

F3 Technologies, Inc.
Statements of Financial Position
June 30
Unaudited

ASSETS	2011	2010
Current assets:		
Cash	\$ 5,825	\$ 25,678
Accounts receivable	12,720	2,165
Total Current Assets	<u>18,545</u>	<u>27,843</u>
Other assets:		
Equipment	6,266	3,074
Accumulated Depreciation	<u>(1,677)</u>	<u>(703)</u>
Equipment Net of Amortization	4,589	2,371
Software		
Software Development Costs	484,139	357,013
Accumulated Amortization	<u>(242,632)</u>	<u>(158,667)</u>
Developed Software Net of Amortization	241,507	198,346
Purchased Software Costs	19,034	19,034
Accumulated Amortization	<u>(12,444)</u>	<u>(6,060)</u>
Purchased Software Net of Amortization	6,590	12,974
Total Software Costs	503,173	376,047
Total Accumulated Amortization	<u>(255,076)</u>	<u>(164,727)</u>
Total Software Costs Net of Amortization	248,097	211,320
Goodwill	180,000	180,000
Accum. Amortization	<u>(114,000)</u>	<u>(78,000)</u>
Goodwill Net of Accumulated Amortization	66,000	102,000
Note receivable	62,000	12,000
Total other assets net:	<u>376,097</u>	<u>313,320</u>
TOTAL ASSETS	\$ <u>399,231</u>	\$ <u>355,534</u>
 LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable	\$ 30,856	\$ 28,170

Prepaid services due	631	1,905
Payroll taxes due	665	4,056
Convertible Notes due in less than one year	187,500	15,000
Interest expense payable	42,650	7,891
Deferred Compensation	618,500	417,083
Total Current Liabilities	880,802	474,105
Long term liabilities		
Long Term Convertible Notes	434,650	242,500
Total Long Term Liabilities	434,650	242,500
Total Liabilities	1,315,452	716,605
Equity		
Common Stock ; \$.001 par value; 200,000,000 authorized; 113,411,550 outstanding	118,412	86,942
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	835,718	649,886
Accumulated deficit	(1,575,045)	(766,920)
Net loss from operations	(297,306)	(332,979)
Total Equity	(916,221)	(361,071)
TOTAL LIABILITIES & EQUITY	\$ <u>399,231</u>	\$ <u>355,534</u>

See accompanying notes to financial statements

F3 Technologies, Inc.
Statement of Operations
Three Months Ended June 30
Unaudited

Income	2011	2010
Revenue		
Software sales	\$ 7,976	\$ 6,021
Advertising revenue	-	1,493
Consulting services	32,954	9,000
Other income	9	245
	<hr/>	<hr/>
Gross Revenue	40,939	16,759
Discounts and allowances	(17)	-
	<hr/>	<hr/>
Net Revenue	40,922	16,759
 Expense		
Payroll Expense	94,778	123,248
Depreciation and Amortization	34,139	29,929
Branch Office Expense	2,306	4,956
Professional Services	2,447	13,341
Information processing expense	10,689	3,198
Marketing expense	10,471	13,588
Bank and Credit Card Expense	1,122	1,269
Communication expense	995	457
Insurance expense	2,938	2,938
State & Local Taxes	4,751	2,120
Travel & Entertainment	2,123	4,893
Interest expense	9,033	4,050
Dues and subscriptions	209	910
Other expenses	78	555
	<hr/>	<hr/>
Total Expense	176,079	205,452
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Net Loss	\$ (135,157)	\$ (188,693)
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Basic and diluted net loss per share	\$ (0.00)	\$ (0.00)
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Weighted average number of common shares outstanding	104,659,903	82,651,262

See accompanying notes to financial statements

F3 Technologies, Inc.
Statement of Operations
Six Months Ended June 30
Unaudited

Income	2011	2010
Revenue		
Software sales	\$ 13,492	\$ 11,476
Advertising revenue		2,299
Consulting services	68,305	15,000
Other income	14	245
Gross Revenue	<u>81,811</u>	<u>29,020</u>
Discounts and allowances	(64)	
Net Revenue	81,747	29,020
 Expense		
Payroll Expense	213,545	216,735
Depreciation and Amortization	66,907	55,820
Branch Office Expense	6,115	10,332
Professional Services	16,985	23,371
Information processing expense	16,892	9,571
Marketing expense	19,837	17,915
Insurance expense	2,938	2,938
Bank and Credit Card Expense	2,261	2,356
Communication expense	1,302	1,862
State & Local Taxes	1,976	2,728
Travel & Entertainment	10,676	9,453
Interest expense	18,659	6,522
Dues and subscriptions	413	999
Other expenses	547	1,397
Total Expense	<u>379,053</u>	<u>361,999</u>
 Net Loss	<u>\$ (297,306)</u>	<u>\$ (332,979)</u>
	<u>\$</u>	<u>\$</u>
Basic and diluted net loss per share	<u>(0.00)</u>	<u>(0.00)</u>
Weighted average number of common shares outstanding	<u>103,541,938</u>	<u>76,971,193</u>

See accompanying notes to financial statements

F3 Technologies Inc.
Statement of Cashflows
January through June

	2011	2010
OPERATING ACTIVITIES		
Net loss from operations	\$ (297,306)	\$ (334,029)
Depreciation & Amortization	66,908	55,822
Changes in working capital items		
Accounts payable	(3,129)	12,416
Accounts receivable	(11,790)	(12,000)
Deferred compensation	93,250	117,500
Payroll taxes withheld	665	4,056
Prepaid services	(25,052)	1,705
Interest expense payable	18,658	6,522
Cashflow from operating activities	<u>(157,796)</u>	<u>(148,008)</u>
INVESTING ACTIVITIES		
Additions to equipment - phones	(3,193)	(1,669)
Software development	(57,525)	(24,200)
Cashflow from Investing	<u>(60,718)</u>	<u>(25,869)</u>
FINANCING ACTIVITIES		
Notes Issued	214,650	129,000
Stock issued for incentive compensation	6,300	
Stock issued for debt conversion	60,000	
Debt issued (retired)	(60,000)	48,500
Cashflow from financing	<u>220,950</u>	<u>177,500</u>
Net change in cash	2,436	3,623
Beginning cash	<u>3,389</u>	<u>23,620</u>
Ending Cash	<u><u>5,825</u></u>	<u><u>27,243</u></u>

See accompanying notes to financial statements.

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

	Common Stock		Preferred Stock		Paid-In Capital	Accumulated (Deficit)	Shareholders' Equity
	Shares	Amount	Shares	Amount			
Balance, December 31, 2007	<u>6,183,332</u>	<u>\$ 6,183</u>	<u>-</u>	<u>-</u>	<u>\$ 74,734</u>	<u>\$ 49,453</u>	<u>\$ 130,370</u>
Issuance of preferred stock			<u>2,000,000</u>	<u>2,000</u>			<u>2,000</u>
Issuance of common stock	<u>16,240,360</u>	<u>16,240</u>			<u>106,224</u>		<u>122,464</u>
Net operating income (loss)						<u>(287,600)</u>	<u>(287,600)</u>
Balance, December 31, 2008	<u>22,423,692</u>	<u>\$ 22,424</u>	<u>2,000,000</u>	<u>\$ 2,000</u>	<u>\$ 180,958</u>	<u>\$ (238,147)</u>	<u>\$ (32,765)</u>
Net operating income (loss)						<u>(528,774)</u>	<u>(528,774)</u>
Issuance of common stock	<u>46,112,012</u>	<u>46,112</u>			<u>358,836</u>		<u>404,948</u>
Balance, December 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>\$ (766,921)</u>	<u>\$ (156,591)</u>
Net operating income (loss)						<u>(144,017)</u>	<u>(144,017)</u>
Issuance of common stock	<u>3,365,384</u>	<u>3,365</u>			<u>31,634</u>		<u>34,999</u>
Balance, March 31, 2010	<u>71,901,088</u>	<u>71,901</u>	<u>2,000,000</u>	<u>2,000</u>	<u>571,428</u>	<u>(910,951)</u>	<u>(265,622)</u>
Net operating income (loss)						<u>(664,093)</u>	<u>(664,093)</u>
Issuance of common stock	<u>28,077,130</u>	<u>28,077</u>					<u>28,077</u>
Balance, December 31, 2010	<u>99,978,218</u>	<u>99,978</u>	<u>2,000,000</u>	<u>2,000</u>	<u>787,851</u>	<u>(1,575,044)</u>	<u>(685,215)</u>
Net operating loss						<u>(162,149)</u>	<u>(162,149)</u>
Issuance of common stock	<u>3,000,000</u>	<u>3,000</u>			<u>32,000</u>		<u>35,000</u>
Balance, March 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>\$ (1,737,193)</u>	<u>\$ (812,364)</u>
Net operating loss						<u>(135,158)</u>	<u>(135,158)</u>
Issuance of common stock	<u>10,433,332</u>	<u>15,434</u>			<u>15,867</u>		<u>31,301</u>
Balance, June 30, 2011	<u>113,411,550</u>	<u>\$ 118,412</u>	<u>2,000,000</u>	<u>2,000</u>	<u>\$ 835,718</u>	<u>\$ (1,872,351)</u>	<u>\$ (916,221)</u>

See accompanying notes to financial statements.

Date	(i) Nature of Offering	(ii) Jurisdiction	(iii) (iv) Number Shares Offered and Sold	(v) Offered/Sale Price	(vi) Trading Status	(vii) Legend Included
6/11/2007	Unknown	Unknown	9	Unknown	Unknown Free	Unknown
8/10/2007	Rule 144	Federal / SEC	1,000,000	\$0.0200	trading Free	No
8/10/2007	Rule 144	Federal / SEC	1,000,000	\$0.0200	trading Free	No
8/10/2007	Rule 144	Federal / SEC	1,000,000	\$0.0200	trading Free	No
9/7/2007	Private	NA	1,224,445	NA	trading Free	No
11/16/2007	Private	NA	1,470,000	NA	trading	No
4/8/2008	Contractual	NA	10,266,676	\$0.0175	Restricted Free	Yes
9/15/2008	Rule 144	Federal / SEC	1,000,000	\$0.0200	trading Free	No
9/17/2008	Rule 144	Federal / SEC	1,000,000	\$0.0200	trading Free	No
9/29/2008	Rule 144	Federal / SEC	1,000,000	\$0.0200	trading Free	No
10/3/2008	Rule 144	Federal / SEC	1,000,000	\$0.0200	trading Free	No
10/7/2008	Rule 504	Federal / SEC	1,973,684	\$0.0076	trading	No
2/2/2009	Contractual	NA	20,000,000	\$0.0022	Restricted Free	Yes
2/13/2009	Rule 144	Federal / SEC	1,818,818	\$0.0022	trading Free	No
2/13/2009	Rule 144	Federal / SEC	2,727,272	\$0.0022	trading Free	No
3/30/2009	Rule 144	Federal / SEC	1,000,000	\$0.0010	trading Free	No
5/7/2009	Rule 144	Federal / SEC	1,000,000	\$0.0040	trading Free	No
5/7/2009	Rule 144	Federal / SEC	2,000,000	\$0.0040	trading Free	No
5/7/2009	Rule 144	Federal / SEC	2,000,000	\$0.0040	trading Free	No
5/7/2009	Rule 144	Federal / SEC	2,000,000	\$0.0040	trading Free	No
5/7/2009	Rule 144	Federal / SEC	1,000,000	\$0.0040	trading Free	No
5/7/2009	Rule 144	Federal / SEC	2,000,000	\$0.0040	trading Free	No
5/19/2009	Rule 504	Federal / SEC	2,000,000	\$0.0500	trading Free	No
6/23/2009	Rule 144	Federal / SEC	330,000	\$0.0242	trading Free	No
6/23/2009	Rule 144	Federal / SEC	1,000,000	\$0.0240	trading Free	No
6/23/2009	Rule 144	Federal / SEC	1,000,000	\$0.0240	trading Free	No
9/24/2009	Rule 144	Federal / SEC	1,502,589	\$0.0193	trading	No
12/3/2009	Contractual	NA	5,000,000	\$0.0264	Restricted Free	Yes
1/19/2010	Rule 144	Federal / SEC	3,365,384	\$0.0104	trading Free	No
4/23/2010	Rule 144	Federal / SEC	4,714,555	\$0.0058	trading	No

4/28/2010	Rule 144	Federal / SEC	3,000,000	\$0.0058	Free trading	No
4/28/2010	Rule 144	Federal / SEC	3,000,000	\$0.0058	Free trading	No
4/28/2010	Rule 144	Federal / SEC	3,000,000	\$0.0058	Free trading	No
5/4/2010	Rule 144	Federal / SEC	1,326,923	\$0.0100	Free trading	No
7/1/2010	Contractual	NA	2,000,000	\$0.0120	Restricted	Yes
7/2/2010	Contractual	NA	2,000,000	\$0.0120	Restricted	Yes
8/2/2010	Contractual	NA	6,000,000	\$0.0120	Restricted	Yes
8/23/2010	Rule 144	Federal / SEC	2,535,652	\$0.0115	Free trading	No
8/23/2010	Contractual	NA	500,000	\$0.0120	Restricted	Yes
1/18/2011	Rule 144	Federal / SEC	3,000,000	\$0.0067	Free trading	No
5/5/2011	Contractual	NA	2,100,000	\$0.0120	Restricted	Yes
6/27/2011	Rule 144	Federal / SEC	5,000,000	\$0.0067	Free trading	No
6/27/2011	Rule 144	Federal / SEC	1,666,666	\$0.0067	Free trading	No
6/27/2011	Rule 144	Federal / SEC	1,666,666	\$0.0067	Free trading	No

Notes To Unaudited Financial Statements

Note 1. Significant Accounting Policies

Use of Estimates

Preparation of the Company's financial statements, in accordance with generally accepted accounting principles, requires the use of management's estimates and assumptions that affect the financial statements and related notes. Actual results could differ from those estimates.

Revenue Recognition

The Company earns revenue from the sale and use of its software products. Sales are made on a month-to-month basis for some products and services. Revenue from these products is recognized when received. Other service revenues provided under contracts are recognized when earned. Advertising revenue is recognized when services is provided. The Company also

earns revenue through consulting. These fees are recognized when assignments are completed and payment is made.

Financial Instruments

The carrying amounts reported in the balance sheet for cash, accounts receivable, and accounts payable approximate fair value based on the short-term maturity of these accounts.

Equipment

Office equipment, which includes telephones and computers, is carried at cost and depreciated using straight-line methods over their estimated useful lives. Depreciation expense for the quarter ended June 30, 2011 was \$331.

Liabilities Subordinated To The Claims of General Creditors

At June 30, 2011 the Company had no liabilities subordinated to the claims of general creditors.

Earnings Per Share

The Company has adopted SFAS, No. 128, Earnings per Share. Basic earnings (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share would reflect the per share amount that would result if dilutive common stock equivalents were converted to common stock, as prescribed by SFAS No. 128. The Company currently has no dilutive stock equivalents outstanding.

Stock Based Compensation

The Company has adopted Statement of Financial Accounting Standards 123(R), which requires

compensation costs related to share-based payment transactions to be recognized in the financial statements. Generally, the compensation expense is based upon the grant date fair value of the stock issued.

Note 2. Furniture, Equipment, and Capitalized Software

At June 30, 2010 furniture, equipment, and software consisted of the following:

	Useful Life	

Telephone Equipment	3 Years	1,578
Computer Equipment	2-3 Years	<u>4,688</u>
		6,266
Accumulated Depreciation		<u>(-1677)</u>
		<u>\$4,589</u>

	Useful Life	

Developed Software	3 Years	484,139
Purchased Software	2-3 Years	<u>19,034</u>
		503,173
Accumulated Depreciation		<u>(255,075)</u>
		<u>\$248,098</u>

Note 3. Commitments and Contingencies

The company has no long term leases or contingent liabilities excluding the long term notes payable discussed below.

The Company has issued a series of notes payable to related parties as a source of short term working capital. These notes mature one year from the date of issuance and bear interest at 6 % per year but may be renewed or extended with the consent of the note holder. These notes are convertible at the option of the holder to common stock of the company at various prices

Note 4. Shareholders' Equity

The Company has not adopted a stock option plan for officers or employees.

During 2010 the Company issued 20,942,514 shares of common stock various investors in conjunction with the conversion of long term notes payable and other obligations previously issued by The Company. During the first six months of 2011 the Company issued 11,333,332 shares of common stock in conjunction with the conversion of a notes and 2,100,000 shares of common stock as incentive compensation for an employee.

Note 5. Related Party Transactions

The Company provides and receives support services to related parties under a shared services agreement. These services included accounting and tax services, telephone service, and rent. Also, these companies assist F3 Technologies, Inc. in private placement transactions. During

2009 the Company incurred a liability of \$8,000 to a related party, JP Carey Asset Management, LLC, for assistance with a private placement transaction.