WatchIt Technologies, Inc

Financial Statements for Fiscal Year Ending September 30, 20010 and September 30, 2009

WatchIt Technologies, Inc.

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Part I. Financial Information

WatchIt Technologies, Inc.
Condensed Consolidated Balance Sheet
(Unaudited)

		September 30, 2010		September 30, 2009
ASSETS				
Current assets				
Cash and cash equivalents	$	2,655	$	1,712
Total current assets	$	2,655	$	1,712
Property and equipment, net	$	53,625	$	428
Other Assets				
License		5,000		
Goodwill		920,906		0
Patents	$	550,000		
Total Other Assets		1,475,906		0
Total assets	$	1,532,186	$	2,141
LIABILITIES and STOCKHOLDER EQUITY				
Current liabilities				
Accounts payable and accrued expenses and other taxes payable	$	56,266	$	15,667
Short term Payables		3,799,014		1,927,176
Total current liabilities	$	3,855,280	$	1,943,176
Total liabilities	$	3,855,280	$	1,943,176
Stockholders' equity (deficit)				
Series A Preferred, $.0001 par value 10,000,000 authorized 9,027,288 and 2, 027,288 shares issued respectively	$	903	$	203
Series B Preferred, $.0001 par value 10,000,000 authorized 100,000 and100,00 0 shares issued respectively		10		10
Common stock, $0.0001 par value, 1,500,000,000 shares authorized 1,110,093,993 and 152,093,993 shares issued respectively		111,009		15,209
Additional paid-in capital		21,204,520		21,204,521
Retained earnings		(23,205,508)		(22,726,950)
Treasury stock, 72,589 shares, at cost		(434,028)		(434,028)
Total stockholders' equity (deficit)	$	(2,323,094)	$	(1,941,035)
Total liabilities and Stockholders' Equity	$	1,532,186	$	2,141

The accompanying notes are an integral part of these condensed consolidated financial statements.

WatchIt Technologies, Inc.
Condensed Consolidated Statements of Income
Twelve Months Ending
(Unaudited)

	September 30 2010	September 30 2009
Revenues:	-0-	-0-
Cost of sales		
Gross profit		
Operating costs and expenses		
Salary & Consulting Expense	$ 267,500	$ 450,000
General Administration	28,200	180,351
Total operating expenses	295,700	630,351
Operating loss	$ (295,700)	$ (630,351)
Other income (expense)		
Interest expense	182,858	120,985
Total other income (expense)	(182,858)	(120,985)
Net income (loss)	$ (478,558)	$ (751,336)
Basic and diluted earnings (loss) per common share		
Basic earnings per common share:	$ (0.0 017)	$ (.0047)
Diluted earnings per common share:	$ (0.00 16)	$ (.0046)
Weighted average shares outstanding Basic	288,159,489	152,093,993
Weighted average shares outstanding Diluted	291,178,483	154,678,781

The accompanying notes are an integral part of these condensed consolidated financial statements.

WatchIt Technologies, Inc.
Condensed Consolidated Statements of Cash Flows
For nine moths ending
(Unaudited)

(in thousands)		September 30 2010		September 30 2009
Cash flows from operating activities				
Net income (loss)	$	(478,558)	$	(751,336)
Adjustments to reconcile net Income (loss) to net cash				
Depreciation and amortization		427		466
Prepaid expenses and other current assets		0		300,000
Account Payable		40,800		(453,782)
Net cash provided (used) by operating activities	$	41,227	$	(153,316)
Cash flows from investing activities		(1,529,032)		
Net cash provided (used) by investing activities	$	(1,529,032)	$	0
Cash flows from financing activities				
New borrowings		1,871,507		1,204,344
Net proceeds from stock issuances		95,800		(46)
Additional Paid in Capital		0		(299,954)
Net cash provided (used) by financing activities	$	1,967,307	$	904,344
Net increase (decrease) in cash and cash equivalents	$	943	$	(308)
Cash and cash equivalents, beginning of year	$	1,712	$	2,020
Cash and cash equivalents, end of period	$	2,655	$	1,712

The accompanying notes are an integral part of these condensed consolidated financial statements.

WATCHIT TECHNOLOGIES, INC.

Consolidated Statements of Stockholders' Equity (Deficit)

For the Years Ended September 30, 2009 and the Year Ending September 30, 2010

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in-capital Amount	Retained Earnings (Deficit)	Treasury Stock	Total Stockholders Equity
Balance, September 30, 2008	2,584,788	258	152,093,993	15,209	21,504,476	(21,975,614)	(434,028)	$ (889,700
Issuance of Stock	(457,500)	(46)			(299,955)			(300,000)
Net loss					(1,063,911)	(1,405,008)		(2,468,919)
Balance, September 30, 2009	2,127,288	$ 212	152,093,993	$ 15,209	$ 21,204,521	(22,726,950)	$ (434,028)	$ (1,941,035)
Issuance of Stock	7,000,000	700	958,000,000	95,800				102,800
Net Loss						(478,558)		(478,558)
Balance, September 30. 2010	9,127,288	$ 913	1,110,093,993	$ 111,009	$ 21,204,521	(23,205,508)	$ (434,028)	$ (2,370,750)

The accompanying notes are an integral part of these financial statements.

Note A - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of WatchIt Technologies, Inc. referred to as the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America, pursuant to the rules and regulations of the Securities and Exchange Commission. All significant intercompany balances and transactions have been eliminated. These financial statements include all information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. It is recommended that these unaudited condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included herein.

In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month periods ended September 30, 2010 and September 30, 2009 are not necessarily indicative of the results which may be expected for any other interim periods or for the year ending September 30, 2010..

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. Actual results could differ from these estimates.

Note B - Principles of Consolidation.

The consolidated financial statements include the accounts of the Company and all of its subsidiaries in which a controlling interest is maintained. All significant inter-company accounts and transactions have been eliminated in consolidation.

Note C. Basis of Financial Statement Presentation.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company generated significant losses, and it is unable to predict profitability for the future. These factors indicate the Company's continuation, as a going concern is dependent upon its ability to obtain adequate financing as well as implement its sales, marketing and acquisition strategy. The Company is addressing the going concern by obtaining equity financing and to grow the Company with profitable sales both organically and through acquisitions. Management believes successfully executing these tasks will lead to the removal of the going concern comment from our audited financials.

Note D. Cash and cash equivalents.

Cash equivalents consist of liquid investments, with a maturity of three months or less at the time of purchase. Cash equivalents are stated at cost, which approximate market value.

Note F. Property and Equipment.

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is determined using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of 24 to 36 months are used for computer equipment and related software, five years for office equipment, furniture, and fixtures. Depreciation and amortization of leasehold improvements is computed using the shorter of the remaining lease term or five years. Maintenance and repairs are charged against income and betterments are capitalized.

Note G. Reclassification.

Certain prior year amounts have been reclassified to conform to current year's presentation.

Note H. Advertising Costs.

The Company expenses all advertising costs as incurred.

Note I. Use of Estimates.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States (US GAAP). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. These estimates form the basis for judgments made about the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and judgments are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances. However, future events are subject to change and the best estimates and judgments routinely require adjustment. US GAAP requires estimates and judgments in several areas, including those related to impairment of goodwill and equity investments, revenue recognition, recoverability of inventory and receivables, the useful lives of long lived assets such as property and equipment, the future realization of deferred income tax benefits and the recording of various accruals. The ultimate outcome and actual results could differ from the estimates and assumptions used.

Note J. Goodwill

The goodwill and intangible assets are subject to the provisions of SFAS No. 142, "*Goodwill and Other Intangible Assets* " ("SFAS 142"). In accordance with SFAS 142, goodwill and other intangible assets are tested for impairment on an annual basis or when indicators of impairment exist, and written down when impaired

Note K. Impairment of long-lived Assets.

The Company reviews the recoverability of the carrying amounts of its long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the asset might not be recoverable. Long-lived assets and certain identifiable intangible assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of discounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets and certain identifiable intangible assets that management expects to hold and use are based on the fair value of the asset. Long-lived assets and certain identifiable intangible assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Note L. Fair Value Disclosures.

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, approximate fair value because of the immediate or short-term maturity of these financial instruments.

Note M. Segment Reporting

The Company operates in one reportable segment under the Statement of Financial Accounting Standards ("SFAS") No. 131, *Disclosures about Segments of an Enterprise and Related Information*

Note N. New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), an interpretation of FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not (i.e. a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The effective date for the Company is January 1, 2007. Upon adoption, the cumulative effect of applying the recognition and measurement provisions of FIN 48, if any, shall be reflected as an adjustment to the opening balance of retained earnings. The adoption of FIN 48 is not anticipated to have a material impact on our Consolidated Financial Statements.

In September 2006, FASB Statement 157, "Fair Value Measurements" ("SFAS 157") was issued. SFAS 157 establishes a framework for measuring fair value by providing a standard definition of fair value as it applies to assets and liabilities. SFAS 157, which does not require any new fair value measurements, clarifies the application of other accounting pronouncements that require or permit fair value measurements. The effective date for the Company is January 1, 2008. The adoption of SFAS 157 is not anticipated to have a material impact on our Consolidated Financial Statements.

Note O - Resumption of Operations

WatchIt Technologies reemerged as an operating company with the signing of a licensing agreement and joint venture agreement with Child Watch of North America. Child Watch is a non-profit company that focuses on the search, rescue, and recovery of children who are missing in North America, as well as mentoring and assisting with the reintegration of children that are located. Child Watch is a 501(c)(3) Tax-exempt charity and is a publicly supported organization as defined in sections 509 (a) and 170 (b)(1)(A)(vi) of the Internal Revenue Service Code.

Jointly, Child Watch of North America and WatchIt Technologies agreed to create the Child Watch Network. The Child Watch Network (CWN) will be provided through "Point of Sale" digital signage systems in various commercial areas nationwide. WatchIt Technologies suspended and eventually ceased operating the Child Watch Network during December 2007. These actions were the result of litigation initiated by WatchIt Technologies against Big Apple Consulting.USA. The law suit was settled in 2009. At that time WatchIt began reviewing additional potential business opportunities.

Note P - Preferred Stock Transactions

In October 2008, the Company exchanged 457,500 shares of Preferred Series A stock for a $30,000 Promissory Note with Dorene Taylor former owner of Digital Fusion Television. This transaction occurred as a result of the Company decision to cease operating the Child Watch Network. In August 2010, The Company issued 7,000,000 shares of Preferred Series A stock to Olde Rockledge Capital & Investments for services provided to the Company.

Note Q- Basic and Diluted Earnings (Loss) Per Common Share

Basic and diluted earnings (loss) per share for the nine months ending September 30 2010 and 2009 were computed using 291,178,483 and 152,093,993 weighted average common shares outstanding, respectively. Stock options and warrants were not included in the computation of diluted loss per common share for the twelve months ending September 30 2010 and 2009 since they would have resulted in an antidilutive effect on loss from continuing operations. At September 30, 2010, the Company had aggregate1,110,093,993 shares of common stock issued. The Company is authorized to issue up to 1,500,000,000 shares of common stock.

Note R - Contingent Liabilities

<u>Other contingent liabilities</u>

On June 22, 2002, the Company issued to JPMorgan Chase Bank a non-interest bearing $2,000,000 contingent note. Under the terms of the contingent note, the note is payable only upon the occurrence of each of the following conditions:

(i) the closing bid price of the Company's common stock exceeds $5.00 for 180 consecutive trading days; (ii) the Company's debt to equity ratio shall be less than 50%; (iii) the Company's revenue/debt ratio shall be less than 0.05, and

(iv) the Company's interest burden coverage shall be greater than 20 times. Should all of these conditions be met, the note would have a maturity date of 5 years from the date such conditions are met. Should the payment conditions not be met by June 21, 2012, the note will be automatically null and void. The contingency note's purpose was for JPMorgan, for having made prior concessions to the Company, to participate in any financial windfall of the Company, should such an eventuality occur. It is management's opinion that it is very unlikely this note will become effective prior to the termination date.

Note S - Management's Plans

The Company has been notified that as a result of the Company's failure to timely file recent periodic reports with the Securities and Exchange Commission, the Financial Industry Regulatory Authority (“FINRA”) caused the Company’s Common Stock to cease to be quoted on the Over the Counter Bulletin Board, the net effect of which was to cause the shares to be listed on the Pink Sheets.

Management continues to review potential opportunities with a focus on "green technology". Management believes focusing in this arena will result in future significant business opportunities..

There can be no assurance that any of management’s plans as described above will be successfully implemented or that the Company will continue as a going concern.

Note T- Notes Payable

The Company has issued Notes Payable to Lilly Marketing Group, LLC. These notes are all one year demand notes. The notes may be converted to common stock at a conversion rate of $.0001 per share 60 days after issuance. The notes have an interest rate of 12% per annum. The following Chart represents notes issued to Lilly Marketing Group, LLC as of September 30, 2009.As of September 30, 2010, the Company was indebted to Lilly Marketing Group, LLC for $1,643,975.48 plus accrued interest of $374,581.22.

Date		Principle Amount
12/31/2007	$	170,741.23
06/30/2008		187,500.00
12/31/2008		168,872.91
12/31/2008		299,600.84
12/31/2008		179,760.50
03/31/2009		150,000.00
06/30/2009		187,500.00
10/01/2009		150,000.00
10/01/2009		150,000.00
02/01/2010		150,000.00
Total	$	1,643,975.48

The Company issues a Note Payable to Dorene Taylor for $30,000 on October 15, 2008. This note is al one year demand notes. The note may be converted to common stock at a conversion rate of $.0001 per share 60 days after issuance. The note has an interest rate of 12% per annum. As of September 30, 2010 $6,065.75 has accrued in interest due.

The Company has unsecured short term debt to Cain, Smith and Strong, LLC. At September 30 2010, the Company owed $120,000.. Additionally, The Company has unsecured short term debt of, $93,000 in short term debt to Frank Moody $40,000 to BIB Consulting, LLC and $54,416 to Olde Rockledge Capital & Investments, LLC. These debts are the result of Company expenses being paid by third these parties.

Air Pure Systems Development, Inc., a wholly owned subsidiary of the Company, as short term unsecured debt of $1,352,331.19. This debt was assumed by the Company in the acquisition of Air Pure Systems Development, Inc. The debt is due to Robert Ryon $521,521.19; Martin Paterson 160,610 and James Fanning $460,000.

Note U -: Comprehensive Income:

At September 30, 2009 and 2010 net income and comprehensive income were the same.

Note V - Management Changes

Effective June 1, 2010 Frank A. Moody, II resigned as President, Chief executive Officer and Director of the Company. On June 15, 2010 Brian D. Riley was appointed President and was elected to the Board of Directors.

On June 15, 2010 by a proxy vote of the majority of the shareholders a new Board of Directors was elected. The new Board consists of Gary A. Musselman and Brian D. Riley. On October 23, 2010 Robert Ryon was appointed to the Board of Directors. Effective November 3, 2010 Dr. Max L. Bennett was appointed as President and Chief Executive Officer, Brian D. Riley resigned as President.

Certification

I, Max. L. Bennett, President of WatchIt Technologies, Inc. certifies that:

I have reviewed the Annual Financial Statements of WatchIt Technologies, Inc. for the Fiscal Years Ending September 30, 2010 and 2009.

1. Based on my knowledge, this Financial Statement does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements, in light of the circumstances under which the statements were made, not misleading with respect to the period covered by the financial statement; and

2. Based on my knowledge, these financial statements, and the other financial information included or incorporated by reference in this financial statement fairly presents 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 financial statement.

3. The consolidated financial statements include the accounts of WatchIt Technologies, Inc., and its wholly-owned subsidiaries and have been prepared in accordance with General Acceptable Accounting Principles of the United States of America. For purposes of consolidation, the Company includes all significant subsidiaries owned directly or indirectly with more than 50 percent of the voting rights held by the Company. All significant intercompany transactions and balances have been eliminated.

Signature:

Max L. Bennett, President
November 29, 2010