

F3 Technologies, Inc.
Statements of Financial Position
March 31
Quarterly Report
Unaudited

ASSETS	2012	2011
Current assets:		
Cash	\$ 16,394	\$ 2,818
Accounts receivable	12,704	15,056
Total Current Assets	<u>29,098</u>	<u>17,874</u>
Other assets:		
Equipment	7,091	3,397
Accumulated Depreciation	(2,725)	(1,339)
Equipment Net of Amortization	<u>4,366</u>	<u>2,058</u>
Software		
Software Development Costs	538,104	454,264
Accumulated Amortization	(312,306)	(219,417)
Developed Software Net of Amortization	<u>225,798</u>	<u>234,847</u>
Purchased Software Costs	22,228	19,034
Accumulated Amortization	(17,418)	(10,858)
Purchased Software Net of Amortization	<u>4,810</u>	<u>8,176</u>
Total Software Costs	560,332	473,298
Total Accumulated Amortization	<u>(329,724)</u>	<u>(230,275)</u>
Total Software Costs Net of Amortization	<u>230,608</u>	<u>243,023</u>
Goodwill	180,000	180,000
Accum. Amortization	(141,000)	(105,000)
Goodwill Net of Accumulated Amortization	<u>39,000</u>	<u>75,000</u>
Note receivable	30,000	62,000
Total other assets net:	<u>299,608</u>	<u>380,023</u>
TOTAL ASSETS	<u>\$ 333,072</u>	<u>\$ 399,955</u>
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable	\$ 17,449	\$ 34,979
Prepaid services due	90	10,942
Payroll taxes due	0	2,377
Convertible Notes due in less than one year	367,000	102,500
Interest expense payable	69,770	33,617
Deferred Compensation	462,250	584,000
Total Current Liabilities	<u>916,559</u>	<u>768,415</u>
Long term liabilities		
Long Term Convertible Notes	129,400	442,000
Notes due officers	158,750	
Derivative securities	732,045	408,052
Total Long Term Liabilities	<u>1,020,195</u>	<u>850,052</u>
Total Liabilities	<u>1,936,754</u>	<u>1,618,467</u>
Equity		
Common Stock ; \$.001 par value; 1,000,000,000 authorized; 465,621,105 outstanding	465,621	102,978
Preferred Stock; \$.001 par value; 2,000,000 authorized, 2,000,000 outstanding	2,000	2,000
Paid In Capital arising from issuance of common stock and conversion of notes payable	917,788	819,851
Accumulated deficit	(2,825,009)	(1,907,178)
Net loss from operations	(164,082)	(236,163)
Total Equity	<u>(1,603,682)</u>	<u>(1,218,512)</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 333,072</u>	<u>\$ 399,955</u>

See accompanying notes to financial statements

F3 Technologies, Inc.
Statement of Operations
Three Months Ended March 31
Quarterly Report
Unaudited

Income	2012	2011
Revenue		
Software sales	\$ 3,331	\$ 5,620
Advertising revenue		
Consulting services	25,500	35,357
Hosting services	-	-
Gross Revenue	<u>28,831</u>	<u>40,977</u>
Discounts and allowances		(47)
Net Revenue	<u>28,831</u>	<u>40,930</u>
Expense		
Payroll Expense	46,823	118,767
Depreciation and Amortization	34,754	32,768
Branch Office Expense	3,020	3,809
Professional Services	2,959	10,938
Information processing expense	8,664	6,203
Marketing expense	1,244	9,226
Bank and Credit Card Expense	879	1,139
Communication expense	580	307
State & Local Taxes	978	825
Travel & Entertainment	1,815	8,553
Interest expense	83,801	83,744
Dues and subscriptions	-	204
Other expenses	1,396	611
Total Expense	<u>186,913</u>	<u>277,094</u>
Net Loss	\$ <u>(158,082)</u>	\$ <u>(236,164)</u>
Other Comprehensive Income		
Loss on Sale of Stock	(6,000)	-
Comprehensive loss	\$ <u>(164,082)</u>	\$ <u>(236,164)</u>
Net income (loss) per share - basic	\$ (0.0004)	\$ (0.0023)
Net income (loss) per share - fully diluted	\$ (0.0003)	\$ (0.0012)
Weighted average number of common shares outstanding - basic	375,685,349	102,411,551
Weighted average number of common shares outstanding - fully diluted	485,059,632	199,102,748

See accompanying notes to financial statements

F3 Technologies Inc.

Statement of Cashflows

January through March

Quarterly Report

Unaudited

	2012	2011
OPERATING ACTIVITIES		
Net loss from operations	\$ (164,082)	\$ (236,164)
Depreciation & Amortization	34,754	32,768
Changes in working capital items		
Accounts payable	5,588	995
Accounts receivable	6,821	(14,128)
Deferred compensation	0	58,750
Payroll taxes withheld	0	2,377
Prepaid services	(90)	(12,941)
Interest expense payable	9,928	9,626
Cashflow from operating activities	<u>(107,081)</u>	<u>(158,717)</u>
INVESTING ACTIVITIES		
Additions to equipment	(795)	(323)
Software development	(16,859)	(27,650)
Purchased software		
Cashflow from Investing	<u>(17,654)</u>	<u>(27,973)</u>
FINANCING ACTIVITIES		
Notes Issued		77,000
Additions to derivate liability	45,096	74,119
Stock issued for debt conversion	114,776	35,000
Debt retired	(45,000)	0
Cashflow from financing	<u>114,872</u>	<u>186,119</u>
Net change in cash	(9,863)	(571)
Beginning cash	26,257	3,389
Ending Cash	<u>16,394</u>	<u>2,818</u>

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F3 Technologies, Inc.
Statement of Changes In Shareholder's Equity
Quarterly Report
Unaudited

	Common Stock		Preferred Stock		Paid In	Accumulated	Shareholders'
	Shares	Amount	Shares	Amount	Capital	(Deficit)	Equity
Balance 12/31/2008	<u>22,423,692</u>	<u>\$ 22,423</u>	<u>2,000,000</u>	<u>\$ 2,000</u>	<u>\$ 180,958</u>	<u>\$ (238,161)</u>	<u>\$ (32,780)</u>
Net Operating Loss						(528,774)	(528,774)
Common Stock Issued	<u>46,112,012</u>	<u>46,112</u>			<u>358,836</u>		<u>404,948</u>
Balance 12/31/2009	<u>68,535,704</u>	<u>68,536</u>	<u>2,000,000</u>	<u>2,000</u>	<u>539,794</u>	<u>(766,935)</u>	<u>(156,606)</u>
Net Operating Loss						(1,140,244)	(1,140,244)
Common Stock Issued	<u>31,442,514</u>	<u>31,442</u>			<u>248,058</u>		<u>279,500</u>
Balance 12/31/2010	<u>99,978,218</u>	<u>99,978</u>	<u>2,000,000</u>	<u>2,000</u>	<u>787,852</u>	<u>(1,907,179)</u>	<u>(1,017,350)</u>
Net Operating Loss						(236,164)	(236,164)
Common Stock Issued	<u>3,000,000</u>	<u>3,000</u>			<u>31,999</u>		<u>34,999</u>
Balance 3/31/2011	<u>102,978,218</u>	<u>\$ 102,978</u>	<u>2,000,000</u>	<u>\$ 2,000</u>	<u>\$ 819,851</u>	<u>\$ (2,143,343)</u>	<u>\$ (1,218,514)</u>
Net Operating Loss						(681,665)	(681,665)
Common Stock Issued	<u>247,866,664</u>	<u>247,867</u>			<u>97,937</u>		<u>345,804</u>
Balance 12/31/2011	<u>350,844,882</u>	<u>\$ 350,845</u>	<u>2,000,000</u>	<u>\$ 2,000</u>	<u>\$ 917,788</u>	<u>\$ (2,825,008)</u>	<u>\$ (1,554,375)</u>
Net Operating Loss						(164,082)	(164,082)
Common Stock Issued	<u>114,776,223</u>	<u>114,776</u>			<u>0</u>		<u>114,776</u>
Balance 3/31/2012	<u>465,621,105</u>	<u>\$ 465,621</u>	<u>2,000,000</u>	<u>\$ 2,000</u>	<u>\$ 917,788</u>	<u>\$ (2,989,090)</u>	<u>\$ (1,603,681)</u>

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