

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended September 30, 2010

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

For the transition period from _____ to _____

Commission File Number: 333-135585

CLEARTRONIC, INC.

(Exact name of registrant as specified in its Charter)

Florida

(State or other jurisdiction of
incorporation or organization)

65-0958798

(I.R.S. Employer Identification No.)

**8000 North Federal Highway, Suite 100
Boca Raton, FL**

(Address of principal executive offices)

33487

(Zip Code)

Registrant's Telephone Number, Including Area Code: **(561) 939-3300**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered under Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period than the registrant was required to submit and post such files). Yes No

Indicate by check mark if 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.

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 (Do not check if a
smaller reporting company)

Smaller reporting company

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

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. \$1,588,692 as of March 31, 2010, based upon 113,477,996 shares at \$0.014 per share as reported on the OTC Bulletin Board.

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(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date 132,307,666 shares of common stock as of January 11, 2011.

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PART I

Item 1. Description of Business.

Explanatory Note

We do not currently have sufficient capital to engage in any of the present or proposed business activities described below. The costs to operate our business are approximately \$100,000 per month. In order for us to cover our monthly operating expenses, we must generate revenues of approximately \$300,000 per month. Accordingly, in the absence of revenues, we must secure \$100,000 in equity or debt capital each month to cover our overhead expenses. In order to remain in business for one year without any revenues, we must secure \$1.2 million in equity or debt capital. If we are unsuccessful in securing sufficient capital or revenues, we will be unable to resume any business activities. We have not obtained any commitments for additional capital, and there can be no assurance that we will be able to obtain any additional capital on terms not unfavorable to us, if at all.

To the extent not superseded by the disclosure in this Annual Report, the disclosure under captions "Risk Factors" and "Forward Looking Statements," in the registrant's prospectus dated August 7, 2008 filed pursuant to Rule 424(b)(3) under the Securities Act of 1933 is hereby incorporated by reference.

In this Annual Report, "Cleartronic," "we," "us," "our" and "the company" refer to Cleartronic, Inc., a Florida corporation, and our wholly owned subsidiaries, unless the context otherwise requires.

Overview

From March 2005 to October 2007, we were primarily engaged in providing telecommunications services to our customers employing Voice over Internet Protocol (VoIP) technology. In October 2007, we sold substantially all of our assets utilized in that business.

We are now a provider of Internet Protocol, or IP, unified group communication solutions. The products used in our solutions include our own proprietary products as well as products from other software and hardware vendors. An integral component of our unified group communication solution is WAVE™ software developed by Twisted Pair Solutions, Inc. of Seattle, WA.

We have designed and customized standards based audio and voice collaboration solutions for prospective customers as part of a unified group communication system. We have considered all aspects of a potential customer's information technology resources and existing telecommunications network in creating a design best suited for that customer. Substantially all of our designs for unified group communication solutions have required the integration of WAVE software as a core component. We have designed, built and installed four unified group communication solutions as of the filing date of this Annual Report, all of which utilize WAVE software.

Revenues have been generated from the design, construction and installation of the systems. We have also generated revenues from maintenance and support contracts once a unified group communication solution has been installed and tested.

We have also sold our proprietary line of IP Gateways which we have branded the AudioMate 360 Series. These units are currently being sold directly to end-users and by Value Added Resellers ("VARs") to their end-user customers. As of the date of this filing, we have approximately 70 active VARs, and we have sold our gateways to more than 500 end-users in the United States and seventeen foreign countries.

In May 2008, we changed our corporate name from GlobalTel IP, Inc. to Cleartronic, Inc. All of our operations are conducted through our wholly owned subsidiary VoiceInterop, Inc., a Florida corporation.

Need for Unified Group Communications

Although public safety personnel regularly use cellular phones, personal digital assistants (PDAs), and other commercial wireless devices and services, we believe that these devices are currently not sufficiently suited for public safety mission critical communications during critical incidents. As an example, hundreds of firefighters and police officers rushed to rescue victims from the attack on the World Trade Center on September 11, 2001. As police and firefighters swarmed the building searching for survivors, incident commanders outside were hearing warnings from helicopters circling the scene from above that the towers were beginning to glow and were dangerously close to collapse. Radio communications were a lifeline for the hundreds of police officers who received the word to evacuate the building—all but 60 police officers escaped with their lives. Tragically, hundreds of New York firefighters did not receive that warning because they were using a different radio communications system. Unaware of the impending collapse, at least 121 firefighters, most within striking distance of safety, died. A report from the University of New Hampshire based ATLAS Project stated, “From numerous interviews gathered as part of a fire department inquiry into the events of September 11th, it would appear that non-interoperability was at least partially responsible for the loss of 343 firefighters at the World Trade Center.”

We believe that public safety officials should not depend solely on commercial communication systems that can be overloaded and which may be unreliable during critical incidents when public demand can overwhelm the systems. Public safety officials have unique and demanding communications requirements. Optimal public safety radio communication systems require:

- Dedicated channels and priority access that is available at all times to handle unexpected emergencies.
- Reliable one-to-many broadcast capability, which is not generally available in cellular systems.
- Highly reliable and redundant networks that are engineered and maintained to withstand natural disasters and other emergencies.
- The best possible coverage within a given geographic area, with a minimum of dead zones.
- Unique equipment designed for quick response in emergency situations—dialing, waiting for call connection, and busy signals are unacceptable during critical events when seconds can mean the difference between life and death.

We believe that the WAVE software when properly used can add value, redundancy and alternative methods of communicating for radios and radio systems and the personnel who use them.

Twisted Pair Solutions, Inc.'s WAVE Software

Twisted Pair Solutions' WAVE software has been designed to enable and manage real-time, secure group communications over the IP network, linking people and devices. WAVE connects people who are using disparate and often incompatible communications technologies, such as two-way radios, personal computers, cell phones, and IP phones, into a single, interoperable and manageable communications system via IP communications technology.

WAVE technology consists of software building blocks and development tools designed to convert all forms of communication to IP packets, use a network to carry those packets between endpoints, and build distributed intelligence and management capabilities at the network edge to connect the endpoints together. The technology converts communications from individual users' devices into group-level IP packets that can be forwarded to other devices and users. Once brought into a WAVE domain, these interoperable communication sessions are subject to management and security controls, and may be bridged, recorded, joined into conferences, or routed to devices outside of the system.

WAVE supports both voice and data media types. In addition, status, presence and adaptive transport network management provide for rich collaboration among group communications participants. The result is that groups of people can talk and share real-time data, with full control, regardless of the devices or systems used. With audio data converted into IP packets and streamed across a network, a new set of devices can directly link together and participate simply and easily in critical communications.

We have been advised by Twisted Pair Solutions that claims based upon the WAVE technology are the subject of a patent application filed by or on behalf of it with the United States Patent and Trademark Office. There can be no assurance that any patent will be issued as a result of the application or, if issued, that it will be meaningful. Furthermore the validity of issued patents is frequently challenged by others. One or more patent applications may have been filed by others previous to the Twisted Pair Solutions' filing, which encompass the same or similar claims.

We have no right to sell, license or otherwise utilize WAVE other than through our written agreements with Twisted Pair Solutions as described below.

Our Agreements with Twisted Pair Solutions, Inc.

Reseller Agreement

In May 2006, we entered into a reseller agreement with Twisted Pair Solutions. Subject to the terms and conditions of the agreement, Twisted Pair Solutions appointed us as a nonexclusive authorized worldwide reseller of its products. We have the right to purchase products from Twisted Pair Solutions and to resell the products to end users.

We have agreed to provide all necessary implementation services and support, including but not limited to the tools, expertise, and resources required for design, installation, integration, and/or upgrades, for all products sold by us as a reseller through either our own internal resources or contracting with Twisted Pair Solutions' approved subcontractor partners. We do not now have and there can be no assurance that we will ever have the resources to perform the required implementation services and support.

We have further agreed to maintain trained sales representatives and sales and integration engineers in the number determined by Twisted Pair Solutions. We do not now have and there can be no assurance that we will ever have the resources to maintain such representatives and engineers.

For each product we resell, we are responsible for either the sale of the appropriate annual renewal and update subscription or submittal to Twisted Pair Solutions of written waiver of software updates signed by the end user. In the event an end user purchases or renews the update subscription directly from Twisted Pair Solutions, we will not receive any compensation associated with the sale.

Twisted Pair Solutions has granted to us a non-exclusive, limited license during the term of the agreement to use both Twisted Pair Solutions' name and any stylized form or logo used by Twisted Pair Solutions and the applicable product trademarks solely in connection with our distribution, advertising and promotion of the products. The exclusive ownership of the trademarks has been retained by Twisted Pair Solutions.

The prices we pay for the products will be set by Twisted Pair Solutions. Twisted Pair Solutions may change prices, discount schedules, and any other similar terms on sixty days notice to us. Subject to Twisted Pair Solutions' ability to impose maximum resale price limitations, we are free to determine our resale prices. There can be no assurance that the prices we are required to pay to Twisted Pair Solutions or the maximum resale price limitations will not significantly adversely affect our ability to make sales or operate profitably.

Other than with respect to patents, each party's liability to the other party under the agreement is limited to the total payment made by us to Twisted Pair Solutions in the most recent full calendar year. In the event that any claims are successfully made against us with respect to Twisted Pair Solutions' products, it is likely that our exposure will be substantially greater than Twisted Pair Solution's obligation to us.

The agreement may be terminated by Twisted Pair Solutions or us at any time without cause upon thirty days prior written notice to the other party. If Twisted Pair Solutions were to terminate the agreement, we would not be entitled to purchase or resell any of its products under the agreement.

Application Service Provider License Agreement

In August 2006, we entered into an application service provider license agreement with Twisted Pair Solutions. Subject to the terms and conditions of the agreement, Twisted Pair Solutions granted to us a nonexclusive and nontransferable right to install, store, operate and use certain WAVE components and market and license access to those components within North America, Central America and South America directly to end users solely as a part of a hosted service operated and maintained by us. The development of the hosted service, which we call ***X-Stream Access***, has been completed as described below.

Twisted Pair Solutions also granted to us the nonexclusive and nontransferable right and license to use and display certain trademarks of Twisted Pair Solutions solely in connection with and only to the extent reasonably necessary for the marketing, license of access to and support of the hosted service during the term of the agreement.

We have agreed to supply all equipment, software and services, other than the licensed WAVE components, necessary for the operation and maintenance of ***X-Stream Access*** and to operate and to maintain ***X-Stream Access*** in good working order to ensure full functionality and availability for commercial or consumer customers at least 99.5% of the time, or in the case of government customers, 99.9% of the time. We do not now have and there can be no assurance that we will ever have sufficient capital to supply the requisite equipment, software and services or maintain the requisite functionality and availability.

Although Twisted Pair Solutions has agreed to indemnify us against claims made by third parties arising from infringement of certain intellectual property rights, Twisted Pair Solutions' total obligation to us will not exceed the amount paid by us to Twisted Pair Solutions during the previous twelve months for the licensed product giving rise to such claims. In addition, the agreement provides that Twisted Pair Solutions' liability for direct damages for any cause whatsoever, and regardless of the form of action, shall not exceed the amount received by Twisted Pair Solutions from us during the previous twelve months for the licensed product(s) giving rise to such claim. In the event that any such claims are successfully made against us or we incur such damages, it is likely that our exposure will be substantially greater than Twisted Pair Solution's obligation to us.

Among the fees that we are required to pay to Twisted Pair Solutions are an annual support fee, minimum monthly fees, license fees based upon revenues we receive and a commission based upon billable subscriber minutes. There can be no assurance that we will ever be financially able to pay the requisite fees to Twisted Pair Solutions.

The initial term of the agreement is five years. Unless earlier terminated for breach, or unless either party notifies the other in writing, not later than three months prior to expiration of the initial term, of its intention to terminate the agreement, the agreement will automatically renew at the end of the initial term for successive twelve month terms.

Twisted Pair Solutions may terminate the agreement upon a breach by us of any of its material terms if the breach is not cured within sixty calendar days after written notice is given to us. Twisted Pair Solutions may also terminate the agreement if we fail to meet our payment obligations under the agreement and the failure continues for thirty days following written notice and demand from Twisted Pair Solutions.

Sale Of Unified Group Communication Solutions

We offer to design and customize, standards based audio and voice collaboration solutions for prospective customers that will result in a unified group communication system. We intend to consider aspects of a potential customer's information technology resources and existing telecommunications network in creating a design best suited for that customer. We anticipate that substantially all of our designs for unified group communication solutions will require the integration of WAVE software as a core component. We have designed, built and installed four unified group communication solutions as of the date of this Annual Report, all of which utilize WAVE software.

Revenue from installations can be generated from the amount we charge to design, build, install and support a system. We also intend to generate revenues from a maintenance contract once a unified group communication solution is installed and tested. There can be no assurance that we will realize any meaningful levels of revenues from the design and building of unified group communication solutions in the future, if at all.

Prior to and subsequent to sales we have made to three airport authorities, we have had discussions with approximately 15 other airport authorities as well as airlines in the United States and abroad to design, build and install voice interoperability solutions. Those discussions have not resulted in any sales.

We have developed an Internet Protocol gateway which we call the AudioMate 360. The AudioMate 360 has been designed to provide an Internet Protocol gateway to users of unified group communications. The AudioMate 360 is available in different configurations which enable it to be used with various types of communications equipment.

Although other devices are available that perform the same or similar functions, we believe that our price for the AudioMate 360 is substantially lower than the prices others are presently charging for similar devices. If we are unable to provide the AudioMate 360 to our prospective customers at substantially lower prices than others are charging for similar gateways, our business will be materially adversely affected.

Hosted Unified Group Communication Services

We have completed development of a hosted or application service provider solution for unified group communications which we refer to as ***X-Stream Access***. We do not now have sufficient capital to market the service. If we are able to market ***X-Stream Access***, we intend to make it available to prospective customers on a monthly subscription basis. We believe that ***X-Stream Access*** can eliminate the high cost factor as a barrier to certain prospective customers who wish to implement a unified group communications system. We further believe that the cost to a prospective customer to purchase a unified group communications system that does not have the requisite equipment can range from \$20,000 to as much as several hundred thousand dollars depending on the size of the enterprise and the number of endpoints to be connected. Potential ***X-Stream Access*** customers can subscribe to service for a monthly fee.

X-Stream Access utilizes WAVE™ software and allows a customer's personnel to communicate at any time, on any type of existing communication device. ***X-Stream Access*** combines WAVE™ software, information technology and telecommunications system to integrate together to provide total voice interoperability for all of an organization's existing communication devices.

We believe ***X-Stream Access*** can be used by public safety agencies, defense departments, financial institutions and other public and private organizations. We believe that customers will find ***X-Stream Access*** to be secure and easy to deploy with minimal, if any, downtime, and be scalable for unlimited growth depending on the needs of the customer.

The key components of the ***X-Stream Access*** hosted interoperability solution are an IP gateway to convert analog signals to digital packets over a secure IP network to route inbound and outbound traffic and WAVE™ software.

The ***X-Stream Access*** IP Network is located at our offices in Boca Raton, Florida. We do not currently have the capital to maintain the network.

We believe that the benefits to prospective customers of ***X-Stream Access*** include:

- Minimal initial investment;
- Improvement in group collaboration by allowing personnel to communicate at any time regardless of device;

- Communication one-to-one, one-to-many, many-to-one or many-to-many;
- Management of costs by adding and paying for user groups and devices on a monthly basis;
- Revitalization of existing two-way radio systems, cell phones, standard or IP telephones, PCs, and PDAs regardless of hardware, manufacturer, carrier or frequency bands;
- Scalability to meet growing needs;
- Simplification of communications with a managed service; and
- Improvement in response time in critical situations.

Unless we are able to obtain significant capital or realize a significant increase in our revenues, we will not be able to market *X-Stream Access*. In addition, even if we are able to market *X-Stream Access*, there can be no assurance that it will generate any meaningful revenues.

Sales and Marketing

We have marketed our unified group communication solutions and AudioMate 360 IP gateways through our Vice President of Sales and Marketing and a sales executive. The majority of our sales leads have come through our strategic partners and our website.

If we are able to continue our business activities, we intend to continue to develop a network of channel partners and VARs. As of December 30, 2009, we had nine channel partners in our network of over 70 VARs. These existing and potential channel partners and VARs range in size from single-site, regional firms with specialized products and services to multi-national firms that provide a full range of IT products and services.

We have also received sales prospects from our website. We intend to use search engine optimization to increase the number of inquiries that we receive from our website and if we become adequately funded, we intend to hire additional direct sales people.

Competition

The unified group communications industry is extremely competitive. Over the past year, the number of companies entering our industry has increased dramatically. Competitive pricing pressures can negatively impact profit margins, if any. Competitors include Cisco Systems, Inc., Tyco Electronics Ltd., Catalyst Communications Technologies, Inc., Telex, Inc., Federal Signal Corporation and Mutual-Link, Inc. as well as Twisted Pair Solutions and its other resellers and licensees.

These and other potential competitors are generally large and well capitalized and have substantially more experience than we do in our industry.

We expect to face intense competition from traditional telephone companies, wireless companies, cable companies and alternative voice communication providers. We may also face intense competition from cable companies which have added or are planning to add VoIP services to their existing product lines.

The traditional wireline and wireless telephone service providers and cable companies are substantially larger and better capitalized than we are and have the advantage of a large existing customer base. Because substantially all of our prospective customers are already purchasing communications services from one or more of these providers, our success may be dependent upon, among other things, our ability to attract target customers away from their existing providers.

These potential competitors could focus their substantial financial resources to develop competing technology that may be more attractive to potential customers than what we offer.

Our competitors' financial resources may allow them to offer services at prices below cost or without charge in order to maintain and gain market share or otherwise improve their competitive positions. Our competitors also could use their greater financial resources to offer more attractive service packages that include on-site installation and more robust customer service. In addition, because of the other services our competitors provide, they may choose to offer unified group communication services as part of a bundle that includes other products, such as VoIP telephone service, video, high speed Internet access and wireless telephone service, which we do not and cannot offer. This bundle may enable our competitors to offer unified group communication service at price levels with which we may not be able to compete or to offer functionality that integrates that service with their other offerings, both of which may be more desirable to consumers. Any of these competitive factors could make it difficult or impossible for us to attract and retain customers, cause us to lower our prices in order to compete and reduce our market share and revenues.

There can be no assurance that we will be able to increase our revenues or achieve profitability.

Manufacturing and Suppliers

We have outsourced the manufacturing of our hardware products. This outsourcing has allowed us to:

- avoid costly capital expenditures for the establishment of manufacturing operations;
- focus on the design, development, sales and support of our hardware products; and
- leverage the scale, expertise and purchasing power of specialized contract manufacturers.

Currently, we have arrangements for the production of our gateways with a contract manufacturer in Florida. Our reliance on contract manufacturers involves a number of potential risks, including the absence of adequate capacity, ownership of certain elements of electronic designs, and reduced control over delivery schedules. Our contract manufacturers can provide us with a range of operational and manufacturing services, including component procurement and performing final testing and assembly of our products. We intend to depend on our contract manufacturers to procure components and to maintain adequate manufacturing capacity.

We have also relied on a small number of suppliers for several key components utilized in the assembly of our products. For example, our contract manufacturer has purchased a key component that is essential to the production of our gateways from a single source supplier. We have not identified any alternative suppliers for that component. Our contract manufacturer has maintained relatively low inventories and acquired components only as needed. As a result, our ability to efficiently respond to customer orders, if any, may be constrained by, among other things, the then-current availability or terms and pricing of necessary components. We cannot assure you that we will be able to obtain a sufficient quantity of these components in a timely manner to meet the demands of our customers or that prices of these components will not increase. Any delays or any disruption of the supply of these components could also materially and adversely affect our operating results.

Intellectual Property

If we are able to continue our business activities, our business will be dependent on our intellectual property, some of which we have developed for our software and hardware applications. We do not have any patents, trademarks or trade secret confidentiality agreements. For projects that are in development, we intend to rely on intellectual property rights afforded by trademark and trade secret laws, as well as confidentiality procedures and licensing arrangements, to establish and protect our rights to our technology and other intellectual property. There is no assurance that these procedures and arrangements will be adequate in protecting our intellectual property.

We have filed a patent application with the United States Patent and Trademark Office in connection with various configurations of our AudioMate 360 Internet Protocol gateway. We may file similar patent applications in additional countries. The claims in the patent application relate to various aspects of the AudioMate 360. We do not expect to receive substantive comments from the United States Patent and Trademark Office prior to 2010.

There can be no assurance that a patent will be issued, or if issued, that it will include any meaningful claims. Furthermore, the validity of issued patents is frequently challenged by others. One or more patent applications may have been filed by others previous to our filing, which encompass the same or similar claims.

Because of our limited resources, we may be unable to protect a patent or to challenge others who may infringe upon a patent. Because many holders of patents in our industry have substantially greater resources than we do and patent litigation is very expensive, we may not have the resources necessary to successfully challenge the validity of patents held by others or withstand claims of infringement or challenges to any patent we may obtain. Even if we prevail, the cost and management distraction of litigation could have a material adverse affect on us.

Because Internet Protocol gateways and their related manufacturing processes are covered by a large number of patents and patent applications, infringement actions may be instituted against us if we use or are suspected of using technology, processes or other subject matter that is claimed under patents of others. An adverse outcome in any future patent dispute could subject us to significant liabilities to third parties, require disputed rights to be licensed or require us to cease using the infringed technology.

If trade secrets and other means of protection upon which we may rely may not adequately protect us, our intellectual property may become available to others. Although we may rely on trade secrets, copyright law, employee and third-party nondisclosure agreements and other protective measures to protect some of our intellectual property, these measures may not provide meaningful protection to us.

The laws of many foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States, if at all.

Employees

As of January 11, 2011, we have no employees, and we have five consultants, including our two executive officers.

Item 1A. Risk Factors

Not applicable.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

We lease approximately 3,400 square feet for our principal offices in Boca Raton, Florida from an unaffiliated party at a monthly rental of approximately \$6,200. The lease, which provides for annual increases of base rent of 4%, expires on November 30, 2014.

Item 3. Legal Proceedings.

We know of no material, existing or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers, or affiliates, or any registered or beneficial holder of more than 5% of our voting securities, or any associate of such persons, is an adverse party or has a material interest adverse to our company.

Item 4. (Removed and Reserved.)

PART II

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

Market Information

Our common stock is quoted on the Over-The-Counter Bulletin Board ("OTCBB") under the symbol "CLRI." The following table sets forth, for the periods indicated, the reported high and low closing bid quotations for our common stock as reported on the OTCBB for each quarterly period within our two most recent fiscal years. The bid prices reflect inter-dealer quotations, do not include retail markups, markdowns, or commissions, and do not necessarily reflect actual transactions.

Common Stock

Quarter Ended	High Bid	Low Bid
September 30, 2010	\$ 0.006	\$ 0.0009
June 30, 2010	\$ 0.012	\$ 0.002
March 31, 2010	\$ 0.021	\$ 0.002
December 31, 2009	\$ 0.14	\$ 0.001
September 30, 2009	\$ 0.024	\$ 0.0158
June 30, 2009	\$ 0.05	\$ 0.01
March 31, 2009	\$ 0.23	\$ 0.01
December 31, 2008	\$ 0.10	\$ 0.03

Holders

As of January 3, 2011, we have approximately 141 stockholders of record of our issued and outstanding common stock based upon a shareholder list provided by our transfer agent.

Dividend Policy

We have never paid dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. We intend to retain any earnings for the operation and expansion of our business. Other than financial ability, we have no legal, contractual or corporate constraints against the payment of dividends. Commitments we may make in the future may, however, contractually limit or prohibit the payment of dividends.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth, as of September 30, 2010, certain information related to our compensation plans under which shares of our common stock are authorized for issuance.

Plan Category	COLUMN A: 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)
Equity compensation plans approved by security holders	7,100,000 (1) \$	\$0.0868	7,900,000 (2)
Equity compensation plans not approved by security holders (3)	15,371,265	\$0.1170	3,671,301 (4)
Total	<u>22,471,265</u>	<u>\$ 0.107</u>	<u>7,100,000</u>

- (1) Includes outstanding options granted pursuant to GlobalTel IP 2005 Incentive Equity Plan, which terminated by its terms on October 17, 2010.
- (2) Includes shares remaining available for future issuance under the GlobalTel IP 2005 Equity Incentive Plan.
- (3) These consist of individual consulting agreements.
- (4) Includes shares remaining available for future issuance under the 2009 Consultant Stock Plan

Recent Sales of Unregistered Securities

On July 9, 2010, an investor purchased 250,000 shares of Series A Convertible Preferred Stock for \$250,000. Each Series A Preferred Share is convertible into the Company's common stock after two years at a conversion price of \$0.01 per share at the holder's option. Each Series a Preferred Holder is also entitled to receive cumulative dividends at the rate of 8% of \$1.00 per annum on each outstanding share of Series A Preferred then held by such Series A Preferred Holder, on a pro rata basis. The shares were sold without registration under the Securities Act in reliance upon the exemptions from registration set forth in Section 4(2) and Regulation D. We based such reliance upon factual representations by the recipients of the shares to us regarding their investment interest and sophistication, among other things.

Item 6. Selected Financial Data

Not applicable.

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

The following discussion and analysis of the results of operations and financial condition for the fiscal years ending September 30, 2010 and 2009 should be read in conjunction with our financial statements and the notes to those financial statements that are included elsewhere in this report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations, and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the Risk Factors, Cautionary Statement Regarding Forward-Looking Information, and Business sections in this report. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

Overview

From inception on November 15, 1999 through February 28, 2005 we were a development stage company or inactive, generated no revenue and incurred cumulative net losses of \$488,642. In February 2005, we acquired certain VoIP assets from Interactive Media Technologies, Inc. ("IMT") under an Asset Purchase Agreement. These assets enabled us to begin generating revenue by providing VoIP services to customers. Due to increased competition and additional government regulation and taxation it became increasingly difficult to earn a profit marketing VoIP services and in August and October 2007 we sold certain equipment and software used to operate the VoIP business, the proceeds of which were used to reduce our liabilities. These assets were not then being utilized by us. Following the asset sale we decided to concentrate on marketing unified group communications services to public and private enterprises, market our Audiomate 360 series of IP gateways and to continue to develop an application service provider solution for voice interoperability.

We have provided Internet Protocol, or IP, unified group communication solutions for enterprises. The products used in our solutions include our own proprietary products as well as products from other software and hardware vendors. An integral component of our unified group communication solution is WAVE™ software developed by Twisted Pair Solutions, Inc. of Seattle, WA.

We have designed and customized standards based audio and voice collaboration solutions for prospective customers that will result in a for unified group communication systems. We consider all aspects of a potential customer's information technology resources and existing telecommunications network in creating a design best suited for that customer. Substantially all of our designs for unified group communication solutions require the integration of WAVE software as a core component. We have designed, built and installed eleven unified group communication solutions as of the date of this filing all of which utilize WAVE software.

We have marketed our products and services primarily through a Vice President of Sales and Marketing and one in house sales executive. We intend to develop a network of channel partners and distributors which when and if established we believe will increase the revenue we receive from the sale of our products and services.

We outsource the manufacturing of our products to a contract manufacturer. Our outsourced manufacturing model allows us to scale our business without the significant capital investment and on-going expenses required to establish and maintain a manufacturing operation. Our AM360 gateways are manufactured by a contract manufacturer located in Pompano Beach, Florida. Our contract manufacturer provides us with a range of operational and manufacturing services, including component procurement, final testing and assembly of our products. We work closely with our contract manufacturer to manage the cost of components, since our total manufacturing costs are directly tied to component costs. We do not provide forecasts to our contract manufacturer, and we order products from our contract manufacturers on an as needed basis. We do not maintain a large finished goods inventory which limits our ability to fill customers' orders should they demand product quickly.

Our plans to continue our business and make investments in certain areas as described below are contingent upon substantial amounts of capital becoming available to us. We do not now have any such capital and there can be no assurance that we can obtain any capital on terms not unfavorable to us, if at all.

We are headquartered in Boca Raton, Florida and all of our personnel work at this location.

Critical Accounting Policies

Our significant accounting policies and recently issued accounting pronouncements are described in Notes 1 and 2 to the consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. We believe the following represent our critical accounting policies:

Estimates and Assumptions The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and of revenues and expenses during the reporting period. Estimates are made when accounting for revenue (as discussed below under "Revenue Recognition"), depreciation, amortization, bad debt reserves, income taxes and certain other contingencies. We are subject to risks and uncertainties that may cause actual results to vary from estimates. We review all significant estimates affecting the financial statements on a recurring basis and record the effects of any adjustments when necessary.

Revenue Recognition and Deferred Revenues Unified group communication solutions consist of three elements to be provided to customer: software licenses and equipment purchased from third-party vendors, proprietary hardware that is manufactured on contract to required specifications and installation and integration of the hardware and software into the cohesive communication source.

The Company's revenue recognition policies are in accordance with Accounting Standards Codification 605-10 "Revenue Recognition". (ASC 605-10). Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the contract price is fixed or determinable, and collectability is reasonably assured. No right of return privileges are granted to customers after shipment. The Company recognizes revenue for the elements separately as the sales of the equipment and software, installation and integration, and support services represent separate earnings processes that are generally specified under separate agreements.

Revenue from the resale of equipment utilized in unified group communication solutions is recognized when shipped. For software licenses, the Company does not provide any services that are considered essential to the functionality of the software, and therefore revenue is recognized upon delivery of the software, provided (1) there is evidence of an arrangement, (2) collection of the fee is considered probable and (3) the fee is fixed and determinable.

The Company also provides support to customers under separate contracts varying from one to three years. The Company's obligations under its service contracts vary by the length of the contract. In all cases the

Company is the primary obligor to provide first level support to the client. If the contract has less than one year of service and support remaining on the contract it is classified as a current liability, if longer it is classified as a non-current liability.

Installation and integration services are recognized upon completion.

Inventory. Inventory consists of components held for assembly and finished goods held for resale or to be utilized for installation in projects. Inventory is valued at lower of cost or market on a first-in, first-out basis.

Stock-Based Compensation. Effective January 1, 2006, the Company adopted the fair value recognition provisions of Accounting Standards Codification 718-10 "Compensation" (ASC 718-10) using the modified retrospective transition method. SFAS 123R requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods. The Company has estimated the fair value of each award as of the date of grant or assumption using the Black-Scholes option pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and that are freely transferable. The Black-Scholes option pricing model considers, among other factors, the expected life of the award and the expected volatility of the Company's stock price. In March 2005, the SEC issued SAB No. 107, Share-Based Payment ("SAB 107") which provides guidance regarding the interaction of ASC 718-10 and certain SEC rules and regulations. The Company has applied the provisions of SAB 107 in its adoption of ASC 718-10.

Basis of Presentation

Revenue. We have derived our revenue from sales of our unified group communication solutions, AudioMate 360 sales and related support and services. Our typical solution sale included a combination of third party hardware, WAVE software and installation and integration services. Channel partners buy our products directly from us. Prices to a given channel partner for hardware and software products depend on that channel partner's volume, as well as our own strategic considerations.

Support and services revenue has primarily consisted of post-contractual support and maintenance contracts. Post-contractual support includes software updates which grant rights to unspecified software license upgrades and maintenance releases issued during the support period. Post-contractual support also includes both Internet and phone-based technical support. Post-contractual support revenue is recognized ratably over the contractual service period.

Cost of revenue. Cost of product revenue consisted primarily of hardware costs, royalties and license fees for third-party software included in our systems, salary and related overhead costs of operations personnel and freight. The majority of these costs vary with the unit volumes of product sold. Cost of support and services revenue consists of salary and related overhead costs of personnel engaged in support and services, and hence is substantially fixed in the near term.

Research and development expenses. Research and development expenses primarily included personnel costs, outside engineering costs, professional services, prototype costs, test equipment, software usage fees and facilities

expenses. Research and development expenses are recognized when incurred. We have devoted substantial resources to the development of additional functionality for existing products and the development of new products and related software applications. We intend to continue to make significant investments in our research and development efforts because we believe they are essential to maintaining and improving our competitive position. Accordingly, we expect research and development expenses to continue to increase in absolute dollars.

Sales and marketing expenses. Sales and marketing expenses primarily included personnel costs, sales commissions, travel, marketing promotional and lead generation programs, advertising, trade shows, professional services fees and facilities expenses. We plan to continue to invest in development of our distribution channels by increasing the size of our field sales force and the number of our channel partners to enable us to expand our business. In conjunction with channel partner growth, we plan to increase the investment in our training and support of channel partners to enable them to more effectively sell our products. We also plan to continue investing in our domestic and international marketing activities to help build brand awareness and create sales leads for our channel partners. We expect that sales and marketing expenses will increase in absolute dollars and remain our largest operating expense category.

General and administrative expenses. General and administrative expenses relate to our executive, finance, human resources, legal and information technology organizations. Our general and administrative expenses have primarily included personnel costs, professional fees for legal, accounting, tax, compliance and information systems, travel, recruiting expense, software amortization costs, depreciation expense and facilities expenses. In addition, as if we are able to continue and then we expand our business, we expect to increase our general and administrative expenses.

Other income (expense). Other income (expense) has primarily consisted of interest and finance charges paid and other miscellaneous income (expenses).

Income tax provision. We recognize income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a tax rate change on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The Company records a valuation allowance to reduce net deferred tax assets to the amount considered more likely than not to be realized. Changes in estimates of future taxable income can materially change the amount of such valuation allowances.

Results of Continuing Operations – Comparison of the Fiscal Years Ended September 30, 2010 and September 30, 2009

Revenues

Revenues decreased from \$1,849,708 during 2009 to \$296,366 during 2010. This decrease was largely due to completing a project for one customer in 2009 who generated approximately 74% of the Company's revenue in 2009. The balance of the decline was largely due to a lack of funding available to customers for new unified communication projects.

Cost of Revenue and Gross Margin

Cost of revenues decreased from \$1,190,652 in 2009 to \$136,489 in 2010. Gross margins increased to approximately 54% or to \$159,877 from 35% or \$659,056 for the years ended September 30, 2010 and 2009, respectively. The primary reason for the increase in gross margin was because proprietary hardware and software carry significantly higher margins than third party hardware and software, and we generated more revenues from proprietary hardware and software during the last fiscal year than from third party hardware and software.

Operating Expenses

Operating expenses increased approximately 7% in 2010 to \$1,140,169 compared to \$1,062,472 during 2009. Operating expenses include selling expenses, administrative expenses, research and development costs and depreciation. This increase was primarily due to an 88% increase in research and development expenses.

Selling expenses increased from \$196,523 in 2009 to \$247,442 in 2010 primarily due to the addition of one additional sales consultant.

Administrative expenses decreased from \$718,813 in 2009 to \$648,364 in 2010 primarily due to cost cutting measures taken by management.

Research and development expenses increased to \$219,384 in 2010 from \$116,838 in 2009 due primarily to increased development expense related to the expansion the AM-360 family of IP gateway devices.

Depreciation expenses decreased approximately 16% primarily due to certain non-core assets reaching the end of their depreciation period.

Interest

Interest expense was \$64,801 and \$16,412 for 2010 and 2009, respectively. The increase was mainly due to the origination of three notes payable during the year and the recognition of discounts on notes payable over the term of their respective notes of approximately \$36,000.

Loss from Disposition of Assets

In 2010, we realized a loss from impairment of certain equipment of approximately \$39,000 and a loss of \$1,610 from the sale of non-core assets. In 2009, we realized a loss of \$230 from the sale of one non-core asset.

Net Loss

Net losses were \$1,087,016 and \$415,162 for 2010 and 2009, respectively.

Trends and Uncertainties

We have chosen to concentrate on developing the business of providing unified group communication solutions to public and private enterprises, including marketing our AudioMate 360 series of Internet Protocol gateways and bringing our hosted interoperability service, *X-Stream Access*, to market. Our ability to grow our unified communications business, market our AudioMate 360 gateways and bring our *X-Stream Access* product to market is critical to our future financial position and operations.

In order to market our services and generate meaningful revenue, we will need to hire additional employees over the next six months. There can be no assurance that we will have the financial and other resources to be able to attract qualified personnel or retain our current employees.

Liquidity and Capital Resources

Cash and cash equivalents increased by \$14,075 during the fiscal year ended September 30, 2010 to \$22,348. Net cash used in operating activities for the fiscal year ended September 30, 2010 was \$775,295 as compared to \$194,472 for the prior fiscal year due primarily to a increase in operating expenses. We funded our operating activities during the most recent fiscal year through financing activities that generated net proceeds of approximately \$790,000.

At September 30, 2010, our total liabilities were approximately \$479,583, which included \$8,503 in deferred revenue and \$25,000 notes payable.

Based on our initial unified communication installations, the development of our AudioMate 360 series of IP gateways, and completion of the development of our hosted *X-Stream Access* service, we have developed a business plan. The business plan calls for us to continue to market and sell unified communications hardware and software directly to enterprise customers. In addition, we intend to market our AudioMate 360 series of IP gateways and our *X-Stream Access* managed services both directly to clients and through strategic partners and VARs. Our strategic partners and VARs have introduced us to customers in the past, and we will continue to rely on them to introduce us to additional customers. We have also received sales prospects from our website. We intend to use search engine optimization to increase the number of inquires that we receive from our website, and if we have sufficient available funds, we intend to hire direct sales people. Our business plan further calls for us to seek additional strategic partners such as consulting firms, equipment manufacturers and communications companies.

We believe that in order to fund our business plan, we will need approximately \$1.5 million in new equity or debt capital. In the past, in addition to revenues and deferred revenues, we have obtained funds from the private sale of our debt and equity securities. We have also had discussions with several securities broker-dealers with respect to a private or public offering of our securities. Although none of such discussions has resulted in any funding, we intend to continue to have such discussions in the future. We also intend to continue to seek private financing from certain of our existing stockholders and others.

Our current operating expenses are approximately \$100,000 per month. In order for us to cover our monthly operating expenses, we must generate approximately \$300,000 per month in revenue. Accordingly, in the absence of sufficient revenues, we must \$100,000 in equity or debt capital each month to cover our overhead expenses. In order to remain in business for one year without any revenues, we must secure \$.1.2 million in equity or debt capital. If we are unsuccessful in securing sufficient capital or revenues, we will be unable to resume our business activities.

On September 30, 2010, we had current assets of \$110,850 and current liabilities of \$453,520. Our independent certified public accountants have stated in their report on our audited financial statements for the fiscal year end that there is a substantial doubt about our ability to continue as a going concern. In the absence of significant revenue and profits, we will be completely dependent on additional debt and equity financing. There can be no assurance that any funds will be available to us, or if available, that they will be sufficient to fund our capital expenditures, working capital and other cash requirements. Furthermore, there can be no assurance that any such additional funding that may be available can be obtained on terms not unfavorable to us. If we are unable to raise needed funds on acceptable terms, we will not be able to execute our business plan, develop or enhance existing services, take advantage of future opportunities, if any, or respond to competitive pressures or unanticipated requirements. If we do not obtain sufficient capital, we will not be able to continue operations.

Recent Developments

We have established an Accounts Receivable Credit Facility with a Factoring company. This facility allows us to factor up to \$500,000 of our accounts receivable that are accepted by the factoring company. We believe that this facility will allow us to better manage our cash flow.

Off-Balance Sheet Transactions

There are no off-balance sheet transactions.

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

Not applicable.

Item 8. Financial Statements and Supplementary Data.

Our Consolidated Financial Statements and related notes begin on Page F-1 of this Annual Report.

REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS AND NOTES
YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Cleartronic, Inc. and Subsidiaries
Boca Raton, FL

We have audited the accompanying consolidated balance sheet of Cleartronic, Inc. and Subsidiaries as of September 30, 2010 and 2009 and the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for each of the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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 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 purposes of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the consolidated 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 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 Cleartronic, Inc. and Subsidiaries as of September 30, 2009 and 2008, and the results of their operations and their cash flows for each of the years then ended, 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 3 to the consolidated financial statements, the Company has a net loss of \$1,087,016 of \$415,162 for the years ended September 30, 2010 and 2009, respectively. The Company also had a working capital deficiency of \$6,483,574 and a stockholders' deficit of \$ 343,463 at September 30, 2010. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Kramer Weisman and Associates, LLP

Davie, Florida

December 31, 2010

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CLEARTRONIC, INC. AND SUBSIDIARIES
BALANCE SHEETS
SEPTEMBER 30, 2010 AND 2009

ASSETS

	2010	2009
Current assets:		
Cash	\$ 22,348	\$ 8,273
Accounts receivable, net	5,019	1,140
Inventory	51,076	35,820
Prepaid expenses and other current assets	<u>32,407</u>	<u>39,671</u>
Total current assets	110,850	84,904
Property and equipment, net	<u>25,270</u>	<u>89,719</u>
Total assets	<u>\$ 136,120</u>	<u>\$ 174,623</u>

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities:		
Accounts payable	\$ 243,887	\$ 279,405
Accrued expenses	79,950	223,135
Deferred revenue, current portion	8,503	23,503
Notes payable - stockholders	<u>121,180</u>	137,459
Total current liabilities	453,520	663,502
Long Term Liabilities		
Notes Payable - Stockholders	25,000	-
Deferred revenue, net of current portion	<u>1,063</u>	<u>5,314</u>
Total long term liabilities	<u>26,063</u>	<u>5,314</u>
Total liabilities	<u>479,583</u>	<u>668,816</u>
Stockholders' equity (deficit):		
Series A preferred stock - \$.001 par value; 200,000,000 shares authorized, 250,000 shares issued and outstanding	250	-
Common stock - \$.001 par value; 750,000,000 shares authorized, 132,307,758 and 71,717,454 shares issued and outstanding, respectively	132,308	71,717
Additional paid-in capital	6,007,553	4,830,648
Accumulated Deficit	<u>(6,483,574)</u>	<u>(5,396,558)</u>
Total stockholders' equity (deficit)	<u>(343,463)</u>	<u>(494,193)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 136,120</u>	<u>\$ 174,623</u>

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

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CLEARTRONIC, INC. AND SUBSIDIARIES
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
Revenue	\$ 296,366	\$ 1,849,708
Cost of revenue	<u>136,489</u>	<u>1,190,652</u>
Gross profit	159,877	659,056
Operating expenses:		
Selling expenses	247,442	196,523
Administrative expenses	648,364	718,813
Research and development	219,384	116,838
Depreciation	<u>25,429</u>	<u>30,298</u>
Total operating expenses	1,140,619	1,062,472
Other income (expenses)		
Interest and other income	-	4,896
Interest and other (expense)	(64,801)	(16,412)
(Loss) on impairment of equipment	(39,863)	-
(Loss) on disposal of equipment	<u>(1,610)</u>	<u>(230)</u>
Total other expenses	<u>(106,274)</u>	<u>(11,746)</u>
(Loss) from operations	(1,087,016)	<u>(415,162)</u>
Net (loss)	\$ (1,087,016)	\$ (415,162)
Net (loss) per common share - basic and diluted	\$ (0.010)	\$ (0.007)
Weighted average number of shares outstanding - basic and diluted	<u>107,721,047</u>	<u>58,159,042</u>

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

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CLEARTRONIC, INC. AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2009	2008
Net (Loss)	\$ (1,087,016)	\$ (415,162)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Depreciation	25,249	30,298
Loss on sale of equipment	1,610	230
Loss on impairment of fixed assets	39,863	-
Common stock issued for services	182,252	138,751

Amortization of notes payable discount	37,513	2,927
Stock options issued under Plan	-	79,710
(Increase) decrease in assets:		
Accounts receivable	(3,879)	53,182
Inventory	(15,256)	12,989
Prepaid expenses and other current assets	(29,689)	699,858
Increase (decrease) in liabilities:		
Accounts payable	18,065	35,826
Accrued expenses	73,234	175,228
Deferred revenue	<u>(19,251)</u>	<u>(1,008,309)</u>
Net cash (used in) operating activities	<u>(777,305)</u>	<u>(194,472)</u>

Cash Flows From Investing Activities:

Purchases of equipment	(4,004)	-
Disposal of equipment in connection with settlement	<u>6,663</u>	<u>-</u>
Net cash provided by investing activities:	<u>2,659</u>	<u>-</u>

Cash Flows From Financing Activities

Principal payments on notes payable	(1,279)	
Proceeds from notes payable	40,000	137,459
Proceeds from issuance of common stock	500,000	39,100
Proceeds from issuance of preferred stock	250,000	-
Collection of stock subscription receivable	<u>-</u>	<u>5,475</u>
Net cash provided by financing activities	<u>788,721</u>	<u>182,034</u>

Net increase (decrease) in cash **14,075** **(12,438)**

Cash - Beginning of year **8,273** **20,711**

Cash - End of year **\$ 22,348** **\$ 8,273**

Supplemental cash flow information:

Cash paid for interest	<u>\$ 15,079</u>	<u>\$ 16,412</u>
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Non-cash financing transactions:

During the year ended September 30, 2009, the Company issued 8,156,730 common shares to non-employees for services rendered

During the year ended September 30, 2009, the Company issued 3,217,608 common shares to consultants for services

During the year ended September 30, 2009, the Company issued 4,489,705 common shares to an officer and director for conversion of a notes payable

During the year ended September 30, 2010, the Company issued 15,356,263 common shares to non-employees for services rendered

During the year ended September 30, 2010, the Company issued 15,192,679 common shares for conversion of accrued expenses and accounts payable

During the year ended September 30, 2010, the Company issued 1,818,832 common shares for conversion of notes payable and accrued interest payable

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

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CLEARTRONIC, INC. AND SUBSIDIARIES

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEAR ENDED SEPTEMBER 30, 2010 AND 2009**

	Series A Preferred Stock		Common Stock		Additional	Stock	Accumulated	
	Shares	Amount	Shares	Amount	paid-in	Subscription	deficit	Total
					capital	Receivable		
BALANCE								
AT								
SEPTEMBER		\$		\$				
30, 2008	<u>-</u>	<u>\$ -</u>	<u>48,165,081</u>	<u>\$ 48,165</u>	<u>\$ 4,466,909</u>	<u>\$ (5,475)</u>	<u>\$ (4,981,396)</u>	<u>\$ (471,797)</u>
Shares issued for cash	-	-	3,590,385	3,590	35,510	-	-	39,100

Shares issued for non-employee services	-	7,656,730	7,657	131,094	-	-	138,751
Shares issued for note conversion	-	4,489,705	4,490	34,685	-	-	39,175
Shares issued in connection with debt issuance	-	4,097,945	4,098	31,030	-	-	35,128
Shares issued for conversion of accrued expenses	-	3,217,608	3,217	52,211	-	-	55,428
Stock options issued under Plan	-	-	-	79,710	-	-	79,710
Shares issued in exchange for cancellation of warrants	-	500,000	500	(500)	-	-	-
Collection of stock subscription receivable			-		5,475		5,475
Net (loss) for the year ended September 30, 2009	-	-	-	-	-	(415,162)	(415,162)

BALANCE AT SEPTEMBER 30, 2009

	\$	\$	\$	\$	\$	\$	\$	
	-	-	71,717,454	71,717	4,830,648	-	(5,396,558)	(494,192)

Common Shares issued for cash		27,472,530	27,473	472,527			500,000
Preferred Shares issued for cash	250,000	250	-	249,750			250,000
Shares issued for non-employee services		15,356,263	15,356	165,645			180,999
Shares issued for note conversion		1,818,832	1,819	31,284			33,103
Shares issued in connection with debt issuance		750,000	750	5,500			6,250
Shares issued for conversion of accrued expenses		15,192,679	15,193	252,199			267,392
Net (loss) for the year ended September 30, 2009	-	-	-	-	-	(1,087,016)	(1,087,016)

BALANCE AT

SEPTEMBER

30, 2010 \$ 250,000 \$ 250 \$ 132,307,758 \$ 132,308 \$ 6,007,553 \$ - \$ (6,483,574) \$ (343,464)

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

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CLEARTRONIC, INC. AND SUBSIDIARIES

Notes to Financial Statements

September 30, 2010 and 2009

NOTE 1 - ORGANIZATION, CAPITALIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Cleartronic, Inc. (the "Company") was incorporated in the State of Florida on November 15, 1999. Originally formed as a website developer under the name Menu Sites, Inc., the Company ceased operations in 2002. In 2005, the Company became a provider of Voice Over Internet Protocol (VOIP) services and re-seller of international pre-paid telecommunication services through Interactive Media Technologies, Inc., ("IMT"), a related party, and was renamed GlobalTel IP, Inc. In August 2008, the Company ceased re-selling international pre-paid telecommunication services and sold back to IMT certain VoIP assets and began to transition its remaining VoIP business into managed unified group communication operations and development of VoIP related products. In November 2007, the Company formed, as placeStateFlorida corporations, two wholly owned subsidiaries: Gulf Telco, Inc. and Voicelnterop, Inc. In May 2008, the Company changed its name to Cleartronic, Inc. The Company now designs, builds and installs unified group communication solutions, including unique hardware and customized software, for public and private enterprises and markets those services and products under the Voicelnterop brand name. The Company has discontinued marketing its international services and has rescinded its Management Outsource Agreement with the placecountry-regionKuwait company, Phantom Telecom, Co. having received no revenues from the agreement. Gulf Telco, Inc. is currently inactive. Voicelnterop, Inc. is the operating subsidiary of the Company. The Company is currently developing an Application Service Provider hosted solution for voice interoperability for enterprise level customers and is continuing to develop a line of IP gateway devices and introduced the AM360 device (patent pending) in 2008.

ACCOUNTING PRINCIPLES AND PRINCIPLES OF CONSOLIDATION

The financial statements and accompany notes have been prepared in conformity with accounting principles generally accepted in the placecountry-regionUnited States of America. The financial statements include the accounts of Cleartronic, Inc. and its subsidiaries, Gulf Telco, Inc and Voicelnterop, Inc. Intercompany transactions and balances have been eliminated.

USE OF ESTIMATES

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and operations for the reporting period. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

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CASH AND CASH EQUIVALENTS

For financial statement purposes, the Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Company did not own any cash equivalents at September 30, 2010 or 2009.

ACCOUNTS RECEIVABLE

The Company provides an allowance for uncollectible accounts based upon a periodic review and analysis of outstanding accounts receivable balances. Uncollectible receivables are charged to the allowance when deemed uncollectible. Recoveries of accounts previously written off are used to credit the allowance account in the periods in which the recoveries are made. The Company provided an allowance for doubtful accounts of \$1,000 for the year ended September 30, 2010 and \$1,000 for the year ended September 30, 2009.

LONG-LIVED ASSETS

The Company periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of long-lived assets. If and when such factors, events or circumstances indicate possible impairment to long lived-assets the Company would make an estimate of undiscounted cash flows over the remaining lives of the respective assets in measuring recoverability from future operations. For the year ended September 30, 2010 the Company wrote off \$39,863 in impaired assets. There was no impairment of assets for the year ended September 30, 2009.

CONCENTRATION OF CREDIT RISK

The Company currently maintains cash balances at one banking institution. FDIC deposit insurance has temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2010. The Company did not have cash balances in excess of the FDIC limits at September 30, 2010. Beginning December 31, 2010 through December 31, 2012, deposits held in noninterest-bearing transaction accounts will be fully insured, regardless of the amount in the account, at all FDIC-insured institutions.

RESEARCH AND DEVELOPMENT COSTS

The Company expenses research and development costs as incurred. For the years ended September 30, 2010 and 2009 the Company had \$219,384 and \$116,838, respectively, in research and development costs.

COMPREHENSIVE INCOME

The Company had no comprehensive income during the years ended September 30, 2010 and 2009.

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REVENUE RECOGNITION AND DEFERRED REVENUES

Unified group communication solutions consist of three elements to be provided to customers: software licenses and equipment purchased from third-party vendors, proprietary hardware that is manufactured on contract to required specifications and installation and integration of the hardware and software into the cohesive communication source.

The Company's revenue recognition policies are in accordance with Accounting Standards Codification 605-10 "Revenue Recognition" (ASC 605-10). Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the contract price is fixed or determinable, and collectability is reasonably assured. No right of return privileges are granted to customers after shipment. The Company recognizes revenue for the elements separately as the sales of the equipment and software, installation and integration, and support services represent separate earnings processes that are generally specified under separate agreements.

Revenue from the resale of equipment utilized in unified group communication solutions is recognized when shipped. For software licenses, the Company does not provide any services that are considered essential to the functionality of the software, and therefore revenue is recognized upon delivery of the software, provided (1) there is evidence of an arrangement, (2) collection of the fee is considered probable and (3) the fee is fixed and determinable.

The Company also provides support to customers under separate contracts varying from one to five years. The Company's obligations under its service contracts vary by the length of the contract. In all cases the Company is the primary obligor to provide first level support to the client. If the contract has less than one year of service and support remaining on the contract it is classified as a current liability, if longer it is classified as a non-current liability.

Installation and integration services are recognized upon completion.

EARNINGS PER SHARE

Basic income (loss) per common share is calculated using the weighted average number of shares outstanding during the periods reported. Diluted earnings per share include the weighted average effect of all dilutive securities outstanding during the periods presented. Diluted per share loss is the same as basic per share loss when there is a loss from continuing operations. Accordingly, for purposes of dilutive earnings per share, the Company excluded the effect of warrants and options as of September 30, 2010 and 2009 for 22,471,265 and 10,085,000 shares, respectively.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company adopted ASC topic 820, "Fair Value Measurements and Disclosures" (ASC 820), formerly SFAS No. 157 "Fair Value Measurements," effective January 1, 2009. ASC 820 defines "fair value" as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There was no impact relating to the adoption of ASC 820 to the Company's financial statements.

ASC 820 also describes three levels of inputs that may be used to measure fair value:

- Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial instruments consist principally of cash, accounts receivable, prepaid expenses, accounts payable, accrued liabilities and deferred revenues. The carrying amounts of such financial instruments in the accompanying balance sheets approximate their fair values due to their relatively short-term nature. The fair value of long-term debt is based on current rates at which the Company could borrow funds with similar remaining maturities. The carrying amounts approximate fair value. It is management's opinion that the Company is not exposed to any significant currency or credit risks arising from these financial instruments.

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INVENTORY

Inventory consists of components held for assembly and finished goods held for resale or to be utilized for installation in projects. Inventory is valued at lower of cost or market on a first-in, first-out basis. The Company's policy is to record a reserve for technological obsolescence or slow-moving inventory items. No reserve was made for inventory balances as of September 30, 2010 and 2009.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. For financial statement purposes depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the asset.

Expenditures for replacements, maintenance and repairs that do not extend the lives of the respective assets are charged to expense as incurred. When assets are retired, sold or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are recognized.

INCOME TAXES

The Company recognizes income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a tax rate change on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The Company records valuation allowance to reduce net deferred tax assets to the amount considered more likely than not to be realized. Changes in estimates of future taxable income can materially change the amount of such valuation allowances.

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STOCK-BASED COMPENSATION

Effective January 1, 2006, the Company adopted the fair value recognition provisions of

Accounting Standards Codification 718-10 "Compensation" (ASC 718-10) using the modified retrospective transition method. ASC 718-10 (formerly SFAS 123R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods. The Company has estimated the fair value of each award as of the date of grant or assumption using the Black-Scholes option pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and that are freely transferable. The Black-Scholes option pricing model considers, among other factors, the expected life of the award and the expected volatility of the Company's stock price. In March 2005, the SEC issued SAB No. 107, Share-Based Payment ("SAB 107") which provides guidance regarding the interaction of ASC 718-10 and certain SEC rules and regulations. The Company has applied the provisions of SAB 107 in its adoption of ASC 718-10.

ADVERTISING COSTS

Advertising costs are expensed as incurred. The Company had advertising costs of \$3,649 during the year ended September 30, 2010 and \$7,730 during the year ended September 30, 2009.

NOTE 2 -RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In October 2009, the FASB issued new accounting guidance for recognizing revenue for a multiple-deliverable revenue arrangement. The new guidance amends the existing guidance for separately accounting for individual deliverables in a revenue arrangement with multiple deliverables, and removes the criterion that an entity must use objective and reliable evidence of fair value to separately account for the deliverables. The new guidance also establishes a hierarchy for determining the value of each deliverable and establishes the relative selling price method for allocating consideration when vendor specific objective evidence or third-party evidence of value does not exist. We must adopt the new guidance prospectively for new revenue arrangements entered into or materially modified beginning in the first quarter of fiscal year 2012. Earlier adoption is permitted. We are currently evaluating the impact that the new guidance will have on our consolidated financial statements and the timing of our adoption.

In January 2010, the FASB issued Accounting Standards Update 2010-06, "Improving Disclosures about Fair Value Measurements" ("Update 2010-06"). Update 2010-06 provides amendments to current standards to require new disclosures for transfers of assets and liabilities between Levels 1 and 2 and for activity in Level 3 fair value measurements. Furthermore, the update provides amendments to clarify that a reporting entity should provide fair value measurement disclosures for each class of assets and liabilities and should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for those measurements that fall in either Level 2 or Level 3. Update 2010-06 becomes effective for interim and annual reporting periods beginning after December 15, 2010. The Company is currently evaluating this new statement.

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NOTE 3 -GOING CONCERN

During the years ended September 30, 2010 and 2009, and since inception, the Company has experienced cash flow problems. From time-to-time, the Company has experienced difficulties meeting its obligations as they became due. As reflected in the financial statements, the Company incurred net losses from operations of approximately \$1,087,000 for the year ended September 30, 2010 and net losses from operations of approximately \$415,000 for the year ended September 30, 2009. The Company also had a working capital deficiency of \$6,483,574 and a stockholders' deficit of \$343,463 at September 30, 2010. These matters raise substantial doubt about the Company's ability to continue as a going concern.

In fiscal year 2007, the Company began its transition from the business of providing VoIP services directly to agents and resellers to the management of VoIP communication services and to design and install unified group communication solutions for public and private enterprises. In fiscal year 2008, the Company completed initial design for an IP gateway device (AM360) and began manufacturing and assembly and marketing. The Company has marketed and sold these devices for the past two years and intends to expand the capabilities of the devices to allow them to be sold into a larger market sectors. The Company has completed development of an Application Service Provider or "Hosted" solution for voice interoperability that is available to customers as a subscription service. We have two pilot programs for this service currently deployed and intend to market this subscription service if the pilot projects are proven to be successful. These pilot projects and increases in research and development expenses have required the Company to rely on

equity and debt financing to supplement cash flow from operations. Management believes its new business strategy and anticipated increases in revenue and gross margins will enable it to alleviate some its liquidity and profitability issues. However, as part of its revised business strategy, and in recognition of current economic conditions, the Company plans to raise additional debt or equity capital and is discussing debt and equity finance options with private individuals and allied groups.

The Company anticipates that it will have to continue to rely on periodic infusions of equity capital and/or substantial credit facilities to meet its financial obligations.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should the Company be unable to continue its existence.

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NOTE 4 - PROPERTY AND EQUIPMENT

The Company's property and equipment as of September 30, 2010 and 2009 consisted of the following:

	2010	2009	ESTIMATED USEFUL LIFE (IN YEARS)
Software	\$ 47,823	\$ 43,820	4
Network equipment	32,653	32,653	4
VoIP equipment and software	3,873	43,735	5
Office equipment and furniture	30,226	35,829	5
Testing and R & D equipment	21,550	21,550	5
	136,125	177,587	
Less accumulated depreciation	(110,855)	(87,868)	
Net property and equipment	\$ 25,270	\$ 89,719	

During the year ended September 30, 2010, management determined that certain equipment held for use in research and development would not be used and were therefore impaired. The Company recognized a loss from impairment of approximately \$39,000.

Depreciation expense totaled \$25,429 and \$30,298 for the years ended September 30, 2010 and 2009, respectively.

NOTE 5 - DEFERRED INCOME TAXES

The tax effects of temporary differences that give rise to deferred tax assets consist of net operating loss carry-forwards. A reconciliation of the statutory U.S. Federal rate and the effective rate is as follows:

Years Ended September 30,	<u>2010</u>	<u>2009</u>
Statutory U.S. Federal Rate	35%	35%
State Income Taxes – net of federal benefit	4.5%	4.5%
	39.5%	39.5%

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For Federal income tax purposes, the Company's net operating losses available to offset future taxable income of approximately \$6,472,000, subject to limitations, expire at various times through 2028. Net deferred income tax asset as of September 30, 2010 and 2009 consisted of the following:

	2010	2009
Deferred income tax asset arising from net operating loss carry-forward	\$2,556,000	\$2,127,000
Less valuation allowance	(2,556,000)	(2,127,000)
Net deferred tax asset	\$ -	\$ -

NOTE 6 - NOTES PAYABLE - STOCKHOLDERS

In 2010, the Company issued three promissory notes totaling \$40,000 to three individual stockholders of the Company. Two of the notes, which total \$15,000, bear interest at 15% which is payable quarterly. These notes mature in December 2010. One of the notes, in the amount of \$25,000, bears interest at 10%, payable quarterly, and matures on December 31, 2012. In January 2010, one shareholder converted a promissory note in the amount of \$32,063 plus accrued interest in the amount of \$1,037 into 1,818,832 shares of the Company's restricted common stock.

In connection with two of the notes payable to stockholders, the Company issued 750,000 restricted shares of common stock. The common stock was valued at \$3,750 based on the fair value of the stock at the time of issuance. The discount is being recognized over the life of the notes payable, which mature in December 2010. For the year ended September 30, 2010, the Company recognized \$2,813 of the discount as interest expense. The net discount on notes payable of \$937 is included in Prepaid Expenses and Other Current Assets at September 30, 2010.

During the year ended September 30, 2009, the Company extended a note payable. The note, as extended, bears interest of 10% payable upon maturity of December 31, 2010. The note extension converted accrued interest of approximately \$2,000 resulting in total principal due of approximately \$32,000. In January 2010 this shareholder converted the promissory note plus accrued interest in the amount of approximately \$1,037 into 1,818,832 shares of the Company's restricted common stock.

In 2009, the Company issued five promissory notes totaling \$137,459 to five individual stockholders of the Company. Three of the notes, which total \$81,859, bear interest at 15% which is payable quarterly. These notes mature in August 2010. A note for \$25,500 bears interest of 14% payable monthly and matures in December 2009.

In connection with three of the notes payable to stockholders issued during the year ended September 30, 2009, the Company issued 4,097,975 restricted shares of common stock. The common stock was valued at \$35,128 based on the fair value of the stock at the time of issuance. The discount is being recognized over the life of the notes payable, which mature in August 2010. The Company recognized \$32,201 and \$2,927 of the discount as interest expense for the years ended September 30, 2010 and 2009, respectively.

In December 2010, the Company obtained extensions on three notes payable that had matured in August 2010 and one note payable that had matured in December 2009.

Interest expense on notes payable – stockholders was \$58,207 in 2010 and \$16,412 in 2009.

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NOTE 7 - EQUITY TRANSACTIONS

Common Stock

During the year ended September 30, 2010 the Company sold 13,736,625 units consisting of two shares of the Company's restricted common stock and a warrant for the purchase of one share of the Company's common stock at a price of \$0.0364 per unit for net proceeds of \$500,000. The unit sales were completed in five separate installments of 2,747,253 units each. The 13,736,625 warrants have an exercise price of \$0.10 and were valued at approximately \$10,000 using the Black Scholes Merton Option pricing model with the following range of assumptions for the five issuances – risk-free interest rate of 1.25% to 1.50%; expected dividend yield of 0%; expected life of 2 years; expected volatility of 80% to 90%. The common stock price range upon issuance was between \$0.012 and \$0.018 per share.

During the year ended September 30, 2010 the Company also issued 15,356,263 shares to consultants, officers and directors for services rendered during the year of approximately \$182,000. Between December 2009 to February 2010, four individuals and two officers and directors of the Company converted accrued consulting fees of approximately \$216,000 into 12,264,828 shares of common stock and the Company converted accounts payable of approximately \$51,000 into 2,927,851 shares of common stock. In addition, in January 2010, a shareholder converted a note payable and accrued interest of approximately \$33,000 into 1,818,832 shares of common stock. The Company accounted for these transactions pursuant to ASC 718-10 (formerly FASB 123(R)) and Staff Accounting Bulletin No. 107 under which costs or values are measured at the estimated fair market value of the consideration received or equities issued which ever is more readily determinable.

The Company issued 750,000 shares of common stock to two shareholders as discounts on notes payable in the amount of \$15,000. The discounts are amortized to interest over the life of the respective notes.

During the year ended September 30, 2009, the Company sold 3,590,385 shares of

common stock for cash at share prices ranging from \$.009 to \$.02 per share. The Company also issued 11,374,338 shares to five individuals and two officers and directors for services rendered during the year valued at \$194,178. In addition, an officer and director of the Company converted promissory notes in the amount of \$39,175 into 4,489,705 shares of common stock and issued 4,097,945 shares of common stock to three shareholders as discounts on notes payable in the amount of \$81,959.

Preferred Stock

In June 2010, the Board of Directors voted to amend the Company's Articles of Incorporation in order to authorize the issuance of 200 million shares of Preferred Stock with a par value of \$0.001 per share. Concurrently, the Board designated the preferred stock as Series A Convertible Preferred Stock. Each share of Series A Convertible Preferred stock is convertible into the Company's common stock after two years at a conversion price of \$0.01 per share at the holder's option. Each Series A Preferred Holder is also entitled to receive cumulative dividends at the rate of 8% of \$1.00 per annum on each outstanding share of Series A Preferred then held by such Series A Preferred Holder, on a pro rata basis.

In June 2010, the Company issued 250,000 shares of Series A Convertible Preferred Stock to one shareholder for \$250,000.

Consultant Stock Plan

During the year ended September 30, 2010 the Company adopted the Cleartronic, Inc. 2009 Consultant Stock Plan to assist the Company in obtaining and retaining the services of persons providing consulting services to the Company. In October 2009, the Company filed a registration statement with the Securities and Exchange Commission registering 10,000,000 shares of the Company's common stock for issuance under the plan. During the year ended September 30, 2010, the Company issued 6,328,699 shares to four individuals valued at approximately \$104,000 under the plan.

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Stock Options

During the year ended September 30, 2005, the Company adopted the GlobalTel IP, Inc. 2005 Incentive Equity Plan (the "Plan") allocating up to five million shares of the Company's common stock to offer incentives to key employees, contractors, directors and officers. On July 18, 2007, the Board of Directors, pursuant to the Plan, granted 3,050,000 options to 4 employees (including 2 officers and directors), and 2 consultants at an exercise price of \$0.275. The 2,000,000 options issued to the 2 officers and directors vested upon issuance and expire on July 31, 2012. In May 2008, the Board authorized an expansion of the number of shares allocated to the Plan to a total of 15,000,000 shares (10,000,000 additional shares of common stock). Pursuant to the Plan, in September 2008, the Board authorized a grant of 2,300,000 options to six employees (including 2 officers and directors) at an exercise price of \$0.12 and expire December 31, 2013. In September 2009, pursuant to the Plan, the Board authorized a grant of 4,000,000 options to six consultants (including 2 officers and directors) at an exercise price of \$0.03 per share that expire December 31, 2014. In September 2009, two officers and directors cancelled 1,250,000 options each. Each of the option cancellations were for 250,000 shares at an exercise price of \$0.20 expiring March 1, 2010 and 1,000,000 shares at an exercise price of \$0.275 per share expiring on July 31, 2012.

The following table summarizes the number of outstanding options with their corresponding contractual life, as well as the exercisable weighted average (WA) outstanding exercise price, and number of vested options with the corresponding exercise price by price range.

Range	Outstanding			Exercisable	
	Outstanding Options	WA Remaining Contractual Life	WA Outstanding Exercise Price	Vested Options	WA Vested Exercise Price
\$0.00 to \$0.030	4,000,000	4.25 yrs	\$0.030	4,000,000	\$0.030
\$0.040 to \$0.120	2,300,000	4.25 yrs	\$0.120	2,300,000	\$0.120
\$0.20 to \$0.275	<u>800,000</u>	<u>1.84 yrs</u>	<u>\$0.275</u>	<u>800,000</u>	<u>\$0.275</u>
	7,100,000	3.44 yrs	\$0.105	7,100,000	\$0.087

The following table summarizes information about stock options outstanding at September 30, 2010:

Stock Options	
Shares	Wtd. Avg. Exercise Price

Outstanding at October 1, 2008	6,950,000	\$0.255
Granted/Issued	4,000,000	\$0.030
Exercised	--	--
Expired/Canceled	2,500,000	\$0.240
Outstanding at September 30, 2009	8,450,000	\$0.105
Granted/Issued	--	--
Exercised	--	--
Expired/Canceled	1,350,000	\$.200
Outstanding at September 30, 2010	7,100,000	\$0.087

During the year ended September 30, 2010, the Company granted no options and 1,350,000 options expired or were cancelled.

Under the provisions of ASC 718-10, the fair value of the stock option grants was estimated on the date of the grant using the Black Scholes Merton Option pricing model with the following assumptions: For the year ended September 30, 2009 – risk-free interest rate of 2.0%; expected dividend yield of 0%; expected life of 1 year; expected volatility of 342%. The fair value of the options and resulting compensation expense for the rewards were approximately \$0 and \$80,000 for the years ended September 30, 2010 and 2009, respectively.

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Warrants

During the year ended September 30, 2010, 13,736,625 warrants were issued to one shareholder as part of 5 unit purchase agreements, no warrants expired and no warrants were cancelled.

During the year ended September 30, 2009, no warrants were issued, 3,032,500 expired and 367,500 warrants were cancelled. The Company's historical warrant issuances are as follows:

Date	# of Warrants	Value	Exercise Price	Expiring
12/31/05	200,000	\$ 10,000	\$ 0.20	12/31/12
09/28/07	800,000	\$ 29,000	\$ 0.275	12/31/12
12/31/07	500,000	\$ 29,000	\$ 0.275	12/31/11
05/29/08	135,000	\$ 8,500	\$ 0.20	12/31/10
01/23/10 to 04/29/10	13,736,625	\$ 10,00	\$ 0.10	12/31/13

NOTE 8 - RELATED PARTY TRANSACTIONS

Included in Accounts Payable at September 30, 2010 is approximately \$19,000 due to an officer of the Company.

For the year ended September 30, 2010, the Company issued 1,529,411 shares of common stock to a financial advisor in exchange for services valued at \$24,470 and paid cash compensation totaling approximately \$20,000.

For the year ended September 30, 2009, the Company issued 2,262,500 shares of common stock to a financial advisor in exchange for services valued at \$52,875, in consideration for cancellation of all outstanding warrants held by him and paid cash compensation totaling \$10,000.

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NOTE 9 - COMMITMENTS AND CONTINGENCIES

OBLIGATIONS UNDER OPERATING LEASES

The Company leases approximately 3,400 square feet for its principal offices in Boca Raton, Florida at a monthly rental of approximately \$8,500. The lease, which provides for annual increases of base rent of 3%, expires on June 30, 2011.

On December 1, 2010 the Company renegotiated its lease with the landlord and signed a new lease that expires on November 30, 2014. The new lease commenced on December 1, 2010 and provides for annual increases in base rent of 4% per year.

Future lease commitments are as follows for the year ended September 30, 2010:

2011	78,564
2012	76,332
2013	79,390
2014	<u>82,566</u>
	<u>\$ 316,852</u>

Rental expense incurred during the years ended September 30, 2010 and 2009 was \$104,063 and \$101,395, respectively.

MAJOR CUSTOMER

Approximately 58% of the Company's revenues for the year ended September 30, 2010 was derived from four customers.

MAJOR SUPPLIER AND SOLE MANUFACTURING SOURCE

During 2010 and 2009, the Company's unified group communication services business relied primarily on one major vendor to supply its software development platform. During the years ended September 30, 2010 and 2009, this vendor represented approximately 26% and 79%, respectively, of the total cost of revenue. The Company has contracted with a single local manufacturing facility to maintain its component parts inventory and to assemble its developed line of IP gateway devices. Interruption to either its software vendor or manufacturing source presents additional risk to the Company. The Company believes that other commercial facilities exist at competitive rates to match the resources and capabilities of its existing manufacturing source

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 31, 2010, which is the date the financial statements were issued.

In November 2010, the Company issued 250,000 shares of Series A Convertible Preferred Stock to one shareholder for \$250,000. Each Series A Preferred Share is convertible into the Company's common stock after two years at a conversion price of \$0.01 per share at the holder's option. Each Series a Preferred Holder is also entitled to receive cumulative dividends at the rate of 8% of \$1.00 per annum on each outstanding share of Series A Preferred then held by such Series A Preferred Holder, on a pro rata basis.

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

There have been no changes in or disagreements with our independent auditors.

Item 9A(T). Controls and Procedures.

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of the end of the period covered in this report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2010. This evaluation was carried out under the supervision and with the participation of our principal executive officer (CEO) and principal financial officer (CFO), who concluded, that because of the material weakness in our internal control over financial reporting described below that, our disclosure controls and procedures were not effective as of September 30, 2010. A material weakness is a deficiency or a combination of deficiencies in internal controls over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under that Act is accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management is also responsible for establishing internal control over financial reporting as defined in Rules 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act of 1934.

Our internal controls over financial reporting are intended to be designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

purposes in accordance with U.S. generally accepted accounting principles. Our internal controls over financial reporting are expected to include those policies and procedures that management believes are necessary that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

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As of September 30, 2010, management assessed the effectiveness of the our internal controls over financial reporting (ICFR) based on the criteria set forth in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on that assessment, management concluded that, during the period covered by this report, such internal controls and procedures were not effective as of September 30, 2010 and that material weaknesses in ICFR existed as more fully described below.

As defined by Auditing Standard No. 5, "An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements and Related Independence Rule and Conforming Amendments," established by the Public Company Accounting Oversight Board ("PCAOB"), a material weakness is a deficiency or combination of deficiencies that result in a more than a remote likelihood that a material misstatement of annual or interim financial statements will not be prevented or detected. In connection with the assessment described above, management identified the following control deficiencies that represent material weaknesses as of September 30, 2010:

- (1) Lack of an independent audit committee or audit committee financial expert. Although our board of directors serves as the audit committee it has no independent directors. Further, we have not identified an audit committee financial expert on our board of directors. These factors are counter to corporate governance practices as defined by the various stock exchanges and may lead to less supervision over management.
- (2) Inadequate staffing and supervision within our bookkeeping operations. We have only a single employee involved in bookkeeping functions. This prevents us from segregating duties within our internal control system. The inadequate segregation of duties is a weakness because it could lead to the untimely identification and resolution of accounting and disclosure matters or could lead to a failure to perform timely and effective reviews which may result in a failure to detect errors in spreadsheets, calculations, or assumptions used to compile the financial statements and related disclosures as filed with the Securities and Exchange Commission.

Our management determined that these deficiencies constituted material weaknesses.

Due to our small size and a lack of personnel resources, we are not able to, and do not intend to, immediately take any action to remediate these material weaknesses. However, we will implement further controls as circumstances permit. We have engaged a consultant to review our financial reporting process. The consultant's first tasks will be to serve as a second reviewer for all filings and also to assist us in remaining current with our required filings during the fiscal year ending September 30, 2011. Notwithstanding the assessment that our ICFR was not effective and that there were material weaknesses as identified herein, we believe that our consolidated financial statements contained in this Annual Report fairly present our financial position, results of operations and cash flows for the years covered thereby in all material respects.

There was no change in our internal control over financial reporting that occurred during the fourth quarter of our fiscal year ended September 30, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

On July 9, 2010, an investor purchased 250,000 shares of Series A Convertible Preferred Stock for \$250,000. Each Series A Preferred Share is convertible into the Company's common stock after two years at a conversion price of \$0.01 per share at the holder's option. Each Series a Preferred Holder is also entitled to receive cumulative dividends at the rate of 8% of \$1.00 per annum on each outstanding share of Series A Preferred then held by such Series A Preferred Holder, on a pro rata basis. The shares were sold without registration under the Securities Act in reliance upon the exemptions from registration set forth in Section 4(2) and Regulation D. We based such reliance upon factual representations by the

recipients of the shares to us regarding their investment interest and sophistication, among other things.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Executive Officers, Directors and Significant Employee

Set forth below are the name, age, position, and a brief account of the business experience of each of our executive officers and directors. Each of our directors holds office until the next annual meeting of shareholders and until the director's successor is elected and qualified or until the director's resignation or removal. Each of our executive officers holds office until the next annual meeting of shareholders. The experience and background of each of the directors, as summarized below, were significant factors in their previously being nominated as directors of the Company.

NAME	AGE	POSITIONS
Larry M. Reid	66	President, Chief Executive Officer, Chief Financial Officer and a director
Michael J. Gutowski	52	Vice President of Sales and Marketing and a director

Larry M. Reid has been a member of our Board of Directors since 1999 and our President since September 2006. He was also our President from 1999 to March, 2005 at which time he became our Executive Vice President and Chief Financial Officer. From December 2001 until September 2005, Mr. Reid was the Chief Financial Officer and a director of Connectivity Inc., which was primarily engaged in the manufacture and distribution of emergency call boxes. In April 2003, Connectivity Inc. was acquired by Arrow Resources Development, Inc. at which time Mr. Reid became the Executive Vice President and a director of that company.

Michael J. Gutowski has held his present positions with us since March 2005. From November 1999 to December 2002, Mr. Gutowski was the Chief Executive Officer and a director of Connectivity Inc., which was primarily engaged in the manufacture and distribution of emergency call boxes. In April 2003, Connectivity Inc. was acquired by Arrow Resources Development, Inc. at which time Mr. Gutowski became the President, Chief Operating Officer and a director of that company.

There are no family relationships among our directors, executive officers, or persons nominated or chosen by us to become directors or executive officers.

None of our directors or executive officers has, during the past ten years:

- Had any petition under the federal bankruptcy laws or any state insolvency law filed by or against, or had a receiver, fiscal agent, or similar officer appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;
- Been convicted in a criminal proceeding or a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);
- Been the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:
 - (i) Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;
 - (ii) Engaging in any type of business practice; or
 - (iii) Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;

- Been the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any federal or state authority barring, suspending, or otherwise limiting for more than 60

days the right of such person to engage in any activity described in (i) above, or to be associated with persons engaged in any such activity;

- Been found by a court of competent jurisdiction in a civil action or by the SEC to have violated any federal or state securities law, where the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended, or vacated;
- Been found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, where the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended, or vacated;
- Been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:
 - (i) Any federal or state securities or commodities law or regulation; or
 - (ii) Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or
 - (iii) Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- Been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Securities Exchange Act of 1934), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

We have not 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. We have not done so because of our small size and limited resources.

We have never adopted any procedures by which security holders may recommend nominees to our board of directors.

We do not have an audit committee because we do not have D&O insurance and are unable to attract outside board members.

Item 11. Executive Compensation.

Summary Compensation Table

The following table discloses all plan and non-plan compensation awarded to, earned by, or paid to the following for all services rendered in all capacities to us: (a) all individuals serving as our principal executive officer (PEO) or acting in a similar capacity during the fiscal year ended September 30, 2010, regardless of compensation level; (b) our two most highly compensated executive officers other than the PEO who were serving as executive officers at September 30, 2010 and whose total compensation was in excess of \$100,000; and (c) up to two additional individuals for whom disclosure would have been provided pursuant to (b) of this paragraph but for the fact that the individual was not serving as an executive officer of us at September 30, 2010 and whose total compensation was in excess of \$100,000 (the "Named Executive Officers"):

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)(1)	Non-Equity Incentive Compensation (\$)	Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Larry M. Reid President, PEO, and Chief Financial Officer	2010	\$ 104,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 104,000
	2009	\$ 104,000	\$ —	\$ —	\$ 25,000	\$ —	\$ —	\$ —	\$ 129,000
	2008	\$ 104,000	\$ —	\$ —	\$ 11,220	\$ —	\$ —	\$ —	\$ 115,220
Michael J. Gutowski, Vice President of Sales and Marketing	2010	\$ 104,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 104,000
	2009	\$ 104,000	\$ —	\$ —	\$ 25,000	\$ —	\$ —	\$ —	\$ 129,000
	2008	\$ 104,000	\$ —	\$ —	\$ 22,440	\$ —	\$ —	\$ —	\$ 126,440

(1) Represents the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance ASC 718-10.

Employment Agreements

There are no employment agreements in place with executive officers.

Outstanding Equity Awards at Fiscal Year End

The following table provides certain information concerning outstanding equity awards at September 30, 2010 for each of the Named Executive Officers:

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (#)
Larry M. Reid	500,000	-0-	-0-	\$ 0.12	12/31/13	—	—	—	—
Larry M. Reid	1,250,000	-0-	-0-	\$ 0.03	12/31/15	—	—	—	—
Michael Gutowski	1,000,000	-0-	-0-	\$ 0.12	12/31/13	—	—	—	—
Michael Gutowski	1,250,000	-0-	-0-	\$ 0.03	12/31/15	—	—	—	—

Compensation of Directors

During our fiscal year ended September 30, 2010, we did not compensate our directors for acting in that capacity. We have no arrangements pursuant to which any of our directors were or are to be compensated or are expected to be compensated in the future for any service provided as a director.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Equity Securities Authorized for Issuance With Respect to Equity Compensation Plans

Please see the section titled "Securities Authorized for Issuance under Equity Compensation Plans" under Item 5 above.

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Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of January 11, 2011 with respect to any person (including any "group") who is known to us to be the beneficial owner of more than 5% of our common stock and as to each class of our equity securities beneficially owned by our directors and directors and officers as a group:

Name and Address of Beneficial Owner	Shares of Common Stock Beneficially Owned (1)(2)	Approximate Percent of Class
Officers and directors:		
Larry M. Reid 8000 North Federal Highway Boca Raton, FL 33487	7,234,896(3)	5.4%(3)
Michael J. Gutowski 8000 North Federal Highway Boca Raton, FL 33487	5,514,705(4)	4.2%(4)
5% Shareholders:		
D. M Coblentz 8000 North Federal Highway Boca Raton, FL 33487	41,208,795(5)	28.2%(5)
Officers and directors as a group (2 persons):		
	11,329,365	12.6%

- (1) Unless otherwise noted below, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.
- (2) For purposes hereof, a person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from January 11, 2011 upon the exercise of warrants or options or the conversion of convertible securities. Each beneficial owner's percentage ownership is determined by assuming that any such warrants, options or convertible securities that are held by such person (but not those held by any other person) and which are exercisable within 60 days from January 11, 2011, have been exercised.
- (3) Includes 1,750,000 shares that can be acquired by Mr. Reid upon exercise of options.
- (4) Includes 2,250,000 shares that can be acquired by Mr. Gutowski upon exercise of options and 500,000 shares owned by Mr. Gutowski's spouse.
- (5) Includes 13,736,625 shares that can be acquired by exercise of warrants.

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

None.

Director Independence

We currently have no members of our Board who qualify as "independent" as the term is used in

Section 803A and Rule 10A-3(b)(ii) promulgated thereunder of the Securities Exchange Act of 1934, as amended, and the listing standards of the Nasdaq Capital Market

Item 14. Principal Accounting Fee and Services.

Audit Fees

The aggregate fees billed for our fiscal years ended September 30, 2010 and September 30, 2009 for professional services rendered by the principal accountants for the audit of our annual financial statements for services that are normally provided by the accountants in connection with statutory and regulatory filings or engagements for those fiscal years were \$19,500 and \$19,500, respectively. We do not have an audit committee.

Audit-Related Fees

The aggregate fees billed for our fiscal years ended September 30, 2010 and September 30, 2009 for assurance and related services by the principal accountants that were reasonably related to the performance of the audit or review of our financial statements and are not reported under the caption "Audit Fees" above were \$12,000 and \$10,500, respectively.

Tax Fees

The aggregate fees billed for our fiscal years ended September 30, 2010 and September 30, 2009 for professional services rendered by the principal accountants for tax compliance, tax advice, and tax planning were \$0 and \$0, respectively.

All Other Fees

The aggregate fees billed for our fiscal years ended September 30, 2010 and September 30, 2009 for products and services provided by the principal accountants, other than the services reported above in this Item 14, were \$0 and \$0, respectively.

Less than 50% of the hours expended on the principal accountant's engagement to audit our financial statements for the fiscal year ended September 30, 2010, were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

The following exhibits have been filed as part of this Annual Report:

- 3.1 Articles of Incorporation. (1)
- 3.2 Articles of Amendment to Articles of Incorporation filed March 12, 2001. (1)
- 3.3 Articles of Amendment to Articles of Incorporation filed October 4, 2004. (1)
- 3.4 Articles of Amendment to Articles of Incorporation filed March 31, 2005. (1)
- 3.5 Articles of Amendment to Articles of Incorporation filed May 9, 2008. (5)
- 3.6 Amended and Restated Bylaws. (9)
- 4.1 Form of Specimen Stock Certificate for the registrant's Common Stock. (1)
- 4.2 GlobalTel IP, Inc. 2005 Incentive Equity Plan. (1)
- 4.3 Form of option issued pursuant to GlobalTel, Inc. 2005 Incentive Equity Plan. (1)
- 4.4 Convertible Debenture in the principal amount of \$100,000 issued to Judith Holding Ltd. (2)
- 4.5 Convertible Debenture in the principal amount of \$100,000 issued to Josephine and Santo Sciarrino. (2)
- 4.6 Convertible Debenture in the principal amount of \$25,000 issued to James Drew. (2)
- 4.7 Form of Warrant. (8)
- 4.8 Form of Secured Promissory Note. (8)
- 10.1 Application Service Provider License Agreement between Twisted Pair Solutions, Inc. and the registrant of August 6, 2006, as amended. (4) (Portions of the exhibit have been omitted pursuant to a request for confidential treatment.)
- 10.2 Authorized Reseller Agreement between Twisted Pair Solutions, Inc. and the registrant of May 10, 2006. (4) (Portions of the exhibit have been omitted pursuant to a request for confidential treatment.)

- 10.3 Consulting Agreement of June 1, 2007 MANNetworks LLC and the registrant. (4)
- 10.4 Lease Agreement of July 1, 2007 between BGNP Associates, LLC and the Registrant. (3)
- 10.5 Consultant Services Agreement of July 25, 2007 between John Boteler and the registrant. (4)
- 10.6 Consultant Services Agreement of October 1, 2008 between Michael J. Gutowski and the registrant. (7)
- 10.7 Consultant Services Agreement of October 1, 2008 between Larry Reid and the registrant. (7)
- 10.8 2009 Consultant Stock Plan. (6)
- 10.9 Form of Security Agreement. (8)
- 21.1 Subsidiaries of the Registrant. (5)
- 23.1 Consent of Kramer, Weisman and Associates, LLP *
- 31.1 Rule 13a-(a)/15d-14(a) Certification. *
- 31.2 Rule 13a-(a)/15d-14(a) Certification. *
- 32.1 Section 1350 Certifications. *

* Filed herewith.

- (1) Filed on July 3, 2006 as an exhibit to the registrant's registration statement on Form SB-2 and hereby incorporated by reference.
- (2) Filed on March 22, 2007 as an exhibit to Amendment No. 2 to the registrant's registration statement on Form SB-2 and hereby incorporated by reference.
- (3) Filed on July 5, 2007 as an exhibit to Amendment No. 4 to the registrant's registration statement on Form SB-2 and hereby incorporated by reference.
- (4) Filed on March 17, 2008 as an exhibit to Amendment No. 5 to the registrant's registration statement on Form S-1 and hereby incorporated by reference.
- (5) Filed on May 28, 2008 as an exhibit to Amendment No. 6 to the registrant's registration statement on Form S-1 and hereby incorporated by reference.
- (6) Filed on October 26, 2009 as an exhibit to the registrant's registration statement on form S-8 and hereby incorporated by reference.
- (7) Filed on January 12, 2010 as an exhibit to the registrant's Annual Report on Form 10-K and hereby incorporated by reference.
- (8) Filed on January 28, 2010 as an exhibit to the registrant's Current Report on Form 8-K and hereby incorporated by reference.
- (9) Filed on July 26, 2010 as an exhibit to the registrant's Current Report on Form 8-K and hereby incorporated by reference.

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.

Cleartronic, Inc.

Date: January 11, 2011

By: /s/ Larry Reid
Larry Reid
President and Chief Executive Officer

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.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Larry Reid</u> Larry Reid	Principal Executive Officer, Principal Financial Officer, Principal Accounting Officer and Director	January 11, 2011
<u>/s/ Michael Gutowski</u> Michael Gutowski	Director	January 11, 2011

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

As independent registered public accountants, we hereby consent to the incorporation by reference in the Registration Statement No 333-135585 on Form S-8 of our report dated January 11, 2011, relating to the consolidated balance sheets of Cleartronic, Inc. and Subsidiary as of September 30, 2010 and 2009 and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, included in the 2010 Annual Report on Form 10-K of Cleartronic, Inc. and Subsidiary.

\s\ Kramer Weisman and Associates, LLP

Davie, FL

January 11, 2011

Exhibit 31.1

CERTIFICATION

I, Larry Reid, certify that:

1. I have reviewed this annual report on Form 10-K of Cleartronic, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 11, 2010

/s/ Larry Reid

Larry Reid, Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, Larry Reid, certify that:

1. I have reviewed this annual report on Form 10-K of Cleartronic, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15-d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 11, 2011

/s/ Larry Reid

Larry Reid, Principal Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Cleartronic, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that the Annual Report on Form 10-K for the fiscal year ended September 30, 2010 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods indicated.

January 11, 2011

/s/ Larry Reid

By Larry Reid
Principal Executive Officer and Principal
Financial Officer