

ANDOVER VENTURES INC.
(A Development Stage Company)

Consolidated Financial Statements

SEPTEMBER 30, 2005

The accompanying unaudited interim financial statements of Andover Ventures Inc. for the period ended September 30, 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)

	September 30, 2005	March 31, 2005
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 133,805	\$ 224,133
Marketable securities	123,595	113,221
GST receivable	1,710	-
	<u>\$ 259,110</u>	<u>\$ 337,354</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 10,048	\$ 14,442
Due to broker and margin account -secured	54,603	57,332
	<u>\$ 64,651</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	(425,539)	(354,418)
	<u>194,459</u>	<u>265,580</u>
	<u>\$ 259,110</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 September 30,		Six Months Period Ended September 30,	
	2005	2004	2005	2004
INTEREST AND OTHER INCOME	\$ 301	\$ 205	\$ 677	\$ 452
GENERAL AND ADMINISTRATIVE EXPENSES				
Accounting fees	1,000	-	1,500	-
Audit fees	2,200	-	4,020	-
Consulting fees	19,250	14,000	55,500	100,539
Professional fees	2,150	750	2,150	3,670
Interest and bank charges	395	58	1,898	150
Office expense	1,671	2,155	3,415	5,912
Telephone	396	144	1,128	1,051
Transfer agent and filing fees	2,597	658	3,311	681
Shareholder costs	-	798	-	798
Travel and promotion	870	1,144	13,690	9,758
	<u>30,529</u>	<u>19,707</u>	<u>86,612</u>	<u>122,559</u>
LOSS BEFORE THE OTHER ITEMS	(30,228)	(19,502)	(85,935)	(122,107)
Gain on marketable securities	23,546	-	14,814	-
NET LOSS FOR THE PERIOD	<u>(6,682)</u>	<u>(19,502)</u>	<u>(71,121)</u>	<u>(122,107)</u>
BASIC AND DILUTED LOSS PER SHARE	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.03)
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic and Diluted	3,665,000	3,665,000	3,665,000	2,500,000

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

	Three Months Period Ended September 30,		Six Months Period Ended September 30,	
	2005	2004	2005	2004
RETAINED EARNINGS (DEFICIT), BEGINNING OF PERIOD	(418,857)	\$ (274,089)	\$ (354,418)	\$ (171,484)
NET PROFIT (LOSS) FOR THE PERIOD	(6,682)	(19,502)	(71,121)	(122,107)
RETAINED EARNINGS (DEFICIT), END OF PERIOD	(425,539)	(293,591)	(425,539)	(293,591)

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

	Three Months Period Ended September 30,		Six Months Period Ended September 30,	
	2005	2004	2005	2004
CASH PROVIDED BY (USED FOR)				
OPERATING ACTIVITIES				
Loss for the period	(6,682)	\$ (19,502)	(71,121)	\$ (122,107)
Non-Cash Items:				
Gain on marketable securities	(23,546)	-	(14,814)	-
Changes in non-cash working capital items:				
Accounts receivable	(1,291)	-	(1,710)	2,309
Accounts payable and accrued	909	1,285	(4,394)	3,878
Cash used for operating activities	(30,610)	(18,217)	(92,039)	(115,920)
FINANCING ACTIVITIES				
Due to broker on margin-secured	4,725	-	(2,729)	-
Cash derived from financing activities	4,725	-	(2,729)	-
INVESTING ACTIVITIES				
Marketable securities	(4,439)	843	4,440	2,036
Cash used for investing activities	(4,439)	-	4,440	2,036
CASH INCREASE (DECREASE), DURING THE PERIOD	(30,324)	(17,374)	(90,328)	(113,884)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	164,129	273,874	224,133	370,384
CASH AND CASH EQUIVALENTS, END OF PERIOD	133,805	256,500	133,805	256,500

ANDOVER VENTURES INC.
NOTES TO FINANCIAL STATEMENTS
(A Development Stage Company)
September 30, 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 six months ended September 30, 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.