United States

Securities and Exchange Commission

Washington, D.C. 20549

Form 10-K/A

(Mark One)

(X) ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2008**

( ) TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to ____________

Commission files number 000-25097

EClips Energy Technologies, Inc.

Formerly World Energy Solutions, Inc.

(Name of small business issuer in its charter)

FLORIDA	**65-0783722**
(State or other jurisdiction of	*(I.R.S. Employer*
incorporation or organization)	*Identification No.)*

3900A 31st Street North, St. Petersburg, Florida	**33714**
(Address of principal executive offices)	*(Zip Code)*

Issuer's telephone number: **727-525-5552**

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
None	

Securities registered under Section 12(g) of the Exchange Act:

Common Stock

(*Title of class*)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No(_).

Check if there is disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X).

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer (_)

Accelerated filer (_)

Non-accelerated filer (_)

Smaller reporting company (X)

(Do not check if a small reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes (_) No (X)

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant s most recently completed second fiscal quarter, June 30, 2008: $10,648,960.

Number of the issuer s Common Stock outstanding as of April 13, 2009: 96,749,057

DOCUMENTS INCORPORATED BY REFERENCE

None

Transitional Small Business Disclosure Format (Check One): Yes (_) No (X)

Explanatory Note

This amendment to the Company s annual report on Form 10-K for the period ending December 31, 2008 is being filed to revise certain scrivener errors and expand the disclosure in footnote number two of the financial statements in the original Form 10-K filed on April 15, 2009. We also are including the report of the Company s former independent auditor firm regarding the financial statements for year-end 2007, which report was omitted from the original Form 10-K filing.

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ECLIPS ENERGY TECHNOLOGIES, INC.

ANNUAL REPORT ON FORM 10-K/A

Fiscal Year Ended December 31, 2008

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Special Note Regarding Forward Looking Statements.

This amended annual report on Form 10-K/A of EClips Energy Technologies, Inc. for the year ended December 31, 2008 contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. To the extent that such statements are not recitations of historical fact, such statements constitute forward-looking statements which, by definition, involve risks and uncertainties. In particular, statements under the Sections; Description of Business, Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements. Where, in any forward-looking statement, the Company expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished.

The following are factors that could cause actual results or events to differ materially from those anticipated, and include but are not limited to: general economic, financial and business conditions; changes in and compliance with governmental regulations; changes in tax laws; and the costs and effects of legal proceedings.

You should not rely on forward-looking statements in this annual report. This annual report contains forward-looking statements that involve risks and uncertainties. We use words such as anticipates, believes, plans, expects, fu intends, and similar expressions to identify these forward-looking statements. Prospective investors should not place undue reliance on these forward-looking statements, which apply only as of the date of this annual report. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by EClips Energy Technologies, Inc. For example, a few of the uncertainties that could affect the accuracy of forward-looking statements include:

(a)

An abrupt economic change resulting in an unexpected downturn in demand;

(b)

Governmental restrictions or excessive taxes on our products;

(c)

Over-abundance of companies supplying computer products and services;

(d)

Economic resources to support the retail promotion of new products and services;

(e)

Expansion plans, access to potential clients, and advances in technology; and

(f)

Lack of working capital that could hinder the promotion and distribution of products and services to a broader based business and retail population.

PART I

Item 1. Description of Business.

The Company.

EClips Energy Technologies, Inc., (EET) formally World Energy Solutions, Inc, d/b/a World Energy Solutions (the Company , Eclips , WES , WESI , we or us) is a Florida Corporation with principal executive offices at 3900 3 North, St. Petersburg, FL 33714. The Company formally changed it name to EClips Energy Technologies, Inc. on February 26, 2009.

The Company is devoted to developing and manufacturing products and services, which reduce fuel costs, save power & energy and protect the environment. The products and services are made available for sale into markets in the public and private sectors. There are two main activities in our business model, which have to be balanced by management so that resources are shared between each activity with a view to overall profitability and high return on investment in the medium to long term.

The chosen field of activity is energy efficiency and environmental protection . We recognize that, as basic fuel prices rise, energy savings and more efficient, less costly, means of using fuels will be required. There is also a growing awareness of the need to protect the environment and eliminate, or at least significantly reduce, pollution and harmful exhaust emissions. Good environmental management, particularly air quality, can reduce sickness and respiratory problems and provide healthier places to live, work and play.

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1. MANUFACTURE.

The manufacture and sale of E-clips had been a traditional 23 year old product of Professional Technical Services, Inc., when that company was merged into EET in 2005. Manufacture has continued in EET and, in parallel, a new, value-engineered and re-designed range of E-clips was developed and launched in December, 2008. There is a large potential market for transient voltage surge suppression (TVSS) and EET has undertaken to provide the best TVSS available to the market. Early indications of sales of the new range and traditional range of Eclips show a significant increase in orders booked up to end Q1, 2009.

E-Clips is regarded as an energy efficient product because it protects circuitry and electrical appliances from the effects of power surges. Lightning strikes cause localized voltage surges, known as spikes which can burn through electrical wiring. The surge will then melt down the sensitive internal circuitry of domestic appliances (TVs, computers, etc.), commercial equipment, including telephone and alarm systems, and heavy duty electrical industrial installations.

The E-Clips provide a fuse which helps prevent voltage surges entering the premises which it guards. In a large surge, the E-clip is rendered useless but it prevents significantly expensive re-wiring and building repairs and the cost of replacing damaged electrical appliances and equipment. The down time and loss of stored information in computer systems is avoided.

There is an enlarging market for E-clips as the potential savings for a large range of applications is recognized. In an increasing number of cases, fire and emergency regulations mandate the installation of TVSS to ensure important alarm, fail-safe and power regulating systems are fully protected from power surges.

2. RESEARCH & DEVELOPMENT

We are also engaged in the development of energy-saving patents and concepts into marketable products which can be licensed for manufacture in return for royalties, or, if viable, manufactured within the Company. Research and development projects require a substantial investment in order to bring the product ideas to commercial readiness so that a return on investment can be earned, either by licensing the products for manufacture or by establishing a production line in-house. Even then, some of the projects cannot fulfill their expected potential and cannot be successfully brought to the market to earn a revenue stream or provide any other return on the investment in development costs.

The research & development effort is currently loss-making. The nature of the research programs preclude the establishment of an income stream until either the product is made commercially available or the rights to its manufacture can be acquired by an established company in return for royalties. Patent protection for the products under development is therefore important.

Research & Development Projects.

The Company is working on three major development projects. The first two utilize the generation of hydrogen/oxygen gas from water by means of an electrolyzer. The third utilizes ozone gas to eliminate harmful biological and chemical contaminants in air and water. These developments are known as PATI and PWTI, respectively.

(a) Hydrogen/oxygen additive to gasoline fuel.

We are working on a hydrogen-oxygen gas generation system as a fuel additive for internal combustion and diesel engines and as a means of heating water faster and cheaper than traditional electric and gas heaters with associated storage tank reservoirs for the hot water. The water hydrolysis separation system is known as HHO and has acquired the relevant intellectual property for the systems and motor vehicle management systems by which the system can be marketed when fully developed.

In internal combustion engines, a 26% reduction in gasoline fuel has been achieved in road trials and a 92% reduction in hydro-carbon emissions was achieved in laboratory static tests. Development of a diesel engine electrolyzer is continuing.

The market for a water based additive to prime gasoline fuel would enjoy high market potential because of:

(i)

the increasing cost of gasoline from crude oil prices;

(ii)

the significantly lower emissions from the system which protects the environment; and

(iii)

statutory mandates for increasing mpg and reducing harmful emissions within stated time lines.

Our goal is to complete the development of an on-board electrolyzer for both motor vehicle gasoline and diesel engines, to save substantial amounts of the prime fuel and to significantly reduce harmful emissions, particularly carbon based pollutants.

(b) Tankless Hot Water.

The heat source for tankless hot water is a small electrolyzer, with a heat-exchanger in a small unit mounted near the water outlet. The technical aspects are similar to the HHO system for motor vehicle engines but the hydrogen/oxygen gases are fed directly into the heat exchanger to heat the water.

For tankless hot water, the hydrogen/oxygen gasses can heat water from ambient room temperature to 180° F in 15 seconds at a very low fuel cost. This fully proved the concept and development of a viable domestic hot water system is continuing.

The market for tankless hot water is enlarging because of:

(i)

the increasing cost of domestic, commercial and industrial heating fuels;

(ii)

the increasing awareness of a need to conserve energy and protect the environment; and

(iii)

the overall cost savings which results in an elimination of waste, heat, and less transmission of pipes and plumbing outlay.

Our goal is to develop a range of tankless water heaters for the domestic, commercial and industrial sectors, which significantly reduce the energy costs of heating water and provide an environmentally friendly hot water supply in all applications.

There are further possibilities for the efficient use of the gases and intense heat provided by HHO. Many household appliances require heat in the form of a naked flame; stoves, ovens, barbecues etc. These appliances can as easily use the intense and significantly less expensive heat from hydrogen/oxygen generation, as from electricity or mains gas. We are committed to investigate the markets for these appliances with a view to engaging in a joint project with a selected manufacturer, to introduce an HHO heat source as the prime fuel.

Towards the end of 2008, we had to suspend the development of this technology in order to concetrate our resources on the HHO and PATI project. It is envisioned that the project will be re-commenced in mid-2009.

(c) Pure Air Technology.

PATI is a process by which all biological and chemical impurities and contaminants are removed from air, leaving sterile air and some harmless and inert residues. The process was acquired from University of Florida and UTEK, Inc., a technology transfer company in Tampa, Florida. The process uses an ultra-violet light source to generate ozone gas from air. The ozone destroys all bio-chem contaminants and pollutants (spores, viruses and germs, etc.) in the air. A second bank of ultra-violet light excites a titanium-dioxide screen through which the air passes, destroying any residual bio-chem elements and also destroying the ozone which is converted back to oxygen and some water vapor.

PATI has several applications, each of which enjoys an increasing demand:

(i)

Air Quality is improved and the health of building users is improved - less sick days

lost and lower health care costs; and

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(ii)

Building integrity is better with fewer incidences of mold and fungus in buildings where it is expensive to remove.

(iii)

Security, where PATI can remove noxious and dangerous compounds which might be deliberately introduced into the building to cause harm.

A pre-production prototype PATI unit has been made and is undergoing testing at the University of Florida - Gainesville Campus. The testing has proved the concept completely and EET is now developing a number of potential sales contacts in both the public and private sectors. Chief among these are a number of public transportation operators and a vehicle OEM.

PATI was developed from a water purification process, known as PWTI, and which employs the same technical process to purify water by removing unwanted inclusions and contaminants. The company has an understanding with the patent-holder, to develop PWTI for specific applications, mainly in the Department of Defense. Several market prospects have been identified and a number of request for proposals, issued by the armed services have been noted. The Department of Defense is working on raising the current water quality standard from the existing tri-service standard to equate with the EPA standard.

Our goal is to develop PATI for a variety of applications where air quality can improve the internal environments of public transportation (busses, rail cars, aircraft and merchant shipping) as well as, places of work, places of entertainment, schools, hospitals and other buildings where people gather for periods of time.

MMC Research, LLC.

During the year, EET entered negotiations with MMC Research, LLC (MMCR) of Largo, Florida, a developer and service provider for an electric motor conversion system. The system, marketed as Ample Amps , enables electrical power to be drawn into the motor in direct relation to the mechanical power required to lift or move the load. This saves a significant amount of electric power for variable load motors and reduces wear and tear in the motor. There are also savings on regular maintenance as re-wind cycles can be extended. The negotiations resulted in the conclusion of a marketing agreement exclusive to certain areas and market sectors for EET to refer potential customers for motor re-winds, to MMCR, in return for an introductory commission.

Technology Transfer.

We acquire new technology by way of a technology transfer broker. EET has a contract with UTEK Corporation of Tampa, Florida which has an established technology transfer business. EET provides UTEK with a general specification for the sort of inventions and concepts it requires for development in the energy efficiency sector. UTEK then submits a number of sample inventions and concepts for consideration. The HHO and PATI systems were introduced to EET by UTEK which has also partially funded certain of the developments.

We have a mature and progressive relationship with UTEK, which has become a major shareholder of the Company. UTEK has access to several marketing and promotional organizations which, in the fullness of time may become involved in the successful launch of completed developments ready for market.

Marketing Initiatives.

We have a new marketing department under the supervision of our President & Chief Operating Officer, Peter James, whose function is dedicated to researching the market to find customers for the manufactured products (EClips) and to find applications and manufacturing companies which would contract to manufacture the projects in development, under license, (HHO, Tankless Hot Water, PATI and PWTI) or, where possible and profitable, to set up manufacturing facilities in house.

Other marketing initiatives include;

GSA Schedule.

We are in the process of making an application for the traditional and new ranges of e-clips to be included in the GSA Schedule. If this initiative is successful, it will enable all buyers of TVSS in the federal departments and agencies to

purchase the TVSS with federal credit cards. We are amending our Company web-site to enable credit card purchases of TVSS to be made. In the fullness of time, it is proposed to include all saleable products on the GSA Schedule to enhance and encourage sales to federal sources.

US Navy.

EET has a consulting agreement with a former US Navy Flag officer to introduce the manufactured and developed products to the US Navy and to other relevant departments and agencies in the federal government. The Office of Naval Research, ONR, has expressed interest in the products and developments of the Company. The US Navy is interested in improving the range and endurance of ships while reducing dependence on refueling at sea. The US Navy is also interested in developing better pure air systems for protection of crews against bio-chemical attack.

Energy Act, 2007.

In December, 2007, the Energy Act was signed into law. In 2008, several States issued regulations, under existing legislation, to enhance continuing programs for fuel economy and environmental protection. From the marketability of EET s current HHO developments, the Energy Act requires:

(a) a progressive increase in miles per gallon fuel consumption from gasoline and diesel fuel oil, within certain time lines and

(b)

a progressive reduction of harmful emissions from engine exhaust, mainly hydro-carbons and carbon monoxide residues, within certain time lines.

These legislative actions support entirely our marketing platforms for the development of fuel-efficient engines and the reduction of harmful exhaust emissions. It is generally expected that the new Democratic Presidency and Congress will advance these legislative programs over the current Congressional term.

Environmental Protection Agency - Air Quality.

In February, 2008, the EPA submitted a proposal to the Executive Branch for the introduction of more stringent air quality standards for certain public buildings and classification of buildings e.g. schools and hospitals. The DOD is also working to bring their air and water quality standards to the EPA levels. New and more stringent standards will enable the PATI (and its PWTI) developments to become more saleable on manufacture.

The increasing awareness of and demand for better air quality is expected to lead to more stringent legislation for the purity of air in public buildings, hospitals, schools, entertainment centers, etc. This progressive legislation for air quality is entirely consistent with the development and marketability of EET s PATI system.

United Kingdom Subsidiary Company.

In July, 2007, a United Kingdom-registered, wholly-owned subsidiary company was formed. World Energy Solutions, Limited is a small private limited liability company under the Companies Acts and corporation rules of the UK. The formation of the company protects the name as well as providing a platform for marketing the company s products and developments in the UK and all European Union countries, when the time is right.

In 2008, ECLIPS initiated a program to raise investment capital from the green funds in Europe and selected European shareholders might assist the marketing efforts of the Company in Europe. There is a much greater awareness of the need to conserve energy and protect the environment in Europe, where basic fuels are more expensive and green issues are better understood and accepted. Europe is regarded as an important overseas market for the Company s products in the long term.

Item 1A. Risk Factors

The Company qualifies as a smaller reporting company, as defined by Rule 229.10(f)(1), and is not required to provide the information required by this Item.

Item 1B. Unresolved Staff Comments

None.

Item 2. Description of Property.

The Company maintains two facilities: its main office which houses its corporate and manufacturing facilities and a second unit used for research and development within the same industrial complex and has two separate leases. The main office lease has a term expiring on September 30, 2009. The research and development facility does not contain a renewal option and the payment of its rent is guaranteed by the Company's Chairman. That lease renewed in October 2008 and has a term ending on October 14, 2009.

Item 3. Legal Proceedings.

A civil action has been commenced against the Company by Mr. Mike Prentice, formerly Chairman and President of the Company, wherein he seeks to enforce a term of his contract of employment, following his termination for cause. The Company intends to vigorously defend the litigation (See note 12 to the footnotes to financial statements).

Item 4. Submission of Matters to a Vote of Security Holders.

None

Part II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Company s common stock is traded on the Over-the-Counter Bulletin Board under the symbol ECET.OB. The high and low sales prices for each quarter of the calendar years 2007 and 2008 are as follows:

Common Stock		
	High	Low
1st quarter 2007	$ .20	$ .42
2nd quarter 2007	.20	.99
3rd quarter 2007	.40	1.00
4th quarter 2007	.22	.51
1st quarter 2008	$ .34	$ .20
2nd quarter 2008	.26	.08
3rd quarter 2008	.14	.08
4th quarter 2008	.15	.05

Recent Sales of the Company s Unregistered Securities.

Name	Number Common Shares Purchased	Date	Price/Share	Total Consideration
Global Media	326,797	02/28/06	$-----	$-----
Flood Living Trust	100,000	03/24/06	$0.50	$50,000
Gray Capital Partners (1)	6,309,000	04/03/06	$-----	$-----
Flood Living Trust	100,000	04/12/06	$0.50	$50,000
Robert Kratz	200,000	03/24/06	$0.50	$100,000
Edward & Alice Prange	100,000	03/28/06	$0.50	$50,000
Roger Kirk	100,000	03/27/06	$0.50	$50,000
Joseph Peel	100,000	03/28/06	$0.50	$50,000
Rick Levarge	20,000	04/18/06	$0.50	$10,000
Linda Willison	20,000	05/03/06	$0.50	$10,000
Beverly E. Smoker	30,000	04/27/06	$0.50	$15,000
Michael S. Smoker	10,000	06/29/06	$0.50	$5,000
James Hartley	90,000	04/26/06	$0.50	$45,000

Charlie Downie	20,000	05/02/06	$0.50	$10,000
Joseph Chumbley	100,200	05/05/06	$0.50	$50,100
Global Media	33,267	05/11/06	$-----	$-----
Flood Living Trust	200,000	06/04/06	$0.50	$100,000
Thomas Conley	30,000	05/15/06	$0.50	$15,000
Flood Living Trust	100,000	06/07/06	$0.50	$50,000
Ann Ree Chumbley	10,000	06/28/06	$0.50	$5,000
Pamela Clark	39,400	05/22/06	$0.50	$19,700
Flood Living Trust	100,000	06/29/06	$0.50	$50,000
Kirby M. Watson	100,000	08/11/06	$0.50	$50,000
Global Media	33,267	07/05/06	$-----	$-----
Global Media	33,267	07/24/06	$-----	$-----
Robert Kratz	1,300,000	02/15/07	$0.25	$325,000
Pamela Clark	10,000	03/13/07	$0.25	$2,500
Joseph Chumbley	20,000	03/13/07	$0.25	$5,000
Joseph Chumbley	10,000	03/13/07	$0.25	$2,500
Thomas Conley	40,000	03/16/07	$0.25	$10,000
Edward Prange	100,000	03/16/07	$0.25	$25,000
Mark Potter	40,000	03/21/07	$0.25	$10,000
Stock PR, LLC	17,000	04/18/07	$-----	$-----
John Kretz	128,000	04/30/07	$0.25	$32,000
ZA Consulting, Inc.	80,000	05/24/07	$-----	$-----
Stock PR, LLC	171,000	05/25/07	$-----	$-----
Mark Feldhamer	60,000	06/15/07	$0.25	$15,000
Marlene Feldhamer	20,000	06/15/07	$0.25	$5,000
Charlene Bledsoe	20,000	06/15/07	$0.25	$5,000
Jerjis J. Denno, Gen. Ptnr.	100,000	06/22/07	$0.25	$25,000
David Halpern	100,000	06/22/07	$0.25	$25,000
Gary Anderson	100,000	06/22/07	$0.25	$25,000
Robert Bloch	140,000	06/26/07	$0.25	$35,000
Paul Bemiss	100,000	06/28/07	$0.25	$25,000
Keith Kondo	100,000	07/05/07	$0.25	$25,000
Andrew Allen	100,000	07/06/07	$0.25	$25,000
Gary Anderson	100,000	07/09/07	$0.25	$25,000
Timothy Minnehan	50,000	08/10/07	$0.25	$12,500
Stock PR, LLC	20,000	08/10/07	$-----	$5,000
Chester Kratz	100,000	08/24/07	$0.25	$25,000
Patricia Turrell	100,000	08/24/07	$0.25	$25,000
Bineau Family Trust	20,000	08/28/07	$0.25	$5,000
Robert Bloch	60,000	08/28/07	$0.25	$15,000
Flavis & Beverly Lazenby	150,000	09/06/07	$0.25	$37,500

UTK Corporation	11,913	09/24/07	$-----	$-----
UTEK Corporation	7,500,000	10/01/07	$-----	$-----
UTEK Corporation	8,437,500	10/13/07	$-----	$-----
Robert Bloch	100,000	04/10/08	$0.10	$10,000
Phillip Gene Flood/Flood Living Trust	250,000	04/10/08	$0.10	$25,000
Robert Kratz	250,000	04/10/08	$0.10	$25,000
Gary Anderson	100,000	04/10/08	$0.10	$10,000
Patricia Turrell	100,000	04/29/08	$0.10	$10,000
Denno Family Ltd. Partnership	250,000	04/29/08	$0.10	$25,000
Sun Baker	150,000	05/16/08	$0.10	$15,000
Robert Bloch	300,000	07/07/08	$0.10	$30,000

(1) Shares were cancelled September 28, 2006.

On May 24, 2007, we issued 80,000 shares of our restricted common stock to ZA Consulting in exchange for services involving investor relations and public relations to be performed on behalf of the Company. On May 25, 2007, we issued 171,000 shares of our restricted common stock to Stock PR, LLC in exchange for services involving investor relations and public relations to be performed on behalf of the Company. During the second quarter of 2007, the Company issued 268,000 shares of common stock for various services related to web site enhancement & development.

On October 3, 2007, we acquired Hydrogen Safe Technologies, Inc. (HSTI), a wholly-owned subsidiary of UTEK Corporation (AMEX & LSE-AIM: UTK), in a tax-free stock-for-stock exchange. Pursuant to the Agreement and Plan of Acquisition (the Agreement), we issued 7,500,000 shares of our unregistered, restricted Common Stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares (1,000) of Hydrogen Safe Technologies, Inc.

On October 11, 2007, UTEK Corporation converted all of the 100,000 Series A convertible preferred shares that were issued with the acquisition of Pure Air Technologies, Inc. In addition, accrued dividends in the amount of $202,500 were converted. A total of 8,437,500 Common Shares of the Company were issued for the conversions.

In addition to the shares of common stock identified above, the Company conducted an offering of its common stock pursuant to and in reliance upon the exemption from registration provided by Securities and Exchange Commission Regulation S, promulgated under the Securities Act of 1933, as amended. During the period covered by this report, the Company has sold 42,352,296 shares of its common stock in offshore transactions to one hundred ninety-nine (199) non-U.S. persons as such terms are defined and/or contemplated in Securities and Exchange Commission

Regulation S. The Company is authorized to sell up to eighty million (80,000,000) shares of its restricted common stock (the Shares) in the Regulation S offering (the Offering). The Shares are available for sale only to third parties who are not U.S. persons (as defined in Rule 902 of Regulation S).

The Company engaged three separate entities to serve as its distribution managers for the Offering. The Company and the distribution managers engaged two separate entities to serve as the escrow agent. The escrow agent has held funds paid by buyers and disbursed Company stock certificates to buyers who qualify as non-U.S. persons in a Regulation S placement and whose offers to purchase Shares are accepted by the Company.

The shares sold have been offered on the lower of the closing bid price for the Company stock as quoted on the NASDAQ Bulletin Board on the date prior to the trade date or the closing price of said shares minus an original offering discount of 15%. The Company will receive 27% of the proceeds from each accepted offer and the balance will be paid to the Distribution Manager (72%) and the Escrow Agent (1%). The agreements have been extended and terminate on December 31, 2009 unless extended in writing by both parties. The agreements may also be terminated at any time with 21 days written notice by the Company.

During the period ended December 31, 2008, the Company issued a total of 42,352,296 shares of common stock in connection with the Regulation S stock offering resulting in proceeds of $1,522,617 to the Company. The proceeds are net of $5,437,917 of stock offering costs.

All sales and the aforementioned issuance of common stock in exchange for services were made pursuant to Section 4(2) of the 1933 Act. The proceeds of the sale of these securities are to provide operating capital and development costs.

Conversion of Shares of Preferred Stock

On October 11, 2006, EClips Energy Technologies, Inc. (the Company) acquired Pure Air Technologies, Inc. (PATI), a subsidiary of UTEK Corporation (AMEX & LSE-AIM: UTK), in a tax-free stock-for-stock exchange. Pursuant to the Agreement and Plan of Acquisition (the Agreement), the Company issued 100,000 shares of its Series A Convertible Preferred Stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares of Pure Air Technologies, Inc. The Preferred Stock issued in the exchange is restricted and may only be resold pursuant to the requirements of the Securities Act of 1933.

The terms of the Preferred Stock provided that after one year from the date it was issued it is convertible into shares of the Company s common stock at the election of UTEK. The conversion terms of the Agreement provide that the Preferred stock is convertible into the number of shares of the Company s common stock having a value of $4,050,000 (the agreed value of the PATI technology), based upon the previous ten (10) day average closing bid price on the date

of conversion. The Preferred Stock bears interest at the rate of five percent (5%) per annum, compounded quarterly, based on the $4,050,000 agreed value of the PATI technology. On October 16, 2007 UTEK exercised its right to convert the Preferred Stock and consequently, the Company issued 8,437,500 shares of its restricted common stock to UTEK.

All sales were made pursuant to Section 4(2) of the 1933 Act. The proceeds of the sale of these securities are to provide operating capital and development costs.

The following are factors that could cause actual results or events to differ materially from those anticipated, and include but are not limited to: general economic, financial and business conditions; changes in and compliance with governmental regulations; changes in tax laws; and the costs and effects of legal proceedings.

Holders of Common Stock

As of April 13, 2009 the number of holders of record of shares of common stock, excluding the number of beneficial owners whose securities are held in street name was approximately 477.

Dividend Policy

The Company will not pay any cash dividends on its common stock in 2009 because it intends to retain its earnings to finance the expansion of its business. Thereafter, declaration of dividends will be determined by the Board of Directors in light of conditions then existing, including without limitation the Company's financial condition, capital requirements and business condition.

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**
Plan Category	(a)	(b)	(c)

Equity compensation plans approved by security holders	None	Not Applicable	Not Applicable
Equity compensation plans not approved by security holders	1,300,000 (1) (2) (3)	Not Applicable	-0-
Total	1,300,000		

(1)

Includes 600,000 shares issued to Mr. Croxton pursuant to January 31, 2006 employment agreement, which shares have been cancelled.

(2)

Includes 600,000 shares issued to Mr. Prentice pursuant to January 31, 2006 employment agreement, which shares have been cancelled.

(3)

Includes 100,000 shares issued to Mr. Kurk pursuant to January 31, 2006 employment agreement.

Item 6. Selected Financial Data.

The Company qualifies as a smaller reporting company, as defined by Rule 229.10(f)(1), and is not required to provide the information required by this Item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

EClips Energy Technologies, Inc., formerly World Energy Solutions, Inc., (referred to as the Company , Eclips , WESI, New WESI, EET or in the first person notations of we, us, and our) began operations in 1984 under the corporate of Professional Technical Systems, Inc. (PTS). PTS merged with WESI in November 2005 (the November 2005 Merger) with WESI being the legal acquirer but PTS being the accounting acquirer.

On February 26, 2009, the Company changed its name to EClips Energy Technologies, Inc.

In August 2005, a Florida corporation named World Energy Solutions, Inc. (Old WESI) merged with Advanced 3D Ultrasound, Inc. (ADVU) with ADVU being the legal acquirer but Old WESI being the accounting acquirer (the August 2005 Merger). ADVU was the surviving entity of the August 2005 Merger and subsequently changed its name to WESI.

ADVU, Old WESI, and New WESI, prior to merging with PTS, had no revenues and minimal assets and activity. PTS has been the operating manufacturer before and after the merger.

The Company manufactures and sells transient voltage surge suppressors and related products and commercial and residential energy-saving equipment and applications to distributors and customers throughout the United States. Although this activity is expected to continue, the Company plans to implement a new business model to market a multi-product package to commercial, industrial and residential facilities in order to lower their overall cost of electric, gas and water of these facilities. The Company plans to market its package both by direct sales as well as a Shared Revenue Program (SRP) where the Company pays for the entire installation cost of the product package in return for payments of a percentage of the savings realized by the facilities using the product package. This new business model is expected to increase revenues and profits for the Company. The Company also intends to aggressively develop and market its H2O technology and its pure air technology.

Liquidity and Capital Resources

Our cash was approximately $300 as of December 31, 2008 compared to $43,100 as of December 31, 2007, a decrease of approximately $42,800. This decrease is related mostly to a decrease in gross profit between the years.

The cash used in operations in 2008 increased from the cash used in operations in 2007 by approximately $713,000. Payroll expenses increased mainly due to the issuance of stock for services.

We do not believe our working capital is sufficient to run our operations at current or proposed operating levels. Operations in 2008 have been funded in part by product sales, the sale of common stock and cash received from

acquisitions. Such funding will need to continue in order to allow us to implement our new business model. The Company has been successful in acquiring certain services through consulting agreements that are funded in part or full by the issuance of common stock. The Company plans on offering private placements of its common stock in 2009 and continues research and efforts to introduce new products into the market. With planned increased marketing efforts and the research and development that are currently in place, the Company anticipates new products will continue entering the market during 2009.

Results of Operations and Critical Accounting Policies and Estimates

The results of operations are based on preparation of financial statements in conformity with accounting principles generally accepted in the United States. The preparation of financial statements requires management to select accounting policies for critical accounting areas as well as estimates and assumptions that affect the amounts reported in the financial statements. The Company's accounting policies are more fully described in Note 1 of Notes to Financial Statements. We have identified the following accounting policy and related judgment as critical to understanding the results of our operations.

Valuation Allowance on Deferred Tax Assets

SFAS No. 109, Accounting for Income Taxes requires that deferred tax assets be evaluated for future realization and reduced by a valuation allowance to the extent we believe a portion will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets including our recent cumulative earnings experience, expectations future taxable income, the carry-forward periods available to us for tax reporting purposes and other relevant factors. At December 31, 2008, our net deferred tax assets are $6,784,000 comprised principally of net operating loss carry forwards (NOLs). Classification of deferred tax assets between current and long-term categories is based on the expected timing of realization, and the valuation allowance is allocated on a pro rata basis.

We have reflected a valuation allowance of 100%, which resulted in an income tax benefit of zero. The range of possible judgments relating to the valuation of our deferred tax asset is very wide. If we had concluded that the weight of available evidence supported a decision that substantially all of our deferred tax assets may be realized, we would have a substantial income tax benefit in our statement of operations. Significant judgment is required in making this assessment, and it is very difficult to predict when, if ever, our assessment may conclude our deferred tax assets is realizable.

2008 Compared to 2007

Total product sales for 2008 were approximately $456,000 an approximate increase of 4% from 2007 sales of approximately $439,000 due to the innovative technology market the Company continues its emphasis on research

and development of new products.

Gross profit on sales increased to approximately 44% in 2008 from approximately 34% in 2007. This decrease is due in part to resource planning and cost reduction management in our operations.

Our general and administrative expenses decreased to approximately $2,700,000 in 2008 from approximately $2,900,000 in 2007. The majority of the decrease is due to a decrease in the issuance of common stock for services to consultants and the related expenses during 2008. During 2007, the Company entered several new consulting agreements and two employment agreements with management. All of these agreements resulted in the issuance of common stock.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We do not hold any derivative instruments and do not engage in any hedging activities.

Item 8. Financial Statements and Supplementary Data.

Our financial statements are contained herein commencing on page F-1, which appear at the end of this annual report.

Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.

On April 13, 2009, we engaged Randall N. Drake, C.P.A., (Drake) as our independent auditor and dismissed our previous auditor Ferlita, Walsh & Gonzalez, PA (FW&G). We have had no disagreements with Drake or FW&G on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, in connection with its reports.

Item 9A(T). Controls and Procedures.

(a)

Management s Conclusions Regarding Effectiveness of Disclosure Controls and Procedures and Annual Report on Internal Control Over Financial Reporting.

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company s internal control over financial reporting is a process designed under the supervision of the Company s Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company s financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

With respect to the fiscal year ending December 31, 2008, under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934. Based upon our evaluation regarding the fiscal year ending December 31, 2008, the Company s management, including its Chief Executive Officer and Chief Financial Officer, has concluded that its disclosure controls and procedures were not effective due to the Company s limited internal resources and lack of ability to have multiple levels of transaction review. Through the use of external consultants and the review process, management believes that the financial statements and other information presented herewith are materially correct.

With respect to the fiscal year ending December 31, 2008, under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of the design and operations of our internal controls over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934 and based on the criteria for effective internal control described in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon our evaluation regarding the fiscal year ending December 31, 2008, the Company s management, including its Chief Executive Officer and Chief Financial Officer, has concluded that its internal controls over financial reporting were not effective due to the Company s limited internal resources and lack of ability to have multiple levels of transaction review. Through the use of external consultants and the review process, management believes that the financial statements and other information presented herewith are materially correct.

The Company s disclosure controls and procedures and internal controls over financial reporting are designed to provide reasonable assurance of achieving their objectives. However, the Company s management, including its Chief Executive Officer and Chief Financial Officer, does not expect that its disclosure controls and procedures, or its internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

This Annual Report does not include an attestation report of the Company s independent registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by the Company s independent registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management s report in this Annual Report.

(b) Changes in Internal Controls.

There have been no changes in the Company s internal control over financial reporting during the period ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Company s internal controls over financial reporting.

Item 9B. Other Information.

None.

PART III.

Item 10. Directors and Executive Officers and Corporate Governance.

Three (3) directors, constituting the entire Board of Directors, serve until the next Annual Meeting of shareholders, or until a successor shall be elected and shall qualify:

Name	**Age**	**Principal Occupation and Other Major Affiliations**	**Year First Became Director**
Benjamin C. Croxton	60	CEO, CFO	2005
Peter James	64	COO	2006

Jodi Crumbliss

49

Director

2009

Mr. Benjamin C. Croxton served as Executive Vice President of Professional Technical Systems, Inc., a company engaged in the business of developing, manufacturing and selling electrical surge protection devices, from April 2003 to March 2004, and has served as its President from March 2004 through November 7, 2005 when Professional Technical Systems, Inc. merged into the Company. From June 2000 to the present, Mr. Croxton also has served as President of iTactical Services, Inc., which is engaged in the business of providing technical temp services to the telecom industry. Mr. Croxton is not a director of any other reporting company.

Mr. Peter James has extensive experience in international marketing and business finance. He has recently been appointed as Chief Operating Officer of the Company. He created and managed his own management consulting firm and a public accounting practice following the founding of a regional consulting practice for Price Waterhouse, in the UK. He was a founder Director of Cardiff World Trade Center, being involved in the planning and promotion of the entity, the arrangement of funding and monitoring of operations from its inauguration. He is a Director of World Trade Centre (Holdings), Ltd, which owns, for development, a number of WTCA franchises in the UK. He was first Chairman of the Board of World Trade Center Holdings, Inc. in the USA, where he is normally resident. He owns a commercial property company in the UK. In the USA, he is President of Euro-American Strategies, LLC, an international marketing company for defense and homeland security products and services. He is also a member of the prestigious SPECTRUM Group of Washington defense consultants and lobbyists. Mr. James is not a director of any other reporting company.

Ms. Jodi Crumbliss has substantial corporate administrative experience which includes employment in customer service for Cox Cable as well as serving as the bookkeeper for a McDonalds franchisee that maintained 12 restaurants. Ms. Crumbliss also was formerly employed in the banking industry by The Merchant Bank and was employed in public administration with the City of Burlington, Vermont. Upon moving to Florida, Ms. Crumbliss served as Office Manager for the Arthur Murray Dance Studio in St. Petersburg where she handled and was responsible for all areas of office administration. Ms. Crumbliss joined Company predecessor, Professional Technical Systems, Inc. in 1990. Her duties and responsibilities have steadily increased since the merger in November 2005. She manages sales activities for several of the Company s largest clients and has overall responsibility for customer service activities. In the last five years, Ms. Crumbliss has served as controller for the Company in addition to her corporate position as Company Secretary

Corporate Governance

We are a small reporting company, not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act respecting any director. We have conducted special Board of Director meetings almost every month since inception. Each of our directors has attended all meetings either in person or via telephone conference. In addition to the contact information in private placement memorandum, each shareholder will be given specific information on how he/she can direct communications to the officers and directors of the corporation at our annual shareholders meetings. All communications from shareholders are relayed to the members of the Board of Directors.

Director Compensation, Meetings. Directors, including directors also serving the Company in another capacity and receiving separate compensation therefore shall be entitled to receive from the Company as compensation for their services as directors such reasonable compensation as the board may from time to time determine, and shall also be entitled to reimbursements for any reasonable expenses incurred in attending meetings of directors. To date, the Board of Directors has received no compensation, and no attendance fees have been paid. Utilizing the Nasdaq Rules regarding director independence, the Company has determined that there are not any independent directors presently serving on the Board of Directors. The Company Board of Directors undertook corporate action a total of ten times and held five meetings in the preceding year. No incumbent director failed to attend less than 75% of the meetings held during the period such director was a member of the Board of Directors.

Litigation. To the best of our knowledge, during the past five years, none of the following occurred with respect to a present director or executive officer of the Company: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the commodities futures trading commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Audit Committee. The Company has recently established its audit committee to move towards compliance with all aspects of the Sarbanes-Oxley Act of 2002. The Company s audit committee members have participated in several telephone conversations as they organize and coordinate their efforts with the Company s independent auditors and have met in person two times. In furtherance of the Company s policy to comply with the Sarbanes-Oxley Act of 2002, it has retained Sterling Management Group, a consulting firm specifically engaged in advising small business companies with respect to Sarbanes-Oxley compliance. Although the audit committee has discussed various audit issues with the Company s independent auditors, it has not discussed with the independent auditors the Company s audited financial statements that appear in this annual report. It is the intention of the audit committee to discuss with the independent auditors, those matters identified by the statement on Auditing Standards No. 61, as amended. The audit committee also expects to receive from the independent auditors those written disclosures and the letter required by Independence Standards Board Standard No. 1 and will have ongoing discussions regarding such matters.

The members of the audit committee are Peter W. James, and Daniel Kunitzer. Mr. Kunitzer is an independent member of the audit committee.

Audit Committee Financial Expert

No member of our Board of Directors can be deemed to be an audit committee financial expert. Our business model is not complex and our accounting issues are straightforward. Responsibility for our operations is centralized within our executive management, which is comprised of two persons. We recognize that having a person who possesses all of the attributes of an audit committee financial expert would be a valuable addition to our Board of Directors, however, we are not, at this time, able to compensate such a person therefore, the Company may find it difficult to attract such a candidate.

Section 16(a) Beneficial Ownership Reporting Compliance

Under the securities laws of the United States, the Company s directors, executive officers, and any persons holding more than five percent of the Company s Common Stock are required to report their initial ownership of the Company s Common Stock and any subsequent changes in their ownership to the Securities and Exchange Commission (SEC). Specific due dates have been established by the SEC, and the Company is required to disclose in this Information Statement any failure to file by those dates. Based upon (i) the copies of Section 16(a) reports that the Company received from such persons for their 2007 fiscal year transactions, the Company believes that there has been compliance with all Section 16(a) filing requirements applicable to such officers, directors, and five-percent beneficial owners for such fiscal year.

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our code of ethics will be provided to any person without charge, upon request. Requests should be addressed to Investor Relations Department, c/o EClips Energy Technologies, Inc., 3900 31st Street North, St. Petersburg, Florida 33714.

Item 11. Executive Compensation.

SUMMARY COMPENSATION TABLE

					Long-Term Compensation			
		Annual Compensation			Awards		Payouts	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Name and principal position	Year	Salary ($)	Bonus ($)	Other Annual Compen- sation ($)	Restricted Stock Award(s) ($)	Securities Underlying Options/ SARs (#)	LTIP Payouts ($)	All Other Compensa-tion($)
Benjamin C. Croxton, Chief Executive Officer, Chief Financial Officer, Director	2008	$156,000	-0-	-0-	-0-	-0-	-0-	-0-
	2007	$156,000	-0-	-0-	-0-	-0-	-0-	-0- (1)
Mike Prentice, President, Director	2008	$156,000	-0-	-0-	-0-	-0-	-0-	-0- (2)
	2007	$156,000	-0-	-0-	-0-	-0-	-0-	-0- (1)

(1)

Does not include salary paid by Professional Technical Systems, Inc.

(2)

Mr. Prentice was terminated January 16, 2009.

On January 31, 2006, the Company entered into employment agreements with its Mr. Croxton and Mr. Prentice. The agreements provide for annual salaries of $156,000 and the transfer of 600,000 shares of Company common stock. The common stock transferred to Messrs. Croxton and Prentice under the agreements has been cancelled. The employment agreements each contain a non-competition agreement and provide for severance pay equal to one year base salary.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table shows the ownership of the Common Stock of the Company on April 14, 2008, by each person who, to the knowledge of the Company, owned beneficially more than five percent (5%) of such stock, the ownership of each director, and the ownership of all directors (designated with a D) and officers as a group. Unless otherwise noted, shares are subject to the sole voting and investment power of the indicated person.

Title of Class	Names and Address of Individual or Identity of Group	Amount and Nature of Beneficial Ownership*	Approximate % of Class**
Common	Benjamin C. Croxton 920 16th Avenue, N. St. Petersburg FL 33704	4,664,000	4.82%
Common	Peter W. James 120 79th Street South St. Petersburg, FL 33707	430,000	.43%
Common	Jodi L. Crumbliss 8425 Tobay Road N. St. Petersburg, FL 33702	86,000	.088%
Common	UTEK Corporation 2109 E. Palm Ave. Tampa, FL 33605	16,119,672	16.66%
Common	All Officers and Directors as a Group	5,180,000	5.35%

*Securities beneficially owned are determined in accordance with the definition of beneficial ownership as set forth in regulations promulgated under the Securities Exchange Act of 1934, and accordingly may include securities owned by or for, among others, the spouse and/or minor children of an individual, as well as other securities as to which the individual has or shares voting or investment power or which each person has the right to acquire within sixty days of the date hereof through the exercise of options, or otherwise.

**Percentage of beneficial ownership is based upon 96,749,057 shares of Common Stock, all of which were outstanding on April 14, 2009. For each named person, this percentage includes Common Stock of which such person has the right to acquire beneficial ownership either currently or within 60 days of February 11, 2008, including, but not limited to, upon the exercise of an option; however, such Common Stock shall not be deemed outstanding for the

purpose of computing the percentage owned by any other person. Such calculation is required by General Rule 13d-3(d)(1)(i) under the Securities Exchange Act of 1934.

On February 13, 2009 the Company sold 1,500,000 shares of the restricted Preferred Stock (with 500 votes per share) to Benjamin C. Croxton, the Company s Chief Executive Officer. The Company exchanged the shares for an assignment of accrued vacation pay and back salary in the amount of $8,256.50 due to Mr. Croxton. The issuance of the restricted Preferred Stock and the consideration received by the Company were approved by the Board of Directors at a meeting on February 10, 2009. The shares of restricted Preferred Stock were issued in a private transaction pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933. The shares of restricted Preferred Stock have 750,000,000 shareholder votes which when combined with Mr. Croxton s common stock holdings equates to 87.9% of the total combined shareholder votes of 858,138,831 for both the issued and outstanding common stock and Preferred Stock.

Item 13. Certain Relationships and Related Transactions and Director Independence.

Interest expense recorded on debts owed the President of the Company totaled $6,048 and $1,313 for the years ended December 31, 2008 and 2007, respectively. See Note 8 for details of related party debt.

During the year ended December 31, 2006, the Company entered into employment agreements with both the CEO and with the President and Chairman of the Board. The agreements each became effective January 31, 2006 and granted to each of the above employees a base salary of $3,000 per week, certain company benefits and the issuance of 600,000 common stock in connection with an offering of securities conducted by the Company pursuant to the United States Securities and Exchange Commission Form S-8. These shares were issued to the employees in February, 2006. The shares were valued at the stock closing price of $1.45 on the date of execution and effective date of the agreement, which resulted in a total of $870,000 per employee or a total of $1,740,000 expense. Since there were no vesting or performance requirements for the issuance of the shares, the full expense was recognized during the first quarter.

In December, 2006, the Board of Directors approved the cancellation of these and other shares that had been issued to certain consultants (see footnote 11) due to the performance expectations of the Company related to these agreements not being met.

Item 14. Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant, Randall N. Drake, C.P.A., P.A. for the audit of the registrant's annual financial statements for fiscal years ended December 31, 2008 and 2007, respectively were $20,000 and $0. Randall N. Drake, C.P.A., P.A. was first engaged by the Company on April 10, 2009.

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the prior principal accountant, Ferlita, Walsh & Gonzalez, P.A. for the audit of the registrant's annual financial statements for fiscal years ended December 31, 2008 and 2007, respectively were $0 and $33,000.

Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by Randall N. Drake, C.P.A., P.A. that are reasonably related to the performance of the review of the registrant's financial statements, included in the registrant s Form 10-Q or 10-QSB, or services that are normally provided by the accountant in connection with statutory and regulatory filings, and are not reported under the caption Audit Fees was $0 and $0 for fiscal years ended December 31, 2008 and 2007, respectively. The nature of the services comprising the fees disclosed under this category was: N/A.

The aggregate fees billed in each of the last two fiscal years for assurance and related services by Ferlita, Walsh & Gonzalez, P.A. that are reasonably related to the performance of the review of the registrant's financial statements, included in the registrant s Form 10-Q or 10-QSB, or services that are normally provided by the accountant in connection with statutory and regulatory filings, and are not reported under the caption Audit Fees was $40,420 and $ 18,200 for fiscal years ended December 31, 2008 and 2007, respectively. The nature of the services comprising the fees disclosed under this category was: Reviews of Form 10-Q or 10-QSB for the periods ended March 31, June 30, and September 30 of 2008 and 2007.

Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by Randall N. Drake, C.P.A., P.A. for tax compliance, tax advice, and tax planning was $0.

The aggregate fees billed in each of the last two fiscal years for professional services rendered by Ferlita, Walsh & Gonzalez, P.A. for tax compliance, tax advice, and tax planning was $0.

All Other Fees,

The aggregate fees billed in each of the last two fiscal years for products and services provided by Randall N. Drake, C.P.A., P.A., other than the services reported above were $0 in paragraphs (e)(1) through (e)(3) of this section. The nature of the services comprising the fees disclosed under this category was: N/A.

The aggregate fees billed in each of the last two fiscal years for products and services provided by Ferlita, Walsh & Gonzalez, P.A., other than the services reported above were $0 in paragraphs (e)(1) through (e)(3) of this section. The nature of the services comprising the fees disclosed under this category was: N/A.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

Exhibit Number

Location

and Description

Reference

(a) Reports of Independent Certified Accountants

Filed Herewith

(b) Financial Statements

Filed Herewith

(c) Exhibits required by Item 601, Regulation S-K:

(2.0)

Plan of purchase, sale, reorganization, arrangement, liquidation, or succession

(2.1)

Agreement and Plan of Merger Between

See Exhibit Key

Registrant and World Energy Solutions, Inc

(2.2)

Agreement and Plan of Merger Between

See Exhibit Key

Registrant and Professional Technical

Systems, Inc.

(3.0) Articles of incorporation and by-laws

(3.1)

Initial Articles of Incorporation filed

See Exhibit Key

November 23, 1998.

(3.2)

Amended and Restated Articles of Incorporation

See Exhibit Key

Filed March 17, 2009.

(3.3)

By-Laws filed November 23, 1998.

See Exhibit Key

(4.0)

Instruments defining the rights of security holders, including indentures

(4.1)

Specimen Share Certificate for Class A

Convertible Preferred Stock

See Exhibit Key

(4.2)

Specimen Certificate for Class B Convertible

Preferred Stock

See Exhibit Key

(4.3)

Specimen Certificate for Class C Convertible

Preferred Stock

See Exhibit Key

(4.4)

Specimen Certificate for Class D Convertible

Preferred Stock

See Exhibit Key

(4.5)

EClips Energy Technologies, Inc.

Stock Grant and Option Plan 2008, as amended

See Exhibit Key

(10.0)

Material Contracts

(10.1)

Strategic Alliance Agreement Between

See Exhibit Key

the Company and UTEK Corporation.

(10.2)

Employment Agreement with Benjamin Croxton

See Exhibit Key

dated January 31, 2006.

(10.3)

Employment Agreement with Mike Prentice

See Exhibit Key

dated January 31, 2006.

(10.4)

Agreement and Plan of Acquisition with UTEK

See Exhibit Key

Corporation, dated October 11, 2006.

(10.5)

Agreement and Plan of Acquisition with UTEK

See Exhibit Key

Corporation, dated September 28, 2007.

(10.6)

Agreement and Plan of Acquisition with UTEK

See Exhibit Key

Corporation, dated June 11, 2008.

(11.0)

Statement re: Computation of Per Share Earnings

Note 1

to Financial Statements

(14.0)

Code of Ethics

See Exhibit Key

(16.0)

Letter on changes in certifying accountant

None

(18.0)

Letter on change in accounting principles

None

(31.0)

Rule 13a-14(a) / 15d-14(a) Certifications

Filed Herewith

(32.0)

Certification pursuant to 18 U.S.C. Section 1350,

Filed Herewith

as adopted pursuant to Section 906 of the

Sarbanes-Oxley Act of 2002

(99.0)

Additional exhibits

None

(d)

Reports on Form 8-K

See Exhibit Key

Exhibit Key

2.1

Incorporated by reference to the Company's Form 8-K filed with the

Securities and Exchange Commission on August 19, 2005.

2.2

Incorporated by reference to the Company's Form 8-K filed with the

Securities and Exchange Commission on November 14, 2005.

3.1

Incorporated by reference to the Company s Form 10SB 12G filed with

the Securities and Exchange Commission on November 23, 1998.

3.2

Incorporated by reference to the Company's Form S-8 filed with the

Securities and Exchange Commission on March 25, 2009.

3.3

Incorporated by reference to the Company s Form 10SB 12G filed with

the Securities and Exchange Commission on November 23, 1998.

4.1

Incorporated by reference to the Company s Form 10KSB filed with

the Securities and Exchange Commission on April 2, 2007.

4.2

Incorporated by reference to the Company s Form S-8 filed with the

Securities and Exchange Commission on November 26, 2008.

4.3

Incorporated by reference to the Company s Form S-8 filed with the

Securities and Exchange Commission on November 26, 2008.

4.4

Incorporated by reference to the Company's Form S-8 filed with the

Securities and Exchange Commission on March 25, 2009.

4.5

Incorporated by reference to the Company's Form S-8 filed with the

Securities and Exchange Commission on March 25, 2009.

10.1

Incorporated by reference to the Company's Form 8-K filed with the

Securities and Exchange Commission on September 13, 2005.

10.2

Incorporated by reference to the Company s Form S-8 filed with the

Securities and Exchange Commission on January 31, 2006.

10.3

Incorporated by reference to the Company s Form S-8 filed with the

Securities and Exchange Commission on January 31, 2006.

10.4

Incorporated by reference to the Company s Form 8-K filed with the

Securities and Exchange Commission on October 17, 2006.

10.5

Incorporated by reference to the Company s Form 8-K filed with the

Securities and Exchange Commission on October 5, 2007.

10.6

Incorporated by reference to the Company s Form 8-K filed with the

Securities and Exchange Commission on June 18, 2008.

14.1

Incorporated by reference to the Company s Form 10KSB filed with

the Securities and Exchange Commission on April 2, 2007.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ECLIPS ENERGY TECHNOLOGIES, INC.

Date: July 16, 2009

By: /s/ BENJAMIN C. CROXTON

BENJAMIN C. CROXTON,

Chief Executive Officer

Chief Operating Officer

Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: July 16, 2009

By: /s/ BENJAMIN C. CROXTON

BENJAMIN C. CROXTON,

Chief Executive Officer

Chief Operating Officer

Director

July 16, 2009

By: /s/ PETER W. JAMES

PETER W. JAMES,

Chief Operating Officer

Director

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Randall N. Drake, C.P.A., P.A.

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Randall@RDrakeCPA.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of EClips Energy Technologies, Inc.:

We have audited the accompanying consolidated balance sheet of EClips Energy Technologies, Inc. as of December 31, 2008 and the related consolidated statements of operations, stockholders equity, and cash flows for the year ended December 31, 2008. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of December 31, 2007 and for the year then ended were audited by other auditors whose report dated March 28, 2008 included an unqualified opinion with an explanatory paragraph regarding substantial doubt about the Company's ability to continue as a going concern. Our opinion on the statement of operations, changes in stockholders' deficit and cash flows for the twelve month period ended December 31, 2008, insofar as it relates to amounts for the periods through December 31, 2007 is based solely on the report of other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required at this time, to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and the results of its operations and its cash flows for the year ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 12 to the consolidated financial statements, the Company has had recurring losses and negative cash flows from operations. These conditions raise substantial doubt about its ability to continue as a going concern. Management s plans regarding those matters also are described in Note 12. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Randall N. Drake, CPA, PA

Randall N. Drake, CPA, PA

Clearwater, Florida

April 15, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of

World Energy Solutions, Inc.

St. Petersburg, Florida

We have audited the accompanying consolidated balance sheet of World Energy Solutions, Inc. and subsidiaries as of December 31, 2007, and the related consolidated statements of operations, changes in stockholders equity, and cash flows for the year ended December 31, 2007. World Energy Solutions, Inc. s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of World Energy Solutions, Inc. and subsidiaries as of December 31, 2007, and the results of its operations and its cash flows for the year ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 12 to the consolidated financial statements, the Company has had recurring losses and negative cash flows from operations. These conditions raise substantial doubt about its ability to continue

as a going concern. Management s plans regarding those matters also are described in Note 12. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Ferlita, Walsh & Gonzalez, PA

Tampa, Florida

March 28, 2008

ECLIPS ENERGY TECHNOLOGIES, INC.

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 2008 and 2007

		2008		**2007**
Current assets				
Cash	$	370	$	43,112
Accounts receivable		40,974		28,441
Inventory		99,650		87,461
Prepaid expenses		25,964		58,460
Other current assets		57,631		117,324
Total current assets		224,589		334,798
Property and equipment, net		293,207		165,196
Other assets				
Due from related party		782		362
Long term deposits		3,850		3,850
Intangible Assets, net		824,990		108,399
Total Assets	$	1,347,418	$	612,605
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable	$	88,618	$	52,618

Accrued expenses		431,668		370,666
Advance payments from dealers and customers		17,005		16,352
Note payable related party		-		50,000
Total current liabilities		537,291		489,636
Stockholders' Equity				
Preferred stock, Series A; $.0001 par value;				
100,000,000 shares authorized and -0- shares issued		-		-
Series B, 100,000 shares issued		10		-
Series C, 100,000 shares issued		10		-
Common stock; $.0001 par value; 750,000,000 shares				
authorized; 96,875,100 and 43,933,689 shares issued				
and outstanding, respectively		9,688		4,394
Paid-in capital		23,032,164		16,603,291
Accumulated deficit		(22,231,745)		(16,484,716)
Total stockholders' equity		810,127		122,969
Total liabilities and Stockholders' Equity	$	1,347,418	$	612,605

The Accompanying Notes are an Integral part of These Financial Statements

ECLIPS ENERGY TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

		2008		**2007**
Net sales	$	456,269	$	438,776

Cost of goods sold		256,440		290,498
Gross profit		199,829		148,278
Payroll expense		940,528		498,485
Professional and consulting expense		971,670		1,691,865
Research and development		282,441		321,089
Other general and administrative expenses		475,181		357,289
Impairment loss		3,264,000		3,332,650
Earnings (loss) from operations		(5,733,991)		(6,053,100)
Other income (expense)				
Gain (loss) on disposal of property and equipment		(8,658)		(388)
Interest income (expense), net		(4,380)		493
Total other income (expense)		(13,038)		105
Earnings (loss) before provision				
for income taxes		(5,747,029)		(6,052,995)
Provision for income taxes		-		-
Net loss		(5,747,029)		(6,052,995)
Preferred stock dividends		-		168,750
Net loss available to common shareholders	$	(5,747,029)	$	(6,221,745)
Loss per common share, basic	$	(0.09)	$	(0.19)
Weighted average common shares outstanding		65,888,084		32,521,160

Accompanying Notes are an Integral part of These Financial Statements

ECLIPS ENERGY TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

		2008		**2007**
Cash flows from operating activities:				
Net loss	$	(5,747,029)	$	(6,052,995)
Adjustments to reconcile net loss to net cash used				
in operating activities:				
Depreciation & Amortization		81,073		38,106
Impairment loss		3,264,000		3,332,650
Loss on disposal of property and equipment		8,658		388
Stock based consulting & compensation expense		308,000		1,185,551
Stock based donation		22,800		
(Increase) decrease in:				
Accounts receivable		(12,533)		27,680
Inventory		(12,189)		11,068
Prepaid expenses and other assets		48,873		59,095

Increase (decrease) in:				
Accounts payable		36,000		35,843
Accrued expenses		61,002		111,876
Advance payments from dealers and customers		653		305
Total adjustments		3,806,337		4,802,562
Net cash used in operating activities:		(1,940,692)		(1,250,433)
Cash flows from investing activities				
Purchase of equipment		(247,684)		(79,937)
Proceeds from disposal of property and equipment		63,000		6,912
Cash received in acquisition		325,000		450,000
Proceeds from loan receivable		1,688		-
Net cash provided by investing activities		142,004		376,975
Cash flows from financing activities:				
Proceeds from issuance of common stock		1,805,526		778,170
Proceeds from loan payable		17,000		50,000
Repayment of loans payable to related parties		(67,000)		-
Advances from related party, net		420		
Proceeds from line of credit		62,608		
Repayment of line of credit		(62,608)		
Net cash provided by financing activities		1,755,946		828,170
Net increase (decrease) in cash		(42,742)		(45,288)
Cash, beginning of year		43,112		88,400
Cash, end of year	$	370	$	43,112

Supplemental disclosures of noncash investing and financing activities:				
Common stock issued for services	$	308,000	$	845,261
Shares issued for acquisition:				

Hydrogen Safe Technologies	$	-	$	3,825,000
Advanced Alternative Energy	$	3,300,000	$	-
H-Hybrid Technologies	$	818,000	$	-
Common stock issued for accrued Preferred Stock dividends	$		$	202,500
Dividends payable	$	-	$	
Debt issued for property & equipment	$	8,078	$	50,000
Intangible asset writedown	$	89,000	$	-
Supplemental cash flow information:				
Cash paid in interest	$	5,386	$	1,313
Cash paid for income taxes	$	-	$	-

The Accompanying Notes are an Integral part of These Financial Statements

ECLIPS ENERGY TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	Preferred Stock		Common Stock		Paid in Capital	Accumulated Deficit	Shareholders' Deficit
Balance, December 31, 2006	100,000	$ 10	27,255,140	$ 2,724	$ 10,937,020	$ (10,262,971)	$ 676,783
Issuance of stock for cash			3,112,600	312	777,858		778,170
Issuance of stock for service			428,000	43	323,782		323,825
Cancellation and reissuance of shares per settlement			(2,799,551)	(279)	279		-
Issuance of stock for acquisition			7,500,000	750	3,824,250		3,825,000
Issuance of stock options for services					182,836		182,836
Contributed capital					355,600		355,600
Conversion of preferred stock and accrued dividends to common stock	(100,000)	(10)	8,437,500	844	201,666		202,500
Preferred stock dividends						(168,750)	(168,750)
Net loss						(6,052,995)	(6,052,995)

Balance, December 31, 2007	-	-	43,933,689	4,394	16,603,291	(16,484,716)	122,969
Issuance of stock for service			10,266,667	1,027	306,973		308,000
Issuance of stock donation			100,000	10	22,790		22,800
Issuance of stock for cash			42,574,744	4,257	1,801,269		1,805,526
Issuance of stock for acquisition							
Advanced Alternative Energy	100,000	10			3,479,851		3,479,861
H-Hybrid Technologies	100,000	10			817,990		818,000
Net loss						(5,747,029)	(5,747,029)
Balance, December 31, 2008	200,000	$ 20	96,875,100	$ 9,688	$ 23,032,164	$ (22,231,745)	$ 810,127

The Accompanying Notes are an Integral part of These Financial Statements

ECLIPS ENERGY TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(1) Significant Accounting Policies:

The following is a summary of the significant accounting policies and practices of EClips Energy Technologies, Inc., formerly known as World Energy Solutions, Inc. (the Company) which affect the accompanying financial statements.

(a) Organization The Company, formerly known as Advanced 3-D Ultrasound Services, Inc. was incorporated on September 23, 1997. Advanced 3D Ultrasound Services, Inc. merged with a private Florida corporation known as World Energy Solutions, Inc. effective August 17, 2005. Advanced 3D Ultrasound Services, Inc. remained as the surviving entity as the legal acquirer, and the Company also was the accounting acquirer.

On November 7, 2005, Advanced 3-D Ultrasound Services, Inc. changed its name to World Energy Solutions, Inc. (WESI).

On November 7, 2005, WESI merged with Professional Technical Systems, Inc. (PTS). WESI remained as the surviving entity as the legal acquirer, while PTS was the accounting acquirer. On February 26, 2009, The Company changed its name to EClips Energy Technologies, Inc.

On October 11, 2006, the Company acquired Pure Air Technologies, Inc. (PATI), a subsidiary of UTEK Corporation in a tax-free stock for stock exchange. The Company issued 100,000 shares of Series A convertible preferred stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares of PATI, assignment of a world wide exclusive technology license, a sponsored research agreement and $300,000 cash. The 100,000 shares of preferred stock plus $202,500 of accrued dividends were converted into 8,437,500 shares of common stock on October 17, 2007. (See note 2).

On September 28, 2007, the Company acquired Hydrogen Safe Technologies, Inc. (HSTI) in a tax free stock for stock exchange. HSTI was incorporated in the State of Florida on September 20, 2007. As consideration for the agreement, the Company issued 7,500,000 unregistered shares of common stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares of HSTI, assignment of an exclusive technology license for the detection of hydrogen in vehicles, engines and / or water heaters using hydrogen and oxygen, prepaid consulting fees and

$450,000 cash. (See note 2).

World Energy Solutions, Limited was created during 2007 to serve as a platform for marketing the Company s products and developments in the UK and all European Union countries, when the time is right. The entity does not have activity and has not been capitalized, and therefore, it is not consolidated.

On June 10, 2008, the Company acquired Advanced Alternative Energy, Inc. (AAEI) in a tax free stock for stock exchange. AAEI was incorporated in the State of Florida on May 20, 2008.   As consideration for the agreement, the Company issued 100,000 shares of Series B Convertible Preferred Stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares of AAEI, assignment of an exclusive technology license for the production and preparation of mechanically and electrochemically stable electrodes and transition metal oxide catalysts; prepaid consulting fees and $200,000 cash. (See note 2).

On September 26, 2008, the Company acquired H-Hybrid Technologies, Inc. (HHTI) in a tax-free stock for stock exchange. HHTI was incorporated in the State of Florida on September 18, 2008.   As consideration for the agreement, the Company issued 100,000 shares of Series C Convertible Preferred Stock to UTEK Corporation and 5,000,000 unregistered common shares to Hydrogen Technology Application, Inc. (HTA) in exchange for 100% of the issued and outstanding shares of HHTI and assignment of an exclusive technology license for the use of three patents and one patent applied for but not yet issued. The patents were acquired to complement and further assist our research and development efforts. (See note 2).

(1) Significant Accounting Policies: (continued)

(b) Operations - The Company manufactures and sells transient voltage surge suppressors and related products and commercial and residential energy-saving equipment and applications to distributors and customers throughout the United States. Sales revenue in the accompanying financial statements is entirely from the sale of transient voltage surge suppressors and is recorded on the accrual method of accounting. The Company is located in St. Petersburg, Florida.

(c) Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Cash - For the purposes of reporting cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(e) Accounts receivable - The Company carries its accounts receivable at cost less an allowance for doubtful accounts which is based on management s assessment of the collectibility of accounts receivable. Based on management's assessment, an allowance was not required at December 31, 2008 and 2007.

(f) Inventory - Inventory is stated at the lower of average cost or market and includes costs of materials, labor and manufacturing overhead.

(g) Income taxes - Deferred income tax assets and liabilities are computed annually for differences between the financial statement basis and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

(h) Warranty costs - The Company provides product warranties for specific product lines and accrues for estimated future warranty costs in the period in which revenue is recognized. The warranty reserve as of December 31, 2008 and 2007 was $5,227.

(i) Freight costs - The Company includes freight-in costs in cost of goods sold. Total freight-in included in cost of goods sold for the years ended December 31, 2008 and 2007 was $8,813 and $4,588, respectively.

(j) Advertising expense - The Company expenses advertising costs as incurred. During the year ended December 31, 2006, the Company entered into a marketing and advertising agreement for services to be provided for the consideration of $1,000,000 of restricted common stock. The expense related to this agreement is being amortized over the term of the services to be performed which is one year. As of December 31, 2008 and 2007, $0 and $166,667 had been expensed related to this advertising expense, respectively. The Company follows the policy of charging advertising and promotions to expense as incurred. Advertising expense was $108,631 and $189,294 for the years ended December 31, 2008 and 2007.

(k) Research and development costs In accordance with SFAS No. 2, Accounting for Research and Development Costs , the Company expenses research and development costs when incurred. Indirect costs related to research and developments are allocated based on percentage usage to the research and development. Capitalized research and development assets with alternative future uses are amortized to research and development expense over the estimated useful life of the asset. For the years ended December 31, 2008 and 2007, $282,441 and $321,089 were expensed to

research and development, respectively.

(1) Significant Accounting Policies: (continued)

(l) Fair value of financial instruments - The Company s balance sheets include the following financial instruments: cash, accounts receivable, inventory, accounts payable and accrued expenses. The carrying amounts of current assets and current liabilities approximate their fair value because of the relatively short period of time between the origination of these instruments and their expected realization.

(m) Earnings (loss) per common share - Loss per share is based on the weighted average number of common shares outstanding during each period in accordance with Statement of Financial Accounting Standards No. 128, Earnings Per Share.

	2008	2007
Net income (loss) per share basic and diluted:		
Net income(loss)	$ (5,747,029)	$ (6,221,745)
Weighted average shares	65,888,084	32,521,160
Net income (loss) per share	$ (0.09)	$ (0.19)

Potentially dilutive options and preferred stock conversion were not included in the computation of dilutive net earnings per share as their effect would have been anti-dilutive. For the year ended December 31, 2008, a total of 85,589,078 options and a potential conversion of 124,570,447 convertible preferred shares were excluded from the computation. There were no dilutive common stock equivalents as of December 31, 2007.

(n) Long-lived assets - Property and equipment are carried at cost. Depreciation is computed on the straight-line method, based on the estimated useful lives of the related assets which are five to seven years. Capital leases are included as a component of property and equipment and amortization of assets under capital leases is included in depreciation expense.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over fair value of the asset and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

As of the years ended December 31, 2008 and 2007, the Company had written off $3,264,000 and $3,332,650, respectively of intangible assets (see note 2).

(o) Basis of Accounting - The Company s policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(p) Principles of consolidation the consolidated financial statements as of and for the years ended December 31, 2008 and 2007 include the accounts of Pure Air Technologies, Inc.(incorporated August 7, 2006), Hydrogen Safe Technologies, Inc. (incorporated September 20, 2007), Advanced Alternative Energy, Inc. and H-Hybrid Technologies, Inc. Significant inter-company balances and transactions have been eliminated in consolidation.

World Energy Solutions, Limited was created during 2007 to serve as a platform for marketing the Company s products and developments in the UK and all European Union countries, when the time is right. The entity does not have activity and has not been capitalized, and therefore, it is not consolidated.

(q) Industry segment In accordance with SFAS 131 (as amended), Disclosures about Segments of an Enterprise and Related Information (as amended) a company is required to disclose selected financial information and other related information about its operating segments. Operating segments are components of an enterprise that engage in separately identifiable business activities from the Company s main operations and for which separate financial information is maintained.

(1) Significant Accounting Policies: (continued)

The Company considers its research and development to be a segment, as the research is for product lines separable from the Company s main line of business. As of December 31, 2008 and 2007, expenses related to this segment were $282,441 and $321,089, respectively. As of the years ended December 31, 2008 and 2007, the research and development segment had a total of $98,969 and $175,908 of assets at cost and $34,692 and $33,457 of related accumulated depreciation, respectively. These assets are amortized to research and development expense over their estimated useful lives, ranging from five to seven years.

(r) Share Based Payments - The Company has adopted Financial Accounting Standards Board (FASB) Statement 123R, Share Based Payments, Revised (SFAS 123R) and the related FASB Staff Positions (FSPs) effective January 1, 2006. The valuation of share based payments for the years ended December 31, 2008 and 2007 were in compliance with the above guidance.

(s) Correction of an Error in Previously Issued Financial Statements For the year ended December 31, 2007, as originally filed, the classification of impairment loss was not included in loss from operations. The prior statements were not amended, as management considered the financial impact, if any, the reclassification might have had on the users of the issued financial statements and determined the effects on presentation to be immaterial.

The current year financial statements reflect the reclassification of the prior year impairment loss on the comparative statement of operations. We note no effect to the prior year balance sheet as a result of this reclassification. The net loss and loss per common share also remain unchanged as originally reported.

(2) Mergers and acquisitions:

Pure Air Technologies, Inc. (PATI)

On October 11, 2006, the Company acquired 100% of the issued and outstanding stock of Pure Air Technologies, Inc. (PATI), a subsidiary of UTEK Corporation in a tax free stock for stock exchange. PATI was incorporated in the State of Florida on August 7, 2006 and had no prior accounting activity and no liabilities as of the date of the acquisition. The Company issued 100,000 shares of the Company Series A convertible preferred stock in exchange for $300,000 cash, $231,709 of prepaid sponsored research and license agreements, including a world wide exclusive license in the field of air purification, for a technology designed to help eliminate organic and biological airborne organisms. The Preferred Stock issued in the exchange is restricted and may only be resold pursuant to the requirements of the Securities Act of 1933. The 100,000 shares of preferred stock plus $202,500 of accrued dividends were converted into 8,437,500 shares of common stock on October 17, 2007.

The intellectual rights related to the purchase of PATI were valued at $3,456,631 at the time of the acquisition. While the Company anticipates further development of the related technology, as of December 31, 2006, the technology had not yet been tested on the market nor had there been any related sales. Estimation of future sales could not be determined as the technology is not yet ready to be introduced into the market place and knowledge of when or if the Company can fully develop the technology is not known. In addition, the consideration of other similar technology entering the market prior to the Company can not be determined. Based on the above factors, the Company concluded that the valuation of the intangible could not be fully supported and therefore as of December 31, 2006, the Company deemed the intellectual rights impaired and wrote them off during 2006.

Hydrogen Safe Technologies, Inc. (HSTI)

On September 28, 2007, the Company acquired Hydrogen Safe Technologies, Inc. (HSTI) in a tax-free stock for stock exchange. As consideration for the agreement, the Company issued 7,500,000 unregistered shares of common stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares of HSTI, assignment of an exclusive technology license for the detection of hydrogen in vehicles, engines and / or water heaters using hydrogen and oxygen, prepaid consulting fees, related to a nine month consulting agreement, and $450,000 cash.

(2) Mergers and acquisitions: (continued)

The acquisition of HSTI was considered to be a purchase of productive assets, per guidance of EITF 98-3, Determining Whether a Non-monetary Transaction Involves the Receipt of Productive Assets or of a Business as a result of the analysis of the inputs, processes and outputs and consideration of the total concentration of the fair value of the transferred assets to the acquisition. Accordingly, no goodwill was recognized on the purchase.

The purchase price of $3,825,000 was based on the stock closing price on the date of acquisition. The resulting intangible asset of $3,332,650 was analyzed and although the Company anticipates further development of the related technology, as of September 30, 2007, the technology had not yet been tested on the market nor had there been any related sales. Estimation of future sales could not be determined as the technology is not ready to be introduced into the market place and knowledge of when or if the Company can fully develop the technology is not known. In addition, consideration of other similar technology entering the market prior to the Company can not be determined. Based on the above factors, the Company concluded that the capitalized value of the intangible could not be supported and therefore as of September 30, 2007, the Company deemed the intangible asset to be fully impaired and recognized the expense in 2007.

The HSTI license agreement has 3% royalties due on net sales of the licensed product which can be netted against required minimum annual royalties. For the year 2008-2009, $5,000 minimum royalties are due and payable January 31, 2010; for years 2009-2010, the minimum royalty is $10,000; for years 2010-2011 the minimum royalty is $15,000; after 2011 the minimum annual royalties are $30,000. All minimum royalties are due and payable on January 31, of the following calendar year. The agreement can be terminated on thirty days notice if the company fails to pay any due and payable royalties and the license would revert back to the licensor and all royalties and payments would cease.

Advanced Alternative Energy, Inc. (AAEI)

On June 10, 2008, the Company acquired Advanced Alternative Energy, Inc. (AAEI) in a tax free stock for stock exchange. AAEI was incorporated in the State of Florida on May 20, 2008. As consideration for the agreement, the

Company issued 100,000 shares of Series B Convertible Preferred Stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares of AAEI, assignment of an exclusive technology license for the production and preparation of mechanically and electrochemically stable electrodes and transition metal oxide catalysts; prepaid consulting fees and $200,000 cash.

The preferred shares may be converted by the holder at any time into common stock prior to the sixty month anniversary of the execution of the agreement into the value of $3,500,000 of common shares of WESI, based on the average of the five day closing price prior to the conversion. At any time after six months and before the sixty month anniversary of the execution of the agreement, WESI will have the right, at its sole discretion, to repurchase at an agreed upon percentage value, any non-converted shares of the Series B Convertible Preferred Stock. The shares may be repurchased within twelve months at 105%; within thirteen and twenty-four months at 110%; within twenty-five and thirty-six months at 115%; and at anytime after thirty-six months at 120% of the value of the original pro rata purchase price. The convertible preferred shares have no voting rights.

The acquisition of AAEI was considered to be a purchase of productive assets, per guidance of EITF 98-3, Determining Whether a Non-monetary Transaction Involves the Receipt of Productive Assets or of a business as a result of the analysis of the inputs, processes and outputs and consideration of the fair value of the transferred assets to the acquisition. Accordingly, no goodwill was recognized on the purchase.

(2) Mergers and acquisitions: (continued)

Royalties will become due on a quarterly basis based upon the net sales of any of the licensed products sold from the technology license. Royalties are to be paid within ninety days and are based on 3% of the net sales on the licensed products. The royalty obligations will terminate on a country by country basis upon the expiration of the last to expire licensed patent covering the licensed product in each such country. Twelve months after the first anniversary of the execution of the license agreement, minimum annual royalties become due. The minimum royalty due for the second anniversary year of the executed agreement is $5,000; for the third anniversary is $10,000; for the fourth anniversary is $15,000 and for the fifth anniversary thereafter until the end of the license term is $30,000. AAEI will reimburse any patent costs incurred to maintain or control the patents related to the technology and licensed products.

The prepaid consulting expenses relate to technical consulting services to be provided related to the license. The consulting agreement was entered into by UTEK on the behalf of AAEI and per the agreement any additional consulting expenses will be the direct responsibility of UTEK.

The purchase price of $3,500,000 was based on the agreed face value of the Series B Convertible Preferred Stock as of the date of acquisition. The resulting intangible asset of $3,264,000 was analyzed and although the Company anticipates further development of the related technology, as of June 30, 2008, the technology had not yet been tested on the market nor had there been any related sales. Estimation of future sales could not be determined as the technology is not ready to be introduced into the market place and knowledge of when or if the Company can fully develop the technology is not known. In addition, consideration of other similar technology entering the market prior to the Company can not be determined. Based on the above factors, the Company concluded that the valuation of the intangible could not be supported and therefore as of June 30, 2008, the Company deemed the intangible asset to be totally impaired and wrote it off.

H-Hybrid Technologies, Inc. (HHTI)

On September 26, 2008, the Company acquired H-Hybrid Technologies, Inc. (HHTI) in a tax-free stock for stock exchange. HHTI was incorporated in the State of Florida on September 18, 2008. As consideration for the agreement, the Company issued 100,000 shares of Series C Convertible Preferred Stock to UTEK Corporation and 5,000,000 unregistered common shares, restricted for twelve months after the effective date, to Hydrogen Technology Application, Inc. (HTA) in exchange for 100% of the issued and outstanding shares of HHTI and assignment of an exclusive technology license for the use of three patents and one patent applied for but not yet issued. The patents were acquired to complement and further assist our research and development efforts.

The acquisition of HHTI is considered to be a purchase of productive assets, per guidance of EITF 98-3, Determining Whether a Non-monetary Transaction Involves the Receipt of Productive Assets or of a Business as a result of the analysis of the inputs, processes and outputs and consideration of the total concentration of the fair value of the transferred assets to the acquisition. Accordingly, no goodwill will be recognized on the purchase. The identifiable assets of HHTI include cash and assignment of an exclusive technology license for the use of three patents and one patent applied for but not yet issued.

The Series C Convertible Preferred Stock has no voting rights, no liquidation preferences and no dividend rights. The holder may convert the Series C Convertible Preferred Stock at any time into common stock prior to the sixty-month anniversary of the execution of the agreement. The 100,000 shares of Series C Convertible Preferred Stock is convertible into $3,750,000 of our common shares, based on the average of the five-day closing price prior to the conversion. At any time after six months and before the sixty month anniversary of the execution of the agreement, the Company will have the right, at its sole discretion, to repurchase at an agreed upon percentage value, any outstanding shares of the Series C Convertible Preferred Stock. The outstanding shares of the Series C Convertible

(2) Mergers and acquisitions: (continued)

Preferred Stock shares may be repurchased within twelve months at 105% of the aforementioned conversion price; within thirteen and twenty-four months at 110% of the aforementioned conversion price; within twenty-five and thirty-six months at 115% of the aforementioned conversion price; and at any time after thirty-six months at a 120% of the aforementioned conversion price.

The Company valued the Series C Convertible Preferred Stock as-if converted into common shares at the date of acquisition since the preferred shares have no voting rights, dividend rights or liquidation preferences. Based on this methodology, the prior five-day average at the time of the agreement was $0.094 per share, resulting in an assumed conversion of the Series C Preferred Stock into 39,893,617 unregistered common shares. Therefore, for valuation purposes, the consideration consisted of 44,893,617 common stock equivalent shares (39,893,617 converted shares of Series C Convertible Preferred Stock and 5,000,000 unregistered common shares). The indicated share value average was $0.105 per share based on an average of the Company s stock price immediately before and after the transaction date. Based on SEC Rule 144 limitations, and the historical trading volume and the size of the block relative to the Company s total number of common stock equivalent shares outstanding, management determined that the market

would be unable to absorb the block at the calculated price and that it was appropriate to deduct a discount from that price to reflect the lack of liquidity. Utilizing dribble out methodology over various assumed periods, management developed a range of potential discounts to reflect the lack of liquidity of the subject shares. Management believes a discount of 80% is appropriate given the facts and circumstances of this valuation. Thus, the resulting value for the consideration given for the assets acquired in this transaction is $943,000.

The resulting $943,000 consideration paid was allocated to the assets acquired in this acquisition. The Company acquired $125,000 in cash, a license for the exclusive use rights to three patents and one patent pending, and other potential intangible assets, if any. Therefore, the Company has recorded the intangible assets acquired in the amount of $818,000, consideration paid net of cash received in the transaction.

Royalties to HTA will become due on a bi-annual basis based upon the net sales of any of the licensed products sold from the technology license. Royalties are to be paid within thirty days and are based on 3% of the net sales on the licensed products. No minimum royalties shall be required for the first twelve months after the effective date of the agreement; however each succeeding twelve months after the effective date of the agreement minimum annual royalties become due.

The minimum royalty due for the second through the fifth (September 2010 2013) anniversary of the executed agreement is $20,000 and then thereafter the minimum royalty payment become $50,000 per year. The minimum annual royalties are fully creditable against any actual earned royalties paid during the previous twelve month period. The minimum royalties are not refundable in any part and if any payment becomes delinquent it shall bear interest at an annual rate of one and one-half (1.5) percentage points above the prime rate quoted on the last day of said period by a designated major financial institution.

ECLIPS ENERGY TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(3) Inventory:

Inventory consists of the following at December 31:

	2008	2007
Raw materials	$ 62,614	$ 50,133
Work-in-process	-	-
Finished goods	26,152	21,019
Purchased finished goods	23,940	29,365
	$ 112,706	90,517
Less allowance for obsolescence	13,056	13,056
	$ 99,650	87,461

(4) Other Current Assets:

During the year ended December 31, 2006, the Company loaned $30,000 to a consultant with an original maturity date of November 15, 2007. The loan which accrues interest at 6% annum was extended one year to November 15, 2008. As of December 31, 2008 and 2007, accrued interest was $3,837 and $2,037, respectively, and is included in other current assets.

Other current assets also include deferred consulting expense of $23,791 and $83,600 as of December 31, 2008 and 2007 and a note receivable related to the sale of a fixed asset of $0 and $1,687, respectively.

(5) Property and Equipment:

Property and equipment consist of the following at December 31:

	2008	2007
Autos and Trucks	$ 43,544	$ 96,287
Furniture, Fixtures and Equipment	380,778	169,924
Leasehold Improvements	19,423	19,422
	443,745	285,633
Accumulated Depreciation	(150,538)	(120,437)
	$ 293,207	$ 165,196

Office equipment at December 31, 2008 includes equipment acquired under a capital lease with a capitalized value of $16,073. Related amortization included in accumulated depreciation was $16,073 and $13,529 at December 31, 2008 and 2007, respectively.

(6) Intangible Assets:

Other assets include license agreements in the total amount of $818,000. The Company has world wide exclusive licenses in the field of air purification, for technology designed to help eliminate organic and biological airborne organisms; and for the exclusive rights for surface acoustic wave hydrogen sensor technology, which includes the

rights for use, sub-licensing and selling related licensed products; and a hydrogen technology application. Licenses are being amortized over a life of 17 years. During 2008 patents and licenses were written down in the amount of $89,000 as an expense included in other general and administrative expenses. Amortization expense for the years ended December 31, 2008 and 2007 was $20,450 and $5,010.

The Company has capitalized website development costs per guidance of EITF 00-2, accounting for web site development costs. Total capitalized website development costs totaling $45,650 are reflected net of accumulated amortization of $18,210. The costs are being amortized over the estimated life of the website of three years. Amortization expense related to the website development was $12,609 and $5,601 for the years ended December 31, 2008 and 2007, respectively.

		2008		**2007**
Licenses and patents	$	818,000	$	94,010
Website development costs		45,650		25,000
		863,650		119,010
less accumulated amortization		38,660		10,611
Intangible assets, net	$	824,990	$	108,399

As if December 31, 2008 future amortization charges of intangible assets are as follows:

December 31,		Amount
2009	$	98,701
2010		92,590
2011		87,066
2012		83,624
2013		83,624
Thereafter		379,385
	$	824,990

(7) Lease Commitments:

The Company maintains two facilities: its main office which houses the corporate and manufacturing facilities and a second unit used for research and development within the same industrial complex and has two separate leases related to these facilities. The main office lease has a term expiring on September 30, 2009. During the term of the lease the Company is required to maintain comprehensive public liability insurance, including property damage for the benefit of the Company and the lessor.

The research and development lease expires on October 14, 2009 and the payment of its rent is guaranteed by the Company's President. The lease requires the Company to maintain comprehensive general liability insurance with minimum limits of $1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. The lessor shall be listed as an additional insured on this policy.

(7) Lease Commitments (continued):

As of December 31, 2008, the minimum rental payments due under these operating leases are as follows:

December 31,		Amount
2009	$	23,802
2010		-
2011		-
2012		-
2013		-
Thereafter		-
	$	23,802

Total rent expense on these leases was $66,895 and $67,392 for the years ended December 31, 2008 and 2007, respectively.

(8) Related Party Transactions:

The Company leases their corporate office facility from their Chief Operation Officer and Director. The lease expires in October 2009. The total rent expense related to this lease was approximately $34,000 for the year ended December 31, 2008 and 2007.

The Company has a month to month consulting agreement for investor services with a Director of the Company. As of December 31, 2008, the company had expensed approximately $60,000 for these services in 2008.

During 2008, the Company paid in full two loan obligations to the President of the Company. Both loans accrued interest at 9%. Interest expense, related to these loans, was approximately $2,000 for the year ended December 31, 2008.

During the year ended December 31, 2007, the Company entered into an acquisition agreement with UTEK for the purchase of productive assets per the guidance of EITF 98-3, Determining Whether a Non-monetary Transaction Involves the Receipt of Productive Assets or of a Business . In exchange, for the acquisition of Hydrogen Safe Technologies, Inc., the Company issued 7,500,000 unregistered shares of common stock to UTEK. (See notes 1and 2)

During the year ended December 31, 2008, the Company entered into two separate acquisition agreements with UTEK for the purchase of productive assets per the guidance of EITF 98-3, Determining Whether a Non-monetary Transaction Involves the Receipt of Productive Assets or of a Business . In exchange for each of these acquisitions (Advance Alternative Energy, Inc. and H-Hybrid Technologies, Inc.), the Company issued 100,000 shares (total of 200,000 shares) of Convertible Preferred Stock. Additionally with the HHTI acquisition, the Company also incurred a liability for the issuance of 5,000,000 unregistered common shares, restricted for twelve months after the effective date. (See notes 1and 2)

Additionally, during 2008, the Company entered into an agreement with UTEK for services to be rendered related to comparative analysis of intellectual property developments. As payment for these services the company issued 1,923,077 unregistered common shares which were valued at the fair market value of the common shares at the date of agreement and recorded as a prepayment for the services to be rendered. For the year ended December 31, 2008, the full value of $250,000 had been recognized as expense.

ECLIPS ENERGY TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(8) Related Party Transactions (continued):

During the year ended December 31, 2008, the Company entered into an employment agreement with their Chief Operating Officer. The agreement provides a base salary of $10,000 per month and other Company benefits as defined within the Company s employee handbook. The agreement does not have an expiration date.

The Company entered into a two year consulting agreement on April 7, 2008 for consulting services to be rendered in the area of design, manufacturing, sales marketing and distribution of surge protection. As compensation, the consultant is to be paid $65,000 annually as base compensation and various defined levels of commission percentages will be paid based on the type of sales generated. The consultant will be reimbursed for any approved job related expenses and will report directly to the Chief Operation Officer.

(9) Concentrations of Credit Risk:

The Company sells its products to customers on an open credit basis. The Company's trade accounts receivable are due from such customers and are generally uncollateralized. During the years ended December 31, 2008 and 2007, one customer accounted for 14% of Company sales.

(10) Income Taxes:

The provision for federal and state income taxes for the years ended December 31 is as follows:

	2008	2007
Current	$ -	$ -
Deferred	-	-
Total Provision for Income Taxes	$ -	$ -

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities as of December 31 are as follows:

		2008		2007
Deferred tax assets:				
Net operating loss carry forwards	$	6,792,000	$	5,987,160
Other		7,000		7,340
Total deferred tax assets	$	6,799,000	$	5,994,500
Deferred tax liabilities:				
Book basis of property and equipment in excess of tax basis	$	15,000	$	16,900
Total deferred tax liabilities	$	15,000	$	16,900
Net deferred tax asset before valuation allowance	$	6,784,000	$	5,977,600
Valuation allowance		(6,784,000)		(5,977,600)
Net deferred tax asset	$	-	$	-

ECLIPS ENERGY TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(10) Income Taxes (continued):

The Company has recorded a 100% valuation allowance against the net deferred tax asset at December 31, 2008 and 2007 due to the uncertainty of its ultimate realization. As time passes, management will be able to better assess the amount of tax benefit it will realize from using the net deferred tax asset resulting from the loss carry forwards. The valuation allowance increased $805,000 and $1,019,000 in 2008 and 2007, respectively. At December 31, 2008, the Company has available unused federal net operating losses of approximately $18,100,000 that may be used against future taxable income and if not utilized, will expire by the end of 2026.

Income taxes for the twelve month periods ended December 31, 2008 and 2007 differ from the amounts computed by applying the effective income tax rate of 34.0% to income taxes as a result of the following:

	2008	2007
Expected provision (benefit)	$ (1,953,000)	$ (2,058,018)
Effect of:		
State income taxes net of federal benefits	(98,000)	(98,288)
Non-deductible (income) expense	1,214,000	1,137,418
Other, net	0	(312)
Change in valuation allowances	837,000	1,019,200
	$ -	$ -

(11) Stock Transactions:

Sale of Shares - Regulation S

The Company has commenced an offering of its common stock pursuant to and in reliance upon the exemption from registration provided by Securities and Exchange Commission Regulation S, promulgated under the Securities Act of

1933, as amended. The Company has authorized for sale up to sixty million (60,000,000) shares of its restricted common stock (the Shares) in the Regulation S offering (the Offering). The Shares are available for sale only to third parties who are not U.S. persons (as defined in Rule 902 of Regulation S).

The Company has engaged three separate entities to serve as its distribution managers for the Offering. The Company and the distribution managers have engaged two separate entities to serve as the escrow agent. The escrow agent will hold funds paid by buyers and disburse Company stock certificates to buyers who qualify as non-U.S. persons in a Regulation S placement and whose offers to purchase Shares are accepted by the Company.

The shares sold will be offered on the lower of the closing bid price for ECET (previously WESI) stock as quoted on the NASDAQ Bulletin Board on the date prior to the trade date or the closing price of said shares minus an original offering discount of 15%. The Company will receive 27% of the proceeds from each accepted offer and the balance will be paid to the Distribution Manager (72%) and the Escrow Agent (1%).

During the year ended December 31, 2008, the Company issued a total of 40,034,744 shares of common stock in connection with the Regulation S stock offering resulting in proceeds of $1,509,496 to the Company. The proceeds are net of $4,081,230 of stock offering costs.

Sale of Shares

During the year ended December 31, 2008 the Company sold and issued 2,640,000 shares of common stock for $296,030 cash.

During the year ended December 31, 2007 the Company sold and issued 3,112,600 shares of common stock for $778,170 cash.

(11) Stock Transactions (continued):

Service Shares and Agreements

On November 7, 2006, the Company entered into a marketing agreement with Evergreen Marketing, Inc. (EM) for various web, press and profile services. A total of $5,000 cash was required at the time of execution of the agreement and 250,000 unregistered, restricted shares are to be issued to EM. The shares carry piggyback registration rights. If

the shares were not registered within one year of the date on the certificate, then EM would have the right to sell the shares under Rule 144. The shares were valued at the stock closing price of $0.49 on November 7, 2006 resulting in a total of $122,500. The $122,500 and the $5,000 cash, ($127,500) was recorded in prepaid expenses and is being amortized over one year. As of December 31, 2008 and 2007, a total of approximately $0 and $108,000, respectively was amortized to expense.

During 2007, the Company issued 268,000 shares of common stock for various serviced to be provided for web site enhancement & development; advertising; and for consulting services related to investor relations valued at approximately $75,400. During 2007 a total of 428,000 common shares were issued for services totaling $323,825. During 2008, the Company issued 10,266,667 shares of common stock for various consulting services provided valued at $308,000.

On April 16, 2007, the Company entered into an agreement to secure $5,000,000 financing through a private placement of the Company s common stock. The agreement is effective for 180 days or until such financing has been achieved. As compensation for the agreement, the Company paid a $15,000 sign on fee. A consultancy fee of 10% of the aggregate gross proceeds of the common stock purchased through introductions from the investor firm, plus 3% in non-accountable expenses, payable in cash shall be due at the time of the investor purchases.

Thirteen percent of the aggregate number of securities purchased by investors introduced by the investor firm shall be payable in warrants that are exercisable into the Company s common stock. The expiration date shall not be less than three years, unless warrants are issued as part of the offering, in which case the warrants granted to the investor firm shall have the same expiration date of the investor warrants. The warrant exercise price shall be the same price of the Company s common stock issued at the time of the offering, or if warrants are issued as part of the offering, then the exercise price shall be the same as those offered. As of December 31, 2008, no financing had been obtained through this agreement.

Two significant shareholders contributed capital to the Company in the form of 1,210,000 common shares that were issued as incentive to certain consultants and employees. The fair value of the shares were valued at the closing stock price on the dates of contribution ranging from $0.28 to $0.70 and recorded as contribution to capital and an expense of the company in the amount of $355,600.

In March 2007, a major shareholder of the Company sold 750,000 shares of his stock to a director and consultant to the company for a bargain price as compensation to them for their services. The Company has recorded the difference between the bargain price and the fair value of the shares as a contribution to capital by the major shareholder and an expense of the Company in the amount of $172,425.

During May, 2007, the Company entered into an agreement for consulting services in connection with obtaining capital or debt financing in an aggregate amount of no less than $3,000,000. In exchange for these services, the Company paid the consultant a non refundable fee of $6,500 and also will pay certain costs and expenses incurred by

the consultant related to his services to the Company. No individual cost or expense of $100 or greater shall be incurred by the consultant without prior approval of the Company. As of December 31, 2008, no financing had been obtained from this agreement.

On January 8, 2008, the Company donated 100,000 shares of stock to an organization. The stock was valued at the stock closing price on the date of the donation which was $0.228 resulting in a total expense of $22,800.

ECLIPS ENERGY TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(11) Stock Transactions (continued):

Acquisition Pure Air Technologies, Inc.

On October 11, 2006, The Company acquired 100% of the issued and outstanding stock of Pure Air Technologies, Inc. (PATI), a subsidiary of UTEK Corporation in a tax free stock for stock exchange. The Company issued 100,000 shares of the Company Series A convertible preferred stock in exchange for $300,000 cash, $293,369 of prepaid sponsored research and license agreements, including a world wide exclusive license in the field of air purification, for a technology designed to help eliminate organic and biological airborne organisms. At any time after one year, at the election of UTEK, the convertible preferred stock could convert into $4,050,000 of restricted common stock of the Company, based on the previous ten day average closing bid price on the date of conversion. With a minimum of at least ten cents ($0.10) per share; thereby limiting the maximum number of restricted common shares to be received upon conversion to 40,500,000.

During the twelve month period in which UTEK was holding the preferred stock, the Company accrued interest at an annual rate of 5%, compounded quarterly, which was payable in cash or common shares of the Company. On October 11, 2007, UTEK Corporation converted all of the 100,000 Series A convertible preferred shares that were issued with the acquisition of Pure Air Technologies, Inc. In addition, accrued dividends in the amount of $202,500 were converted. A total of 8,437,500 Common Shares of the Company were issued for the conversions.

Acquisition Hydrogen Safe Technologies, Inc.

On September 28, 2007, the Company acquired Hydrogen Safe Technologies, Inc. (HSTI) in a tax-free stock for stock exchange. As consideration for the agreement, the Company issued 7,500,000 unregistered shares of common stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares of HSTI, assignment of an exclusive technology license for the detection of hydrogen in vehicles, engines and / or water heaters using hydrogen and oxygen, prepaid consulting fees, related to a nine month consulting agreement, and $450,000 cash.

Acquisition Advanced Alternative Energy, Inc.

On June 10, 2008, WESI acquired Advanced Alternative Energy, Inc. (AAEI) in a tax free stock for stock exchange. AAEI was incorporated in the State of Florida on May 20, 2008. As consideration for the agreement, the Company issued 100,000 shares of Series B Convertible Preferred Stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares of AAEI, assignment of an exclusive technology license for the production and preparation of mechanically and electrochemically stable electrodes and transition metal oxide catalysts; prepaid consulting fees, for a technical consulting agreement related to the license, and $200,000 cash.

The preferred shares may be converted by the holder at any time into common stock prior to the sixty month anniversary of the execution of the agreement into the value of $3,500,000 of common shares of WESI, based on the average of the five day closing price prior to the conversion. At any time after six months and before the sixty month anniversary of the execution of the agreement, WESI will have the right, at its sole discretion, to repurchase at an agreed upon percentage value, any non-converted shares of the Series B Convertible Preferred Stock. The shares may be repurchased within twelve months at 105% of the original pro rata purchase price; within thirteen and twenty-four months at 110% of the original pro rata purchase price; within twenty-five and thirty-six months at 115% of the original pro rata purchase price; and at anytime after thirty-six months at 120% of the value of the original pro rata purchase price. The convertible preferred shares have no voting rights.

The acquisition of AAEI was considered to be a purchase of productive assets, per guidance of EITF 98-3, Determining Whether a Non-monetary Transaction Involves the Receipt of Productive Assets or of a Business as a result of the analysis of the inputs, processes and outputs and consideration of the total concentration of the fair value of the transferred assets to the acquisition. Accordingly, no goodwill was recognized on the purchase.

ECLIPS ENERGY TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(11) Stock Transactions (continued):

The intellectual rights were valued at $3,264,000 at the time of the acquisition. While the Company anticipates further development of the related technology, as of June 30, 2008, the technology had not yet been tested on the market nor had there been any related sales. Estimation of future sales could not be determined as the technology is not ready to be introduced into the market place and knowledge of when or if the Company can fully develop the technology is not known. In addition, consideration of other similar technology entering the market prior to the Company cannot be determined. Based on the above factors, the Company concluded that the valuation of the intangible could not be supported and therefore as of June 30, 2008, the Company deemed the intangible asset to be impaired and wrote it off.

Acquisition H-Hybrid Technologies, Inc.

On September 26, 2008, the Company acquired H-Hybrid Technologies, Inc. (HHTI) in a tax-free stock for stock exchange. HHTI was incorporated in the State of Florida on September 18, 2008. As consideration for the agreement, the Company issued 100,000 shares of Series C Convertible Preferred Stock to UTEK Corporation and 5,000,000 unregistered common shares to Hydrogen Technology Application, Inc. (HTA) in exchange for 100% of the issued and outstanding shares of HHTI and assignment of an exclusive technology license for the use of three patents and one patent applied for but not yet issued.

The acquisition of HHTI is considered to be a purchase of productive assets, per guidance of EITF 98-3, Determining Whether a Non-monetary Transaction Involves the Receipt of Productive Assets or of a Business as a result of the analysis of the inputs, processes and outputs and consideration of the total concentration of the fair value of the transferred assets to the acquisition. Accordingly, no goodwill will be recognized on the purchase. The identifiable assets of HHTI include cash and assignment of an exclusive technology license for the use of three patents and one patent applied for but not yet issued.

The Series C Convertible Preferred Stock has no voting rights, no liquidation preferences and no dividend rights. The holder may convert the Series C Convertible Preferred Stock at any time into common stock prior to the sixty-month anniversary of the execution of the agreement. The 100,000 shares of Series C Convertible Preferred Stock is convertible into $3,750,000 of our common shares, based on the average of the five-day closing price prior to the

conversion. At any time after six months and before the sixty month anniversary of the execution of the agreement, the Company will have the right, at its sole discretion, to repurchase at an agreed upon percentage value, any outstanding shares of the Series C Convertible Preferred Stock. The outstanding shares of the Series C Convertible Preferred Stock shares may be repurchased within twelve months at 105% of the aforementioned conversion price; within thirteen and twenty-four months at 110% of the aforementioned conversion price; within twenty-five and thirty-six months at 115% of the aforementioned conversion price; and at anytime after thirty-six months at a 120% of the aforementioned conversion price.

The Company valued the Series C Convertible Preferred Stock as-if converted into common shares at the date of acquisition since the preferred shares have no voting rights, dividend rights or liquidation preferences. Based on this methodology, the prior five-day average at the time of the agreement was $0.094 per share, resulting in an assumed conversion of the Series C Preferred Stock into 39,893,617 unregistered common shares. Therefore, for valuation purposes, the consideration consisted of 44,893,617 common stock equivalent shares (39,893,617 converted shares of Series C Convertible Preferred Stock and 5,000,000 unregistered common shares). The indicated share value average was $0.105 per share based on an average of the Company s stock price immediately before and after the transaction date. Based on SEC Rule 144 limitations, and the historical trading volume and the size of the block relative to the Company s total number of common stock equivalent shares outstanding, management determined that the market would be unable to absorb the block at the calculated price and that it was appropriate to deduct a discount from that price to reflect the lack of liquidity. Utilizing dribble out methodology over various assumed periods, management developed a range of potential discounts to reflect the lack of liquidity of the subject shares.

(11) Stock Transactions (continued):

Management believes a discount of 80% is appropriate given the facts and circumstances of this valuation. Thus, the resulting value for the consideration given for the assets acquired in this transaction is $943,000, less cash received in the amount of $125,000.

Royalties will become due to HTA on a bi-annual basis based upon the net sales of any of the licensed products sold from the technology license. Royalties are to be paid within thirty days and are based on 3% of the net sales on the licensed products. No minimum royalties shall be required for the first twelve months after the effective date of the agreement; however each succeeding twelve months after the effective date of the agreement minimum annual royalties become due.

The minimum royalty due for the second through the fifth (September 2010 2013) anniversary of the executed agreement is $20,000 and then thereafter the minimum royalty payment becomes $50,000 per year. The minimum annual royalties are fully creditable against any actual earned royalties paid during the previous twelve month period. The minimum royalties are not refundable in any part and if any payment becomes delinquent it shall bear interest at an annual rate of one and one-half (1.5) percentage points above the prime rate quoted on the last day of said period by a designated major financial institution.

Stock Options

In February 2007, the company issued 650,000 stock options to a director of the company for consulting services valued at approximately $182,836. The expense was recognized for the year ended December 31, 2007.

During the years ended December 31, 2008 and 2007, the Company issued rights to purchase stock in the amount of 1,074,000 and 1,250,000 shares, respectively. The exercise price ranges from $0.10 to $0.50 per share and the options can be exercised for a period of three years.

Employee Stock Options

On September 18, 2008, the Board of Directors for the Company approved a Stock Grant and Option Plan (the 2008 SGOP) that provides for the issuance of up to 20 million shares of the Company s common stock to officers, directors, employees and consultants who render bona fide services to the Company. In connection with approval of the Stock Plan, the Board of Directors for the Company also has approved the filing of a registration statement with the Securities and Exchange Commission on Form S-8, on November 26, 2008, to facilitate registration of the 20 million shares of common stock allocated for ultimate distribution by the Stock Plan. No shares were issued for the year ended December 31, 2008.

The purpose of the EClips Energy Technologies, Inc. 2008 SGOP, as amended, is to offer selected employees, directors and consultants an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, to encourage such selected persons to remain in the employ of the Company, and to attract new employees with outstanding qualifications. The Plan seeks to achieve this purpose by providing for Awards in the form of Registered Shares, Restricted Shares and Options (which may constitute Incentive Stock Options or Non-statutory Stock Options) as well as the direct award or sale of Shares of the Company s Common Stock. Awards may be granted under this Plan in reliance upon federal and state securities law exemptions.

ECLIPS ENERGY TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(11) Stock Transactions (continued):

Stock Issued in Settlement

The Company has amicably resolved and settled the litigation and appellate matters styled: *World Energy Solutions, Inc. v. David Weintraub, et al.*, No. 06-8968-CI-20 (Cir. Ct. Pinellas Cty.); *Rachel Steele v. World Energy Solutions, Inc.*, No. 07-2010-CI-020 9Cir. Ct. Pinellas Cty.); and, the related interlocutory appeal styled *David Weintraub v. World Energy Solutions, Inc., et al.*, No. 2D07-3560 (Fla. 2d DCA 2007). The parties to the Litigation, including the Company, David L. Weintraub, Rachel Steele, Daniel Witherspoon, III, Timothy Daley, Leslie Sands and Rajax, Inc. have all executed mutual releases regarding all claims in the Litigation and agreed that all such claims shall be dismissed with prejudice. The parties further agreed that they shall each bear their own attorneys fees and costs incurred in the Litigation.

Pursuant to the Litigation, the Company sought to recover damages and obtain cancellation of shares of its common stock that had been issued to Daniel Witherspoon, III, Leslie Sands, Rajax, Inc. and Rachel Steele and here designees. In July 2007, the company cancelled 4,449,551 shares of its common stock that had been issued on various amount to Rajax, Inc., Daniel Witherspoon, III and Rachel Steele and her designees, respectively. In connection with the amicable resolution of the Litigation and exchange of mutual releases by the parties regarding all claims and threatened claims, the Company has agreed to issue 1,650,000 shares (the Shares) of its unregistered common stock to Rachel Steele. The Shares shall constitute restricted securities as such term is defined in Securities and Exchange Commission Rule 144 (Rule 144) and each certificate representing the Shares shall bear a legend reflecting the restriction imposed by Rule 144.

(12) Commitment and Contingencies:

Going concern:

As reflected in the Statement of Operations, the Company has had recurring losses and negative cash flows from operations. These factors are an indication that that the Company may not be able to continue as a going concern. To continue as a going concern, the Company will need to raise additional capital, borrow funds, or generate more revenues from current product sales and new product sales associated with the business plan implementation. If current cash flow is not sufficient to cover planned operations in 2009, management believes it can raise additional capital from private placements, borrow funds from its officers, and delay certain expenditures to continue as a going concern during the next year.

Legal matters:

From time to time the Company may be a party to litigation matters involving claims against the Company. In the first quarter of 2009, a suit has been brought against the company by a former employee regarding a cancelled employment agreement. The Company believes it has a strong defense in all significant matters of the case. However, this matter may result in an adverse judgment or award, or the Company may choose to settle the matter, due to the associated costs and risk of continuing. The Company believes it is not possible to determine whether a loss will be incurred, or to estimate any potential losses, that would be material to the financial statements. Based on current information, management believes that the resolution of matters currently pending will not have a material adverse impact on the financial condition or cash flows of the Company.

ECLIPS ENERGY TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(13) Recent Accounting Pronouncements:

The Financial Accounting Standards Board and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2008. The Company has carefully considered the new pronouncements that altered generally accepted accounting principles and does not believe that any new or modified principles will have a material impact on the Company s reported financial position or operations in the near term.

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141(revised 2007), Business Combinations, which replaces SFAS No. 141. The statement retains the purchase method of accounting for acquisitions, but requires a number of changes, including changes in the way assets and liabilities are recognized in the purchase accounting. It also changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires the capitalization of in-process research and development at fair value, and requires the expensing of acquisition-related costs as incurred. SFAS No. 141(R) is effective for the Company beginning January 1, 2009 and will apply prospectively to business combinations completed on or after that date.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements. SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS No. 157 was effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years, with early adoption permitted. On February 12, 2008, the effective date for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in financial statements on a recurring basis (at least annually) was delayed to fiscal years beginning after November 15, 2008 and interim periods within those fiscal years for items within the scope of FSP FAS 157-2. The Company has not had any material impact to its financial statements from the adoption of SFAS No. 157 and does not anticipate any material impact upon the adoption of the extended deadline for nonfinancial assets and liabilities.

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 159, The Fair Value Option for Financial Assets and Financial Liabilities , in February, 2007. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings (or another

performance indicator if the business entity does not report earnings) at each subsequent reporting date. A not for profit organization shall report unrealized gains and losses in its statement of activities or similar statement. This guidance is effective for fiscal years beginning after November 15, 2007, provided the entity also elects to apply the provisions of SFAS Statement No. 157, Fair Value Measures . Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007. The Company has not had a material impact to its financial statements from the adoption of SFAS No. 159.

In December 2007, the FASB issued SFAS No. 160; Noncontrolling Interest in Consolidated Financial Statements, and amendment of ARB 51, which changes the accounting and reporting for minority interest. Minority interest will be recharacterized as noncontrolling interest and will be reported as component of equity separate from the parent's equity, and purchases or sales of equity interests that do not result in change in control will be accounted for as equity transactions. In addition, net income attributable to the noncontrolling interest will be included in consolidated net income on the date of the income statement and, upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value with any gain or loss recognized in earnings. SFAS No. 160 is effective for the Company beginning January 1, 2009 and will apply prospectively, except for the presentation and disclosure requirements, which will apply retrospectively. The Company is not part of a consolidating group and currently is not affected by this pronouncement.

ECLIPS ENERGY TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(13) Recent Accounting Pronouncements: (continued)

In March 2008, the Financial Accounting Standards Board issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities. SFAS No. 161 requires additional disclosures related to the use of derivative instruments, the accounting for derivatives and the financial statement impact of derivatives. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008. The adoption of SFAS No. 161 will not impact the Company's financial statements.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (the GAAP hierarchy). SFAS 162 will become effective 60 days following the SEC s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. The Company does not currently expect the adoption of SFAS 162 to have a material effect on our results of operations and financial condition.

The Financial Accounting Standards Board issued EITF 07-03, Accounting for Nonrefundable Advance Payments for Goods or Services Received for Use in Future Research and Development Activities effective for fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. Earlier application is not permitted. The guidance states that nonrefundable advance payments for goods or services that will be used or rendered for future research and development activities should be deferred and capitalized. Such amounts should be recognized as an expense as the related goods are delivered or the related services are performed. If the goods or services are not expected to be delivered or rendered, then the capitalized advance payment should be charged to expense. There has been no impact to the Company from the adoption of EITF 07-3, as the Company has not entered into any non-refundable advance payments for goods or services received for use in future research and development activities as of the current date and the Company does not anticipate any material impact if any such arrangements are entered into at a future date.

In May 2008, the FASB issued FSP Accounting Principles Board (APB) 14-1 Accounting for Convertible Debt instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement) (FSP APB 14-1). FSP APB 14-1 requires the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument

in a manner that reflects the issuer s non-convertible debt borrowing rate. FSP APB 14-1 is effective for fiscal years beginning after December 15, 2008 on a retroactive basis. As we do not have convertible debt at this time, we currently believe the adoption of FSP APB 14-1 will have no effect on our results of operations and financial condition.

In April 2008, the FASB issued FSP FAS 142-3, Determination of the Useful Life of Intangible Assets (FSP FAS 142-3). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets (SFAS 142). The intent of FSP FAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R) and other applicable accounting literature. FSP FAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company does not anticipate that the adoption of FSP FAS 142-3 will have an impact on its results of operations or financial condition.

In June 2008, the FASB issued FSP EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities (FSP EITF 03-6-1), which addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the computation of earnings per share under the two-class method described in SFAS No. 128, Earnings per Share. FSP EITF 03-6-1 is effective retrospectively for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. The adoption of FSP EITF 03-6-1 will not materially impact the Company s financial condition and results of operations.

(14) Subsequent Events:

The Company entered into a Regulation S distribution agreement on January 14, 2009 which replaced the Regulation S distribution agreement entered into on November 29, 2008. The total of up to 20,000,000 shares of restricted common stock to be offered remained the same. The shares sold will be offered on the lower of the closing bid price for the Company s stock as quoted on the NASDAQ Bulletin Board on the date prior to the trade date or the closing price of said shares minus an original offering discount of 15%. The agreement terminates on December 31, 2009 unless extended in writing by both parties. The agreement may also be terminated at any time with 21 days written notice by the Company.

On February 13, 2009 the Company sold 1,500,000 shares of the restricted Preferred Stock (with 500 votes per share) to Benjamin C. Croxton, the Company s Chief Executive Officer. The Company exchanged the shares for an assignment of accrued vacation pay and back salary in the amount of $8,256.50 due to Mr. Croxton. The issuance of the restricted Preferred Stock and the consideration received by the Company were approved by the Board of

(14) Subsequent Events (continued):

Directors at a meeting on February 10, 2009. The shares of restricted Preferred Stock were issued in a private transaction pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933. The shares of restricted Preferred Stock have 750,000,000 shareholder votes which when combined with Mr. Croxton s common stock holdings equates to 87.9% of the total combined shareholder votes of 858,138,831 for both the issued and outstanding common stock and Preferred Stock.

During the first quarter of 2009, the company has been named in a legal action by a former employee. See note 12, Legal Matters for a discussion of this event.