New International Infopet Systems Ltd.
(incorporated under the laws of Ontario)

Financial Statements

October 31, 2011 and 2010

McCarneyGreenwood

Independent Auditors' Report

To the Shareholders of
New International Infopet Systems Ltd.

We have audited the balance sheets of New International Infopet Systems Ltd. as at October 31, 2011 and 2010 and the statements of income and comprehensive income, changes in shareholders' equity, and cash flows for each of the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of New International Infopet Systems Ltd. as at October 31, 2011 and 2010 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements which describes that the Company will require additional financing in order to fund its planned activities. This condition, along with other matters set out in note 1, indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

"McCarney Greenwood LLP"

Toronto, Canada
February 22, 2012

McCarney Greenwood LLP
Chartered Accountants
Licensed Public Accountants

New International Infopet Systems Ltd.

	October 31 2011	October 31 2010
ASSETS		
Current asset		
Cash	$ 1,259	$ 1,828
	1,259	1,828
Long term investment (Note 5)	1	1
	$ 1,260	$ 1,829
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	$ 7,861	$ 7,861
Due to related parties (Note 8)	191,486	191,486
	199,347	199,347
Shareholders' Deficiency		
Share Capital (Note 6)	1,586,504	1,586,504
Contributed Surplus	224,527	224,527
Deficit	(2,009,118)	(2,008,549)
	(198,087)	(197,518)
	$ 1,260	$ 1,829

See accompanying notes to the financial statements.

Approved by the Board "Jack Greenberg" Director "Zoolficarali Kassum" Director

New International Infopet Systems Ltd.

	Year ended October 31 2011	2010
Revenue		
Consulting fees (Note 8)	$ 8,000	$ 8,000
Expenses		
Office	2,241	1,538
Professional fees	6,328	5,859
	8,569	7,397
Net (loss) income and comprehensive (loss) income for the year	(569)	603
Basic and diluted (loss) income per share (Note 6(b))	$ (0.00)	$ 0.00

See accompanying notes to the financial statements.

New International Infopet Systems Ltd.

	Year ended October 31 2011	2010
Share Capital		
Balance at beginning of year	$ 1,586,504	$ 1,586,504
Balance at end of year	$ 1,586,504	$ 1,586,504
Contributed Surplus		
Balance at beginning of year	$ 224,527	$ 224,527
Balance at end of year	$ 224,527	$ 224,527
Accumulated deficit		
Balance at beginning of year	$ (2,008,549)	$ (2,009,152)
Net (loss) income	(569)	603
Balance at end of year	$ (2,009,118)	$ (2,008,549)

See accompanying notes to the financial statements.

New International Infopet Systems Ltd.

	Year ended October 31 2011	2010
Cash flows from operating activities		
Net (loss) income for the year	$ (569)	$ 603
Changes in non-cash working capital		
Cash flows (used in) provided by operating activities	(569)	603
(Decrease) Increase in cash during the year	(569)	603
Cash, beginning of year	1,828	1,225
Cash, end of year	$ 1,259	$ 1,828

See accompanying notes to the financial statements.

1. Nature of Operations and Going Concern Assumption

New International Infopet Systems Ltd. ("the Company"), was incorporated under the laws of the Province of Ontario on March 9, 1965.

These financial statements are prepared using generally accepted accounting principles that are applicable to a going concern which assumes the Company will continue to operate throughout its next fiscal period subsequent to October 31, 2011. The use of these principles may be inappropriate since there is significant doubt about the Company's ability to continue as a going concern. Significant doubt exists because the Company is in a net liability position. The future viability of the Company is currently dependent upon the Company's ability to obtain sufficient cash from external financing, and generating increased revenues. In the past, the Company has been successful in obtaining financing from related parties. The Company will likely require continued support. These financial statements do not reflect any adjustments which would be necessary if the going concern assumption was not appropriate.

The Company has accumulated losses and cash flows from operations which are negative and which raises doubt as to the validity of the going concern assumption. As at October 31, 2011, the Company had an accumulated deficit of $2,009,118. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its liabilities is dependent on management's ability to secure additional financing and cash flow. Management is pursuing such additional sources of financing and cash flow and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statement.

2. Summary of Significant Accounting Policies

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

Comprehensive Income (Loss)
The Company adopted the CICA Section 1530, “Comprehensive Income” during the fiscal year ended October 31, 2007. Under these standards, the Statement of Comprehensive Income (Loss), was introduced that will provide for certain gains and losses arising from changes in fair value, to be temporarily recorded outside the income statement. Upon adoption of Section 1530, the Company incorporated the Statement of Comprehensive Income by creating a “Statement of Income and Comprehensive Income”. The application of this standard did not result in comprehensive income being different from net income for the periods presented. Should the Company recognize any other comprehensive income in the future, the cumulative changes in other comprehensive income would be recognized in Accumulated Other Comprehensive Income, which would be presented as a new category within shareholders’ deficiency on the balance sheets.

Financial Instruments and Comprehensive Income (Loss)
Under Section 3251, "Equity", Section 3855, "Financial Instruments - Recognition and Measurement", Section 3862 "Financial Instruments - Disclosures" and Section 3863, "Financial Instruments - Disclosure and Presentation", all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of the changes in the fair values of financial instruments depends on their initial classification. Available-for-sale financial instruments are measured at fair value and all gains and losses are measured at fair value and are included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, held to maturity investments and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, de-recognition, impairment write-downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financial instruments will be expensed in the period incurred.

The Company has made the following classifications:

Cash	Held for trading
Long term investment	Held for trading
Accounts payable and accrued liabilities	Other financial liabilities
Other current liabilities	Other financial liabilities

2. Summary of Significant Accounting Policies (continued)

Capital Disclosures
On November 1, 2007, the Company adopted CICA Handbook Section 1535, "Capital Disclosures". Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in Note 11 to these financial statements.

Financial Instruments - Disclosures and Financial Instruments - Presentation
On November 1, 2007, the Company adopted CICA Handbook Section 3862, "Financial Instruments - Disclosures" along with Section 3863, "Financial Instruments - Presentation". These new Sections replace Handbook Section 3861, "Financial Instruments — Disclosure and Presentation", revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Financial Instruments - Recognition and Measurement
On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No.166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective November 1, 2007 which requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement". The Company evaluated the impact of EIC-166 and determined that no adjustments were required.

Income Taxes
The Company follows the asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributed to differences between the financial statement carrying value of assets and liabilities and their respective income tax basis. Future income tax assets and liabilities are measured using substantially enacted income tax rates expected to apply to taxable income when the asset is realized or the liability is settled. The effect on future income tax assets and liabilities of a change in the tax rates is included in income in the period in which the change occurs. Future income tax assets are evaluated and, if realization is not considered "more likely than not", a valuation allowance is provided.

2. Summary of Significant Accounting Policies (continued)

Stock Option Compensation
The CICA Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments, requires that compensation for option awards to employees be recognized in the financial statements at fair value for options granted in fiscal years beginning on or after January 1, 2004. The Company adopted this section prospectively for new option awards granted on or after October 31, 2003.

Goodwill and Intangibles
In February 2008, the CICA approved Handbook 3064, "Goodwill and Intangible Assets: which replaces the existing Handbook Section 3062, "Goodwill and Other Intangible Assets" and 3450 Research and Development Costs". The standards provide guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. This section was adopted by the Company for its financial statements beginning on November 1, 2008.

Going Concern Disclosures
The CICA has amended Section 1400, “General Standard of Financial Statement Presentation” to include requirements to assess and disclose the Company’s ability to continue as a going concern. The Company will adopt this amended section in fiscal year beginning November 1, 2009. The adoption of this section did not have an impact on the Company’s financial statements.

Categories of Financial Assets and Liabilities
In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, “Financial Instruments – Disclosures” in an effort to make Section 3862 consistent with International Financial Reporting Standards Section 7 – Disclosures (“IFRS 7”). The purpose was to establish a framework for measuring fair value in GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (Level 1) quoted prices (unadjusted) in active markets for identical assets or liabilities; (Level 2) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and (Level 3) inputs for the asset or liability that are not based on observable market data (unobservable inputs). These standards apply to interim and annual financial statements relating to fiscal years ending after September 30, 2009. The Company has included disclosures recommended by the new Handbook section in Note 3 in its financial statements.

2. Summary of Significant Accounting Policies (continued)

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities
In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. The Company is continually evaluating the effects of this standard. The adoption of this new section did not have an impact on the Company’s financial statements.

Future Accounting Standards

Business Combinations, Consolidated Financial Statements and Non-controlling Interests
Business Combinations, Consolidated Financial Statements and Non-controlling Interests – The CICA issued three new accounting standards in January 2009: section 1582, Business Combinations, section 1601, Consolidated Financial Statements, and section 1602, Non-controlling interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces section 1581, and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3 – Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Sections 1601 and 1602 together replace 1600 – Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The adoption of these new sections is not expected to have any significant impact on the Company financial statements.

2. Summary of Significant Accounting Policies (continued)

Multiple Deliverable Revenue Arrangements

In December 2009, the CICA issued EIC 175 – “Multiple Deliverable Revenue Arrangements” replacing EIC 142 – “Revenue Arrangements with Multiple Deliverables”. This abstract was amended to: (1) provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and the consideration allocated; (2) require, in situations where a vendor does not have vendor-specific objective evidence (“VSOE”) or third-party evidence of selling price, that the entity allocate revenue in an arrangement using estimated selling prices of deliverables; (3) eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method; and (4) require expanded qualitative and quantitative disclosures regarding significant judgments made in applying this guidance. The accounting changes summarized in EIC 175 are effective for fiscal periods beginning on or after January 1, 2011, with early adoption permitted. Adoption may either be on a prospective basis or by retrospective application. If the Abstract is adopted early, in a reporting period that is not the first reporting period in the entity’s fiscal period, it must be applied retrospectively from the beginning of the Company’s fiscal period of adoption. The Company expects to adopt EIC 175 effective November 1, 2011. The Company does not believe the standard will have a material impact on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA’s AcSB formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008, the AcSB confirmed that publicly accountable, profit oriented enterprises will be required to report under IFRS for interim and annual financial statements for periods commencing on or after January 1, 2011. Accordingly, the Company will be required to have prepared, in time for its fiscal 2012 first quarter filing, comparative financial statements in accordance with IFRS for the three months ended January 31, 2012. This will be an ongoing process as the International Accounting Standards Board and the AcSB continue to issue new standards and recommendations. The Company is in the process of evaluating the potential impact of IFRS on its financial statements. Based on the current guidance provided by regulatory bodies, it is anticipated that the Company’s financial results and position as disclosed in its current Canadian GAAP financial statements will not differ significantly from that which is required in accordance with IFRS.

3. Financial Instruments

The carrying amounts of accounts payable and accrued liabilities approximate their fair values because of the short-term maturities of these items. Due to related parties have no specific terms of repayment.

3. Financial Instruments (continued)

Fair Value Disclosure

The fair value measurement of assets and liabilities recognized on the balance sheet are categorized into levels within a fair value hierarchy based on the nature of valuation inputs.

The fair value hierarchy has the following levels:

Level 1: quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3: Inputs for the asset or liability that are not based on observable market data

The fair value hierarchy for financial instruments measured at fair value is Level 1 for cash.

The carrying amounts of accounts payable and accrued liabilities approximates their fair values because of the short-term maturities of the items. The advances from related companies are non-interest bearing with no specific terms of repayment and due on demand. The fair values of these amounts have not been disclosed because the cash flow stream of the related party amounts is not determinable.

4. Financial Risks

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign currency risks). Risk management is carried out by the Company's management with guidance from the Audit Committee. It is management's opinion that the Company is not exposed to significant financial risks.

Credit risk:
Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company’s cash is held through a large Canadian financial institution and management believes that the credit risk concentration with respect to cash is not significant.

The carrying amount of financial assets recorded in the financial statements represents the Company’s maximum exposure to credit risk.

4. Financial Risks (continued)

Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company's approach to managing liquidity risk is to ensure that it will have sufficient cash and cash equivalents to meet liabilities when due. The Company is exposed to liquidity risk because it does not have sufficient cash to meet its short-term obligations. As at October 31, 2011 and 2010, the Company had a cash balance of $1,259 and $1,828 respectively to settle current liabilities of $199,347 (2010 - $199,347). All of the Company's financial liabilities have maturities of less than 30 days and are subject to normal trade terms.

Market risk:
(i) Interest rate risk
Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to a limited interest rate risk since the Company’s cash account does not earn any interest.

(ii) Foreign currency risk
Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Sensitivity analysis:
GAAP requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Company's financial position, performance and fair value of cash flows associated with the Company's financial instruments to changes in market variables. The sensitivity analysis provided discloses the effect on income at October 31, 2011 assuming that a reasonably possible change in the relevant risk variable has occurred at October 31, 2011 and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes. The reasonably possible changes in market variables used in the sensitivity analysis were determined based on implied volatilities (where available) or historical data.

4. Financial Risks (continued)

The sensitivity analysis provided is hypothetical and should be used with caution as the impacts provided are not necessarily indicative of the actual impacts that would be experienced as the Company's actual exposure to market rates may change. Changes in fair values or cash flows based on a variation in a market variable cannot be extrapolated because the relationship between the change in market variable and the change in a particular value or cash flows may not be linear. In addition, the effect of a change in a particular market variable on fair values or cash flows is calculated without considering interrelationships between the various market rates or mitigating actions that would be taken by the Company. Due to the small cash balance the Company has, changes in the interest rate will have a minimal impact on the cash balance and reported income in the year.

As of October 31, 2011, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

During 2008 market events caused significant volatility in the international credit markets and other financial systems and the deterioration of global economic conditions causing a loss of confidence in the broader U.S. and global credit and financial markets. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted company valuations and will impact the performance of the global economy going forward.

5. Long Term Investment

The Company owns 1,000 common shares of International Infopet Systems Inc., a privately owned company registered in Delaware, United States. This holding represents a one-third interest in that corporation.

The Company exercises significant influence over the investee and uses the equity method to account for its investment. During 2004, the investment became permanently impaired and was written down to a nominal amount of $1. Any subsequent increase in value will be recognized only when the investment becomes profitable.

6. Share Capital

(a) Authorized:
Unlimited Common shares

	2011	2010
Issued:		
1,068,400 Common shares	$ 1,586,504	$ 1,586,504

(b) Basic and diluted income (loss) per share
The following table sets forth the computation of basic and diluted income (loss) per share:

	2011	2010
Numerator:		
Net (loss) income for the year	$ (569)	$ 603
Numerator for basic and diluted (loss) income per share	$ (569)	$ 603
Denominator:		
Weighted average number of Common shares	1,068,400	1,068,400
Denominator for basic and diluted (loss) income per share (i)	1,068,400	1,068,400
Basic (loss) income per share	$ -	$ -
Diluted (loss) income per share	$ (0.00)	$ 0.00

(i) The Company had no convertible shares, stock options or warrants outstanding during the current or prior years.

7. Income Taxes

There are no future income tax liabilities.

The Company has future income tax assets as follows:

	2011	2010
Future income tax asset		
Non-capital losses carried forward	$ 350	$ 208
Valuation allowance for future tax asset	(350)	(208)
Net future income tax asset	$ -	$ -

7. Income Taxes (continued)

At October 31, 2011, the Company had non-capital losses carried forward of $1,400 which may be utilized to reduce future year's taxable income. These losses expire as follows:

2027	379
2028	304
2029	148
2031	569
	$ 1,400

The income tax benefit of these carry forward non-capital losses has not been recognized in these financial statements as the realization thereof is not considered more likely than not. The Company's income tax expense for each of the years ended October 31, 2011 and October 31, 2010 is $Nil. The Company's actual income tax expense for each of the years is made up as follows:

	2011	2010
(Loss) Income before income taxes	$ (569)	$ 603
Income tax (recovery) provision at the combined federal and provincial rates of 28.71% (2010 - 31.33%)	$ (163)	$ 189
Non-capital losses utilized	-	(189)
Taxable benefit not recognized	163	-
Actual income tax (recovery) expense	$ -	$ -

8. Due to Related Parties / Related Party Transactions

Amounts due to related parties at the Company's year end are as follows:

	2011	2010
Dapaul Management Limited (as trustee) (i)	$ 157,586	$ 157,586
857710 Ontario Limited (ii)	32,445	32,445
Due to president (iii)	1,455	1,455
	$ 191,486	$ 191,486

(i) The president of the Company owns 100% of Dapaul Management Limited. The amount due is non-interest bearing and payable on demand.

(ii) 857710 Ontario Limited is a corporation controlled by a director and officer of the Company. The amount is unsecured, non-interest bearing, and without definite terms of repayment.

8. Due to Related Parties / Related Party Transactions (continued)

(iii) The amount is due to the president of the Company. The amount is unsecured, non-interest bearing, and without definite terms of repayment.

During the fiscal year ended October 31, 2011, the Company received $8,000 (2010 - $8,000) from the Company's president for consulting services rendered to him.

These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Economic Dependence

The Company is economically dependent on the related parties identified in Note 8 for the financing of its ongoing operations.

10. Segmented Information

Since the Company's operations comprise a single reporting segment, amounts disclosed in the financial statements for revenue, expenses, net income (loss) for the year, and basic and diluted income (loss) per share also represent segment amounts.

Except for the investment in International Infopet Systems Inc., described in Note 5, all of the Company's assets and operations are in Canada.

11. Management of Capital

The Company manages and adjusts its capital structure based on available funds and in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Director does not establish quantitative return on capital criteria.

As at October 31, 2011, the Company had capital resources consisting mainly of cash. The Company's primary source of funds comes from consulting fees and loans from related parties.

There were no changes in the Company's approach to capital management during the year ended October 31, 2011. The Company is not subject to externally imposed capital requirements.