

ANDOVER VENTURES INC.
(A Development Stage Company)

Consolidated Financial Statements

DECEMBER 31, 2005

The accompanying unaudited interim financial statements of Andover Ventures Inc. for the period ended December 31, 2005 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company's independent auditors.

ANDOVER VENTURES INC.

(A Development Stage Company)

Balance Sheets

(In Canadian Dollars)

(Unaudited)

	December 31, 2005	March 31, 2005
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 98,760	\$ 224,133
Marketable securities	136,314	113,221
Accounts receivable	7,591	-
	<u>\$ 242,665</u>	<u>\$ 337,354</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 67,677	\$ 14,442
Due to broker and margin account -secured	77,894	57,332
	<u>\$ 145,571</u>	<u>\$ 71,774</u>
SHAREHOLDERS' EQUITY		
Capital Stock		
Authorized: 200,000,000 common shares without par value; 50,000 Class A preferred shares without par value; and 50,000 Class B preferred shares without par value		
Issued and fully paid: 3,665,000 common shares	573,000	573,000
Shares subscribed but unissued	30,000	30,000
Contributed surplus	16,998	16,998
Deficit, accumulated during the development stage	(522,904)	(354,418)
	<u>97,094</u>	<u>265,580</u>
	<u>\$ 242,665</u>	<u>\$ 337,354</u>

Approved by the Directors:

"Frank R. Underhill"

Frank R. Underhill, *Chief Executive Officer and Director*

"Walter Brenner"

Walter Brenner, *Chief Financial Officer and Director*

ANDOVER VENTURES INC.
(A Development Stage Company)
Income Statements
(In Canadian Dollars)
(Unaudited)

	Three Months Period Ended December 31,		Nine Months Period Ended December 31,	
	2005	2004	2005	2004
INTEREST AND OTHER INCOME	\$ 2,062	\$ 432	\$ 2,739	\$ 884
GENERAL AND ADMINISTRATIVE EXPENSES				
Consulting fees	71,880	2,250	127,380	102,789
Professional fees	2,625	1,500	10,295	5,170
Interest and bank charges	982	49	2,880	199
Office expense	2,672	315	6,087	6,227
Telephone	826	622	1,954	1,673
Transfer agent and filing fees	5,461	532	8,772	1,213
Shareholder costs	-	-	-	798
Travel and promotion	3,599	6,677	17,289	16,435
	88,045	11,945	174,657	134,504
LOSS BEFORE THE OTHER ITEMS	(85,983)	(11,513)	(171,918)	(133,620)
Gain on marketable securities	(11,382)	10,025	3,432	10,025
NET LOSS FOR THE PERIOD	(97,365)	(1,488)	(168,486)	(123,595)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.03)	\$ (0.00)	\$ (0.05)	\$ (0.03)
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic and Diluted	3,665,000	3,665,000	3,665,000	3,665,000

ANDOVER VENTURES INC.
(A Development Stage Company)
Statement of Retained Earnings (Deficit)
(In Canadian Dollars)
(Unaudited)

	Three Months Period Ended December 31,		Nine Months Period Ended December 31,	
	2005	2004	2005	2004
RETAINED EARNINGS (DEFICIT), BEGINNING OF PERIOD	(425,539)	\$ (293,591)	\$ (354,418)	\$ (171,484)
NET PROFIT (LOSS) FOR THE PERIOD	(97,365)	(1,488)	(168,486)	(123,595)
RETAINED EARNINGS (DEFICIT), END OF PERIOD	(522,904)	(295,079)	(522,904)	(295,079)

ANDOVER VENTURES INC.
(A Development Stage Company)
Statement of Cash Flows
(In Canadian Dollars)
(Unaudited)

	Three Months Period Ended December 31,		Nine Months Period Ended December 31,	
	2005	2004	2005	2004
CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES				
Loss for the period	(97,365)	\$ (1,488)	(168,486)	\$ (123,595)
Non-Cash Items:				
Gain on marketable securities	11,382	(10,025)	(3,432)	(10,025)
Changes in non-cash working capital items:				
Accounts receivable	(5,881)	-	(7,591)	2,309
Accounts payable and accrued	57,629	(188)	53,235	3,690
Cash used for operating activities	(34,235)	(11,701)	(126,274)	(127,621)
FINANCING ACTIVITIES				
Due to broker on margin-secured	23,291	-	20,562	-
Cash derived from financing activities	23,291	-	20,562	-
INVESTING ACTIVITIES				
Marketable securities	(24,101)	(1,933)	(19,661)	103
Cash used for investing activities	(24,101)	(1,933)	(19,661)	103
CASH INCREASE (DECREASE), DURING THE PERIOD	(35,045)	(13,634)	(125,373)	(127,518)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	133,805	256,500	224,133	370,384
CASH AND CASH EQUIVALENTS, END OF PERIOD	98,760	242,866	98,760	242,866

ANDOVER VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
(A Development Stage Company)
December 31, 2005
(In Canadian Dollars)
(Unaudited)

NOTE 1. BUSINESS OF THE COMPANY

Andover Ventures Inc. (“The Company”) is incorporated under the Laws of British Columbia, Canada on February 12, 2003, and is the date of inception of the Company.

The Company is a Capital Pool Company pursuant to TSX Venture Exchange policy and currently has no business operations. Accordingly, the deficit has been accumulated during the development stage.

NOTE 2. INTERIM FINANCIAL STATEMENTS

The accompanying unaudited financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim financial statements should be read in conjunction with the Company’s annual audited financial statements as at and for the year ended March 31, 2005. All materials adjustments which, in the opinion of management, are necessary for fair presentation of the results for the interim period have been reflected. The results for the nine months ended December 31, 2005 are stated utilizing the same accounting policies and methods of application as the most recent annual financial statements, but are not necessarily indicate of the results to be expected for the full year.