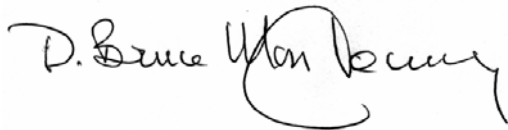


MAGPLANE TECHNOLOGY, INC. AND SUBSIDIARY  
(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2005 AND DECEMBER 31, 2004 AND 2003

Magplane Technology, Inc Management Certification of Financials:

A handwritten signature in black ink that reads "D. Bruce Montgomery". The signature is written in a cursive style with a large, circular flourish at the end of the name.

D. Bruce Montgomery  
President

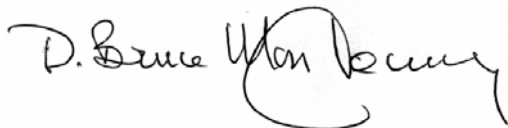
MAGPLANE TECHNOLOGY, INC. AND SUBSIDIARY  
(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2005 AND DECEMBER 31, 2004 AND 2003

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Magplane Technology, Inc Management Certification of Financials:



D. Bruce Montgomery  
President

To the Board of Directors  
Magplane Technology, Inc. and Subsidiary  
(A Development Stage Company)  
Bedford, Massachusetts

We have compiled the accompanying consolidated balance sheets of Magplane Technology, Inc. and subsidiary, as of September 30, 2005, December 31, 2004 and 2003 and the related consolidated statements of operations, cash flows and stockholders' equity (deficiency) for the and for the period from January 12, 1995 (date of inception) to September 30, 2005, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

*Abrams Little-Hill Loberfeld PC*

December 29, 2005

MAGPLANE TECHNOLOGY, INC AND SUBSIDIARY  
(A Development Stage Company)

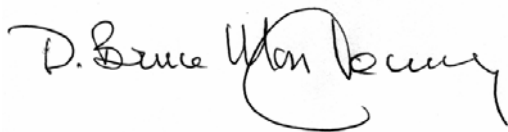
CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2005, DECEMBER 31, 2004 AND 2003

	<u>September 30, 2005</u>	<u>December 31, 2004</u>	<u>December 31, 2003</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 58,111	\$ 11,106	\$ 18,629
Prepaid expenses	<u>17,334</u>	<u>69,332</u>	<u>138,663</u>
<b>TOTAL ASSETS</b>	<b>75,445</b>	<b>80,438</b>	<b>157,292</b>
<b>LIABILITIES</b>			
Accounts payable, trade	\$ 537,648	\$ 527,426	\$ 522,911
Due to related parties	<u>1,317,986</u>	<u>1,069,511</u>	<u>947,397</u>
<b>TOTAL LIABILITIES</b>	<b>1,855,634</b>	<b>1,596,937</b>	<b>1,470,308</b>
<b>STOCKHOLDERS' EQUITY (DEFICIENCY)</b>			
Common Stock	\$ 152,155	\$ 130,001	\$ 130,001
Additional Paid in Capital	317,491	311,295	311,295
Deficit accumulated during development stage	<u>(2,249,835)</u>	<u>(1,957,795)</u>	<u>(1,754,312)</u>
<b>TOTAL STOCKHOLDERS' EQUITY (DEFICIENCY)</b>	<b>(1,780,189)</b>	<b>(1,516,499)</b>	<b>(1,313,016)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)</b>	<b>\$ <u>77,445</u></b>	<b>\$ <u>80,438</u></b>	<b>\$ <u>157,292</u></b>

See accompanying account's compilation report.

Magplane Technology, Inc Management Certification of Financials:



D. Bruce Montgomery  
President

MAGPLANE TECHNOLOGY, INC AND SUBSIDIARY  
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND  
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND  
THE PERIOD FROM JANUARY 12, 1995 (DATE OF INCEPTION) TO SEPTEMBER 30, 2005

	Nine Months  Ended September 30, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003	January 12, 95 (Inception) to September 30, 2005
REVENUE	\$ _____	\$ _____	\$ 3,522	\$ 1,503,013
EXPENSES				
Amortization				89,858
Bank Charges	152	239		776
Consulting fee and outside services	114,727	125,596	167,601	2,574,325
Marketing				29,317
Office Expenses	800	7,073	774	73,469
Other Development				397,536
Other expenses				69
Professional fees	9,060	6,015	1,400	99,610
Public Relations				155,800
Rent			1,756	46,820
Research and development	90,000	2,100		92,100
Taxes, other	581	1,378	682	5,357
Telephone				4,024
Travel	<u>28,796</u>	<u>14,032</u>	<u>5,000</u>	<u>58,488</u>
Total Expenses	<u>244,116</u>	<u>156,433</u>	<u>177,213</u>	<u>3,627,549</u>
OPERATING LOSS	(244,116)	(156,433)	(173,691)	(2,124,536)
OTHER INCOME (EXPENSE)				
Interest income	28	64	118	2,542
Interest expense	(47,952)	(47,114)	(42,253)	(227,841)
Other income				100,000
NET LOSS	<u>\$ (292,040)</u>	<u>\$ (203,483)</u>	<u>\$ (215,826)</u>	<u>\$ (2,249,835)</u>

See accompanying account's compilation report

MAGPLANE TECHNOLOGY, INC AND SUBSIDIARY  
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIENCY)

	Transaction Date	Common Shares	Stock Amount	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Deficiency
INITIAL CAPITALIZATION	1995	5,030,000	\$ 5,030	\$ 19,980		\$ 25,010
Issuance of Common Stock	1997	300,000	300			300
Issuance of common stock for consulting and various services	2002	1,014,600	1,015	414,971		415,986
Stock Splits	2002	123,656,254	123,656	(123,656)		
Net loss through December 31, 2002					(1,538,486)	(1,538,486)
BALANCES AT DECEMBER 31, 2002		130,000,854	130,001	311,295	(1,538,486)	(1,097,190)
Net Loss					(215,826)	(215,826)
BALANCES AT DECEMBER 31, 2003		130,000,854	130,001	311,295	(1,754,312)	(1,313,016)
Net Loss					(203,483)	(203,483)
BALANCES AT DECEMBER 31, 2004		130,000,854	130,001	311,295	(1,957,795)	(1,516,499)
Issuance of common stock for consulting services rendered	1/15/2005	153,675	154	28,196		28,350
Issuance of common stock for raising capital	4/3/2005	22,000,000	22,000	(22,000)		
Net loss					(292,040)	(292,040)
BALANCE AT SEPTEMBER 30, 2005		<u>152,154,529</u>	<u>\$ 152,155</u>	<u>\$ 317,491</u>	<u>\$ (2,249,835)</u>	<u>\$ (1,780,189)</u>

See accompanying accountant's report

MAGPLANE TECHNOLOGY, INC AND SUBSIDIARY  
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOW

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND  
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND  
THE PERIOD FROM JANUARY 12, 1995 (DATE OF INCEPTION) TO SEPTEMBER 30, 2005

	<u>Nine Months Ended Sept 30, 2005</u>	<u>Year Ended Dec 31, 2004</u>	<u>Year Ended Dec 31, 2003</u>	<u>Jan 12, 95 (Inception) to Sept 30, 2005</u>
<b>CASH FLOW FROM OPER. ACTIVITIES</b>				
Net loss	\$ (292,040)	\$ (203,483)	\$ (215,826)	\$ (2,249,835)
Adjustments to reconcile net income to net cash used in operating activities				
Accrued interest on shareholders' loans	47,952	47,114	42,253	203,863
Stock Compensation for services rendered (increase) decrease in assets	28,350		155,800	444,336
Prepaid expenses	51,998	69,331	(86,470)	(17,334)
Increase (decrease) in liabilities				
Accounts payable	<u>10,222</u>	<u>4,515</u>	<u>69,561</u>	<u>537,648</u>
Net cash used in operating activities	<u>(153,518)</u>	<u>82,523</u>	<u>(34,682)</u>	<u>(1,081,322)</u>
<b>CASH FLOWS FROM FINANCING ACTIV.</b>				
Capital contributions				25,310
Advances from stockholder	<u>200,523</u>	<u>75,000</u>	<u>30,000</u>	<u>1,114,123</u>
Net cash provided by financing activities	<u>200,523</u>	<u>75,000</u>	<u>30,000</u>	<u>1,139,433</u>
<b>NET DECREASE IN CASH AND CASH EQUIV.</b>	47,005	(7,523)	(4,682)	58,111
Cash and cash equiv. at beginning of period	<u>11,106</u>	<u>18,629</u>	<u>23,311</u>	<u>58,111</u>
<b>CASH AT END OF PERIOD</b>	<u>\$ 58,111</u>	<u>\$ 11,106</u>	<u>\$ 18,629</u>	<u>\$ 58,111</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORM</b>				
Cash paid during the period of interest	\$	\$	\$	\$ 23,978
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>				
Common shares issued for serviced rendered	<u>\$ 28,350</u>	<u>\$</u>	<u>\$ 155,800</u>	<u>\$ 444,336</u>

See accompanying accountant's report

MAGPLANE TECHNOLOGY, INC. AND SUBSIDIARY  
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2005 AND DECEMBER 31, 2004 AND 2003

NOTE 1 - DESCRIPTION OF OPERATIONS

Magplane Technology, Inc. and Subsidiary (the "Company") is engaged in THE research and development of magnetically levitated and propelled transportation systems for freight and for passengers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING

POLICIES Principles of Consolidation

The Company has one wholly owned subsidiary - Magplane Asia Ltd. The accompanying consolidated financial statements include the accounts of the Magplane Technology, Inc. and subsidiary. All material inter-company accounts and transactions have been eliminated in consolidation.

Development Stage Operations

The Company was formed on January 12, 1995. The Company is in the development stage. This stage is characterized by significant expenditures for the design and development of the Company's products, obtaining financing and performing feasibility studies.

Method of Accounting

The Company prepares its financial statements on the accrual basis of accounting.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less to be cash and cash equivalents.

Use of Estimates

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



MAGPLANE TECHNOLOGY, INC. AND SUBSIDIARY  
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2005 AND DECEMBER 31, 2004 AND 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued) Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes and for net operating loss carry forwards measured by enacted tax rates for years in which taxes are expected to be paid or recovered. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

NOTE 3 - RELATED PARTY TRANSACTIONS

Due to related parties include advances from shareholders and interest accrued thereon. These advances bear interest at the annual rate of 5%. During the nine months ended September 30, 2005 and years ended December 31, 2004 and 2003, the Company received advances from shareholders in the amount of 200,523, \$75,000, and \$30,000, respectively, and interest of \$47,592, \$47,114 and \$42,253 was accrued.

NOTE 4 - INCOME TAXES

The components of the Company's deferred tax assets as of September 30, 2005, December 31, 2004 and 2003, which are the result of temporary differences in the basis of assets and liabilities and net operating loss carry forwards for financial reporting and tax reporting purposes are:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net operating loss carry forward	\$682,000	\$617,000	\$582,000
Accrued expenses due to related party	<u>82,000</u>	<u>62,000</u>	<u>44,000</u>
Total deferred tax asset	<u>\$764,000</u>	<u>\$679,000</u>	<u>\$626,000</u>

The Company has federal net operating loss carry forwards of approximately \$1,705,000 as of September 30, 2005, which expire at various times from 2010 through 2019. The allocated state net operating loss carry forwards expire in accordance with and to the extent permitted by the state law.

MAGPLANE TECHNOLOGY, INC. AND SUBSIDIARY  
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

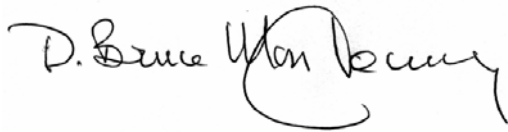
SEPTEMBER 30, 2005 AND DECEMBER 31, 2004 AND 2003

NOTE 4 - INCOME TAXES (Continued)

During 2005, 2004 and 2003, there was no current or deferred income tax expense for the Company. The Company's total deferred tax assets, deferred tax liabilities and deferred tax asset valuation allowances at September 30, 2005, December 31, 2004 and 2003 are as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total deferred tax assets	\$764,000	\$679,000	\$626,000
Total deferred tax liabilities	0	0	0
Less: valuation allowance	(764,000)	(679,000)	(626,000)
Net deferred tax assets	\$ 0	\$ 0	\$ 0

Magplane Technology, Inc Management Certification of Financials:



D. Bruce Montgomery  
President