PROGRESS WATCH

Annual Report

Progress Watch Corporation

December 31, 2013

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Attachment: Financial Statements as per December 31, 2013

1) Name of the issuer and its predecessor.

Our name is Progress Watch Corporation.

2) The address of the issuer's principal executive offices.

Executive Offices Address:	c/o Kanzlei Oude Kotte Kley 27 48308 Senden Germany
Telephone number, including country code:	+41-79-322 6541
Facsimile number, including country code:	+41-26-670 0934
E-mail address:	info@progresswatch.eu
Web site:	www.progresswatch.eu
Investor relations contact:	Hans Handl Reguliersgracht 59 1017 LL Amsterdam The Netherlands
Telephone number, including country code:	+31 20 6221744
E-mail address:	handl@progresswatch.eu

3) Security Information

Trading symbol: PROW

Exact title and class of securities outstanding: Common Stock

CUSIP : 74331N104

Par of stated Value: US$ 0.001

Total shares authorized : 100,000,000 as of 12/31/2013
Total shares outstanding: 57,519,793 as of 12/31/2013

Transfer Agent
Continental Stock Transfer & Trust Company
17 Battery Place, 8th Floor
New York, NY 10004
Telephone/Fax
Phone: +1 (212) 509-4000
Fax : +1 (212) 509-5150

Continental Stock Transfer & Trust Company is registered pursuant to Section 17A of the Securities Exchange Act of 1934 and is regulated by the US Securities and Exchange Commission.

Restrictions on the transfer of security:
Progress Watch Corporation was incorporated in Nevada as Travel Masters Inc. in 1994. Travel Masters, acquired Progress Watch Co., a Swiss corporation, in 1999. Travel Masters, Inc. was a shell company during the years 1994 until 1999. Therefore the exemption offered pursuant to Rule 144 is not available. Anyone who purchase securities directly or indirectly from us or any of our affiliates in a transaction or a chain of transactions not involving a public offering cannot sell such securities in an open market transaction

4) Issuance History

The following shares were issued within the two years ended December 31, 2013 and between that date and the date of this disclosure statement for services:

Outstanding shares as per January 1, 2012:	46,895,916 common shares
Issuances:	
1) KG Bessem Holding BV (Note 1)	2.667,400 common shares
2) Credit Agricole	-40,000 common shares
3) Briken LLC	5,496,477 common shares
4) Zenetek LLC	2,500,000 common shares
Total issuance of shares	10,623,877 common shares

Note 1: Each of these persons owns more than 5% of the common shares

Outstanding shares as per December 31, 2013:	57.519.793 common shares

The details of the issuances are as follows:

1) These shares were issued in a private placement in return for US$ 453,633 cash received by the company. The shares are "restricted securities". The certificates contain a restrictive legend. The shares were issued in March 2011 and valued at US$ 0.17 per share.
2) Prior management has issued a wrong certificate to Credit Agricole, which went lost. The wrong share certificate of 80,000 restricted common shares has been cancelled and Credit Agricole has been issued a new certificate of 40,000 unrestricted shares, for which they paid US$ 36,000 in cash in January 2003. The shares were valued at US$ 0.90 per share.
3) These shares have been issued as part of a court decision in which the company has been ordered to issue a total of 30,000,000 shares for the collection of a debt to

Briken LLC. The shares were valued in court with US$ 0.001 per share. The shares were ordered to be issued as unrestricted shares.

4) These shares have been issued as part of a court decision in which the company has been ordered to issue a total of 30,000,000 shares for the collection of a debt to Briken LLC, who has assigned these shares to Zenetek LLC. The shares were valued in court with US$ 0.001 per share. The shares were ordered to be issued as unrestricted shares.

All sales were made to persons who are not resident in the United States of America, its territories and protectorates, and were not therein at the time of the offer or the sale. To the extent an exemption from the registration requirements of the U.S. Securities Act of 1933 is deemed necessary, which we disclaim, we claim reliance on Section 4(2) of the Act for all the foregoing offers and sales, in that none of the offers and sales involved a public offering or payment of fees and commissions, all being negotiated directly with the purchaser. We did not pay nay brokerage commissions, fees or other compensation with respect to any of the sales.

5) Financial Statements

The financial statements for fiscal year ended December 31, 2013 are attached at the end of this Annual Report. The financial statements include:

A. Balance sheet at December 31, 2013 and December 31, 2012
B. Results of operations for fiscal year ended December 31, 2013 and 2012
C. Changes in equity and comprehensive loss for fiscal year ended December 31, 2013 and 2012
D. Statement of comprehensive income and loss for the fiscal year ended December 31, 2013 and 2012
E. Cash flow statements for the fiscal year ended December 31, 2013 and 2012
F. Notes to the financial statements.

The financial statements for the fiscal year ended December 31, 2013 are incorporated by reference.

6) Issuer's Business, Products and Services

We are a company which is currently developing a mobile network-based streaming broadcast technology. The mobile broadcast technology will stream feature-rich audio and video content to smart devices over 4G/LTE networks.

A. Description of the issuer's business operations:

During the period of 1999 through 2001, we formed and acquired various subsidiaries in Switzerland. In that period, we were trying to become an independent watch producer based on the patents. As a result of subsidiary management decisions and a temporary lack of financing, the Swiss subsidiary filed for bankruptcy which was completed in 2003 and the patents were sold in liquidation, leaving us with no patents and no operational capabilities. As a result, we booked a one-time loss of more than US$ 20 million in 2003. In 2004, we began the development of new types of watch movements. In 2005, after new investors became interested in us, we formed Calibrum SA. We filed patent applications for the new watch movements in 2005. In the last three years, we have worked on the development of the START project (a see-through triple axial rotating tourbillon). The prototype is finalized, but the extended efforts to license of sell the technology proved unsuccessful. In July 2013 we have assigned the watch technology and all related assets to the bondholders. Currently we are developing a mobile network-based streaming broadcast technology. The mobile broadcast technology will stream feature-rich audio and video content to smart devices over 4G/LTE networks.

B. <u>Date and State of Incorporation:</u>

We are a Nevada Corporation. We were incorporated in 1994.

C. <u>Issuer's primary and secondary SIC Codes:</u>

Our primary SIC Code was until July 2013 38 (Manufacturing; Instruments and related Products) and our secondary SIC Code was 3873 (Watches, clocks, clockwork operated devices, and parts). After this our primary SIC Code is 48 (Communications) and our secondary SIC Code was 489 (Other Communication services)

D. <u>Issuer's fiscal year end date:</u>

Our fiscal year end is December 31.

E. <u>Principal products and services, and their markets:</u>

Progress Watch has stopped the development of watch movements.

Currently we are developing a mobile network-based streaming broadcast technology. The mobile broadcast technology will stream feature-rich audio and video content to smart devices over 4G/LTE networks.

The technology platform will allow everyday consumers of mobile devices to stream live video, voice or both between users on a mobile device. Its innovative live-streaming technology is supported on 4G and LTE networks, as well as broadcast/multicast service centers. The technology solution is an application that will be made available to mobile device users through the App Store or on the company's website. We are planning to set up our own infrastructure to provide such services.

The demand for smart phones, tablets and laptops continues to grow exponentially. People use these devices for work and recreation. Television and radio programs, movies, sporting events, etc. are all available online. Independent apps are available for most network programs for use on smart devices. A growing trend is for people to use their devices as an entertainment center, accessing a number of apps throughout the day to fulfill their needs.

Social media channels like Facebook, You Tube and Instagram are continuing to expand. More than a billion people worldwide are active social media users. Americans alone stream 15 billion videos per month on You Tube with 35 hours of video being uploaded every minute. Users have to invest the time to take the video, create a channel, upload the video and announce its availability to their intended audience.

There are limited sources for instantaneous mobile broadcasting on the market today. Users need to go to a variety of sources to upload and stream personal videos, connect with their contacts to let them know the video is available, and post links to the video on a number of social media channels. Furthermore, most people access apps and streaming sites on Wi-Fi or cable – keeping them tied to a "hot spot" or 3G networks using old technology.

Through the technology we are creating we anticipate to create a new social media channel through the use of smart devices based on mobile networks.

We are currently not dependent on one or a few major customers.

We do not have any products or services which require government approvals and we do not anticipate having any such products or services in the future.

7) Description of the Issuer's Facilities

We do not have any of our own facilities at the date of this disclosure. Currently, we are working with independent contractors and service companies. Our headquarters office is located in the offices of our financial advisor, Mr. Oude Kotte, until such time as we require a greater staff. We are not paying rent at the present time.

8) Officers, Directors, and Control Persons

A. Names of Officers, Directors, and Control Persons

Directors and Officers:

1) Hans Handl	Chairman, Director, President
2) Anke David	Director, Treasurer
3) Jan Wilgenhof	Director, Secretary

Control Persons:
4) Hans Handl
5) Gijs Bessem

B. Legal/Disciplinary History

No director or officer has, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

C. Beneficial Shareholders

1. Mr. Hans Handl/Marburg Beheer B.V.
Reguliersgracht 59
1017 LL Amsterdam, the Netherlands 10,122,850 shares 17.6%

2. Mr. Gijs Bessem/KG Bessem Holding BV
Koningin Wilhelminaplein 2-4
1062 HK Amsterdam, the Netherlands 14,243,943 shares 24.8%

9) Third Party Providers:

1. Investment Banker	:	None
2. Promoters	:	None
3. Counsel	:	Jackson L. Morris, Esq. 3116 W. North A Street Tampa, FL 33609-1544 USA Telephone: +1 (813) 874-8854 Email: jackson.morris@rule144solution.com
4. Auditor	:	None
5. Public Relations Consultant	:	None
6. Investor Relations Consultant	:	None
7. Other advisors	:	Kanzlei Oude Kotte German and Dutch CPA Kley 27 48308 Senden Germany Telephone: +49 (2509) 993690 Email: wok@progresswatch.eu

10) Issuers' Certifications

I, Hans Handl, certify that:

1. I have reviewed this annual report of Progress Watch Corporation;
2. based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: April 3, 2014

Hans Handl
President

PROGRESS WATCH

Annual Report

of

Progress Watch Corporation

for the fiscal year

ending December 31, 2013

Contents

1. Consolidated Balance sheets

PROGRESS WATCH CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET (UNAUDITED)
YEAR ENDED DECEMBER 31, 2013
(In US Dollars)

		2013		2012
ASSETS:		**2013**		**2012**
Current assets:				
Inventories	$	0	$	297.150
Cash and cash equivalents		356		3.747
Prepaid expenses and other current assets		1.776		8.658
Total current assets		2.132		309.555
Noncurrent assets				
Property and equipment		0		52.109
Account receivables - noncurrent, net		0		286.434
Total noncurrent assets		0		338.543
Total assets	$	2.132	$	648.098
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued expenses	$	12.506	$	537.834
Total current liabilities		12.506		537.834
Noncurrent liabilities:				
Convertible bonds		0		861.370
Reserve for pending claims		0		249.640
Total noncurrent liabilities		0		1.111.010
Stockholders' equity:				
Common stock		57.474		49.523
Additional paid- in capital		6.231.296		6.231.296
Paid in capital, not issued		190.632		158.182
Accumulated exchange differences		0		21.391
Accumulated other comprehensive loss		(6.489.776)		(7.461.138)
Total Equity		(10.374)		(1.000.746)
Total liabilities and stockholders' equity	$	2.132	$	648.098

See notes to the consolidated financial statements

2. Consolidated Statements of Operations

PROGRESS WATCH CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2013
(In US Dollars, except for share data)

		2013		2012
Net revenues:				
Net sales	$	0	$	0
Other revenue		1.023.354		0
Total net revenue		1.023.354		0
Costs and expenses:				
Selling, general and administrative		38.232		94.170
Research and development		24.654		69.473
Amortization of fixed assets		7.842		23.801
Total costs and expenses		70.728		187.444
Result from operations		952.626		(187.444)
Interest income		0		30
Interest expenses		(15.533)		(32.105)
Gain (Loss) foreign exchange translations		34.787		(41.217)
Total other (expense) income		19.254		(73.292)
Income (Loss) before income taxes		971.880		(260.736)
Income taxes		518		688
Net result	$	971.362	$	(261.424)
Basic earnings per share	$	0,02	$	-0,01
Diluted earnings per share	$	0,02	$	0,00
Weighted average common shares -basic		57.797.584		50.571.633
Weighted average common shares -diluted		59.206.722		53.336.771

See notes to the consolidated financial statements

3. Consolidated Statements of Comprehensive Income and Loss

PROGRESS WATCH CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND LOSS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2013
(In US Dollars, except for share data)

	Three Months Ended December 31,		Twelve Months Ended December	
	2013	2012	2013	2012
Net Result	$ (8.829)	$ (80.405)	$ 971.362	$ (261.424)
Foreign currency translation adjustment	0	2.579	(21.391)	2.526
Comprehensive income	(8.829)	(77.826)	949.971	(258.898)

See notes to the consolidated financial statements

4. Consolidated Statements of Stockholders' equity and Comprehensive loss

PROGRESS WATCH CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE LOSS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2013
(In US Dollars, except for share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Paid-In Capital Not issued	Accumulated Other Comprehensive Loss	Accumulated Foreign Exchange Result	Total Equity
BALANCE, DECEMBER 31, 2012	49.523.316	$ 49.523	$ 6.231.296	$ 158.182	$ (7.461.138)	$ 21.391	$ (1.000.746)
Paid-in Capital by investors				10.572			10.572
Conversion of Debt				29.829			29.829
Issuance of shares	7.996.477	7.951	0	(7.951)			0
Foreign exchange translation						(21.391)	(21.391)
Comprehensive Income 2013					971.362		971.362
BALANCE, DECEMBER 31, 2013	57.519.793	$ 57.474	$ 6.231.296	$ 190.632	$ (6.489.776)	$ 0	$ (10.374)

See notes to the consolidated financial statements

5. Consolidated Statements of Cash Flows

PROGRESS WATCH CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2013
(In US Dollars)

	2013	2012
Cashflow from operating activities:		
Net result	$ 971.362	$ (261.424)
Adjustment to reconcile net loss to net cash provided by(used in) operating activities:		
- Depreciation and amortization	7.842	23.801
- Accrued interest convertible loans	15.532	32.105
- Effects of exchange rate differences convertible loans	(28.841)	23.139
- Effects of exchange rate differences property and equipment	1.391	(1.240)
- Income from assignment assets and liabilities to bondholders	(906.178)	0
- Write-off accounts receivable	286.734	0
- Release provisions	(249.940)	0
Changes in operating assets and liabilities:		
- Other assets	1.441	12.432
- Accounts payable	(151.032)	36.880
Net cash used in operating activities	(51.689)	(134.307)
Cash flows from investing activities:		
Disposal of fixed assets	7.898	0
Purchase of property and equipment	0	0
Net Cash provided by investing activities	7.898	0
Cash flows from financing activities		
Conversion of debt	29.828	
Proceeds from subscription of shares	10.572	129.520
Net Cash provided by financing activities	40.400	129.520
Effects of exchange rate changes	0	2.526
Net (decrease) increase in cash and cash equivalents	(3.391)	(2.261)
Cash and cash equivalents, beginning of period	3.747	6.008
Cash and cash equivalents, end of period	$ 356	$ 3.747
Supplemental disclosure of cash flow information		
Cash paid during period for income taxes	$ 518	$ 688

See notes to the consolidated financial statements

1. <u>Notes to the consolidated financial statements</u>

PROGRESS WATCH CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2013
(In US Dollars, except share and per share data)

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1. DESCRIPTION OF BUSINESS

General Development and Narrative Description of Business – Progress Watch Corporation, with its registered office located at 375 N Stephanie St., Suite 1411 Henderson, NV 89014-8909, together with its Swiss subsidiary Calibrum AG (the "Company") has been a company dedicated to independently providing high end, innovative, reliable, stable, flexible and unique Swiss made mechanical watch movements to the elite of the Swiss watch industry. As the START Triple Axis Tourbillon watch movement technology after extended efforts to license or sell the technology proved unsuccessful, the company assigned the technology to the holders of the convertible bonds beginning of July 2013. The removal of the convertible debt has made the company attractive as a public vehicle for other technologies. Management has refocused its energy and expertise into locating and securing another technology with a potential to increase shareholder value

History of the Company - 2004 the Company started with the development of new types of watch movements. In 2005 after new investors became interested in investing in the Company, a new subsidiary was formed in Switzerland, called Calibrum AG. Also patent applications for the new watch movements were filed 2005. 2013 the company assigned of the watch business, including its Swiss subsidiary Calibrum AG to its bondholders, resulting in a one-time income of US$ 1,023,354.

On January 21, 2009 the Board of Directors of the Company decided to accept the resignation of Mr. Moritz Züllig as Board Member and as Director of the Company. Furthermore, the Board appointed Mr. Hans Handl and Mrs. Anke David as Board Member and Directors of the Company, as from this time consisting of Mr. Peter Gschwind, Mr. Lars Henrik Saethre, Mr. Hans Handl and Mrs Anke David.

On February 14, 2010 the President of the Company, Mr. Peter Gschwind resigned, leaving the Board of Directors with the following Board Members: Mr. Hans Handl (President), Mrs. Anke David (Treasurer) and Mr. Lars Henrik Saethre (Secretary). In the context of the change in the company on February 14, 2010, the Company entered into a new Consultancy Agreement with Mr. Gschwind. This Consultancy Agreement expired in June 2010.

During a special meeting of shareholders held on June 23, 2010 a new Board of Directors was elected by the majority of the shareholders. Mr. Lars Henrik Seathre was not re-elected. The current Board of Director exists of Mr. Hans Handl (President), Mrs. Anke David (Treasurer) and Mr. Jan Wilgenhof (Secretary).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Past reporting requirement and basis of accounting - Due to the insolvency of the foreign subsidiaries, the company was for a long time without any cash or products. Therefore the Board of Directors did not sustain and maintain a proper bookkeeping system as from 2002 until 2007, did not prepare financial statements, did not properly report the account of the Company, not did it hold annual meetings from 1999 forward. The Company has decided to now report retroactively back to the year 2005. As many documents are incomplete or missing and are not traceable, the new Board of Directors has decided to net out the paid-in capital against the net losses as of December 31, 2004. The Company has decided to prepare the annual reports of the year 2006 until 2009 and the quarterly report for the year 2009 onwards on the basis of the most recent Accounting Standards issued by FASB.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of Progress Watch Corporation and its former wholly-owned Swiss subsidiary Calibrum AG. As the shares in the Swiss subsidiary Calibrum AG were assigned to the holders of the convertible bonds, in the beginning of July 2013, the deconsolidation has taken place as per July 1, 2013. The balance sheet as per September 30, 2013 represents only the assets and liabilities of Progress Watch Corporation. These consolidated financial statements reflect the use of significant accounting policies, as described below and elsewhere in the notes to the consolidated financial statements.

Revenue Recognition –Revenues are generally recognized when the products are shipped to the customers. The company has no substantial sales at this time.

Property and Equipment - Property and equipment are carried at cost, net of accumulated depreciation and amortization. Depreciation is calculated on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 14 years. Costs associated with the repair and maintenance of property are expensed as incurred.

Impairment Of Long-Lived And Intangible Asset*s* - As required by authoritative guidance issued by the FASB*,* the Company assesses the recoverability of long-lived assets for which an indication of impairment exists. The recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If an asset is considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value. Fair value of long-lived assets is determined using the expected cash flows discounted at a rate commensurate with the risk involved. The Company believes that the future cash flows to be received from the remaining long-lived assets will exceed the respective assets' carrying value, and accordingly has not recorded any additional impairment losses.

Inventories – Inventories are measured at the lower of cost and net realizable value. The cost of inventory is based on the weighted average principle for finished goods and on the standard cost principle for raw materials and work-in-progress for inventories that are manufactured. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Cash and Cash Equivalents - All highly liquid investments with original maturities of three months or less are classified as cash and cash equivalents. The fair value of cash and cash equivalents approximates the amounts shown on the financial statements.

Use of Estimates - 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. These estimates and assumptions are used in, but not limited to, certain receivables and accounts payable and the provision for uncertain liabilities. Actual results could differ materially from those estimates.

Translation of Foreign Currency - In accordance with authoritative guidance issued by the FASB, the Company classifies items as other comprehensive income by their nature in the financial statements and displays the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the consolidated balance sheet. The assets and liabilities of the Company's foreign subsidiary, Calibrum SA have been recorded in their local currency and translated to U.S. dollars using period-end exchange rates. Income and expense items have been translated at the average rate of exchange prevailing during the period. Any adjustment resulting from translating the financial statements of the foreign subsidiary is reflected as “other comprehensive income”, net of related tax.

Income Taxes - The Company is subject to income taxes in both the United States and Switzerland. Income tax expense (benefit) is provided for using the asset and liability method. Deferred income taxes are recognized at currently enacted tax rates for the expected future tax consequences attributable to temporary differences between amounts reported for income tax purposes and financial reporting purposes. Deferred taxes are provided for the undistributed earnings as if they were to be distributed. The tax rate for the year ended December 31, 2013 is affected by the estimated valuation allowance against the Company’s deferred tax assets. The Company regularly reviews its deferred tax assets for recoverability taking into consideration such factors as recurring operating losses, projected future taxable income and the expected timing of the reversals of existing temporary differences. The authoritative guidance issued by the FASB requires the Company to record a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In determining a conclusion that a valuation allowance is not needed is difficult when there is negative evidence such as cumulative losses in recent years. Based on the level of deferred tax assets as of December 31, 2013, the level of historical losses realized and the fact that the Company not filed any income tax returns until recently, the Company has determined that the uncertainty regarding the realization of these assets is sufficient to warrant the establishment of a full valuation allowance against the Company’s net deferred tax assets. The actual municipal tax paid in Switzerland has been expensed.

Recently Adopted Accounting Standards - On January 1, 2011, the Company adopted new accounting guidance on revenue arrangements with multiple deliverables. The adoption of the requirements of this revised guidance did not have any impact on the consolidated financial statements.

In May 2011, the Financial Accounting Standards Board (“FASB”) issued an accounting standards update with new guidance on fair value measurement and disclosure requirements. The standards update does not extend the use of fair value accounting beyond that currently required under uS GAAP, but instead provides guidance on the application of fair value accounting where it is already required or permitted by other standards. The standards update also requires additional disclosures related to transfers of financial instruments within the fair value hierarchy and quantitative and qualitative disclosures related to significant unobservable inputs. The standards update is effective for fiscal years beginning after December 15, 2011. The adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

In June 2011, the FASB issued an accounting standards update with new guidance on the presentation of other comprehensive income. The standards update eliminates the option of presenting other comprehensive income and its components in the statement of shareholders’ equity. The standards update now requires an entity to either present components of net income and other comprehensive income in one continuous statement, or in two separate but consecutive statements. The Company has changed the presentation of other comprehensive income in its financial statements effective for fiscal years beginning after December 15, 2011.

In September 2011, the FASB issued an accounting standards update with new guidance on annual goodwill impairment testing. The standards update allows an entity to first assess qualitative factors to determine if it is more likely-than-not that the fair value of a reporting unit is less than its carrying amount. If based on its qualitative assessment an entity concludes it is more likely-than-not that the fair value of a reporting unit is less than its carrying amount, quantitative impairment testing is required. However, if an entity concludes otherwise, quantitative impairment testing is not required. The standards update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of this Update did not have a material impact on the Company’s consolidated financial statements.

Recently Issued Accounting Standards –
In January 2013 the Financial Accounting Standards Board (“FASB”) issued an accounting standards update (2013-01) with new guidance for clarifying the scope of disclosures about offsetting assets and liabilities. The update clarify that the scope of update 2011-11 applies to derivatives accounted for in accordance with Topic 815. The standards update is effective for fiscal years beginning after January 1, 2013. As the company does not use derivatives, this standard will not affect the Company’s consolidated financial statements.

In February 2013 the Financial Accounting Standards Board (“FASB”) issued an accounting standards update (2013-02) with new guidance for reporting amounts reclassified out of accumulated other comprehensive income. The standards update is effective for fiscal years beginning after December 15, 2013. The company will implement this accounting standard update as from the fiscal year 2013.

In February 2013 the Financial Accounting Standards Board (“FASB”) issued an accounting standards update (2012-03) with new guidance for clarifying the scope and the availability of a particular disclosure of financial instruments to non-public entities. The standards update is effective upon issuance. As the company does not use financial instruments, this standard will not affect the Company’s consolidated financial statements.

In February 2013 the Financial Accounting Standards Board (“FASB”) issued an accounting standards update (2013-04) with new guidance for obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at reporting date. The standards update is effective for fiscal years beginning after December 15, 2013. As the company does not have joint and several liability arrangements, this standard will not affect the Company’s consolidated financial statements.

In March 2013 the Financial Accounting Standards Board (“FASB”) issued an accounting standards update (2013-05) with new guidance for parent’s accounting for the cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. The standards update is effective for fiscal years beginning after December 15, 2013. The company will implement this standard update as from the fiscal year 2014. Currently it is estimated that this standard will not affect the Company’s consolidated financial statements.

In July 2013 the Financial Accounting Standards Board (“FASB”) issued an accounting standards update (2013-11) with new guidance for the presentation of an unrecognized tax benefit when a net operating loss carry forward, a similar tax loss, or a tax credit carry forward exists.

Management believes the impact of other recently issued standards, which are not yet effective, will not have a material impact on the Company’s consolidated financial position, results of operations, or cash flows upon adoption.

3. INVENTORIES

The inventories consisted of the following as of:

	December 31,	
	2013	**2012**
Parts	$ 0	$ 185.400
Ready produced goods	0	111.750
	$ 0	$ 297.150

The inventories have been assigned to the bondholders

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of:

	December 31,	
	2013	2012
Computer equipment and software	$ 0	$ 95.069
Machinery and equipment	0	68.039
Office furniture and fixtures	0	77.830
Leasehold improvements	0	29.667
	0	270.605
Exchange rate differences	0	(2.874)
Less: accumulated depreciation and amortization	0	(23.801)
	$ 0	$ 243.930

The property and equipment has been either assigned to the bondholders or disposed during 2013.

5. ACCOUNTS RECEIVABLE – NONCURRENT

The company has granted Mr. Gschwind a loan in the amount of $ 286,434, which is non-interest bearing. The company has no agreements with Mr. Gschwind regarding to redemption of this loan. 2013 the loan was completely written off, as it was expected that the receivable cannot be cashed anymore.

6. CONVERTIBLE LOANS

The Company issued 2 Convertible Bonds during 2007 with a total amount of CHF 425,000 ($ 347,140). The bondholders are entitled to call the full amount of the bond plus interest of 4.75% at any time after May 15, 2008 in cash. The bondholders are entitled to convert the bond into common shares at any time at a price of $ 0.30. The Company may exercise their right to convert the bond at any time if the average share price is for more than 60 days at or above $ 1.00 in average. As the Company and its subsidiary failed to assemble 15 tourbillon movements until the end of 2007, the Company was obliged to pay a fine of CHF 200,000. This fine has not been paid, but has in agreement with the holder of the convertible loans, been accrued to the loans.

The development of the convertible loans is as follows:

	2013	2012
Issuance of convertible loan (Swiss Francs 425,000)	$ 0	$ 390.069
Accrued interest	0	32.105
Accrued fine (Swiss Francs 200,000)	0	183.100
Exchange rate differences	0	121.588
	$ 0	$ 726.862

The bonds have been completely amortized through the assignment of all assets related with the watch development business.

7. RESERVE FOR PENDING CLAIMS

The reserve for pending claims have been completely released to income, as no risk from former business is expected anymore.

8. SHAREHOLDERS' EQUITY

The total number of shares of all classes of stock, which the corporation shall have authority to issue in 110,000,000, consisting of 100,000,000 common shares and 10,000,000 preferred shares.

During the fiscal year ended December 31, 2013 the Company issued a total of 7,996,477 new common shares. The number of issued outstanding shares as per December 31, 2013 is 57,519,793. The number of non-issued outstanding shares as per December 31, 2013 amounted to 29,132,623 shares. During the fiscal year ended December 31, 2013 investors subscribed for new common shares for an amount of $ 10,572 to finance the operating costs. The subscription agreements were signed for a total of 528,600 shares to be issued. The average price for the new subscriptions amounted to $ 0.02 per share.

On December 18, 2013, the company has settled a court case for the collection of a debt by agreeing to issue 30,000,000 shares to a third party.

Currently the company has no stock-based compensation plans for employees and non-employee members of the Board of Directors.

9. DEVELOPMENT COSTS

The development costs of the watch business have stopped to exist based on the assignment if the watch business to the bondholders. For the new technology no development costs have been spend sofar.

10. INCOME TAXES

The Company did not file income tax returns in the United States. Therefore, the losses made in the past cannot be compensated with future profits, so no deferred income tax can be calculated on the losses carry forward. The municipal tax paid in Switzerland in the amount of $ 518 was expensed.

11. EARNINGS PER SHARE

The Company computes basic EPS based solely on the weighted average number of common shares outstanding (issued and unissued) during the period in accordance with authoritative guidance issued by the FASB. Diluted EPS reflects all potential dilution of common stock. The following table reconciles Basic EPS with Diluted EPS for the year 2012:

			Year ended 2013		
		Net Income	Weighted average Shares		Per Share
Basic loss per share, common shareholders	$	971.362	57.797.584	$	0,02
Effect dilutive security:					
Convertible loans		-	1.409.138		-
Diluted loss per share, common shareholders	$	971.362	59.206.722	$	0,02

12. COMMITMENTS AND CONTINGENCIES

Leases – For the storage of machines, parts and office equipment the company rented a storage, which lease has ended on December 31, 2012.

Rent expense for all operating leases charged against earnings amounted to $ 0 and $ 5,589 for the fiscal years 2013 and 2012 respectively.

Litigation – The new Board of Directors of the Company has engaged a certified public accountant to investigate the books and records of the company. The results of this investigation showed financial and legal irregularities and omissions of the former board members. The new Board of Directors has filed charges against the former board members in Switzerland.

On December 18, 2013 the Company has settled a court case, related with the collection of a debt by offering 30 million shares to a third party.

Contractual Arrangements – During the normal course of business, the Company may enter into various agreements with third parties for the delivery of services and products. The terms of these agreements will vary based on the services and products included within the agreement.

13. SUBSEQUENT EVENTS

Subsequent events were evaluated by the Company through the date the financial statements were issued. There were no events that occurred subsequent to December 31, 2013 that would require recognition in the Company's consolidated financial statements.

14. SEGMENT AND RELATED INFORMATION

The Company's primarily activity is the development of watch movements. No other activities exist. Therefore there is only one reportable segment, which is equal to the consolidated financial statements.

15. SUMMARIZED QUARTERLY DATA

Following is a summary of the quarterly results op operation for the year ended December 31, 2013:

(in $, except per share amounts)	Fiscal quarters			
	First	Second	Third	Fourth
Net revenues:				
Net sales	$ 0	$ 0	$ 0	$ 0
Other revenue	181.830	0	841.524	0
Total net revenue	181.830	0	841.524	0
Costs and expenses:				
Selling, general and administrative	12.494	10.921	5.979	8.838
Development costs	21.213	3.441	0	0
Amortization of fixed assets	4.616	3.226	0	0
Total costs and expenses	38.323	17.588	5.979	8.838
Result from operations	143.507	(17.588)	835.545	(8.838)
Interest income	0	0	0	0
Interest expenses	(7.705)	(7.828)	0	
Result from exchange differences	45.765	(9.914)	(1.073)	9
Total other (expense) income	38.060	(17.742)	(1.073)	9
Result before income taxes	181.567	(35.330)	834.472	(8.829)
Income taxes	402	116	0	0
Net result	$ 181.165	$ (35.446)	$ 834.472	$ (8.829)
Basic loss per common share	$ 0,00	$ 0,00	$ 0,01	$ 0,00
Diluted loss per common share	$ 0,00	$ 0,00	$ 0,01	$ 0,00

Quarterly amounts for loss per share may not agree to annual amount due to rounding.