

*Financial Statements of*

**NITAR TECH CORP. AND SUBSIDIARY**

*October 31, 2005*

**NITAR TECH CORP. AND SUBSIDIARY**  
**Consolidated Condensed Balance Sheets**

	<b>(unaudited)</b> <b>31-Oct-05</b>	<b>31-Jul-05</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ -	\$ 585
Accounts Receivable - Net of Allowance for Doubtful Accounts	4,313	6,710
Prepaid Expenses	3,369	4,875
Deferred Tax Asset	-	3,681
<b>Total Current Assets</b>	<b>\$ 7,682</b>	<b>\$ 15,851</b>
Property and Equipment - Net of Accumulated Depreciation	5,035	5,180
Software Development Costs - Net of Accumulated Amortization	410,776	421,441
Deferred Financing Costs	613,408	590,000
<b>Total Assets</b>	<b>\$ 1,036,901</b>	<b>\$ 1,032,472</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Bank Overdraft	\$ 6,844	\$ -
Accounts Payable & Accrued Liabilities	26,574	28,224
Deferred Tax Liability	5,554	-
<b>Total Current Liabilities</b>	<b>\$ 38,972</b>	<b>\$ 28,224</b>
<b>Other Liabilities</b>		
Deferred Tax Liability	\$ 16,661	\$ 36,880
Shareholder Advances	520	500
<b>Total Liabilities</b>	<b>\$ 56,153</b>	<b>\$ 65,604</b>
<b>Shareholders' Equity</b>		
Common Stock, \$0.001 par value 50,000,000 shares authorized - 11,051,118 shares issued and outstanding	\$ 11,051	\$ 11,051
Additional Paid In Capital	847,925	835,500
Retained Earnings	20,714	57,283
Accumulated Comprehensive Income	101,058	63,034
<b>Total Shareholders' Equity</b>	<b>\$ 980,748</b>	<b>\$ 966,868</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,036,901</b>	<b>\$ 1,032,472</b>

**NITAR TECH CORP. AND SUBSIDIARY**  
**Consolidated Condensed Statement of Operations (unaudited)**

	<b>Three Months Ended October 31,</b>	
	<b>2005</b>	<b>2004</b>
<b>Net Revenues:</b>		
Consulting	\$ 69,312	\$ 12,168
Software Licensing Fees	13,507	16,783
<b>Total Net Revenues</b>	<b>\$ 82,819</b>	<b>\$ 28,951</b>
 <b>Cost of Revenues and Operating Expenses:</b>		
Cost of Revenues	\$ 45,997	\$ 25,774
Sales and Marketing	25,228	3,273
General and Administrative	32,375	14,875
Depreciation and Amortization	27,483	25,846
<b>Total Cost of Revenues and Operating Expenses</b>	<b>\$ 131,083</b>	<b>\$ 69,768</b>
<b>Operating (Loss) Income from Operations</b>	<b>\$ (48,264)</b>	<b>\$ (40,817)</b>
Interest Expenses	494	995
<b>(Loss) Income Before Income Taxes</b>	<b>\$ (48,758)</b>	<b>\$ (41,812)</b>
(Benefit From) Provision for Income Taxes	(12,189)	(10,453)
<b>Net (Loss) Income</b>	<b>\$ (36,569)</b>	<b>\$ (31,359)</b>
 <b>Comprehensive Income</b>		
Foreign Currency Translation Income	-	-
<b>Total Comprehensive Income (Loss)</b>	<b>\$ (36,569)</b>	<b>\$ (31,359)</b>
Net (Loss) Income Per Share - Basic and Diluted	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
Weighted Average Shares Outstanding - Basic and Diluted	<b>11,051,118</b>	<b>10,522,936</b>

**NITAR TECH CORP. AND SUBSIDIARY**  
**Consolidated Condensed Statement of Cash Flows (unaudited)**

	<b>Three Months Ended October 31,</b>	
	<b>2005</b>	<b>2004</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income (Loss)	\$ (36,569)	\$ (31,359)
<i>Non-Cash Adjustments</i>		
Contributed Services by Shareholders	12,311	11,527
Depreciation and Amortization Expense	27,483	25,846
<i>Changes in Operating Assets and Liabilities</i>		
Accounts Receivable	2,639	1,684
Prepaid Expenses	1,684	-
Accounts Payable & Accrued Liabilities	4,121	3,434
Deferred Tax Liability	(12,189)	(11,165)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (520)</b>	<b>\$ (33)</b>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Advances from (Repayment to) Shareholders	-	(40)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ (40)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(65)</b>	<b>(2)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (585)</b>	<b>\$ (75)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>585</b>	<b>75</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ -</b>	<b>\$ -</b>

**SUPPLEMENTAL DISCLOSURES**

Interest Paid	\$ 494	\$ 995
Income Taxes Paid	\$ —	\$ —
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Contributed Services by Shareholders	\$ 12,311	\$ 11,527

**NITAR TECH CORP. AND SUBSIDIARY**  
**Condensed Notes to Financial Statements (unaudited)**

**1. GENERAL**

The accompanying unaudited financial statements include all adjustments of a normal and recurring nature which, in the opinion of Company's management, are necessary to present fairly the Company's financial position as of October 31, 2005 and the results of its operations and cash flows for the three months ended October 31, 2005 and 2004.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission. These condensed financial statements should be read in conjunction with the financial statements and related notes contained in the Company's Form SB-2 to the Securities and Exchange Commission for the year ended December 31, 2004.

The results of operations and cash flows for the three months ended October 31, 2005 are not necessarily indicative of the results to be expected for the full year's operation.

**2. RECENT ACCOUNTING PRONOUNCEMENTS**

In December 2004, FASB issued SFAS 153, "Exchanges of Nonmonetary Assets- an amendment to APB Opinion No. 29". This statement amends APB 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. Adoption of this statement is not expected to have a material impact on our results of operations or financial condition.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections – a replacement of APB Opinion No. 20 and FASB Statement No. 3" ("SFAS 154"). SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle. These requirements apply to all voluntary changes and changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. SFAS 154 is effective for fiscal years beginning after December 15, 2005. As such, the Company is required to adopt these provisions at the beginning of the fiscal year ended July 31, 2006. The Company is currently evaluating the impact of SFAS 154 on its financial statements.

**NITAR TECH CORP. AND SUBSIDIARY**  
**Condensed Notes to Financial Statements (unaudited)**

**3. RELATED PARTY TRANSACTIONS**

During the three months ended October 31, 2005 and 2004, principal stockholders of the Company contributed their services and rented office space to the Company. The Company imputed the value of their contributed services and the rental of office space at market rates in the amounts of \$12,311 and \$11,527, respectively. The contributed services and rental of office space were expensed with general and administrative expenses and an addition to Additional-Paid-In-Capital.

Advances from Stockholders' are advances and payments from principal stockholders of the Company. The notes are unsecured and contain no formal repayment terms; however interest amounting to \$6 and \$219 for the three months ended October 31, 2005 and 2004, respectively, have been imputed in the accompanying consolidated financial statements. Advances from Shareholders' at October 31, 2005 and July 31, 2005 were \$520 and \$500, respectively.

The Company engages the consulting services of Kanak Consulting and Next Technology. Principal stockholders of the Company are principal stockholders of Kanak Consulting and Next Technology. The related parties charge market rates to the Company, and in return, earn consulting fees for the Company inclusive of professional consulting and software development. The total amounts invoiced to the Company by Kanak Consulting and Next Technologies for the three months ending October 31, 2005 and 2004, respectively, are as follows:

Three Months Ending October 31,	2005	2004
Consulting Fees:		
Kanak Consulting	\$ 15,736	\$ 9,575
Next Technology	20,455	10,607
<b>Total Related Party Fees</b>	<b>\$ 36,191</b>	<b>\$ 20,182</b>

**4. BUSINESS SEGMENTS AND OTHER REVENUE INFORMATION**

The Company operated in two principal business segments. The Company's reportable business segments are the selling of computer software licensing agreements for their internet-based software products and computer software professional services consulting practice. In addition, the Company reports certain administrative activities under the corporate segment. The Company evaluates segment performance based on net income (loss). The Company's revenues were from external customers; no transactions between segments were recorded in the amounts shown in the following schedule.

**NITAR TECH CORP. AND SUBSIDIARY**  
**Condensed Notes to Financial Statements (unaudited)**

<b>Three Months Ending October 31, 2005</b>	<b>Software Licensing Fees</b>	<b>Consulting</b>	<b>Corporate</b>	<b>Total Consolidated</b>
Revenues	\$ 13,507	\$ 69,312	\$ -	\$ 82,819
Cost of Revenues	(6,900)	(39,097)	-	(45,997)
Sales and Marketing	(25,228)	-	-	(25,228)
General and Administrative	(1,346)	-	(31,029)	(32,375)
Depreciation and Amortization	(27,136)	-	(347)	(27,483)
Interest Expense	-	-	(494)	(494)
(Benefit From) Provision for Income Taxes	(11,776)	7,555	(7,968)	(12,189)
<b>Net Income (Loss)</b>	<b>\$ (35,327)</b>	<b>\$ 22,660</b>	<b>\$ (23,902)</b>	<b>\$ (36,569)</b>
<b>Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Assets</b>	<b>\$ 410,776</b>	<b>\$ -</b>	<b>\$ 626,125</b>	<b>\$ 1,036,901</b>
<b>Three Months Ending October 31, 2004</b>	<b>Software Licensing Fees</b>	<b>Consulting</b>	<b>Corporate</b>	<b>Total Consolidated</b>
Revenues	\$ 16,783	\$ 12,168	\$ -	\$ 28,951
Cost of Revenues	(3,866)	(21,908)	-	(25,774)
Sales and Marketing	(3,273)	-	-	(3,273)
General and Administrative	(1,785)	-	(13,090)	(14,875)
Depreciation and Amortization	(25,406)	-	(440)	(25,846)
Interest Expense	-	-	(995)	(995)
(Benefit From) Provision for Income Taxes	(4,387)	(2,435)	(3,631)	(10,453)
<b>Net Income (Loss)</b>	<b>\$ (13,160)</b>	<b>\$ (7,305)</b>	<b>\$ (10,894)</b>	<b>\$ (31,359)</b>
<b>Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Assets</b>	<b>\$ 502,772</b>	<b>\$ -</b>	<b>\$ 23,178</b>	<b>\$ 525,950</b>

Revenues from one customer were \$69,312 or 84% of the Company's total revenues for the three months ending October 31, 2005. Revenues from four customers during the three months ending October 31, 2004 were approximately \$21,821 or 75%.

All of the Company's revenues were from Canada and the United States. Revenues from Canada and the United States for the three months ending October 31, 2005 were \$70,484 and \$12,335, respectively. For the three months ending October 31, 2004, revenues from Canada and the United States were \$2,359 and \$26,592, respectively. Revenues are attributed to countries based on the location of the customers.