

WORLD ENERGY SOLUTIONS, INC.  
Form 10QSB  
May 15, 2007

**United States**

**Securities and Exchange Commission**

**Washington, D.C. 20549**

**Form 10-QSB**

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)

OF THE

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007.

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number **0-25097**

**WORLD ENERGY SOLUTIONS, INC.**

*(Name of small business issuer in its charter)*

**FLORIDA**

**65-0783722**

*(State or other jurisdiction of*

*(I.R.S. Employer*

*Incorporation or organization)*

*Identification No.)*

**3900A 31<sup>st</sup> Street North, St. Petersburg, Florida**

**33714**

*(Address of principal executive offices)*

*(Zip Code)*

*Registrant's telephone number, including area code: 727-525-5552*

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. (x) Yes (\_\_\_) No

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

The number of shares of the issuer's common stock, part value \$.001 per share, outstanding as of May 9, 2007 was 30,319,735.

Transitional Small Business Disclosure Format (Check one): (\_\_\_) Yes (x) No

**Part I. Financial Information****Item 1. Financial Statements.**

**WORLD ENERGY SOLUTIONS, INC.**  
**CONSOLIDATED BALANCE SHEETS**

ASSETS

|   | March 31,<br>2007<br>(unaudited) | December 31,<br>2006<br>(audited) |
|---|----------------------------------|-----------------------------------|
| Current assets                            |                                  |                                   |
| Cash                                      | \$ 446,604                       | \$ 88,400                         |
| Accounts receivable                       | 35,273                           | 56,121                            |
| Inventory                                 | 94,500                           | 98,529                            |
| Prepaid expenses and other current assets | 187,002                          | 630,294                           |
| Total current assets                      | 763,379                          | 873,344                           |
| Property & equipment, net                 | 62,925                           | 67,142                            |
| Intangibles-Net                           | 59,846                           | 61,660                            |
| Total Assets                              | \$ 886,150                       | \$ 1,002,146                      |

LIABILITIES AND STOCKHOLDERS EQUITY

|                     |           |           |
|---------------------|-----------|-----------|
| Current liabilities |           |           |
| Accounts payable    | \$ 62,685 | \$ 16,775 |

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|   |         |         |
|---|---------|---------|
| Accrued expenses                            | 342,145 | 292,541 |
| Advance payments from dealers and customers | 16,098  | 16,047  |
| Total current liabilities                   | 420,928 | 325,363 |

**WORLD ENERGY SOLUTIONS, INC.**

**CONSOLIDATED BALANCE SHEETS**

**(continued)**

|  | March 31,<br>2007<br>(unaudited) | December 31,<br>2006<br>(audited) |
|--|----------------------------------|-----------------------------------|
| Stockholders' equity   |                                  |                                   |
| Preferred stock; \$.0001 par value;<br>100,000,000 shares authorized and 100,000<br>shares issued                                | 10                               | 10                                |
| Common stock; \$.0001 par value;<br>100,000,000 shares authorized; 28,919,740<br>and 27,255,140 shares issued<br>and outstanding | 2,891                            | 2,724                             |
| Paid-in capital  | 11,708,264                       | 10,937,020                        |
| Accumulated deficit  | (11,245,943)                     | (10,262,971)                      |
| Total stockholders' equity   | 465,222                          | 676,783                           |
| Total Liabilities and Stockholders' Equity   | \$ 886,150                       | \$ 1,002,146                      |

The Accompanying Notes are an Integral part of These Financial Statements

**WORLD ENERGY SOLUTIONS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31,**

|  | 2007         | 2006<br>(restated) |
|--|--------------|--------------------|
| Net sales  | \$ 99,409    | \$ 103,763         |
| Cost of goods sold                                   | 61,472       | 60,020             |
| Gross profit   | \$ 37,937    | \$ 43,743          |
| General and administrative expenses                  | 882,156      | 3,172,721          |
| Earnings (loss) from operations                      | (844,219)    | (3,128,978)        |
| Other income (expense)                               |              |                    |
| Interest expense                                     | \$ -         | \$ (4,560)         |
| Research and development                             | \$ (88,129)  | \$ (54,622)        |
| Total other income (expense)                         | \$ (88,129)  | \$ (59,182)        |
| Earnings (loss) before provision<br>for Income taxes | \$ (932,348) | \$ (3,188,160)     |
| Net loss   | (932,348)    | (3,188,160)        |
| Dividends  | 50,625       | -                  |
| Net loss   | \$ (982,973) | \$ (3,188,160)     |
| Loss per common share                                | \$ (.035)    | \$ (0.12)          |
| Weighted average common shares<br>outstanding        | 28,131,684   | 25,624,707         |

The Accompanying Notes are an Integral part of These Financial Statements



**WORLD ENERGY SOLUTIONS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31,**

|   | 2007         | 2006<br>(restated) |
|---|--------------|--------------------|
| Cash flows from operating activities                |              |                    |
| Net loss  | \$ (932,348) | \$ (3,188,160)     |
| Adjustments to reconcile net loss to net cash used  |              |                    |
| in operating activities:                            |              |                    |
| Depreciation  | 6,031        | 3,845              |
| Stock issued for services                           | 355,261      | 3,175,834          |
| (Increase) the decrease in:                         |              |                    |
| Accounts receivable                                 | 20,847       | 1,445              |
| Inventory   | 4,029        | 620                |
| Prepaid expenses and other current Assets           | 443,191      | (263,643)          |
| Increase (decrease) in:                             |              |                    |
| Accounts payable                                    | 45,910       | 57,674             |
| Accrued expenses                                    | (918)        | (506)              |
| Advance payments from dealers and customers         | 51           | (3,378)            |
| Total adjustments                                   | 874,402      | 2,971,891          |
| Net cash (used) in operating activities             | (57,946)     | (216,269)          |
| Cash flows from investing activities                |              |                    |
| Purchase of equipment                               | -            | (6,336)            |
| Net cash provided by (used in) Investing activities | -            | (6,336)            |

Cash flows from financing activities

|   |    |         |    |          |
|---|----|---------|----|----------|
| Proceeds from issuance of common stock        | \$ | 416,150 | \$ | 300,000  |
| Repayment of loans payable to related parties |    | -       |    | (30,446) |
| Repayment of long-term debt                   |    | -       |    | (3,769)  |
| Net cash provided by financing activities     |    | 416,150 |    | 265,785  |

**WORLD ENERGY SOLUTIONS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31,**  
**(continued)**

|  | 2007       | 2006<br>(restated) |
|--|------------|--------------------|
| Net increase in cash   | 358,204    | 43,180             |
| Cash, beginning of period  | 88,400     | 240,194            |
| Cash, end of period  | \$ 446,604 | \$ 283,374         |
| Supplemental disclosures of non-cash investing and financing activities: |            |                    |
| Common stock issued for services   | \$ 355,261 | \$ 3,175,834       |
| Cash flow information:   |            |                    |
| Cash paid for interest   | \$ -       | \$ 1,674           |

The Accompanying Notes are an Integral Part of These Financial Statements

**WORLD ENERGY SOLUTIONS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

The information presented herein as of March 31, 2007, and for the three-months ended March 31, 2007, is unaudited.

(1) Organization:

Advanced 3D Ultrasound Services, Inc. was incorporated on September 23, 1997. Advanced 3D Ultrasound Services, Inc. merged with World Energy solutions, Inc. (WESI) effective August 17, 2005. Advanced 3D Ultrasound Services, Inc. remained as the surviving entity as the legal acquirer, while WESI was the accounting acquirer.

On November 7, 2005, Advanced 3D Ultrasound Services, Inc. changed its name to World Energy Solutions, Inc. Additionally, the Company agreed to increase its authorized common shares to 100,000,000 shares.

On November 7, 2005, WESI merged with Professional Technical Systems, Inc. (PTS). WESI remained as the surviving entity as the legal acquirer, while PTS was the accounting acquirer.

(2) Basis of Presentation:

The accompanying financial statements of WESI (the Company) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Item 310 (b) of Regulation S-B. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal required adjustments) considered necessary for a fair presentation have been included.

Operating results for the three-month period ended March 31, 2007, are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. For further information, refer to the financial statements and footnotes included in the Company's annual report of Form 10-KSB for the year ended December 31, 2006.

Net loss per common share is computed in accordance with the requirements of Statement of Financial Accounting Standards No. 128 (SFAS 128). SFAS 128 requires net loss per share information to be computed using a simple weighted average of common shares outstanding during the periods presented.

**WORLD ENERGY SOLUTIONS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

(3) Stock Transactions:

In January 2007, the Company sold 120,000 shares of common stock for \$30,000. In February 2007, the Company sold 1,300,000 shares of common stock for \$325,000. In March 2007, the Company sold 244,600 shares of common stock for \$61,150.

In February, the company issued 650,000 stock options to a director of the company for consulting services valued at approximately \$182,836.

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

(4) Restatements

During the audit of our financial statements, adjustments were made to correct the valuation of common stock shares issued during the first quarter of 2006, for consulting and compensation services to be provided over various terms. In addition, the company recorded an additional liability and adjusted the recorded expense related to an advertising agreement entered into during the first quarter 2006.

In January 2006, the Company entered into various consulting agreements and two employment agreements whereby common stock was issued for services. The valuation of the common stock at the time was valued at the stock closing price on February 1, 2006, versus the date of the execution of the agreements and the issuance of the stock which was in January 2006. This resulted in a \$.05 per share reduction in the valuation of the shares. The result was a reduction of \$106,250, which was reflected as a reduction in quarter one of compensation expense in the amount of \$60,000, consulting expense of \$35,000, prepaid expenses of \$11,250 and additional paid in capital of \$106,350.

During February 2006, the company entered into an advertising agreement for a total payment of restricted common shares that equated to \$1,000,000. The issuance of these shares was to be paid as the \$500,000 equivalent of common shares upon execution of the agreement and the balance to be issued in equal share payments over the following ten consecutive calendar months. The Company had issued a total value of \$550,000 in common shares during the quarter ended March 31, 2006 and had expensed the entire payment. The Company has restated the accounting for this agreement to record the entire related liability in the first quarter and expense the amortization of the prepaid and deferred portion over the term of the agreement. This resulted in an increase in accrued liabilities in



**WORLD ENERGY SOLUTIONS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

the quarter ended March 31, 2006 of \$450,000, a decrease in the expense of \$466,667 and an increase to prepaid and deferred expenses of \$916,667.

The net effect of the above changes to the net income for the period ended March 31, 2006 was \$561,667 and reduced loss per common share from \$.15 to \$.12 or approximately \$.03.

**Item 2. Management's Discussion and Analysis or Plan of Operation.**

**Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Introduction**

World Energy Solutions, Inc. (referred to as the Company, WESI, or in the first person notations of we, us, and began operations in 1984 under the corporate name of Professional Technical Systems, Inc. (PTS). PTS merged with WESI in November 2005 with WESI being the legal acquirer but PTS being the accounting acquirer. Therefore the financial statements presented herein are those of WESI (formerly known as PTS).

In August 2005, WESI merged with Advanced 3D Ultrasounds, Inc. (ADVU) with ADVU being the legal acquirer but WESI being the accounting acquirer. ADVU changed its name to WESI.

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

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

The Company also plans to acquire new technologies that complement is new business model such as the acquisition of Pure Air Technologies, Inc. discussed below.

## Liquidity and Capital Resources

Our cash increased to approximately \$446,604 as of March 31, 2007 compared to \$88,400 as of December 31, 2006. This increase is due mostly to repayment of deposits on research. Proceeds from the issuance of common stock have funded the cash used for operating activities.

The cash used in operations in 2007 was less than the cash used in operations in 2006 by approximately \$150,000. Although gross profit from sales decreased slightly, general and administrative expenses decreased approximately \$3,413,899. Approximately \$3,937,000 of salaries, consulting fees and advertising costs were funded through the issuance of common stock during the first quarter of 2006.

We do not believe our working capital is sufficient to implement the full spectrum of our planned, new energy-saving business model. Operations in 2007 and most of 2006 have been funded in large part through the sale of common stock and such funding will need to continue in order to allow us to implement our new business model. The Company has been successful in acquiring certain services through consulting agreements that are funded in large part through the issuance of common stock as noted above. However, the Company currently is offering its stock through a private placement memorandum. The Company plans to raise up to \$10,000,000 through this sale of common stock. The proceeds from the sale will be used to fund research and development consulting and professional fees, new job installs, other expenses and for working capital.

In October 2006, the Company acquired all of the outstanding shares of Pure Air Technologies, Inc. (PATI) from UTEK Corporation, a consultant of the Company. Previously PATI licensed certain technology from the University of Florida. PATI agreed to pay future patent costs related to the technology and to pay future royalties based on sales of products incorporating the technology. PATI also entered into a sponsored research agreement with the University through the payment of \$231,000. The Company issued UTEK 100,000 of its preferred stock in exchange for all of the outstanding shares of PATI, assignment of the technology license and the sponsored research agreement and \$300,000 cash. The Company believes any future costs related to the PATI technology can be funded through operations.

After one year from the date of issuance of the Preferred Stock, it is convertible into shares of the Company's common stock at the election of UTEK. The Agreement provides that the Preferred Stock is convertible into the number of shares of the Company's common stock having a value of \$4,050,000 (the agreed value of the PATI technology), based upon the previous ten (10) day average closing bid price on the date of conversion. The Preferred Stock shall bear interest at the rate of five percent (5%) per annum, compounded quarterly, based on the \$4,050,000 agreed value of the PATI technology.

Pure Air Technologies, Inc. holds a worldwide exclusive license for a technology, developed by researchers at the University of Florida designed to help eliminate hazardous organic chemicals and microorganisms from indoor environments. The technology generates ozone within a building's heating, ventilating and air conditioning system,

eliminating organic pollutants and microorganisms, and then converts the ozone to O<sub>2</sub> and water vapor.

## **Results of Operations and Critical Accounting Policies and Estimates**

The results of operations are based on preparation of financial statements in conformity with accounting principles generally accepted in the United States. The preparation of financial statements requires management to select accounting policies for critical accounting areas as well as estimates and assumptions that affect the amounts reported in the financial statements. The Company's accounting policies are more fully described in Note 1 to Notes of Financial Statements found in the Company's annual financial statements filed with Form 10-KSB. We have identified the following accounting policy and related judgment as critical to understanding the results of our operations.

### **Valuation Allowance on Deferred Tax Assets**

SFAS No. 109, Accounting for Income Taxes requires that deferred tax assets be evaluated for future realization and reduced by a valuation allowance to the extent we believe a portion will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets including our recent cumulative earnings experience, expectations of future taxable income, the carry-forward periods available to us for tax reporting purposes and other relevant factors. At December 31, 2006, our net deferred tax assets are \$4,958,400, comprised principally of net operating loss carry forwards (NOLs). Classification of deferred tax assets between current and long-term categories is based on the expected timing of realization, and the valuation allowance is allocated on a prorate basis.

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

### **2007 Compared to 2006**

Total product sales for 2007 were \$99,409 compared to 2006 sales of \$103,763 for the three months ended March 31. Sales have remained consistent.

Gross profit on sales decreased from 43% in 2006 to 39% in 2007. The decrease is attributable to slightly higher material costs.

Our general and administrative expenses decreased to approximately \$882,000 in 2007 from \$3,172,000 in 2006. The Company incurred consulting fees and advertising costs of approximately \$2,111,000 in 2006 and none in 2007 related to its proposed business model.

We expect significant increases in future consulting, salary and research and development expenses as a result of the implementation of our new business model.

## **Forward-looking Statement**

All statements other than statements of historical fact in this report are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, and are based on management's current expectations of the Company's near term results, based on current information available and pertaining to the Company. The Company assumes no obligation to update publicly any forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements.

## **Item 3. Controls and Procedures.**

### **(a) Evaluation of disclosure controls and procedures**

The Company's management recognizes its responsibility for establishing and maintaining internal control over financial reporting for the Company. After evaluating the effectiveness of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of June 30, 2006 (the Evaluation Date), the Company's management has concluded, as of the Evaluation Date, the Company's disclosure controls and procedures were adequate and designed to ensure the information required to be disclosed in the reports filed or submitted by us under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the requisite time periods.

### **(b) Effectiveness of Internal Control**

The Company's management is reviewing the Company's internal controls over financial reporting to determine the most suitable recognized control framework. The Company will give great weight and deference to the product of the discussions of the SEC's Advisory Committee on Smaller Public Companies (the Advisory Committee) and the Committee of Sponsoring Organizations' task force entitled Implementing the COSO Control Framework in Smaller Businesses (the Task Force). Both the Advisory Committee and the Task Force are expected to provide practical, needed guidance regarding the applicability of Section 404 of the Sarbanes-Oxley Act to small business issuers. The Company's management intends to perform the evaluation required by Section 404 of the Sarbanes-Oxley Act at such time as a framework is adopted by the Company. At such time the Company adopts and implements a framework and as required by the SEC's reporting requirements, the Company's registered accounting firm will issue an attestation report on the Company management's assessment of internal controls.

**(c) Changes in Internal Controls**

After evaluation by the Company's management, the Company's management has determined there were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's internal controls subsequent to the Evaluation Date.



## Part II. Other Information

### Item 1. Legal Proceedings.

World Energy Solutions, Inc. ( WEGY or the Company ) has commenced a lawsuit styled *World Energy Solutions, Inc. v. David Weintraub, et al.*, No. 06-8968-CI-20 (Cir. Ct. Pinellas Cty.) (the Litigation ), against a Florida corporation and several individuals to recover damages and 4,794,551 shares of Company common stock (the Shares ) issued in connection with the execution of consulting agreements and promises to perform future services for the benefit of the Company. The Company is suing Rajax, Inc., its principal, Rachel Steele and Daniel Witherspoon, III, as well as David Weintraub, Timothy Daley and Leslie Sands and has alleged various claims including fraud in the inducement, conspiracy to defraud and breach of contract. The Company contends in the Litigation that the recipients of the Shares have not given the consideration promised to the Company in exchange for such Shares. A copy of the complaint filed in the Litigation is attached as an exhibit hereto.

Pursuant to the Litigation, the Company will seek a judgment to rescind certain transactions involving the issuance of the Shares to Rajax, Inc., Rachel Steele and her designees (including Shares issued to Steele s children at Weintraub s request under the Uniform Gift to Minors Act), Daniel Witherspoon and Leslie Sands and, provided the Company is successful in the Litigation, it will cancel all of the Shares. The Company is making an adverse claim against all of the Shares being represented by certificates numbered 4139, 5179, 5181, 5214, 5067, 5122, 5162, 5197, 4144, 5065, 4145, 5066, 5220, 5226, 5109 and 5110. The Company has issued stop transfer instructions to its stock transfer agent regarding all of the Shares. Furthermore, the Company is hereby giving notice that it is asserting adverse claims against all Shares that may hereafter be presented to the Company s transfer agent by the Litigation defendants, their designees and any third party transferee.

On March 1, 2007, Rachel Steele filed a civil action against the Company, styled *Rachel Steele v. World Energy Solutions, Inc.*, No. 07-002010-CI-20 (Cir. Ct. Pinellas Cty.), wherein she sought an injunction to allow her to sell certain quantities of the Shares (restricted securities) in public sale transactions pursuant to Securities and Exchange Commission Rule 144. The Company had previously advised Rachel Steele through its litigation counsel that the Company does not believe that the proposed sale of its common stock complies with the requirements of SEC Rule 144. On March 13, 2007, the Circuit Court in and for Pinellas County, Florida heard arguments on Rachel Steele s Motion For Temporary Injunction. The Court ordered that Steele s civil action be consolidated with the Litigation filed against her by the Company. The Court recognized that the Company s allegations of fraud are intertwined with issues relating to Steele s request for injunctive relief; that Steele s request for money damages is inconsistent with a claim for irreparable harm as required for injunctive relief; that additional time was needed for the parties to complete discovery; and accordingly, the Court declined to address the issues in Steele s motion at the hearing. The Company intends to vigorously pursue discovery in the Litigation, prosecute its claims for fraud, conspiracy to defraud and breach of contract against all defendants identified in the Litigation with a view toward obtaining a judgment for damages and to facilitate cancellation of all of the Shares.



**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.****Sale of Common Stock**

| <b>Date</b> | <b>Name</b>             | <b>Total Dollar<br/>Amount</b> | <b>Price<br/>per Share</b> | <b>Total Number of<br/>Shares</b> |
|-------------|-------------------------|--------------------------------|----------------------------|-----------------------------------|
| 1/16/07     | Edward & Alice Prange   | \$ 25,000                      | \$ 0.25                    | 100,000                           |
| 1/16/07     | Ann Ree Chumbly         | \$ 5,000                       | \$ 0.25                    | 20,000                            |
| 2/07/07     | Robert C. Kratz         | \$ 325,000                     | \$ 0.25                    | 1,300,000                         |
| 3/05/07     | Kathleen Beckus         | \$ 1,400                       | \$ 0.25                    | 5,600                             |
| 3/06/07     | Joseph & Linda Chumbley | \$ 15,000                      | \$ 0.25                    | 60,000                            |
| 3/13/07     | Kathleen Beckus         | \$ 22,250                      | \$ 0.25                    | 89,000                            |
| 3/13/07     | Pamela Clark            | \$ 2,500                       | \$ 0.25                    | 10,000                            |
| 3/16/07     | Thomas Conley           | \$ 10,000                      | \$ 0.25                    | 40,000                            |
| 3/21/07     | Mark Porter             | \$ 10,000                      | \$ 0.25                    | 40,000                            |

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

**Item 3. Defaults Upon Senior Securities**

NONE

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

The Annual Meeting of Shareholders of the Company was held on Friday, January 5, 2007, at 10:00 AM local time. The following matters were the subject of a vote by shareholders either through proxy or through a vote at the meeting:

(a) Four (4) directors were elected to the Board of Directors of the Company.

| <b>Director Nominee</b> | <b>Votes For</b> | <b>Votes Against</b> | <b>Abstention</b> |
|-------------------------|------------------|----------------------|-------------------|
| Benjamin C. Croxton     | 15,415,177       | 118,580              | 0                 |
| Mike Prentice           | 15,415,177       | 118,580              | 0                 |
| Peter James             | 15,415,177       | 118,580              | 0                 |
| Keith Drucker           | 15,415,177       | 118,580              | 0                 |

(b) Shareholders voted in favor of amending Article IV of the Company's Articles of Incorporation to increase the number of authorized shares of common stock to 750,000,000 shares.

| <b>Votes For</b> | <b>Votes Against</b> | <b>Abstention</b> |
|------------------|----------------------|-------------------|
| 15,377,177       | 156,580              | 0                 |

(c) Shareholders voted in favor of retaining Ferlita, Walsh & Gonzalez, P.A., as the Company's auditors for the year ending December 31, 2006.

| <b>Votes For</b> | <b>Votes Against</b> | <b>Abstention</b> |
|------------------|----------------------|-------------------|
| 15,533,757       | 0                    | 0                 |

**Item 5. Other Information.**

NONE

**Item 6. Exhibits and Reports on Form 8-K.**

**Exhibit Number and Description**

**Location Reference**

(a)

Financial Statements

Filed Herewith

(b)

Exhibits required by Item 601, Regulation S-B:

(1.0)

Underwriting Agreement

None

(2.0)

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

(2.1)

Agreement and Plan of Merger Between Registrant  
and World Energy Solutions, Inc.

See Note 6 (below)

(2.2)

Agreement and Plan of Merger Between Registrant  
And Professional Technical Systems, Inc.

See Note 7 (below)

(3.0)

Articles of Incorporation and Bylaws

(3.1)

Initial Articles of Incorporation Filed

November 23, 1998

See Note 1 (below)

(3.2)

Amendment to initial Articles of Incorporation

(Name Change, Authorized Shares & Issuance  
of Shares)

See Note 2 (below)

(3.3)

Bylaws filed February 2, 1999

See Note 3 (below)

(4.0)

Instruments defining the rights of security holders,  
including indentures

(4.1)

Specimen share Certificate for Common Stock

(4.2)

Specimen Share Certificate for Class A

Convertible Preferred Stock

(9.0)

Voting Trust Agreement

None

(10.0)

Material Contracts

(10.1)

Strategic Alliance Agreement Between the  
Company and UTEK Corporation

See Note 4 (below)

(10.2)

Employment Agreement with Benjamin Croxton

dated January 31, 2006

See Note 5 (below)

(10.3)

Employment Agreement with Mike Prentice

dated January 31, 2006

See Note 5 (below)



(10.4)

Consulting Agreement with Thomas Kurk

dated January 31, 2006

See Note 5 (below)

(10.5)

Consulting Agreement with Rachel Steele

dated January 31, 2006

See Note 5 (below)

(10.6)

Consulting Agreement with Robert J. Depalo

dated January 31, 2006

See Note 5 (below)

(10.7)

Consulting Agreement with Nancy W. Hunt

dated January 31, 2006

See Note 5 (below)

(10.8)

Consulting Agreement with George Walker

dated January 31, 2006

See Note 5 (below)

(10.9)

Consulting Agreement with Dan Witherspoon

dated January 31, 2006

See Note 5 (below)

(10.10)

Agreement and Plan of Acquisition between

Registrant and World Energy Solutions, Inc.,

a Florida corporation, with Registrant remaining

as the surviving entity, dated August 16, 2005

See Note 8 (below)

(10.11)

Strategic Alliance Agreement with UTEK

Corporation, a Delaware corporation dated

October 11, 2006

See Note 9 (below)

(10.12)

Agreement and Plan of Acquisition with UTEK

Corporation, a Delaware corporation dated

October 11, 2006

See Note 10 (below)

(11.0)

Statement re: Computation of Per Share Earnings

Note 1 to

Financial Statements

(16.0)

Letter on changes in certifying accountant

None

(18.0)

Letter on change in accounting principles

None

(20.0)

Other documents or statements to security holders

or any document incorporated by reference

None

(21.0)

Subsidiaries of Registrant

None

(22.0)

Published Report re: Matters Submitted to Vote of

Security Holders

None

(23.0)

Consents of Experts and Counsel

None

(24.0)

Power of Attorney

None

(31.0)

Certification of Chief Executive Officer and Chief

Financial Officer

Filed Herewith

(32.0)

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

as adopted pursuant to Section 906 of the

Sarbanes-Oxley Act of 2002

Filed Herewith

(99.0)

Additional exhibits

None

**Exhibit Key**

- Note 1      Incorporated by reference to the Company's Form 10-SB filed with the Securities and Exchange Commission on November 23, 1998.
- Note 2      Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on November 18, 2005.
- Note 3      Incorporated by reference to the Company's Form 10-SBA No. 1 filed with the Securities and Exchange Commission on February 2, 1999.
- Note 4      Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on September 13, 2005.
- Note 5      Incorporated by reference to the Company's Form S-8 filed with the Securities and Exchange Commission on January 31, 2006.

- Note 6 Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on August 19, 2005.
- Note 7 Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on November 14, 2005.
- Note 8 Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on August 16, 2005.
- Note 9 Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on September 9, 2005.
- Note 10 Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on October 17, 2006

### **SIGNATURES**

Pursuant to the requirements 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.

WORLD ENERGY SOLUTIONS, INC.

Date: May 15, 2007

          /s/ BENJAMIN C. CROXTON

BENJAMIN C. CROXTON,

Chief Executive Officer

Chief Financial Officer

