

TORQ MEDIA CORPORATION
(Formerly On-Track Learning Systems Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

February 28, 2005

NOTICE TO READER

These financials statements have been compiled by management. They have not been audited or reviewed by the Company's auditor. Readers are cautioned that these statements may not be appropriate for their purposes.

TORQ MEDIA CORPORATION
(formerly On-Track Learning Systems Ltd.)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	\$ Feb-05	\$ May-04
ASSETS		
Current		
Accounts receivable	70,331	138,903
Prepaid expenses and deposits	62,376	15,508
	132,707	154,411
Property, plant and equipment (Note 1)	53,351	69,220
	186,058	223,631
LIABILITIES		
Current		
Bank indebtedness (Note 2)	34,373	24,848
Accounts payable and accrued liabilities	57,289	381,425
Current portion of obligation under capital leases (Note 4)	3,406	13,632
	95,068	419,905
Loans and promissory notes payable (Note 3)	261,548	545,655
Obligation under capital leases (Note 4)	40,907	40,907
Other Long Term Debt (Note 5)	103,600	-
	501,123	1,006,467
SHAREHOLDERS' DEFICIT		
Shareholders' deficiency		
Capital stock (Note 6)	2,895,404	2,054,143
Obligation to issue capital stock (Note 5)	40,719	-
Deficit	(3,251,188)	(2,836,979)
	186,058	223,631

(see accompanying notes)

On behalf of the Board:

Russ Rossi _____ Director

Jim Rosevear _____ Director

TORQ MEDIA CORPORATION
(formerly On-Track Learning Systems Ltd.)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

	3 months ending 28-Feb-05	3 months ending 29-Feb-04	9 months ending 28-Feb-05	9 months ending 29-Feb-04
REVENUES				
Training	\$73,678	\$163,351	\$294,445	\$530,172
Film Production	56,048	-	56,048	-
	129,726	163,351	350,493	530,172
EXPENSES				
Accounting and legal	13,546	13,692	81,875	59,107
Advertising and promotion	-	-	-	570
Amortization	3,993	7,064	16,725	27,056
Automobile	4,827	9,779	16,645	15,829
Bank charges and interest	1,884	845	4,405	3,814
Equipment and room rentals	-	6,849	5,541	7,599
Marketing development	35,962	13,500	54,891	97,618
Management fees	36,000	36,000	108,000	112,150
Office and miscellaneous	36,320	47,305	134,050	183,180
Oracle expenses	-	70,308	-	70,308
Production costs	28,386	-	28,386	-
Regulatory fees	4,711	-	13,263	-
Rent	34,923	31,934	104,870	109,870
Subcontractors	16,356	41,331	51,145	143,898
Telephone	4,568	5,533	14,848	15,820
Travel and entertainment	5,046	18,802	27,462	40,280
Wages and benefits	73,766	89,981	239,144	299,876
	300,286	392,923	901,248	1,186,975
Loss before other items	(170,560)	(229,572)	(550,755)	(656,803)
OTHER ITEMS				
Interest income	-	-	2	790
Reclaimed expenses (Note 5)	-	-	219,877	-
Foreign exchange loss	-	-	-	(3)
Loss on debt settlement	(41,667)	(2,110)	(83,333)	(2,110)
	(41,667)	(2,110)	136,545	(1,323)
Income (loss) for the quarter	(212,227)	(231,682)	(414,209)	(658,126)
Deficit, beginning of quarter	(3,038,961)	(2,345,998)	(2,836,979)	(1,919,554)
Deficit, end of quarter	(3,251,188)	(2,577,680)	(3,251,188)	(2,577,680)

TORQ MEDIA CORPORATION
(formerly On-Track Learning Systems Ltd.)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	3 months ending 28-Feb-05	3 months ending 29-Feb-04	9 months ending 28-Feb-05	9 months ending 29-Feb-04
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) for the quarter	(212,227)	(231,682)	(414,209)	(658,126)
Items not affecting cash:				
Amortization	3,993	7,064	16,725	27,056
Accrued interest on advances payable	-	-	-	17,489
Accrued interest on due to related party	-	9,578	-	33,338
Loss on settlement of debt	-	2,110	-	2,110
Changes in non-cash working capital items:				
Accounts receivable	29,981	24,781	68,572	13,154
Prepaid expenses and deposits	34,387	(5,231)	(46,868)	75,973
Accounts payable and accrued liabilities	(60,436)	68,671	(220,536)	211,448
Net cash used in operating activities	(204,302)	(124,709)	(596,316)	(277,558)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, plant & equipment	(856)	-	(856)	-
Net cash used in investing activities	(856)	-	(856)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank indebtedness	23,195	(9,069)	9,525	(4,478)
Repayment of advance payable	-	-	-	(150,151)
Due to related parties	11,365	(23,713)	(284,107)	48,372
Convertible loan	-	32,000	-	32,000
Capital lease obligations	(3,409)	(3,409)	(10,226)	(10,226)
Issuance of capital stock	140,000	128,900	841,261	387,041
Obligations to issue capital stock	35,719	-	40,719	(25,000)
Net cash provided by financing activities	205,158	124,709	597,172	277,558
Change in cash during the period	-	-	-	-
Cash, beginning of period	-	-	-	-
Cash, end of period	-	-	-	-

TORQ MEDIA CORPORATION
(formerly On-Track Learning Systems Ltd.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2005

1. PROPERTY, PLANT AND EQUIPMENT

	\$ Feb 2005			\$ May 2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Automobile	64,052	21,350	42,701	64,052	12,810	51,242
Computer Hardware	244,237	242,495	1,742	243,381	238,340	5,041
Furniture and fixtures	72,369	63,461	8,908	72,369	59,432	12,937
	380,658	327,306	53,351	379,802	310,582	69,220

On May 31, 2003, the Company entered into a capital lease to acquire an automobile primarily for the benefit of a significant shareholder who is a director and the president of the Company.

2. BANK INDEBTEDNESS

As at May 31, 2004, and 2003, the Company has a line of credit of \$5,000 bearing interest at prime plus five percent. The line of credit is guaranteed by the assets of the Company.

3. PROMISSORY NOTES PAYABLE

The Company has the following promissory notes payable.

	\$ Feb 2005	\$ May 2004
Promissory notes from third parties, unsecured And bearing interest at 10%	-	164,900
Promissory note from a significant shareholder, unsecured, bearing interest at 10% per annum	-	33,661
Loan from a significant shareholder, fully secured by the assets of the Company and guaranteed by Torq and bearing interest at 12% per annum.	261,548	306,519
Promissory note from Quest Ventures Ltd., unsecured and bearing interest at 6.34% per annum paid off by shareholder on November 19, 2004	-	40,575
	261,548	545,655

4. OBLIGATIONS UNDER CAPITAL LEASES

	\$ Feb 2005	\$ May 2004
Payments of approximately \$1,136 per month including interest, due over lease terms expiring through May 2008	44,313	54,539
Less: current portion	(3,406)	(13,632)
	40,907	40,907

5. OTHER LONG TERM DEBT

Davidson & Company	34,240
Thomas, Rondeau	6,479
The Proposal	103,600

Davidson & Company (accountants) and Thomas Rondeau (lawyers) have accepted the debt settlement agreements on February 17th, 2005. Davidson & Company has agreed to accept 285,000 shares and Thomas Rondeau has agreed to accept 54,000 shares with a deemed value of \$0.12 per share in settlement of the Debt.

With respect to The Proposal of \$112,000, On-Track is paying \$2,800 per month starting December 31, 2004 over 40 months.

6. CAPITAL STOCK

	Number of Shares	\$
Authorized - 100,000,000 common shares without par value		
Issued -		
Balance at May 31, 2001	100	100
Subdivision of shares (6:5:1)	550	-
Subdivision of shares (1:585:1)	380	-
Balance at May 31, 2002	1,030	100
Common shares of the Company at January 9, 2003	2,872,500	-
Common shares of On-Track at January 9, 2003	(1,030)	-
Common shares issued pursuant to business acquisition	7,210,000	125,960
Common shares issued to shareholder pursuant to business acquisition	479,378	359,534
Private placement pursuant to business acquisition	770,000	385,000
Common shares issued to Arcas pursuant to business acquisition	553,000	275,000
Common shares issued to Consensus pursuant to business acquisition	660,000	330,000
Common shares issued as a finder's fee pursuant to business acquisition	350,000	-
Common shares for exercise of options pursuant to business acquisition	205,000	41,000
Balance at May 31, 2003	13,099,878	1,516,594

Options exercised at September 11, 2003	655,000	65,500
Common shares issued from Debt Settlement at October 6, 2003	1,926,410	192,641
Options exercised at January 17, 2004	300,000	30,000
Issued by private placement in January, 2004	1,400,000	70,000
Options exercised at February 11, 2004	129,000	12,900
Options exercised at February 13, 2004	160,000	16,000
Common shares issued from Debt Settlement at March 31, 2004	1,505,079	150,508
Balance at May 31, 2004	19,175,367	2,054,143
Consolidation 12:1	1,597,947	2,054,143
Issued by private placement @ 23 cents on June 19, 2004	652,172	150,000
Balance at June 30, 2004	2,250,119	2,204,143
Issued by private placement at September 17, 2004	2,015,793	282,211
Common shares issued to shareholder @ 18 cents September 22, 2004	55,556	10,000
Balance at September 30, 2004	4,321,468	2,496,354
Common shares issued to shareholder @ 23 cents October 1, 2004	110,000	25,300
Common shares returned to treasury October 8, 2004	(33,333)	(40,000)
Common shares issued re: debt settlement @ 20 cents October 2004	425,000	85,000
Balance at October 31, 2004	4,823,135	2,566,654
Common shares issued to shareholder @ 18 cents November 9, 2004	545,831	98,250
Issued by private placement November 9, 2004	502,780	90,500
Balance at November 30, 2004	5,871,746	2,755,403
Common shares issued by private placement January 11, 2005	500,000	90,000
Balance at January 31, 2005	6,371,746	2,845,403
Common shares issued by private placement February 14, 2005	250,000	50,000
Balance at February 28, 2005	6,621,746	2,895,403

Management's Discussion & Analysis (MD & A)

Date of Information

1.1 February 28, 2005

Overall Performance

1.2 Compared to the same period last year Revenue has reduced by 21% but profitability has increased by 8%. This has been in line with managements intentions to streamline the business and increase profitability. The company is continuing to increase its reach into areas or Intellectual Property such as DVD learning, DVD Film Production and Learning Software – Quizam.

Selected Annual Information

1.3	2005 3 months ending Feb 28	2004 3 months ending Feb 29	2003 3 months ending Feb 28
a) Net Sales	129,726	163,351	413,595
b) Net Income (Loss)	(212,227)	(231,682)	(306,892)
c) Net Income (Loss)	(212,227)	(231,682)	(306,892)
d) Total Assets	53,351	76,466	52,493
e) Long-Term Liability	365,148	304,703	267,702
f) Cash Dividends	0	0	0

Canadian G.A.A.P. has been employed in all accounting transactions.

Results of Operations

1.4 The company had a reduction in the revenue over the same quarter the previous year. Note that this reduction is not as drastic as last year. It is consistent with management's plan to restructure and return to profitability.

The factors that contribute to revenue reduction are: Firstly On-Track has moved away from the barely profitable Oracle Partnership model. Secondly On-Track has refocused on client's business that produces at least a 56% gross margin. Finally management has spent significant time restructuring the debt and operations of the company.

Summary of Quarterly Results

1.5 Summary of quarterly results (8 quarterly results required).

Description	9 Months ended Feb-28 2005	6 Months ended Nov-30 2004	3 Months Ended Aug-31 2004	Year ended May-31 2004	9 Months ended Feb-29 2004	6 Months ended Nov-30 2003	3 Months ended Aug-31 2003	Year ended May-31 2003
Net Sales	350,493	220,767	103,849	690,554	530,172	366,821	200,358	1,729,305
Income or (loss) before other items	(550,755)	(380,194)	(205,251)	(909,185)	(656,803)	(407,784)	(186,019)	(552,226)
Net Income or (loss) for the period	(414,209)	(201,982)	(205,250)	(917,425)	(658,126)	(406,996)	(185,288)	(1,017,550)
Shares Issued	6,621,746	5,871,746	2,250,119	19,175,367	17,670,288	15,681,288	13,099,878	13,099,878
Per Share	(.06)	(.03)	(.09)	(.05)	(.04)	(.03)	(.01)	(.08)

On June 8, 2004 the shares were rolled back at a ratio of 12:1.

Liquidity

1.6 The company's liquidity (relationship between quick current assets and quick current liabilities) has now become positive.

Quick current ratio	Feb 2005	May 2004
Accounts Receivable & Prepaid Expenses	132,707	154,411
Bank Indebtedness & Account Payable	95,068	419,905
Long Term Debt	365,148	545,655

As at February 28th, 2005, the Company has working capital of approximately \$37,000 compared to a working capital deficit of approximately \$265,000 at the beginning of the year. This is more than a \$300,000 turn around in 9 months.

Capital Resources

- 1.7 Interim management discussion moved towards plans for capital expenditures in training film and training DVD production. These would of course require the purchase or capital lease of equipment and will be discussed in more detail in section 1.11.

Off-Balance Sheet Arrangements

- 1.8 The following events occurred subsequent to February 28th, 2005:

On March 2nd 2005 Torq had its AGM whereby all resolutions were passed including approval for a 4:1 rollback.

On April 9th, 2005 339,000 shares were issued in a debt settlement arrangement whereby more than \$40,000 of debt was settled with accountants and lawyers.

On April 7th, Torq announced that it arranging a \$100,000 private placement at \$0.05 per share. Each share will come with one warrant at \$0.10.

Transactions with Related Parties

- 1.9 In addition to related party transactions disclosed elsewhere in these notes, the following transactions occurred:
- a) A company with a common shareholder was paid \$14,200 in brochure, marketing, design, testing fees and consulting fees.
 - b) Torq Media and On-Track outsource several services to the staff of a company owned by a significant shareholder. These services include management, accounting, TSX administration and filing fees, Press Releases, transportation, telephone, overseas business development and other office expenses. During this period a total of \$54,425.00 was paid for said services.
 - c) Related party transactions saw loans to the company from a principal party of approximately \$ 11,997. The Long-term debt obligations are (see financials and note 3 attached) as follows:
 - Secured loan from significant shareholder bearing 12% interest \$261,548

Proposed Transactions

- 1.11 Continue to focus on growth and profitability. The main strategies in the process include:
- a) Maintain control of gross margins on the service side of the business and continue to push forward on development of Intellectual Property that is scalable.
 - b) Expand the industrial arm of On-Track to produce industrial/promotional DVD's
 - c) Continue to develop and market learning software called Quizam.

Changes in Accounting Policies including Initial Adoption

- 1.13 Although no accounting policies will change to conflict with Canadian G.A.A.P. There are plans afoot to change the chart of accounts to provide management with better tools (ie. allocate expenses to a cost of services section to cater to a margin and provide an operating profit prior to fixed expenses).