(Official Form 1) (10/05)

United States Bankruptcy Court
District of Massachusetts

Voluntary Petition

Name of Debtor (if individual, enter Last, First, Middle):	Name of Joint Debtor (Spouse) (Last, First, Middle):
Lan-Tel Technologies, Inc.	
All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names):
Last four digits of Soc. Sec./Complete EIN or other Tax ID No. (if more than one, state all): **27-0116004**	Last four digits of Soc. Sec./Complete EIN or other Tax ID No. (if more than one, state all):
Street Address of Debtor (No. & Street, City, and State): **11 Beacon Street, Suite 1205, Boston, MA** ZIP Code **02108**	Street Address of Joint Debtor (No. & Street, City, and State): ZIP Code
County of Residence or of the Principal Place of Business: **Suffolk**	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address): ZIP Code	Mailing Address of Joint Debtor (if different from street address): ZIP Code
Location of Principal Assets of Business Debtor (if different from street address above):	

Type of Debtor (Form of Organization) (Check one box)

- ☐ Individual (includes Joint Debtors)
- ■ Corporation (includes LLC and LLP)
- ☐ Partnership
- ☐ Other (If debtor is not one of the above entities, check this box and provide the information requested below.) State type of entity:

Nature of Business (Check all applicable boxes.)

- ☐ Health Care Business
- ☐ Single Asset Real Estate as defined in 11 U.S.C. § 101 (51B)
- ☐ Railroad
- ☐ Stockbroker
- ☐ Commodity Broker
- ☐ Clearing Bank
- ☐ Nonprofit Organization qualified under 26 U.S.C. § 501(c)(3)

Chapter of Bankruptcy Code Under Which the Petition is Filed (Check one box)

- ☐ Chapter 7
- ■ Chapter 11
- ☐ Chapter 15 Petition for Recognition of a Foreign Main Proceeding
- ☐ Chapter 9
- ☐ Chapter 12
- ☐ Chapter 15 Petition for Recognition of a Foreign Nonmain Proceeding
- ☐ Chapter 13

Nature of Debts (Check one box)

- ☐ Consumer/Non-Business
- ■ Business

Filing Fee (Check one box)

- ■ Full Filing Fee attached
- ☐ Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A.
- ☐ Filing Fee waiver requested (Applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B.

Chapter 11 Debtors

Check one box:

- ■ Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D).
- ☐ Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D).

Check if:

- ■ Debtor's aggregate noncontingent liquidated debts owed to non-insiders or affiliates are less than $2 million.

Statistical/Administrative Information

- ■ Debtor estimates that funds will be available for distribution to unsecured creditors.
- ☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

THIS SPACE IS FOR COURT USE ONLY

Estimated Number of Creditors

1-49	50-99	100-199	200-999	1000-5,000	5001-10,000	10,001-25,000	25,001-50,000	50,001-100,000	OVER 100,000
■	☐	☐	☐	☐	☐	☐	☐	☐	☐

Estimated Assets

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	■	☐	☐	☐	☐	☐

Estimated Debts

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	■	☐	☐	☐	☐

Voluntary Petition *(This page must be completed and filed in every case)*	Name of Debtor(s): **Lan-Tel Technologies, Inc.**

Prior Bankruptcy Case Filed Within Last 8 Years (If more than one, attach additional sheet)

Location Where Filed: **- None -**	Case Number:	Date Filed:

Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor (If more than one, attach additional sheet)

Name of Debtor: **- None -**	Case Number:	Date Filed:
District:	Relationship:	Judge:

Exhibit A

(To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)

☐ Exhibit A is attached and made a part of this petition.

Exhibit B

(To be completed if debtor is an individual whose debts are primarily consumer debts.)

I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter.
I further certify that I delivered to the debtor the notice required by §342(b) of the Bankruptcy Code.

X _____
Signature of Attorney for Debtor(s) Date

Exhibit C

Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?

☐ Yes, and Exhibit C is attached and made a part of this petition.

■ No

Certification Concerning Debt Counseling by Individual/Joint Debtor(s)

☐ I/we have received approved budget and credit counseling during the 180-day period preceding the filing of this petition.

☐ I/we request a waiver of the requirement to obtain budget and credit counseling prior to filing based on exigent circumstances. (Must attach certification describing.)

Information Regarding the Debtor (Check the Applicable Boxes)

Venue (Check any applicable box)

■ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.

☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

☐ Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.

Statement by a Debtor Who Resides as a Tenant of Residential Property
Check all applicable boxes.

☐ Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)

_____
(Name of landlord that obtained judgment)

_____
(Address of landlord)

☐ Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and

☐ Debtor has included in this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.

Voluntary Petition

(This page must be completed and filed in every case)

Name of Debtor(s):
Lan-Tel Technologies, Inc.

Signatures

Signature(s) of Debtor(s) (Individual/Joint)

I declare under penalty of perjury that the information provided in this petition is true and correct.
[If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.
[If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by §342(b) of the Bankruptcy Code.

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X _____
Signature of Debtor

X _____
Signature of Joint Debtor

_____
Telephone Number (If not represented by attorney)

_____
Date

Signature of Attorney

X _____
Signature of Attorney for Debtor(s)

Jennifer L. Hertz 645081
Printed Name of Attorney for Debtor(s)

Duane Morris LLP
Firm Name

470 Atlantic Avenue
Suite 500
Boston, MA 02210
Address

Email: jlhertz@duanemorris.com
617-289-9200 Fax: 617-289-9201
Telephone Number

August 11, 2006
Date

Signature of Debtor (Corporation/Partnership)

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X _____
Signature of Authorized Individual

Stephen J. Gillis
Printed Name of Authorized Individual

President
Title of Authorized Individual

August 11, 2006
Date

Signature of a Foreign Representative

I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.

(Check only one box.)

☐ I request relief in accordance with chapter 15 of title 11. United States Code. Certified copies of the documents required by §1515 of title 11 are attached.

☐ Pursuant to §1511 of title 11, United States Code, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.

X _____
Signature of Foreign Representative

_____
Printed Name of Foreign Representative

_____
Date

Signature of Non-Attorney Bankruptcy Petition Preparer

I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19B is attached.

_____
Printed Name and title, if any, of Bankruptcy Petition Preparer

_____
Social Security number (If the bankrutpcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.)(Required by 11 U.S.C. § 110.)

_____
Address

X _____

_____
Date

Signature of Bankruptcy Petition Preparer or officer, principal, responsible person,or partner whose social security number is provided above.

Names and Social Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual:

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both 11 U.S.C. §110; 18 U.S.C. §156.

UNANIMOUS WRITTEN CONSENT OF THE BOARD OF DIRECTORS OF

LAN-TEL TECHNOLOGIES, INC.

The undersigned, being all of the members of the Board of Directors of Lan-Tel Technologies, Inc. (the "Corporation"), a Massachusetts corporation, do hereby certify that on July , 2006, the following resolutions were adopted by the Board of Directors by written consent in lieu of a meeting of the Board of Directors:

> RESOLVED, that it is in the best interests of this Corporation, its creditors, stockholders, employees and other interested parties that the Corporation file a petition for relief under the provisions of chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

And it was further

> RESOLVED, that each of the officers of the Corporation, and any of them, be and hereby is, authorized and directed on behalf of the Corporation to execute and verify a petition to commence a proceeding under the Bankruptcy Code and to cause the same to be filed in any district at such time and venue as the officer executing said petition on behalf of this Corporation shall determine.

And it was further

> RESOLVED, that each of the officers of the Corporation, and any of them, be and hereby is authorized and directed to retain on behalf of the Corporation, Paul D. Moore and the law firm of Duane Morris LLP, 470 Atlantic Avenue, Suite 500, Boston, Massachusetts 02110, to render legal services to the Corporation in connection with any proceeding under the Bankruptcy Code, and any other related matter in connection therewith on such terms as such officers shall approve.

And it was further

> RESOLVED, that each of the officers of the Corporation, Stephen J. Gillis and any of them, be and hereby is, authorized and directed on behalf of the Corporation to execute and file all petitions, schedules, motions, lists, applications, pleadings, and other papers, and, in connection therewith, to employ and retain all assistance by legal counsel, accountants, or other professionals, including the payment of retainers to such professionals as such officers may deem appropriate, and to take

any and all action which they deem necessary or appropriate in connection with any proceeding under the Bankruptcy Code, with a view to the successful prosecution thereof.

And it was further

RESOLVED, that each of the officers of the Corporation, Stephen J. Gillis and any of them, be and hereby is, authorized and directed on behalf of the Corporation to execute and file all petitions, schedules, motions, lists, applications, pleadings, and other papers, and, in connection therewith, to employ and retain all assistance by legal counsel, accountants, or other professionals, including the payment of retainers to such professionals as such officers may deem appropriate, and to take any and all action which they deem necessary or appropriate in connection with any proceeding under the Bankruptcy Code, with a view to the successful prosecution thereof.

And it was further

RESOLVED, that each of the officers of the Corporation be, and each of them acting singly hereby is, authorized, empowered and directed in the name and on behalf of the Corporation to execute, deliver and file any and all agreements, instruments, documents and certificates and to take any and all other actions which they or any of them may deem necessary or appropriate in connection with the transactions contemplated by the foregoing resolutions, and that the execution, delivery and filing of such agreements, instruments, documents and certificates, and the taking of such other actions by such officer or officers shall be conclusive evidence of his or their approval thereof and of the due authorization and approval thereof by the Board of Directors of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of July, 2006.

Joseph Bodio

Stephen J. Gillis

LAN-TEL TECHNOLOGIES, INC.

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2005

LUCA, DEBLASIO & CO., INC.

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LUCA, DEBLASIO & CO., INC.
CERTIFIED PUBLIC ACCOUNTANTS

55 Sixth Road
Woburn, MA 01801
TEL: (MA) 781-933-4114 (RI) 401-751-9700
FAX: (MA) 781-933-8180 (RI) 401-751-2770
www.lucacpa.com

April 30, 2006

The Board of Directors
Lan-Tel Technologies, Inc.
Boston, Massachusetts

We have reviewed the accompanying balance sheet of Lan-Tel Technologies, Inc., as of December 31, 2005 and the related statement of operations and stockholders' deficit and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Lan-Tel Technologies, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

As discussed in Note L, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments to the financial statements that might be necessary should the Company be unable to continue as a going concern.

Our review was made for the purposes of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedule of general and administrative expenses and summary of construction revenue and costs is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Luca, DeBlasio & Co., Inc.

LAN-TEL TECHNOLOGIES, INC.

BALANCE SHEET

DECEMBER 31, 2005

ASSETS

CURRENT ASSETS:	
Cash	$ 39,606
Accounts receivable	458,532
TOTAL CURRENT ASSETS	498,138
PROPERTY AND EQUIPMENT (NET)	80,256
OTHER ASSETS	
Organization costs, net	9,778
	9,778
	$ 588,172

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES:	
Line of credit	$ 375,000
Current portion of long term debt	45,913
Accounts payable	206,627
Accrued expenses	19,482
Accrued payroll and related taxes	2,814
Due to stockholders	35,600
Billings in excess of costs and estimated earnings on uncompleted contracts	134,882
TOTAL CURRENT LIABILITIES	820,318
LONG TERM DEBT	99,522
COMMITMENTS	-
STOCKHOLDERS' DEFICIT:	
Common stock, $.001 par value, 1,200,000 shares authorized, 923,340 shares issued and outstanding	923
Accumulated deficit	(332,591)
	(331,668)
	$ 588,172

See accompanying accountants' review report and notes to financial statements.

LAN-TEL TECHNOLOGIES, INC.

STATEMENT OF OPERATIONS AND STOCKHOLDERS' DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 2005

REVENUE:	
Contract	$ 1,431,806
COSTS AND EXPENSES:	
Contract	1,282,179
General and administrative (schedule)	276,231
Legal expense	194,884
	1,753,294
LOSS FROM OPERATIONS	(321,488)
OTHER INCOME (EXPENSE):	
Other income	1,757
Interest expense	(12,404)
	(10,647)
NET LOSS BEFORE PROVISION FOR INCOME TAXES	(332,135)
PROVISION FOR INCOME TAXES	
Current	456
Deferred	-
	456
NET LOSS	(332,591)
RETAINED EARNINGS, beginning of year	-
ACCUMULATED DEFICIT, end of year	$ (332,591)

See accompanying accountants' review report and notes to financial statements.

LAN-TEL TECHNOLOGIES, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (332,591)
Adjustments to reconcile net income to net cash from operations:	
Depreciation and amortization	9,816
(Increase) in accounts receivable	(458,532)
(Increase) in other assets	(10,864)
Increase in accounts payable	206,627
Increase in accrued expenses	19,482
Increase in accrued payroll and related taxes	2,814
Increase in billings in excess of costs and estimated earnings on uncompleted contracts	134,882
NET CASH USED IN OPERATIONS	(428,366)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of equipment	(88,986)
NET CASH USED IN INVESTING ACTIVITIES	(88,986)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings under line of credit agreement, net of repayments	375,000
Borrowings under term loan, net of repayments	89,770
Borrowings under vehicle loans, net of repayments	55,665
Advances from stockholders	35,600
Proceeds from sale of common stock	923
NET CASH PROVIDED BY FINANCING ACTIVITIES	556,958
NET INCREASE IN CASH	39,606
CASH, beginning of year	-
CASH, end of year	$ 39,606

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	$ 12,404
Income taxes	$ 456

DISCLOSURE OF ACCOUNTING POLICY:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

See accompanying accountants' review report and notes to financial statements.

LAN-TEL TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business – Lan-Tel Technologies was incorporated under the laws of the State of Massachusetts on February 10, 2004. The Company began operations in May 2005; therefore the financial statements include operations from May through December 2005. The Company designs, installs, and maintains premise based telecommunications systems.

Revenue and Cost Recognition - Revenues from contracts are recognized on the percentage-of-completion method, measured by the percentage of total costs incurred to date to estimated total costs for each contract. Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as supplies, tools, repairs, insurance and payroll taxes. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenue recognized.

Property and Equipment - The components of property and equipment are recorded at cost and are being depreciated for financial statement purposes using the straight-line method over the following estimated useful lives:

Office equipment	5 years
Furniture and fixtures	7 years
Motor vehicles	5 years

For federal income tax purposes property and equipment is being depreciated using accelerated methods of cost recovery over statutory recovery periods. Maintenance and repairs are charged to income as incurred and renewals and betterments are capitalized.

The cost of properties retired or otherwise disposed of and the related accumulated depreciation thereon is eliminated from the asset and related depreciation accounts at the time of retirement or sale, and the resulting gain or loss is included in income.

Accounts Receivable – Accounts receivable at December 31, 2005 include amounts due from a Company part owned by one of the stockholders of Lan-Tel Technologies, Inc. The balance due of $14,447 consists of trade receivables and net advances due from this Company. No provision for doubtful accounts has been made at December 31, 2005, as management considers all amounts fully collectible.

Organization Costs

The Company has capitalized certain legal costs included in "Other Assets", associated with establishing and organizing the Company to conduct business. These organization costs are being amortized on a straight-line basis over sixty months. Amortization expense for the year ended December 31, 2005 amounted to $1,086.

LAN-TEL TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS

B. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following as of December 31:

	2005
Office equipment	$ 7,626
Furniture and fixtures	5,889
Motor vehicles	75,471
	88,986
Less: Accumulated depreciation	8,730
PROPERTY AND EQUIPMENT (NET)	$ 80,256

Depreciation expense for the year ended December 31, 2005 was $8,730.

C. LINE OF CREDIT:

In August 2005, the Company entered into a line of credit agreement with a bank. Under the agreement, the Company can borrow up to $400,000, payable on demand, with interest payable monthly in arrears at the prime rate plus 1%. Borrowings are secured by all the corporate assets and are guaranteed by two of the Company's officers. The agreement prohibits creation of debt, other than from normal trade, including debts from merger, sale of assets, loans or advances, guaranties, payment of dividends or repurchase of capital stock, without the consent of the lender. The line expires on May 31, 2006. As of December 31, 2005 $375,000 was outstanding under the line of credit.

D. LONG TERM DEBT:

Long term debt consists of the following at December 31:

	2005
Note payable to a bank, due August 2008, payable in monthly installments of $3,046 including interest at 6%, secured by all the corporate assets and guaranteed by two of the Company's officers.	$ 89,772
Vehicle loans payable to a bank, due July 2009, payable in monthly installments of $1,497 including interest at 7.99%, secured by vehicles	55,663
	145,435
Less: current portion	45,913
Long-term debt	$ 99,522

See accompanying accountants' review report.

LAN-TEL TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS

D: LONG TERM DEBT (CONTINUED):

Maturities of long-term debt are as follows:

Year ended December 31,	
2006	$ 45,913
2007	49,093
2008	40,228
2009	10,201
	$ 145,435

E. INCOME TAXES:

For the year ended December 31, 2005, the Company has no provision for income taxes as there is a net operating loss. This loss will be carried forward to offset future net income.

Deferred Income Taxes - FASB Statement No. 109, Accounting for Income Taxes, requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities. As of December 31, 2005, the Company has not recorded any deferred tax asset due to the uncertainty of future realization of those amounts.

F. COMMITMENTS:

The company leases its office space under a 2-year lease through June 30, 2007 for $3,658 per month. Rent expense at December 31, 2005 was $22,950. Additionally, the Company leases automobiles under operating leases expiring in 2008. Payments under these operating leases were $13,021 for the year ended December 31, 2005. Future minimum payments due under all operating leases are as follows:

Year Ended	
2006	$ 75,103
2007	53,153
2008	18,202
	$ 146,458

See accompanying accountants' review report.

LAN-TEL TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS

G. STOCKHOLDERS' EQUITY:

Initially the Company authorized 30,000 shares of no par common stock of which 10,000 shares were issued to the founding stockholder of the company. In June 2005 the company underwent a recapitalization whereby 1,200,000 shares of common stock with a par value of $.001 each were authorized. As of December 31, 2005, 923,340 shares have been issued to certain key employees. All common stock issued vests over a two-year period. Within that time, if employment is terminated the Company has the right to repurchase unvested shares at par value. All vested shares are restricted from transfer without the Company being offered the first right to repurchase the shares.

Further, in June 2005 the Company adopted an incentive stock option plan. The plan allows the Company to issue options for the purchase of an aggregate of 200,000 shares of its $.001 par value common stock by employees, officers, directors, consultants or advisors. The number of shares and exercise dates of the options are determined by the Board of Directors in accordance with the plan. As of December 31, 2005 no options had been granted.

H. UNCOMPLETED CONTRACTS:

Costs, estimated earnings, and billings on uncompleted contracts are summarized as follows:

Costs incurred on uncompleted contracts	$ 25,979
Estimated earnings	31,763
	57,742
Billings to date	192,624
	$ 134,882

Included in the accompanying balance sheet under the following captions:

Costs and estimated earnings in excess of billings on uncompleted contracts	$ -
Billings in excess of costs and estimated earnings on uncompleted contracts	(134,882)
	$(134,882)

I. BACKLOG:

Backlog represents the amount of revenue the Company expects to realize from uncompleted contracts in progress at the end of a period and from contractual agreements on which work has not yet begun.

Backlog balance at December 31, 2004	$ -
New contracts during the year ended December 31, 2005	1,566,688
	1,566,688
Less contract revenues earned during the year ended December 31, 2005	1,431,806
Backlog balance at December 31, 2005	$ 134,882

See accompanying accountants' review report.

LAN-TEL TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS

I. BACKLOG (CONTINUED):

In addition, the Company entered into additional contractual agreements with estimated revenues of $641,000 between January 1 and April 30, 2006.

J. MAJOR CUSTOMERS:

Sales to three major customers were approximately $702,600, or 45% of total sales, for the year ended December 31, 2005.

K. RELATED PARTY TRANSACTIONS:

Lan-Tel Technologies entered into a Corporate Services Agreement with a company owned by two of the shareholders of Lan-Tel Technologies. Under the agreement, this company provides administrative support services including but not limited to, accounting, payroll, and the administration of insurance and employee benefit programs for the benefit of Lan-Tel Technologies. For the year ended December 31, 2005 Lan-Tel Technologies has not paid a fee for these services nor is any accrual for such fee included in the accompanying financial statements.

L. CONTINGENT LIABILITIES AND GOING CONCERN:

The Company is a defendant in a lawsuit alleging claims against the Company for interference with contracts, interference with advantageous business relationships, interference with employment relationships, and misappropriation of trade secrets. The Company has in turn filed a counterclaim for tortuous interference with advantageous business relationships. The preliminary hearings and discovery proceeding are in progress and the ultimate outcome of the litigation cannot presently be determined. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying financial statements. As of December 31, 2005 legal expenses related to this matter totaled $194,884.

An unfavorable outcome of this litigation may limit the ability of the Company to pursue business with certain customers or to support certain product lines. Additionally, the Company incurred a net loss this year and continues to incur significant legal expenses in defense of this litigation. In the near term, the Company has pursued other business opportunities and carefully controlled their costs to maximize the probability they will remain in business.

Because it is unclear as to the impact of this litigation on the Company's business opportunities and whether or not other business pursuits will produce adequate income, there is uncertainty about the Company's ability to continue as a going concern. The financial statements do not include any adjustment that might be necessary should the Company be unable to continue as a going concern.

See accompanying accountants' review report.

SUPPLEMENTARY INFORMATION

LAN-TEL TECHNOLOGIES, INC.

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2005

Officers' salary	$	46,160
Administrative salaries		10,482
Sales salaries		36,194
Office expense		3,996
Telephone & communication		17,424
Computer expenses		3,191
Insurance		589
Advertising		475
Depreciation		8,730
Amortization		1,086
Licenses, registrations & fees		1,017
Meals & entertainment		1,295
Professional services		87,920
Taxes other		3,462
Miscellaneous		960
Contributions		100
Postage		389
Auto expense		19,662
Rent		22,950
Utilities		2,642
Repairs and maintenance		801
Professional development courses/other		1,974
Penalties & Fines		73
Equipment rental		2,314
Bank service charge		1,745
Parking and tolls		600
	$	276,231

See accompanying accountants' review report and notes to financial statements.

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LAN-TEL TECHNOLOGIES, INC.
SUMMARY OF CONSTRUCTION REVENUE AND COSTS
YEAR ENDED DECEMBER 31, 2005

Job No.	Contract	Contract Cost: Contract Amount	Contract Cost: Incurred To Date	Contract Cost: Est. to Complete	Contract Cost: Total	Gross Profit: GP Amount	Gross Profit: % of Sales	Profit Recognized: To Date	Profit Recognized: Prior Year	Profit Recognized: Current Year	Total Costs Incurred Current Year	Revenue Reported Current Year	Billings Over Costs and Est. Earnings	Costs & Est Earnings over Billings	Billings To Date
	COMPLETED CONTRACTS:														
Various	TRIAL COURT ADMIN OFFICE	$ 183,329	$ 123,103	$ -	$ 123,103	$ 60,226	33%	$ 60,226	$ -	$ 60,226	$ 123,103	$ 183,329	$ -	$ -	$ 183,329
10213	CALLOWAY DRUG TESTING LABS	31,121	26,635	-	26,635	4,486	14%	4,486	-	4,486	26,635	31,121	-	-	31,121
10228	MIDDLESEX SHERIFFS DEPARTMENT	51,588	39,279	-	39,279	12,309	24%	12,309	-	12,309	39,279	51,588	-	-	51,588
10231	STATSPIN, INC.	34,508	27,851	-	27,851	6,657	19%	6,657	-	6,657	27,851	34,508	-	-	34,508
10245	STATE AUDITOR	61,017	55,595	-	55,595	5,422	9%	5,422	-	5,422	55,595	61,017	-	-	61,017
Various	VARIOUS	1,012,501	983,737	-	983,737	28,764	3%	28,764	-	28,764	983,737	1,012,501	-	-	1,012,501
	Subtotal	$ 1,374,064	$ 1,256,200	-	$ 1,256,200	$ 117,864	9%	$ 117,864	$ -	$ 117,864	$ 1,256,200	$ 1,374,064	$ -	$ -	$ 1,374,064
	UNCOMPLETED CONTRACTS:														
10530	MA SCHOOL BUILDING AUTHORITY	$ 92,488	$ 25,016	$ 15,786	$ 40,802	$ 51,686	56%	$ 31,689	$ -	$ 31,689	$ 25,016	$ 56,705	$ 35,783	$ -	$ 92,488
10578	IBEW LOCAL 103	73,849	963	67,602	68,565	5,284	7%	74	-	74	963	1,037	72,812	-	73,849
10590	J.A.T.C. LOCAL 103	26,287	-	11,661	11,661	14,626	56%	-	-	-	-	-	26,287	-	26,287
	Subtotal	$ 192,624	$ 25,979	$ 95,049	$ 121,028	$ 71,596	37%	$ 31,763	$ -	$ 31,763	$ 25,979	$ 57,742	$ 134,882	$ -	$ 192,624
	Grand total	$ 1,566,688	$ 1,282,179	$ 95,049	$ 1,377,228	$ 189,460	12%	$ 149,627	$ -	$ 149,627	$ 1,282,179	$ 1,431,806	$ 134,882	$ -	$ 1,566,688

See accompanying accountant's review report and notes to the financial statements.

LUCA, DEBLASIO & CO., INC.

United States Bankruptcy Court
District of Massachusetts

In re Lan-Tel Technologies, Inc. (Debtor(s)) Case No. _____ Chapter 11

VERIFICATION OF CREDITOR MATRIX

I, the President of the corporation named as the debtor in this case, hereby verify that the attached list of creditors is true and correct to the best of my knowledge.

Date: August 11, 2006

Stephen J. Gillis/President
Signer/Title

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