

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

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2005, DECEMBER 31, 2004 AND 2003

TENTATIVE
FINANCIAL STATEMENTS
FOR INFORMATION PURPOSES
ONLY
Should not be used for
Financial Reporting and/or
All Required Disclosures

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

SEPTEMBER 30, 2005, DECEMBER 31, 2004 AND 2003

TABLE OF CONTENTS

ACCOUNTANT'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Balance Sheets	2
Statements of Operations	3
Statements of Stockholders' Equity (Deficiency).....	4
Statements of Cash Flows	5
Notes to Financial Statements.....	6-8

TENTATIVE
FINANCIAL STATEMENTS
PREPARED BY
BDO BAKER TITUS & COMPANY LLP
For the Company's Management and/or
All Required Disclosures

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 nine months ended September 30, 2005 and for the years ended December 31, 2004 and 2003 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 Sobenfeld PC

December 29, 2005

TENTATIVE
FOR COMMISSION PURPOSES
WORK IN PROGRESS ONLY
Do not use for legal or tax purposes
All required disclosures

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

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2005, DECEMBER 31, 2004 AND 2003

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

TENTATIVE
FINANCIAL STATEMENTS
NOT TO BE USED FOR
LEGAL PROCEEDINGS
 Prepared by the Auditor
 All Required Disclosures

See accompanying accountant's compilation report.

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, 1995 (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	28,796	14,032	5,000	58,488
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>

TENTATIVE
FOR INFORMATION PURPOSES
NOT TO BE USED FOR
FINANCIAL STATEMENTS
AND/OR
All Required Disclosures

See accompanying accountant's compilation report.

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)

	Transaction Date	Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Deficiency
		Shares	Amount			
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	1,014,690	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)
BALANCES AT SEPTEMBER 30, 2005		152,154,529	\$ 152,155	\$ 317,491	\$ (2,249,835)	\$ (1,780,189)

TENTATIVE
FOR INFORMATION PURPOSES
NOT TO BE USED FOR ANY
PURPOSES WITHOUT REFERENCE
TO THE COMPANY'S SECURITIES
PROSPECTUS AND/OR
ALL Required Disclosures

See accompanying accountant's compilation report.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTMBER 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, 1995 (Inception) to September 30 2005
CASH FLOWS FROM OPERATING ACTIVITIES				
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	28,350	-	155,800	444,336
(Increase) decrease in assets				
Prepaid expenses	51,998	69,331	(86,470)	(17,334)
Increase (decrease) in liabilities				
Accounts payable	10,222	4,515	69,561	537,648
Net cash used in operating activities	<u>(153,518)</u>	<u>(82,523)</u>	<u>(34,682)</u>	<u>(1,081,322)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital contributions	-	-	-	25,310
Advances from stockholder	200,523	75,000	30,000	1,114,123
Net cash provided by financing activities	<u>200,523</u>	<u>75,000</u>	<u>30,000</u>	<u>1,139,433</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	47,005	(7,523)	(4,682)	58,111
Cash and cash equivalents at beginning of period	11,106	18,629	23,311	-
CASH AT END OF PERIOD	<u>\$ 58,111</u>	<u>\$ 11,106</u>	<u>\$ 18,629</u>	<u>\$ 58,111</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,978</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Common shares issued for services rendered	<u>\$ 28,350</u>	<u>\$ -</u>	<u>\$ 155,800</u>	<u>\$ 444,336</u>

TENTATIVE
FOR DISCUSSION PURPOSES
WORK IN PROGRESS ONLY
Does not constitute an audit
Findings may impact on and/or
All Required Disclosures

See accompanying accountant's compilation report.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2005 AND DECEMBER 31, 2004 AND 2003

TENTATIVE
FINANCIAL STATEMENTS
FOR PERIODS ENDING
SEPTEMBER 30, 2005
AND DECEMBER 31, 2004
AND 2003
These financial statements
are preliminary and
subject to audit and/or
adjustments.

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 intercompany 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

PROSPECTUS
FOR
COMMON STOCK
OFFERING
BY
MAGPLANE TECHNOLOGY, INC.
AND
SUBSIDIARY
FOR
ALL
RELEVANT
PERIODS

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 carryforwards 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 carryforwards for financial reporting and tax reporting purposes are:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net operating loss carryforward	\$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 carryforwards 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 carryforwards 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

TENTATIVE
FINANCIAL STATEMENTS
MAGPLANE TECHNOLOGY, INC.
SEPTEMBER 30, 2005 AND DECEMBER 31, 2004 AND 2003
Financial statements prepared for
unaudited disclosures

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	<u>(64,000)</u>	<u>(679,000)</u>	<u>(626,000)</u>
Net deferred tax assets	\$ 0	\$ 0	\$ 0