

ORBIT DROP, INC.

STATEMENT OF STOCKHOLDERS' EQUITY
Quarter Ending December 31, 2005

UNAUDITED

| | <u>Common Stock</u> | | <u>Additional</u> | <u>Accumulated</u> | <u>Total</u> |
|-------------------------------|---------------------|---------------|-------------------|--------------------|------------------------|
| | <u>Shares</u> | <u>Amount</u> | <u>Paid-In</u> | <u>Deficit</u> | <u>Stockholders'</u> |
| | | | <u>Capital</u> | | <u>Equity(Deficit)</u> |
| Balance at September 30, 2005 | 206,550,000 | 206,550 | (107,912) | 200,045 | 298,683 |
| Stock Issuance 4,500 | (43,500,000) | (43,500) | | | |
| APIC | | | (100,707) | | |
| Net Income (Loss) | | | | <u>43,626</u> | |
| Balance at December 31, 2005 | 163,050,000 | 163,050 | (208,619) | 243,671 | 198,102 |

These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and thereby certified by
MARISA WOLFCALÉ, CHIEF EXECUTIVE OFFICER AND DIRECTOR.
The accompanying notes are an integral part of these financial statements.

ORBIT DROP, INC.

STATEMENT OF OPERATIONS
Quarter Ending December 31, 2005

UNAUDITED

| | 3 mos. Ended December 31 <u>2005</u> | 12 mos. Ended December 31 <u>2005</u> | 12 mos. Ended December 31 <u>2004</u> |
|---|--|---|---|
| REVENUES: | | | |
| Sales Revenue (Note 2) | 293,562 | 1,692,452 | 208,214 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL REVENUES | <u>293,562</u> | <u>1,692,452</u> | <u>208,214</u> |
| EXPENSES: | | | |
| Direct, Selling, General, and Administrative | 249,936 | 1,531,040 | 125,955 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL EXPENSES | <u>249,936</u> | <u>1,531,040</u> | <u>125,955</u> |
| Net Profit (Loss) Before Provision for Income Taxes | 43,626 | 161,412 | 82,259 |
| Provision for Income Taxes | 0 | 0 | 0 |
| | <u> </u> | <u> </u> | <u> </u> |
| NET PROFIT (LOSS) | 43,626 | 161,412 | 82,259 |

These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and thereby certified by
MARISA WOLFCALÉ, CHIEF EXECUTIVE OFFICER AND DIRECTOR.
The accompanying notes are an integral part of these financial statements.

ORBIT DROP, INC.

BALANCE SHEET
Quarter Ending December 31, 2005

UNAUDITED

| | December 31 <u>2005</u> | December 31 <u>2004</u> | December 31 <u>2003</u> |
|--|----------------------------|----------------------------|----------------------------|
| ASSETS: | | | |
| Cash (Note 2) | 91,397 | 980 | 0 |
| Deposits | 0 | 0 | 0 |
| Other Assets | 176,145 | 145,875 | 0 |
| Equipment | 153,377 | 135,065 | 0 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL ASSETS | 420,919 | 281,920 | 0 |
| LIABILITIES & SHAREHOLDERS' DEFICIT: | | | |
| Accounts/Notes Payable | 139,817 | 22,661 | 0 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL LIABILITIES | 139,817 | 22,661 | 0 |
| Common stock, par value .001 Per share: 500,000,000 shares authorized, 163,050,000 issued and O/S | 163,050 | 198,550 | 0 |
| Additional Paid-in-Capital | (125,619) | (21,550) | 0 |
| Net Income | 161,412 | 82,259 | 0 |
| Retained Earnings | 82,259 | | |
| | <hr/> | <hr/> | <hr/> |
| TOTAL SHAREHOLDERS' EQUITY | 281,102 | 259,259 | 0 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 420,919 | 281,920 | 0 |

These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and thereby certified by
MARISA WOLFCALÉ, CHIEF EXECUTIVE OFFICER AND DIRECTOR.
The accompanying notes are an integral part of these financial statements.

ORBIT DROP, INC.

STATEMENT OF CASH FLOWS Quarter Ending December 31, 2005

UNAUDITED

| | 3 mos ended December 31 <u>2005</u> | 12 mos ended December 31 <u>2005</u> | Inception to December 31 <u>2005</u> |
|--|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net Profit (Loss) | 43,625 | 150,990 | 233,249 |
| Adjustments to reconcile net Profit (Loss) to net cash (used in) operating activities: | | | |
| Increase in A/P | 8,402 | 36,092 | 58,753 |
| Increase in A/R | (35,000) | (27,000) | (27,000) |
| Payroll Liabilities | 32,210 | 32,210 | 32,210 |
| Depreciation/Amortization | 0 | 14,931 | 16,987 |
| Prepays | 0 | 12,246 | 12,246 |
| Bank Overdrafts | | (16,000) | (16,000) |
| Net cash Provided by (Used in) Operating Activities | <u>49,237</u> | <u>203,469</u> | <u>310,445</u> |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | |
| Increase (Decrease) from Notes Payable | 0 | 0 | 0 |
| Additional Paid-in-Capital | (5,934) | (105,558) | (127,108) |
| Write-off of Investments | 0 | 125,000 | 125,000 |
| Proceeds from issuance Of Common Stock | 0 | 8,000 | 206,550 |
| Net Cash Provided by (Used in) Financing Activities | <u>(5,934)</u> | <u>27,442</u> | <u>204,442</u> |
| TOTAL CASH AVAILABLE | <u>43,303</u> | <u>230,911</u> | <u>514,887</u> |
| CASH FLOWS USED IN INVESTING ACTIVITIES: | | | |
| N/R - Officer | 0 | 108,752 | 108,752 |
| Advances | 0 | (2,385) | (2,385) |
| Purchase of Inventory | 0 | 0 | 8,000 |
| Purchase of Improvements | 0 | 22,940 | 129,460 |
| Purchase of Equipment | 0 | 11,187 | 40,809 |
| Securities/Dev. Costs | <u>0</u> | <u>0</u> | <u>138,854</u> |
| TOTAL CASH USED | <u>0</u> | <u>140,494</u> | <u>423,490</u> |
| INCREASE (DECREASE) IN CASH | <u>43,303</u> | <u>90,417</u> | <u>91,397</u> |
| Change in Cash Balance: | | | |
| Cash Balance, Ending | 91,397 | 91,397 | 91,397 |
| Cash Balance, Beginning | <u>48,094</u> | <u>980</u> | <u>0</u> |
| INCREASE (DECREASE) IN CASH | <u>43,303</u> | <u>90,417</u> | <u>91,397</u> |

These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and thereby certified by
MARISA WOLFCALÉ, CHIEF EXECUTIVE OFFICER AND DIRECTOR.
The accompanying notes are an integral part of these financial statements.

ORBIT DROP, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 FORMATION AND NATURE OF BUSINESS

FORMATION OF BUSINESS - Orbit Drop, Inc. (the "Company") was organized by the filing of Articles of Incorporation in the State of Texas on May 26, 2004, under the corporate name of Vanquish Productions, Inc. On December 20, 2004, the Board of Directors approved an amendment to merge the Company into Vanquish and to change the name of the Company to Orbit Drop, Inc., and Articles of Merger reflecting the merger and name change were filed with the Texas Secretary of State on December 23, 2004. On December 23, 2004, the Company acquired all of the issued and outstanding stock of Orbit Drop, Inc., a Texas corporation, and its name was simultaneously changed to Orbit Drop, Inc. Orbit Drop, Inc. is operated and directed under the control of Kilay Reinfeld, who is President and Director.

NATURE OF BUSINESS - Orbit Drop, Inc. is positioned to build new access lanes to eBay by tapping a seller-base that has been excluded from eBay. "Sellers, start your engines." eBay's ability to drive more business and sell more product online remains undiminished. Gross merchandise volume increased from 3 billion items in 10 categories generating over \$1 billion each to a staggering 8.3 billion items in 12 categories with each generating \$1.1 to \$10.7 billion in 2004. With this kind of sales power, it is no surprise that branding trends also follow eBay. This "herd-branding" creates a powerful and dominating market presence. Orbit Drop shall maintain its well-respected relationship with eBay while building a global franchise network. eBay's store categories allow businesses to warehouse and list any item. Due to the unique nature of Orbit Drop's business offering and its close relationship with eBay, the Orbit Drop name will quickly gain weight with frequent eBay users.

Under Orbit Drop's operational plan, the item being sold must be worth at least \$50. Orbit Drop receives a percentage fee of the SELLING price, with fees declining on a sliding scale as the selling price increases. Items not sold are either offered to charity or returned to the customer. Orbit Drop bears lisle risk as it serves only as the middleman in the transaction.

Orbit Drop is adding live visual and shipping centers to its corporate stores and franchises. We are currently developing products and training programs to be exclusively sold by Orbit Drop. We are a progressive company and continually strive to stay one step ahead of the competition.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

STOCK BASED COMPENSATION - As permitted by Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation--Transition and Disclosure", which amended SFAS 123 ("SFAS 123"), "Accounting for Stock-Based Compensation", the Company has elected to continue to follow the intrinsic value method in accounting for its stock-based employee compensation arrangements as defined by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees", and related Interpretations including "Financial Accounting Standards Board Interpretations No. 44, Accounting for Certain Transactions Involving Stock Compensation", and interpretation of APB No. 25. As of December 31, 2005, the Company has not formed a Stock Option Plan and has not issued any options.

INCOME TAXES - The Company accounts for income taxes using the liability method, which requires the determination of deferred tax assets and liabilities based on the differences between the financial and tax bases of assets and liabilities using enacted tax rates in effect for the year in which differences are expected to reverse. Deferred tax assets are adjusted by a valuation allowance, if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

EARNINGS PER SHARE - The Company adopted the provisions of SFAS No. 128, "Earnings per Share." SFAS No. 128 requires the presentation of basic and diluted earnings per share ("EPS"). Basic EPS is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the potential dilution that could occur if options or other contracts to issue common stock were exercised or converted. During the period from Inception through December 31, 2005, no options or other contracts to issue common stock were issued or entered into. Accordingly, basic and diluted earnings per share are identical.

RECENTLY ISSUED ACCOUNTING STANDARDS - Management does not believe that any recently issued but not yet adopted accounting standards will have a material effect on the Company's results of operations or on the reported amounts of its assets and liabilities upon adoption.

NOTE 3 COMMON STOCK

The Company has issued and outstanding 163,050,000 shares of its common stock and (\$125,619) of additional paid-in capital as of December 31, 2005.

NOTE 4 INCOME TAXES

A reconciliation of the computed expected income tax benefit for income taxes are as follows:

| | | | | | | |
|--|-------------------------------------|--|--|-----|--|--|
| | Computed federal income tax less | | | | | |
| | state and local income tax benefit | | | \$0 | | |
| | Computed state and local income tax | | | 0 | | |
| | Allowance | | | 0 | | |
| | Total income tax benefit | | | \$0 | | |
| | | | | | | |
| | | | | | | |

Based on management's present assessment, the Company has not yet determined it to be more likely than not that a deferred tax asset of \$0 attributable to the future utilization of \$0 in current and prior year net operating loss carry forwards will be realized. Accordingly, the Company has provided a 0% allowance against the deferred tax asset in the financial statements at December 31, 2005. The company will continue to review this valuation allowance and make adjustments as appropriate.

NOTE 5
INTERIM FINANCIAL INFORMATION

The accompanying unaudited financial statements as of December 31, 2005, have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Such adjustments are of a normal recurring nature.