WATAIRE INTERNATIONAL, INC.

FORM 10-Q
(Quarterly Report)

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Address	3rd Floor, 21900 Burbank Blvd. Woodland Hills, CA 91367
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended December 31, 2009

OR

( ) TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from __________ to ________

Commission File Number : 000 - 49955

WATAIRE INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Washington	91-2060082
(State or other jurisdiction of incorporation or organization)	(I.R.S. Empl. Ident. No.)

3rd Floor, 21900 Burbank Blvd, Woodland Hills, California 91367
(Address of principal executive offices) (Zip Code)

877-602-8985
(Issuer's telephone number)

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

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 that the registrant was required to submit and post such files). Yes ( ) No ( )

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a small reporting company. See definitions of "large accelerated filer," “accelerated filer,” and “small reporting company" in Rule 12B-2 of the Exchange Act. (Check one) :

Large accelerated filer ( )	Accelerated filer ( )
Non-accelerated filer ( )	Smaller reporting company (X)

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

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares outstanding the issuer's common stock, $0.0001 par value, was 98,710,123 as of February 1, 2010.

WATAIRE INTERNATIONAL, INC.
FORM 10-Q
For the Period Ended December 31, 2009
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Part 1. Item 1. Financial Statements

WATAIRE INTERNATIONAL, INC..

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WATAIRE INTERNATIONAL, INC.

(A Development Stage Company)

FINANCIAL STATEMENTS

December 31, 2009

(Stated in US Dollars)

WATAIRE INTERNATIONAL, INC.
(Formerly Cimbix Corporation)
(A Development Stage Company)
BALANCE SHEETS
as at December 31, 2009 and March 31, 2009
(Stated in US Dollars)

	Unaudited Dec. 31, 2009	March 31, 2009
Assets		
Current Assets		
Cash	4,263	35
Prepaid expenses & retainer	1,405	9,766
Advance on marketing agreements	250,000	250,000
Inventory	250,456	250,456
Total Current Assets	506,124	510,257
Capital assets, net	77	308
Patents, Trademarks	31,434	31,434
Acquisitions of intangibles	2,546,062	2,546,062
Total Assets	3,083,697	3,088,061
Liabilities		
Current Liabilities		
Accounts payable	477,777	353,854
Shareholder loan and interest	-	106,589
Due to related parties	47,293	1,280
Deferred revenue	160,924	189,067
Total Current Liabilities	685,994	650,790
Long Term Liabilities		
Derivative liability	197,158	-
Convertible debenture, net	30,972	-
Total Liabilities	914,124	650,790
Stockholders' Equity		
Preferred shares, $0.0001 par value, redeemable at $0.005		
Authorized 20,000,000 shares		
Issued and outstanding, 27,501 (March 31, 2009: 27,501)	3	3
Common shares, $0.0001 par value:		
Authorized 100,000,000 shares		
Issued and outstanding, 98,710,123 (March 31, 2009: 87,110,123)	9,871	8,711
Additional paid-in capital	13,145,346	12,880,264
Deferred Stock-Based Comp.	(88,667)	-
Deficit accumulated during the development stage	(10,896,980)	(10,451,707)
Total Equity	2,169,573	2,437,271
Total Liabilities and Stockholders' Equity	3,083,697	3,088,061

The accompanying notes are an integral part of the financial statements

WATAIRE INTERNATIONAL, INC.

(Formerly Cimbix Corporation)

(A Development Stage Company)

STATEMENTS OF OPERATIONS

for the three months ended December 31, 2009 and 2008 and

for the nine months ended December 31, 2009 and 2008 and

for the period August 17, 2000 (Inception) to December 31, 2009

(Stated in US Dollars)

(Unaudited)

	For the 3 months ended December 31,		For the 9 months ended December 31,		August 17, 2000 (Inception) to Dec. 31,
	2009	2008	2009	2008	2009
Sales	-	20,000	-	174,540	488,102
Cost of sales	-	(47,619)	-	(149,724)	(376,292)
Gross margin	-	(27,619)	-	24,816	111,810
Other income	-	-	-	-	9,500
	-	(27,619)	-		
Expenses					
Advances written off	-	-	-	-	234,542
Amortization	77	77	231	231	70,974
Amortization of notes discount	28,505	-	28,505	-	28,505
Bad debt written off	-	-	-	-	2,800
Consulting fees	-	-	600	119,005	430,970
Donated services	-	-	-	-	11,250
Foreign exchange (gain)/loss	-	13,055	-	19,083	(42,356)
General and administrative	12,094	6,335	27,986	51,039	264,421
Incorporation costs	-	-		-	2,005
Management fees	45,000	45,000	135,000	135,000	781,883
Marketing and promotion	19,500	726	32,500	30,239	197,101
Professional fees	36,742	22,290	94,199	53,838	458,054
Research & Development	-	-	-	105,000	202,143
Rent	9,375	3,734	9,375	9,466	58,384
Settlement of accounts payable	-	-	-	-	(3,250)
Stock-based compensation	94,242	-	94,242	-	8,104,292
Travel	4,444	956	6,012	7,590	76,258
Website development costs	12,263	-	20,263	-	28,963
Total Expenses	262,242	92,173	448,913	530,491	10,906,939
Loss from continuing operations	(262,242)	(119,792)	(448,913)	(505,675)	(10,785,629)
Gain/(Loss) from discontinued operations	3,640	-	3,640	-	(111,351)
Net loss for the period	(258,602)	(119,792)	(445,273)	(505,675)	(10,896,980)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.01)	
Weighted average number of shares outstanding	98,710,123	79,066,645	95,060,668	78,177,517	

The accompanying notes are an integral part of the financial statements

WATAIRE INTERNATIONAL, INC.
(Formerly Cimbix Corporation)
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
for the nine months ended December 31, 2009 and 2008 and
for the period August 17, 2000 (Inception) to December 31, 2009
(Stated in US Dollars)
(Unaudited)

	For the 9 months ended Dec. 31, 2009	2008	August 17, 2000 (Inception) to Dec. 31, 2009
Operating Activities			
Loss from continuing operations	(445,273)	(505,675)	(10,896,980)
Adjustments to reconcile loss to cash used in operating activities :			
Amortization	231	231	70,974
Amortization of notes discounts	28,505	-	28,505
Donated services	-	-	11,250
Website development costs written off	-	-	8,700
Shares issued for services	-	-	122,070
Stock-based compensation	157,575		8,167,625
Advances written off	-	-	199,542
Change in non-cash working capital items :			
Accounts receivable	-	-	-
Prepaid expenses and retainers	8,361	(9,368)	(1,405)
Deferred revenue	(28,143)	66,274	160,924
Advance on marketing agreements	-	-	(250,000)
Inventory	-	57,872	(250,456)
Accounts payable and accrued liabilities	143,923	36,178	1,276,731
Net cash used in operating activities	(134,821)	(354,488)	(1,352,520)
Investing Activities			
License payment advanced	-	-	(50,000)
Capital assets	-	-	(922)
Advanced to subsidiaries	-	-	(115,091)
Acquisition of intangibles-net	-	(10,689)	(507,624)
Website development costs	-	-	(8,700)
Proceeds from disposition of subsidiaries	-	-	100
Net cash used in investing activities	-	(10,689)	(682,237)
Financing Activities			
Bank indebtedness	-	(5,885)	-
Shareholder loan & interest	18,411	105,356	125,000
Due to related parties	46,013	63,398	47,293
Shares issued for cash	-	180,000	1,792,102
Proceeds from Convertible debentures	74,625	-	74,625
Net cash provided by financing activities	139,049	342,869	2,039,020
Increase/(Decrease) in Cash	4,228	484	4,263
Cash, beginning	35	-	-
Cash, ending	4,263	484	4,263

The accompanying notes are an integral part of the financial statements

Supplemental Disclosure of Cash Flow Information			
Cash paid during the period for interest	-	-	-
Cash paid during the period for income taxes	-	-	-
Supplemental Disclosure of Non-Cash Items:			
Shares issued for Debt	172,000	110,000	731,313
Deferred stock-based compensation	(88,667)	-	(88,667)
Shares issued for Promissory Notes	-	-	365,087
Shares issued for intangibles	-	-	960,000
Exchange of shareholder loan for Convertible Debt	125,000	-	125,000

The accompanying notes are an integral part of the financial statements

WATAIRE INTERNATIONAL, INC.
(Formerly Cimbix Corporation)
(A Development Stage Company)
Notes to the Consolidated Financial Statements
December 31, 2009
(Stated in US Dollars)

Note 1. General Organization and Business

The Company was incorporated on August 17, 2000 in the State of Washington, USA and the Company's common shares are publicly traded on the OTC Bulletin Board. On September 26, 2006, the Company approved a name change from Cimbix Corporation to Wataire International, Inc.

The Company markets and distributes atmospheric water generator machines. It also owns all of the intellectual property relating to a water treatment process and devices for water-from-air machines. Management plans to further evaluate, develop and manage the commercialization, sub-license and/or commercial sale of these products.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At December 31, 2009, the Company had not yet achieved profitable operations, has accumulated losses of $10,896,980 since its inception and expects to incur further losses in the development of its business, all of which cast substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon future profitable operations and/or the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management has obtained additional funds by related party advances, however there is no assurance that this additional funding is adequate and further funding may be necessary.

Note 2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and are stated in US dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

(a) Development Stage Company

The Company is a development stage company and has adopted FASB ASC Topic 915, "Accounting and Reporting by Development Stage Enterprises" (previously "SFAS 7"). The Company is devoting substantially all of its present efforts to establish a new business and none of its planned principal operations have commenced. All losses accumulated since inception has been considered as part of the Company's development stage activities.

(b) Consolidation

These financial statements will exclude the consolidation of its wholly owned subsidiaries, Petsmo Inc. and Aqua Technologies, Inc. as these subsidiaries have been dissolved and the investments to be written off and contra with the amounts owing to the subsidiaries.

(c) Financial Instruments

The carrying values of cash, accounts receivable, accounts payable, promissory notes payable and due to related parties approximate fair value because of the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(d) Inventory

Inventory, which consists of finished goods, is valued at the lower of cost net realizable value using the first in first out (FIFO) method.

(e) Website Development Costs

In July 2009, the Company adopted FASB ASC Topic 350, “Accounting for the Costs of Computer Software Development or Obtained for Internal Use” (previously SOP 98-1). The Company previously capitalized costs of design, configuration, coding, installation and testing of the Company’s website up to its initial implementation. Costs are amortized to expense over an estimated useful life of three years using the straight-line method. Ongoing website post-implementation cost of operations, including training and application, are expensed as incurred.

(f) Impairment of long-lived assets

In July 2009, the Company adopted FASB ASC Topic 360, "Accounting for the Impairment or Disposal of Long-Lived Assets" (previously "SFAS 144"). This topic addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with this topic. This topic requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal.

(g) Revenue Recognition

The Company receives revenues from the sale of water generator machines. The Company recognizes revenues when persuasive evidence of an arrangement exists, the product is delivered and collection is reasonably assured. A one-year warranty is provided by the Company on all its products.

(h) Income Taxes

In July 2009, the Company adopted FASB ASC 749 “Accounting for Income Taxes” (previously SFAS 109), which requires the use of the asset and liability method of accounting for income taxes. Under the asset and liability method of SFAS 109, deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and loss carry forwards and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled.

(i) Basic and Diluted Loss Per Share

Basic earnings per share is calculated using the weighted-average number of common shares outstanding during the period without consideration of the dilutive effect of stock warrants and convertible notes. Diluted earnings per share is calculated using the weighted-average number of common shares outstanding during the period after consideration of the dilutive effect of stock warrants, stock options and convertible notes.

(j) Stock-based Compensation

In July 2009, the Company adopted FASB ASC Topic 718, "Share-Based Payment" (previously "SFAS 123(R)"). This topic requires that companies account for awards of equity instruments issued to employees under the fair value method of accounting and recognize such amounts in their statements of operations. Under this topic, we are required to measure compensation cost for all stock-based awards at fair value on the date of grant and recognize compensation expense in our consolidated statements of operations over the service period that the awards are expected to vest.
The Company accounts for stock-based compensation issued to

non-employees and consultants in accordance with the provisions of FASB ASC Topic 718, "Share-Based Payment" (previously "SFAS 123(R)"). Under this topic Common stock issued to non-employees in exchange for services is accounted for based on the fair value of the services received.

(k) Foreign Currency Translation

The Company translates foreign currency transactions and balances to its reporting currency, United States dollars, in accordance with SFAS No. 52, “Foreign Currency Translation”. Monetary assets and liabilities are translated into the functional currency at the exchange rate in effect at the end of the year. Non-monetary assets and liabilities are translated at the exchange rate prevailing when the assets were acquired or the liabilities assumed. Revenues and expenses are translated at the rate approximating the rate of exchange on the transaction date. All exchange gains and losses are included in the determination of net income (loss) for the year.

(l) Reclassifications

Certain items in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current period’s presentation. These reclassifications have no effect to the previously reported income (loss).

(m) Change in Reporting Year

The Company adopted March 31 as its fiscal year end from September 30 in 2008.

(n) Recently Issued Accounting Pronouncements

The adoption of these accounting standards had the following impact on the Company’s statements of income and financial condition:

- FASB ASC Topic 855, “Subsequent Events”. In May 2009, the FASB issued FASB ASC Topic 855, which establishes general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this Statement sets forth : (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This FASB ASC Topic should be applied to the accounting and disclosure of subsequent events. This FASB ASC Topic does not apply to subsequent events or transactions that are within the scope of other applicable accounting standards that provide different guidance on the accounting treatment for subsequent events or transactions. This FASB ASC Topic was effective for interim and annual periods ending after June 15, 2009, which was June 30, 2009 for the Corporation. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.

- FASB ASC Topic 105, "The FASB Accounting Standard Codification and the Hierarchy of Generally Accepted Accounting Principles". In June 2009, the FASB issued FASB ASC Topic 105, which became the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this FASB ASC Topic, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-SEC accounting literature not included in the Codification will become non-authoritative. This FASB ASC Topic identify the sources of accounting principles and the framework for selecting the principles used in preparing the financial statements of nongovernmental entities that are presented in conformity with GAAP. Also, arranged these sources of GAAP in a hierarchy for users to apply accordingly. In other words, the GAAP hierarchy will be modified to include only two levels of GAAP: authoritative and non-authoritative. This FASB ASC Topic is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this topic did not have a material impact on the Company’s disclosure of the financial statements

- FASB ASC Topic 320, “Recognition and Presentation of Other-Than-Temporary Impairments”. In April 2009, the FASB issued FASB ASC Topic 320 amends the other-than-temporary impairment guidance in GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FASB ASC Topic does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The FASB ASC Topic shall be effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. Earlier adoption for periods ending before March 15, 2009, is not permitted. This FASB ASC Topic does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FASB ASC Topic requires comparative disclosures only for periods ending after initial adoption. The adoption of this Topic did not have a material impact on the Company’s financial statements and disclosures.

The Company is evaluating the impact that the following recently issued accounting pronouncements may have on its financial statements and disclosures.

- FASB ASC Topic 860, “Accounting for Transfer of Financial Asset”., In June 2009, the FASB issued additional guidance under FASB ASC Topic 860, “Accounting for Transfer and Servicing of Financial Assets and Extinguishment of Liabilities", which improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. The Board undertook this project to address (i) practices that have developed since the issuance of FASB ASC Topic 860, that are not consistent with the original intent and key requirements of that statement and (ii) concerns of financial statement users that many of the financial assets (and related obligations) that have been derecognized should continue to be reported in the financial statements of transferors. This additional guidance requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. Enhanced disclosures are required to provide financial statement users with greater transparency about transfers of financial assets and a transferor's continuing involvement with transferred financial assets. This additional guidance must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. This additional guidance must be applied to transfers occurring on or after the effective date.

- FASB ASC Topic 810, "Variables Interest Entities". In June 2009, the FASB issued FASB ASC Topic 810, which requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics: (i)The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (ii)The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity’s economic performance. This FASB Topic requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, which was based on determining which enterprise absorbs the majority of the entity’s expected losses, receives a majority of the entity’s expected residual returns, or both. This FASB ASC Topic shall be effective as of the beginning of each reporting entity’s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited.

- FASB ASC Topic 820, “Fair Value measurement and Disclosures”, an Accounting Standard Update. In September 2009, the FASB issued this Update to amendments to Subtopic 82010, “Fair Value Measurements and Disclosures”. Overall, for the fair value measurement of investments in certain entities that calculates net asset value per share (or its equivalent). The amendments in this Update permit, as a practical expedient, a reporting entity to measure the fair value of an investment that is within the scope of the amendments in this Update on the basis of the net asset value per share of the investment (or its equivalent) if the net asset value of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of Topic 946 as of the reporting entity’s measurement date, including measurement of all or substantially all of the underlying investments of the investee in accordance with Topic 820. The amendments in this Update also require disclosures by major category of investment about the attributes of investments within the scope of the amendments in this Update, such as the nature of any restrictions on the investor’s ability to redeem its investments at the measurement date, any unfunded commitments (for example, a contractual commitment by the investor to invest a specified amount of additional capital at a future date to fund investments that will be made by the investee), and the investment strategies of the investees. The major category of investment is required to be determined on the basis of the nature and risks of the investment in a manner consistent with the guidance for major security types in GAAP on investments in debt and equity securities in paragraph 320-10-50-lB. The disclosures are required for all investments within the scope of the amendments in this Update regardless of whether the fair value of the investment is measured using the practical expedient. The amendments in this Update apply to all reporting entities that hold an investment that is required or permitted to be measured or disclosed at fair value on a recurring or non recurring basis and, as of the reporting entity’s measurement date, if the investment meets certain criteria The amendments in this Update are effective for the interim and annual periods ending after December 15, 2009. Early application is permitted in financial statements for earlier interim and annual periods that have not been issued.

- FASB ASC Topic 740, “Income Taxes”, an Accounting Standard Update. In September 2009, the FASB issued this Update to address the need for additional implementation guidance on accounting for uncertainty in income taxes. The guidance answers the following questions: (i) Is the income tax paid by the entity attributable to the entity or its owners? (ii) What constitutes a tax position for a pass-through entity or a tax-exempt not-for-profit entity? (iii) How should accounting for uncertainty in income taxes be applied when a group of related entities comprise both taxable and nontaxable entities? In addition, this Updated decided to eliminate the disclosures required by paragraph 740-10-50-15(a) through (b) for nonpublic entities. The implementation guidance will apply to financial statements of nongovernmental entities that are presented in conformity with GAAP. The disclosure amendments will apply only to nonpublic entities as defined in Section 740-10-20. For entities that are currently applying the standards for accounting for uncertainty in income taxes, the guidance and disclosure amendments are effective for financial statements issued for interim and annual periods ending after September 15, 2009.

Note 3. Related Party Transactions

During the period ended December 31, 2009, directors of the company charged the following expenses to the Company:

Management fees	$135,000
Loan interest	4,755

Note 4. Common Stock

For the Year Ended March 31, 2009

Shares Subscriptions

On April 8, 2008, the Company entered into an agreement to issued 1,600,000 units at $0.05 per unit with Darfield Financial Corp. for an aggregate amount of $80,000. Each unit consists of one common share and one half warrant exercisable at $0.05 per share on or before April 7, 2011.

On May 30, 2008, the Company entered into a private placement agreement to issue 1,111,112 common stock at $0.09 per share for proceeds of $100,000 to two accredited investors and to issued 555,556 common stock to each investor.

Shares For Debt Settlements

On June 17, 2008, the Company approved the issuance of 1,000,000 units at $0.06 per share to settle amounts due to a director of the Company totaling $60,000. Each unit contains one common share and one share warrant exercisable at $0.06 per share on or before June 16, 2011.

On July 8, 2008, the Company approved the issuance of 1,000,000 units at $0.05 per share to settle amounts due to

a director of the Company totaling $50,000. Each unit contains one common share and one share warrant exercisable at $0.05 per share on or before July 7, 2011.

On January 9, 2009, the Company approved the issuance of 8,000,000 common shares at $0.005 per share to settle amounts due to a director of the Company totaling $40,000.

On February 26, 2009, the Company has signed agreement with existing warrant options holders to cancel all existing warrant options available to the Company.

For The Nine Months Ended December 31, 2009

Shares For Debt and Service Settlements

On April 22, 2009, the Company approved the issuance of 4,000,000 common shares at $0.005 per share to settle amounts due to a debtor of the Company totaling $20,000.

On July 31, 2009, the Company approved the issuance of 7,600,000 common shares at $0.02 per share for services provided by several professionals for a 12 months period totaling $152,000.

On September 14, 2009, the Company entered into a definitive agreement with the Chief Executive Officer and director of the Company for the issuance of share purchase warrants for executive compensation, with a term of five years expiring September 14, 2014, exercisable at $0.01 per share, for 7,500,000 shares of common stock with a cashless exercise provision. The Company recognized $94,242 in stock based compensation expense for the issuance of these warrants.

Note 5. Warrants

During February 2009, the Company received signed consent agreements with all existing warrant holders that cancel the entire balance of 7,058,823 outstanding warrants as of February 2009.

Note 6. Stock Options and Stock Based Compensation

During 2006, the Company authorized a share option plan under which employees were granted options to purchase shares of authorized but unissued, common shares. During the years ended March 31, 2009 and 2008, all options issued in this plan were either forfeited as options went unexercised due to employee terminations or cancelled via signed consent agreements with all remaining option holders.

There was no compensation charge associated with stock options included in the statement of operations for the nine months ended December 31, 2009 and 2008.

Note 7. Convertible Note

On September 14, 2009, the Company received $197,158 in convertible subordinated notes from investors and a related party. These notes carries an 5% annual interest rate with both principle and accrued interest payable on October 1, 2011. At the holders discretion these notes and any accrued interest may be converted into common shares at $0.01 per share.

Under FASB ASC Topic 815, “Derivatives and Hedging”, this convertible note does not meet the definition of a “conventional convertible debt instrument” since the debt has a beneficial conversion feature. Therefore, the convertible debenture is considered “non-conventional”, which means that the conversion feature must be bifurcated from the debt and shown as a separate derivative liability. The Company recognized a derivative liability of $197,158 during the period, with an offset to debt discount in the same amount.

Note 8. Contingencies

Agreement

On December 11, 2006 and December 12, 2006, the Company entered into two marketing agreements in which the Company would pay $1,000,000 and issue 1,000,000 common shares. During the year ended March 31, 2008, the Company paid $250,000 in respect to the cash portion of the agreements and had issued 1,000,000 common shares of the Company. The 1,000,000 shares issued were not released to the marketing company as it has not commenced its branding and marketing efforts and the contract has expired. The 1,000,000 shares have been returned back to treasury. The $250,000 is classified as an Advance on Marketing Agreements on the balance sheet. The Company is currently re-negotiating new terms on this agreement.

Legal

On October 11, 2006, the Company was named as a co-defendant in a lawsuit whereby the plaintiffs were claiming general damages, with respect to funds totaling approximately $94,000 which were allegedly misappropriated, interest, costs and such further and other relief as the court may deem just. Management of the Company believed the claim was without merit and was unlikely to succeed. The Company filed a statement of defense denying the allegations and a counterclaim for defamation. The court ordered a severance of the action, and required the plaintiffs to prove their damages, before proceeding to trial on issues of liability. The lawsuit by the plaintiffs was dismissed on October 6, 2008.

Aquaduct International. LLC v. Wataire International, Inc. et. AI. This litigation was commenced on December 11, 2008 by the Company's former distributor over the alleged purchase of certain atmospheric water machines. On July 20, 2009, the Company answered the lawsuit and filed a cross-complaint against the plaintiff for Breach of Contract and Intentional Interference. On February 2, 2010 a confidential settlement agreement and release was effectuated between the parties. The Complaint and cross complaint have been dismissed by the parties with prejudice.

Note 9. Inventory

At December 31, 2009 and March 31, 2009, inventories are comprised of finished water-from-air machines totaling $250,456, and $250,456, respectively.

Note 10. Intangibles

On April 25, 2007, the Company entered into an agreement to acquire all of the intellectual property ("IP") relating to a water treatment process and related devices for water-from-air machines from Wataire Industries Inc., Canadian Dew Technologies Inc., Terrence Nylander and Roland Wahlgren. Mr. Nylander was at the time of signing the agreement and currently, the President of the Company. Consideration for the purchase of the IP was $476,190 (CAD $500,000), which was paid on March 31, 2007, the issuance of 4,800,000 shares of common stock of the Company, the agreement by the Company to pay a royalty equal to 5% of the gross profits from the sales of all apparatus or products relating to the IP for a period of 30 years from April 25, 2007 and a royalty equal to 5% of gross licensing revenues on the IP. This consideration is in addition to the 11,000,000 shares of common stock previously issued for the license rights as disclosed in the Company's annual September 30, 2006 audited consolidated financial statements. The IP acquisition was completed in July 2007.

The IP acquired by the Company includes all copyrights, patent rights, trade secret rights, trade names, trademark rights, process information, technical information, contract rights and obligations, designs, drawings, inventions and all other intellectual and industrial property rights of any sort related to or associated with the invention.

The intangibles consist of patents and trademark applications of $31,434 and the cost of the acquisition of IP Technology of $2,546,062 as describe below.

Patents, Trademark applications	$	31,434
4,800,000 shares issued to Wataire Ecosafe and Canadian Dew Technologies	$	960,000
Cash consideration		476,190
Remaining license rights including 11,000,000 shares issued to Wataire Ecosafe		1,109,872
		2,546,062

Note 11. Deferred Revenue

As of December 31, 2009 and March 31, 2009, deferred revenue totaled $160,924 and $189,067, respectively, consisting of cash payments made by customers in advance of product shipment. Revenue will be recognized when finished goods are shipped to the customer.

Note 12. Income Taxes

The Company has losses for tax purposes totaling $10,896,980 which may be applied against future taxable income. These losses begin to expire in 2027. The potential tax benefit arising from these losses has not been recorded in the consolidated financial statements. The Company evaluates its valuation allowance requirements on an annual basis based on projected future operations. When circumstances change and this causes a change in management's judgement about the realizability of deferred tax assets, the impact of the change on the valuation allowance are reflected in current operations.

Note 13 – Subsequent Events Review

The Company has evaluated all subsequent events through February 18, 2010, the date this Quarterly Report on Form 10-Q was filed with the SEC. There were no recognized or unrecognized events that require disclosure as significant subsequent events.

PART I

This Interim Report on Form 10-Q contains forward-looking statements that have been made pursuant to the provisions of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995 and concern matters that involve risks and uncertainties that could cause actual results to differ materially from historical results or from those projected in the forward-looking statements. Discussions containing forward-looking statements may be found in the material set forth under "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in other sections of this Form 10-Q. Words such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" or similar words are intended to identify forward-looking statements, although not all forward-looking statements contain these words. Although we believe that our opinions and expectations reflected in the forward-looking statements are reasonable as of the date of this Report, we cannot guarantee future results, levels of activity, performance or achievements, and our actual results may differ substantially from the views and expectations set forth in this Interim Report on Form 10-Q. We expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof to conform such statements to actual results or to changes in our opinions or expectations.

Readers should carefully review and consider the various disclosures made by us in this Report, set forth in detail in Part I, under the heading "Risk Factors," as well as those additional risks described in other documents we file from time to time with the Securities and Exchange Commission, which attempt to advise interested parties of the risks, uncertainties, and other factors that affect our business. We undertake no obligation to publicly release the results of any revisions to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

General

Wataire is a Washington corporation incorporated on August 17, 2000. Wataire is currently in the development stage and has completed its acquisition of all of the intellectual property relating a water treatment process and devices for water-from-air machines. The agreements previously executed between the Company and Ecosafe have been terminated and cancelled and forms part of the current agreement. To this end, the Company’s future results of operation will be highly dependent upon the success of its efforts to sell and market its products and technologies. The Company plans to sell its products to distributors and also through multiple indirect channels, such as resellers.

Results of Operations for the nine months periods ended December 31, 2009 and 2008.

The operating results and cash flows are presented for the nine months periods ended December 31, 2009 and 2008 and for the period of inception to December 31, 2009.

Revenues. For the nine months period ended December 31, 2009, we had total nil revenue compared to $174,540 for the nine months period ended December 31, 2008, a decrease of $174,540 from our sales of products.

Operating Expenses. For the nine months period ended December 31, 2009, we had total operating expenses of $448,913 as compared to $505,675 for nine months period ended December 31, 2008. The decrease of $81,578.

Management Fees. For the nine months periods ended December 31, 2009 and 2008, we had same amount of management fees of $135,000.

Professional Fees. For the nine months period ended December 31, 2009, we had professional fees of $94,199 as compared to $53,838 for the nine months period ended December 31, 2008, an increase of $40,361.

Net Loss. The net loss for the nine months period ended December 31, 2009 was $445,273 as compared to $505,675 for the nine months period ended December 31, 2008, a decrease of $60,402.

Plan of Operation

We currently have minimal cash reserves. Accordingly, our ability to pursue our plan of operations is contingent on our being able to obtain funding for the development, marketing and commercialization of our products and services. Management plans, as soon as finances permit, to hire additional management and staff for its US-based operations especially in the areas of finance, sales, marketing, and investor/public relations. The Company may also choose to outsource some of its marketing requirements by utilizing a series of independent contractors based on the projected size of the market and the compensation necessary to retain qualified employees. The Company engaged a marketing firm to handle the Company's branding, marketing, advertising, media and public relations for the planned upcoming 2008 North American launch of its consumer product line of atmospheric water generators. The term of the engagement is for one year, and the Company has paid the marketing firm $250,000 and issued 1,000,000 shares of common stock that has been registered on Form S-8 for their services. The marketing agreements expired and the Company has not commenced its branding and marketing efforts and therefore the shares were not released by the Company. The Company is currently re-negotiating the terms of its agreements with the marketing firm.

To achieve our new operational plan, we will need to raise substantial additional capital for our operations through licensing fees and product sales, sale of equity securities and/or debt financing. We have no cash to fund our operations at this time, so we plan to sell licenses and products, offer common stock in private placements as well as seeking debt financing during the next 12 months to raise up to $8,000,000. We believe the proceeds from such efforts will enable us to expand our operations, buy inventory and start our marketing campaign.

Due to the "start up" nature of the Company's business, the Company expects to incur losses as the Company conducts its ongoing research, product and systems development programs. We will require additional funding to continue our operations, for marketing expenses, to pursue regulatory approvals for our products, for any possible acquisitions or new technologies, and we may require additional funding to establish manufacturing capabilities in the future. We may seek to access the public or private equity markets whenever conditions are favorable. We may also seek additional funding through strategic alliances or collaborate with others. We cannot assure you that adequate funding will be available on terms acceptable to us, if at all. Because we are presently in the early stages of development and promotional stages of our business, we can provide no assurance that we will be successful with our efforts to establish any revenue. In order to pursue our existing operational plan, we are dependent upon the continuing sales and financial support of creditors and stockholders until such time when we are successful in raising debt/equity capital to finance the operations and capital requirements of the Company or until such time that we can generate sufficient revenue from our various divisions.

Liquidity and Financial Resources

The Company remains in the development stage since inception. Operations were financed through proceeds from sales and the issuance of equity and loans from directors. The directors have also advanced funds into the Company to cover cash flow deficiencies. The advances have no stated repayment terms. These funds were used to pay inventory, services, legal and accounting expenses along with several other miscellaneous operational infrastructure costs.

The Company's financial statements are presented on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. At December 31, 2009, we have been unsuccessful in our efforts to raise additional capital to meet our plan of operations. Our cash position as of December 31, 2009 was $4,263. Since inception, we have recognized no significant revenue. We have accumulated operating losses of $10,896,980. At the present time, and over the next twelve months, our primary focus will be to develop our marketing plan, new initiatives and operational plan to establish sales and to explore various methods for raising additional funds.

Critical Accounting Policies

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of the financial statements requires the Company to make estimates and judgments that affect the reported amount of assets, liabilities, and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to intangible assets, income taxes and contingencies and litigation. The Company bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are primarily exposed to foreign currency risk, interest rate risk and credit risk.

Foreign Currency Risk - We import products from foreign countries into the United States and market our products in North America. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or, if we initiate our planned international operations, weak economic conditions in foreign markets. Because our revenues are currently denominated in U.S. dollars, a strengthening of the dollar could make our products less competitive in foreign markets that we plan to enter. We have not hedged foreign currency exposures related to transactions denominated in currencies other than U.S. dollars. We do not engage in financial transactions for trading or speculative purposes.

Interest Rate Risk - Interest rate risk refers to fluctuations in the value of a security resulting from changes in the general level of interest rates. Investments that are classified as cash and cash equivalents have original maturities of three months or less. Our interest income is sensitive to changes in the general level of U.S. interest rates. We do not have significant short-term investments, and due to the short-term nature of our investments, we believe that there is not a material risk exposure.

Credit Risk - Our accounts receivables are subject, in the normal course of business, to collection risks. We regularly assess these risks and have established policies and business practices to protect against the adverse effects of collection risks. As a result we do not anticipate any material losses in this area.

Item 4T. Controls and Procedures.

The Company's Chief Executive Officer and its Chief Financial Officer are primarily responsible for the accuracy of the financial information that is presented in this quarterly Report. These officers have as of the close of the period covered by this Quarterly Report, evaluated the Company's disclosure controls and procedures (as defined in Rules 13a-4c and 15d-14c promulgated under the Securities Exchange Act of 1934 and determined that such controls and procedures were effective in ensuring that material information relating to the Company was made known to them during the period covered by this Quarterly Report. There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the third quarter of our 2009 fiscal year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

We are a defendant in a case brought in October 2006 in the Supreme Court of British Columbia, Canada entitled Atkinson et al. v. Cimbix Corporation et al. The action relates to allegations by plaintiffs that $94,000 was deposited into a law firm's trust account for investment in On4 Communications Inc., formerly PetsMobility Network (Canada) Inc. ("On4"). The plaintiffs allege that the law firm deducted legal fees from the amount held in trust and transferred the balance of the funds to On4. Both the law firm and On4 are also defendants in the case. The Company believes the claims against it are without merit and unlikely to succeed. The Company has filed a statement of defense denying the allegations against it and has filed a counter claim for defamation. The investors have been repaid all of the funds by On4. The Company has not paid any amount to the plaintiffs. The Company takes the position that it has done nothing wrong and, in any event, the plaintiffs have recovered the entirety of their loss from On4. The court has ordered a severance of the action, and has required the plaintiffs to prove their damages, before proceeding to trial on issues of liability. The claim and counterclaim have been dismissed without costs.

On March 25, 2008, we received a subpoena from the Securities and Exchange Commission ("SEC") issued in an investigation initiated by the SEC with respect to a number of companies traded on the "pink sheets" market (Our Company is not one of the companies that are the subject of the investigation). The subpoena, inter alia, requested documents relating to: contacts with personnel of and sales of our products to the U.S. Navy, sales of our products generally, the Company's license agreement with Airborne Water Company, and display of the Company's products at a music festival in Florida. Our Chief Executive Officer, Robert Rosner, has provided testimony to the SEC in this matter.

The Company received an alleged claim in January 2009 from one of its former distributors for failing to deliver merchandise ordered and paid for by the Plaintiff. The Company has subsequently filed a motion to dismiss the claim and is considering separate legal recourse.

On July 20, 2009, the Company filed a cross-complaint for breach of contract, intentional interference with contractual relationship, intentional interference with prospective economic relationship and accounting.

On February 2, 2010 a confidential settlement agreement and release was effectuated between the parties. The Complaint and cross complaint have been dismissed by the parties with prejudice.

Item 1A. Risk Factors

We have sought to identify what we believe to be the most significant risks to our business. However, we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise.

We are dependent on external financing.

It is imperative that we raise additional capital to complete our operational plan to promote and commercialize our newly acquired business combinations and activities. We will also require funds to sustain our business operations if we are not successful in earning revenues from our product sales and sub-licensing. We estimate that we would require additional funding of $8,000,000 to pursue our business strategy. If we are unable to obtain equity financing upon terms that our management deems sufficiently favorable, or at all, it would have a material adverse impact upon our ability to expand our current operational plan. Any sale of share capital will result in dilution to existing shareholders.

To date, we have generated some revenues from sales but not enough to sustain our business operations. The success of our business depends on us receiving inventory and advertising materials from our suppliers and manufacturers. The exact amount of our current and future capital requirements will depend on numerous factors, some of which are not within our control, including the progress of our development efforts, the costs of testing, supply of our products, demand of our products and changes in governmental regulation. Our ability to raise additional financing depends on many factors beyond our control, including the state of capital markets, the market price of our common stock and the development or prospects for development of competitive technology by others. The necessary additional financing may not be available to us or may be available only on terms that would result in further dilution to the current owners of our Common Stock. If we are unable to raise additional funds when we need them, we may have to curtail or discontinue our operations, in which case you could lose the entire amount of your investment in the Company.

We are in our early stages of development and face a risk of business failure.

We are in our early stages of development. We have no way to evaluate the likelihood that we will be able to operate our business successfully. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the technology and sales industries. We recognize that if we are unable to generate significant revenues from our sales, we will not be able to earn profits or continue operations. There is only a limited history upon which to base any assumption as to the likelihood that we will prove successful, and we can provide investors with no assurance that we will generate any additional operating revenues or ever achieve profitable operations from our current business initiatives. If we are unsuccessful in addressing these risks, our business will most likely fail.

We are competing against larger and better-financed companies.

We operate in a highly competitive market with financial rewards pending on market performance. Some of our competitors are multi-million dollar enterprises with more resources for marketing, distribution and development. We may be in a disadvantage if any of our competitors focused on similar products we sell. Because we don’t have the infrastructure and personnel in place to adequately implement our business plans and operations, our business may fail.

Our business and the success of our products could be harmed if we are unable to maintain our brand image.

Our success is heavily dependent upon the market acceptance of our Wataire branded lines of atmospheric water generators. If we are unable to timely and appropriately respond to changing consumer demand, the brand Wataire distributes may be impaired. Even if we react appropriately to changes in consumer preferences, consumers may consider those brand images to be outdated. Lack of acceptance of our brands will have a material impact on the performance of the Company.

Dependence on our suppliers

Our success is highly dependent upon the continued support and services of suppliers. We are solely dependent on their support to provide enough inventories to meet our purchase orders. If our suppliers are not able to manufacture enough products to meet the demands of our purchase orders, our business will most likely fail.

Demand for our products and services may fail to materialize

Our growth and success will depend on our success in introducing and selling our products. The market for the products and services we plan to offer is relatively new and there is little hard data to validate market demand or predict how this demand will be segmented. There could be much lower demand than believed, or interest in our products and services could decline or die out, which could adversely affect our ability to sustain our operations.

There is substantial doubt as to our ability to continue as a going concern

Our financial results for the fiscal year ending March 31, 2009 show substantial losses. The accompanying financial statements have been prepared in conformity with the generally accepted accounting principles in the United States of American which contemplates the Company as a going concern. The Company has sought out additional investment to raise additional funds. However, there are no assurances that the Company will continue as a going concern without the successful completion of additional funding. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Our independent auditors, Gruber & Company LLC, have expressed substantial doubt about our ability to continue as a going concern given our recurring losses from operations and net stockholder's deficit. This opinion could materially limit our ability to raise additional funds by issuing new debt or equity securities or otherwise.

Dependence on key management and personnel

Our success is highly dependent upon the continued services of Robert Rosner, our Chief Executive Officer. If he were to leave us this could have a materially adverse effect upon our business and operations. We anticipate entering into employment contract with Mr. Rosner but can provide no assurance that we will come to terms for such employment agreement.

Our business also requires additional staff in all areas to successfully bring our products to market. Our success depends on our ability to attract and retain technical and management personnel with expertise and experience in the technology field. If we are unable to attract and retain qualified technical and management personnel, we will suffer diminished chances of future success.

We may be subject to product liability or breach of contract claim if our products do not work as promised from our Inventor(s) and predecessor

The atmospheric water generators are designed to facilitate potable safe drinking water. If the technology fails to work as manufactured by our inventor(s) and predecessor, customers may bring claims against us. Despite limitations on such claims, such claims can be costly and time consuming which could have a material adverse effect on our operations, even if we are found not to have been at fault. We currently do not have liability insurance and anticipate that we will seek some coverage in the future if such coverage is available at a reasonable cost.

Significant repair and/or replacement with respect to product warranty claims or product recalls could have a material adverse impact on the results of operations.

We provide a limited warranty for our products for a period of one year. Significant warranty claims could have a material adverse effect on our results of operations.

Government Regulation

Regulation by government authorities in the United States, Canada and foreign countries may be a factor in the development, manufacture and marketing of our products and in our research and product development activities. The process of obtaining these approvals and the subsequent compliance may require time and financial resources.

Limited experience to market our products

Even if we are able to develop our products and obtain the necessary regulatory approvals, we have limited experience or capabilities in marketing or commercializing our products. We currently have some sales and just engaged a marketing agency. We do not have a distribution infrastructure in place. Accordingly, we are dependent on our ability to find collaborative marketing partners or contract sales companies for commercial sale of any of our products. Even if we find a potential marketing partner, we may not be able to negotiate an advertising and/or licensing contract on favorable terms to justify our investment or achieve adequate revenues.

Our business is subject to risks associated with offshore manufacturing.

We import some of our products into the United States and Canada from foreign countries for resale. All of our import operations are subject to tariffs and quotas set by the U.S. and other countries' governments through mutual agreements or bilateral actions. Adverse changes in these import costs and restrictions, or our suppliers' failure to comply with customs regulations or similar laws, could harm our business.

Our operations are also subject to the effects of international trade agreements and regulations such as the

North American Free Trade Agreement, the Caribbean Basin Initiative and the European Economic Area Agreement, and the activities and regulations of the World Trade Organization. Trade agreements can also impose requirements that adversely affects our business, such as setting quotas on products that may be imported from a particular country into our key market, the United States. In fact, some trade agreements can provide our competitors with an advantage over us, or increase our costs, either of which could have an adverse effect on our business and financial condition.

In addition, the recent elimination of quotas on World Trade Organization member countries by 2005 could result in increased competition from developing countries which historically have lower labor costs, including China. This increased competition, including from competitors who can quickly create cost and sourcing advantages from these changes in trade arrangements, could have an adverse effect on our business and financial condition.

Our ability to import products in a timely and cost-effective manner may also be affected by problems at ports or issues that otherwise affect transportation and warehousing providers, such as labor disputes or increased U.S. homeland security requirements. These issues could delay importation of products or require us to locate alternative ports or warehousing providers to avoid disruption to our customers. These alternatives may not be available on short notice or could result in higher transit costs, which could have an adverse impact on our business and financial condition.

Our international operations expose us to political, economic and currency risks.

All of our products came from sources outside of the United States. As a result, we are subject to the risks of doing business abroad, including:

- currency fluctuations;
- changes in tariffs and taxes;
- political and economic instability; and
- disruptions or delays in shipments.

Changes in currency exchange rates may affect the relative prices at which we are able to manufacture products and may affect the cost of certain items required in our operation, thus possibly adversely affecting our profitability.

There are inherent risks of conducting business internationally. Language barriers, foreign laws and customs and duties issues all have a potential negative effect on our ability to transact business in the United States. We may be subject to the jurisdiction of the government and/or private litigants in foreign countries where we transact business, and we may be forced to expend funds to contest legal matters in those countries in disputes with those governments or with customers or suppliers.

We may suffer from infringements or piracy of our trademarks, designs, brands or products.

We may suffer from infringements or piracy of our trademarks, designs, brands or products in the U.S. or globally. Some jurisdictions may not honor our claims to our intellectual properties. In addition, we may not have sufficient legal resources to police or enforce our rights in such circumstances.

Unfair trade practices or government subsidization may impact our ability to compete profitably.

In an effort to penetrate markets in which the Company competes, some competitors may sell products at very low margins, or below cost, for sustained periods of time in order to gain market share and sales. Additionally, some competitors may enjoy certain governmental subsidies that allow them to compete at substantially lower prices. These events could substantially impact our ability to sell our product at profitable prices.

If we market and sell our products in international markets, we will be subject to additional regulations relating to export requirements, environmental and safety matters, and marketing of the products and distributorships, and we will be subject to the effects of currency fluctuations in those markets, all of which could increase the cost of selling products and substantially impair the ability to achieve profitability in foreign markets.

As a part of our marketing strategy, we plan to market and sell our products internationally. In addition to regulation by the U.S. government, those products will be subject to environmental and safety regulations in each country in which we market and sell. Regulations will vary from country to country and will vary from those of the United States. The difference in regulations under U.S. law and the laws of foreign countries may be significant and, in order to comply with the laws of these foreign countries, we may have to implement manufacturing changes or alter product design or marketing efforts. Any changes in our business practices or products will require response to the laws of foreign countries and will result in additional expense to the Company.

Additionally, we may be required to obtain certifications or approvals by foreign governments to market and sell the products in foreign countries. We may also be required to obtain approval from the U.S. government to export the products. If we are delayed in receiving, or are unable to obtain import or export clearances, or if we are unable to comply with foreign regulatory requirements, we will be unable to execute our complete marketing strategy.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On April 22, 2009, the Company approved the issuance of 4,000,000 common shares at $0.005 per share to settle amounts due to a debtor of the Company totaling $20,000.

On July 31, 2009, the Company approved the issuance of 7,600,000 common shares at $0.02 per share for services provided by several professionals for a 12 months period totaling $152,000.

Item 3. Defaults Upon Senior Securities.

Not Applicable.

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

Not Applicable.

Item 5. Other Information.

None

Item 6. Exhibits

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

32.1 Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

SIGNATURES

In accordance with 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.

Dated: February 22, 2010

WATAIRE INTERNATIONAL, INC.

By: /S/ Robert Rosner
Robert Rosner
Chief Executive Officer
& Director

By: /S/ Thomas M. Braid
Thomas M. Braid
Chief Financial Officer
& Director