a possible business combination. We are a start-up, Development Stage Corporation and have not yet generated or realized any revenues from our business activities.

The Company was organized as a vehicle to investigate and, if such investigation warrants, acquire a target company or business seeking the perceived advantages of being a public held corporation. The Company's principal business objective for the next 12 months and beyond such time will be to achieve long-term growth potential through a combination with a business rather than immediate, short-term earnings. The Company will not restrict its potential candidate target companies to any specific business, industry or geographical location and, thus, may acquire any type of business.

On June 22, 2010, the Company acquired 100% of Cyenergix Power Corporation through the exchange of shares as per the Share Exchange Agreement. Cyenergix Power Corporation was incorporate in the State of Delaware on May 6, 2010.

The Company is in the development stage and has not generated any revenue and has incurred losses of \$90,130 since inception. At June 30, 2010, the Company had \$58 cash and \$90,049 in current liabilities. For the three months period ended June 30, 2010, the Company had net loss of \$35. In view of these conditions, the ability of the Company to continue as a going concern is in substantial doubt and dependent upon achieving a profitable level of operations and on the ability of the Company to obtain necessary financing to fund ongoing operations.

Note 2 - Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and are stated in US dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

(a) Development Stage Company

The Company is a development stage company. The Company is devoting substantially all of its present efforts to establish a new business and none of its planned principal operations have commenced. All losses accumulated since inception has been considered as part of the Company's development stage activities.

(b) Financial Instruments

The carrying values of cash, accounts receivable, accounts payable, promissory notes payable and due to related parties approximate fair value because of the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(c) Stock Issued in Exchange for Services

The valuation of common stock issued in exchange for services is valued at an estimated fair market value as determined by officers and directors of the Company based upon other sales and issuances of the Company's common stock within the same general time period.

(d) Stock-based Compensation

FASB ASC (Accounting Standards Codification) 718 "Stock Compensation" requires public companies to recognize the cost of employee services received in exchange for equity instruments, based on the grant-date fair value of those instruments, with limited exceptions. FASB ASC 718 "Stock Compensation" also affects the pattern in which compensation cost is recognized, the accounting for employee share purchase plans, and the accounting for income tax effects of share-based payment transactions. For small business filers, FASB ASC 718 "Stock Compensation" is effective for interim or annual periods beginning after December 15, 2005. The Company adopted the guidance in FASB ASC 718 "Stock Compensation" on October 1, 2007.

(e) Foreign Currency Translation

The Company translates foreign currency transactions and balances to its reporting currency, United States Dollars, in accordance with FASB ASC 830 "Foreign Currency Matters". Monetary assets and liabilities are translated into the functional currency at the exchange rate in effect at the end of the year. Non-monetary assets and liabilities are translated at the exchange rate prevailing when the assets were acquired or the liabilities assumed. Revenue and expenses are translated at the rate approximating the rate of exchange on the transaction date. All exchange gains and losses are included in the determination of net income (loss) for the year.

(f) Basic and Diluted Loss Per Share

The Company presents of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted EPS gives effect to all dilative potential common shares outstanding during the year including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. In computing diluted EPS, the average stock price for the year is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS

excludes all dilutive potential common shares if their effect is anti dilative.

(g) Income Taxes

The Company follows FASB ASC 740 "Income Taxes", which requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statements carry amounts of existing assets and liabilities and loss carry forwards and their respective tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled.

Note 3 - Shareholder's Equity

On May 31, 2006 (inception), the Company issued 1,390,000 shares of common stock for \$139 in services by its founding shareholder.

Preferred Stock

The Company's board of directors has the authority to establish and fix designation, powers, or preferences of preferred shares without further vote by the shareholders.

Authorized Share Capital

As of June 30, 2010, the Company has:

Authorized Preferred Stock of 20,000,000 shares at \$0.0001 par value and authorized Common Stock of 100,000,000 shares at \$0.0001 par value.

On June 15, 2010, the Company issued 10,000,000 restricted common shares to a company for cash as per subscription agreement.

On June 22, 2010, the Company issued 29,999,994 common shares in exchange for 10,900,000 common shares equivalent to 100% of the outstanding shares of Cyenergix Power Corporation. Cyenergix Power Corporation becomes a wholly own subsidiary of the Company.

As of August 18, 2010, the Company had issued and outstanding of 41,389,994 shares of Common Stock with par value of \$0.0001 per share.

Note 4 - Related Party Accounts

As at June 30, 2010, \$90,049 was due to the director and several corporations related to the Company. These amounts bear no interest and are due on demand; the Company recorded no imputed interest on these borrowings.

Note 5 - Subsequent Events

The Company has evaluated subsequent events through August 18, 2010 and has determined that there were no additional subsequent events to recognize or disclose in these financial statements.

PART I

This Interim Report on Form 10-Q contains forward-looking statements that have been made pursuant to the provisions of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995 and concern matters that involve risks and uncertainties that could cause actual results to differ materially from historical results or from those projected in the forward-looking statements. Discussions containing forward-looking statements may be found in the material set forth under "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in other sections of this Form 10-Q. Words such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" or similar words are intended to identify forward-looking statements, although not all forward-looking statements contain these words. Although we believe that our opinions and expectations reflected in the forward-looking statements are reasonable as of the date of this Report, we cannot guarantee future results, levels of activity, performance or achievements, and our actual results may differ substantially from the views and expectations set forth in this Interim Report on Form 10-Q. We expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof to conform such statements to actual results or to changes in our opinions or expectations.

Readers should carefully review and consider the various disclosures made by us in this Report, set forth in detail in Part I, under the heading "Risk Factors," as well as those additional risks described in other documents we file from time to time with the Securities and Exchange Commission, which attempt to advise interested parties of the risks, uncertainties, and other factors that affect our business. We undertake no obligation to publicly release the results of any revisions to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

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

General

The Company has been in the process of identifying and discussing a strategic merger or acquisitions but will need to raise substantial additional capital to fund this strategy.

On June 22, 2010, the Company acquired 100% of Cyenergix Power Corporation through the exchange of shares as per the Share Exchange Agreement. Cyenergix Power Corporation was incorporate in the State of Delaware on May 6, 2010.

The Company does not currently have any employees.

Operations

The Company has not been active since 2006. The net loss for the three months period ended June 30, 2010 was \$35 compared to \$31 for the three months period ended June 30, 2009.

Liquidity and Financial Resources

The Company has minimal cash reserves and a working capital deficit of \$86,991 as of June 30, 2010. Accordingly, the Company's ability to sustain operations and pursue its plan of operations is contingent on the ability to obtain funding. The Company is seeking such additional funds through private equity or debt financing. Regardless, there can be no assurance that such funding will be available on acceptable terms.

The Company remains in the development stage. Operations were financed through advances and loans from directors and related parties. The directors and related parties have also advanced funds into the Company to cover cash flow deficiencies. These advances have no stated interest or repayment terms.

The Company's financial statements are presented on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. At June 30, 2010, the Company has been unsuccessful in its efforts to raise additional capital to meet management's plan of operations.

The Company's continued existence as a going concern is ultimately dependent upon its ability to secure additional funding.

Critical Accounting Policies

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America.

The preparation of the financial statements requires the Company to make estimates and judgments that affect the reported amount of assets, liabilities, and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to intangible assets, income taxes and contingencies and litigation. The Company bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company at present does not engage in any business activities thus will not be subjected to any quantitative or qualitative influences to market risk.

Item 4T. Controls and Procedures.

The Company's Chief Executive Officer and its Chief Financial Officer are primarily responsible for the

accuracy of the financial information that is presented in this quarterly Report. These officers have as of the close of the period covered by this Quarterly Report, evaluated the Company's disclosure controls and procedures (as defined in Rules 13a-4c and 15d-14c promulgated under the Securities Exchange Act of 1934 and determined that such controls and procedures were not effective in ensuring that material information relating to the Company was made known to them during the period covered by this Quarterly Report.

There have been changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the second quarter of our 2010 fiscal year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

None

Item 1A. Risk Factors

Not applicable.

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

On June 15, 2010, the Company issued 10,000,000 restricted common shares to a company for cash as per subscription agreement.

On June 22, 2010, the Company issued 29,999,994 common shares in exchange for 10,900,000 common shares equivalent to 100% of the outstanding shares of Cyenergix Power Corporation. Cyenergix Power Corporation becomes a wholly own subsidiary of the Company.

Item 3. Defaults Upon Senior Securities.

Not Applicable.

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

Not Applicable.

Item 5. Other Information.

None

Item 6. Exhibits

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

32.1 Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

SIGNATURES

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: August 20, 2010

Dalian Capital Group, Inc.

By: /S/ Erwin Liem

Erwin Liem

Chief Executive Officer
& Director