

Edgar Filing: WORLD ENERGY SOLUTIONS, INC. - Form 10QSB

WORLD ENERGY SOLUTIONS, INC.  
Form 10QSB  
November 14, 2006

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 September 30, 2006.

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.  
(Exact name of small business issuer in its charter)

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

3900A 31st 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, par value \$.0001 per share, outstanding as of November 10, 2006, was 28,322,376.

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

Part I. Financial Information

Item 1. Financial Statements.

WORLD ENERGY SOLUTIONS, INC.  
(FORMERLY ADVANCED 3D ULTRASOUND  
SERVICES, INC.)

FINANCIAL STATEMENTS

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SEPTEMBER 30, 2006

WORLD ENERGY SOLUTIONS, INC.  
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)  
BALANCE SHEET  
SEPTEMBER 30, 2006  
(UNAUDITED)

ASSETS

Current assets	
Cash	\$ 18,754
Accounts receivable	77,045
Inventory	87,339
Prepaid expenses and other current assets	186,092
	-----
Total current assets	369,230
	-----
Property and equipment, net	75,152
	-----
Other assets	
Deposits	3,850
	-----
Total Assets	\$ 448,232
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable and accrued expenses	\$ 34,290
Accrued expenses	8,437
Advance payments from dealers and customers	15,679
Loans from related parties	6,327
	-----
Total current liabilities	64,733
	-----
Commitments and contingencies	
Stockholders' equity	
Common stock; \$.0001 par value; 100,000,000 shares authorized and unissued	-
Common stock; \$.0001 par value; 100,000,000 shares authorized; 28,234,876 shares issued and outstanding	2,822
Paid-in capital	6,709,356
Accumulated deficit	(6,328,679)
	-----
Total stockholders' equity	383,499
	-----
Total Liabilities and Stockholders' Equity	\$ 448,232
	=====

The accompanying notes are an integral  
part of these statements.

WORLD ENERGY SOLUTIONS, INC.

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(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)  
 STATEMENTS OF OPERATIONS  
 (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Net sales	\$ 162,501	\$ 148,603	\$ 429,832	\$ 372,283
Cost of goods sold	66,367	75,948	201,829	210,728
Gross profit	96,134	72,655	228,003	161,555
General and administrative expenses	(388,264)	478,020	4,697,566	980,666
Earnings (loss) from operations	484,398	(405,365)	(4,469,563)	(819,111)
Other income (expense)				
Gain on disposal of property and equipment	-	-	-	47,457
Interest expense	-	(368)	(6,278)	(15,932)
Research and development	(48,262)	(39,451)	(154,473)	(131,826)
Total other income (expense)	(48,262)	(39,819)	(160,751)	(100,301)
Earnings (loss) before provision for income taxes	436,136	(445,184)	(4,630,314)	(919,412)
Provision for income taxes	-	-	-	-
Net loss	\$ 436,136	\$ (445,184)	\$ (4,630,314)	\$ (919,412)
Income (loss) per common share	\$ 0.01	\$ (0.04)	\$ (0.15)	\$ (0.05)
Weighted average common shares outstanding	34,334,403	12,029,879	31,241,666	16,724,440

The accompanying notes are an integral part of these statements.

WORLD ENERGY SOLUTIONS, INC.  
 (FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)  
 STATEMENTS OF CASH FLOWS  
 (UNAUDITED)

	Nine Months Ended September 30,	
	2006	2005
Cash flows from operating activities		
Net loss	\$ (4,630,314)	\$ (919,413)

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Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	12,283	10,764
Gain on disposal of property and equipment	-	(47,457)
Stock issued for services	3,937,500	-
(Increase) decrease in:		
Accounts receivable	(27,260)	(8,436)
Inventory	24,479	26,242
Prepaid expenses and other current assets	(82,706)	121
Increase (decrease) in: ,		
Accounts payable	5,462	(35,732)
Accrued expenses	(5,224)	(3,024)
Advance payments from dealers and customers	(3,378)	(4,790)
	-----	-----
Total adjustments	3,861,156	(62,312)
	-----	-----
Net cash used in operating activities	(769,158)	(981,725)
Cash flows from investing activities		
Purchase of equipment	(17,300)	(901)
Proceeds from sale of property and equipment	-	324,404
	-----	-----
Net cash provided by (used in) investing activities	(17,300)	323,503
	-----	-----
Cash flows from financing activities		
Proceeds from issuance of common stock	794,800	858,121
Proceeds from loans payable to related parties	-	30,000
Repayment of loans payable to related parties	(161,097)	(238,280)
Proceeds from long-term debt	-	15,000
Payments for common stock redeemed	-	(8,563)
Repayment of long-term debt	(68,685)	(56,718)
	-----	-----
Net cash provided by financing activities	565,018	599,560
	-----	-----
Net increase (decrease) in cash	(221,440)	(58,662)
Cash, beginning of period	240,194	101,961
	-----	-----
Cash, end of period	\$ 18,754	\$ 43,299
	=====	=====

The accompanying notes are an integral part of these statements.

WORLD ENERGY SOLUTIONS, INC.  
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)  
STATEMENTS OF CASH FLOWS  
(UNAUDITED)  
(Continued)

	Nine Months Ended September 30,	
	----- 2006	----- 2005
	-----	-----
Supplemental disclosures of non-cash investing and financing activities:		
Common stock issued for services	\$ 3,937,500	\$ -
Long-term debt repaid with proceeds from sale of		

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property and equipment	\$	-	\$	210,000
Cash flow information:				
Cash paid in interest	\$	8,381	\$	11,793
Cash paid for income taxes		-	\$	-

The accompanying notes are an integral part of these statements.

WORLD ENERGY SOLUTIONS, INC.  
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

The information presented herein as of September 30, 2006, and for the three-months and nine months ended September 30, 2006, 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 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 and nine-month periods ended September 30, 2006, are not necessarily indicative of the results that may be expected for the year ending December 31, 2006. 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, 2005.

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.

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### (3) Stock Transactions:

On January 31, 2006, the Company entered into employment agreements with its CEO/CFO and President. The agreements call for annual salaries of \$156,000 and 600,000 shares of Company common stock. The common stock was valued at \$1.50 per share based on the recent trading price for the Company's common stock. The total value of the shares issued (\$1,800,000) was included in salaries expense during the first quarter of 2006. The employment agreements contain a non-compete agreement and provide for severance pay equal to one year base salary.

On January 31, 2006, the Company entered into six consulting agreements for various services including marketing, business development, product design engineering and product development, real estate acquisition and business planning. These agreements provide as compensation the issuance of 925,000

WORLD ENERGY SOLUTIONS, INC.  
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

### (3) Stock Transactions: (Continued)

shares of common stock. The stock was valued at \$1.50 per share based on the recent trading price for the Company's common stock. Three of the agreements are for terms ranging from 12 months to 26 months. The value of those agreements (\$337,500) has been capitalized as prepaid expenses and is being recognized as consulting expense over the life of the agreement. The value of the common stock issued related to the remaining agreements (\$1,050,000) has been expensed during the first quarter of 2006. Additionally, the agreements include total cash compensation of \$3,050 per week and reimbursement of expenses. Lastly, two of the agreements allow for additional compensation to be determined between the Company and the consultant for specific services.

On February 24, 2006, the Company entered into a media campaign agreement for nationally syndicated newspaper and/or radio features in exchange for restricted common stock valued at \$1,000,000 to be satisfied in two payments. On February 28, 2006, the Company made the first payment with the issuance of 326,797 shares of restricted common stock. The value of these shares (\$550,000) has been expensed during the first quarter of 2006. During the second quarter of 2006 the Company made three monthly payments with the issuance of 101,306 shares of restricted common stock. The value of these shares (\$150,000) has been expensed during the second quarter of 2006. During the third quarter of 2006 the Company made one monthly payment with the issuance of 34,772 shares of restricted common stock. The value of these shares (\$50,000) has been expensed during the third quarter of 2006.

On April 3, 2006, the Company entered into a one-year financial and strategic consulting agreement with a consultant for investor introductions leading to qualified equity financing up to \$10 million and project financing up to \$100 million. Additionally the consultant was to provide financial consulting services including the development of financial projections, presentation materials and customized proposals. For these services the consultant received 6,309,000 unregistered shares of restricted common stock on April 3, 2006. The value of the shares (\$3,154,500) issued was capitalized as prepaid expenses and was being recognized as consulting expenses over the life of the agreement. On September 28, 2006 the Company terminated the consulting agreement and cancelled the 6,309,000 shares that were previously issued due to nonperformance of the

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agreement as contemplated by the parties.

### (4) Subsequent Events:

On October 11, 2006, the Company acquired Pure Air Technologies, Inc., a subsidiary of UTEK Corporation in a tax-free stock-for-stock exchange. The Company issued 100,000 shares of its Series A convertible preferred stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares of Pure Air Technologies, Inc. (PATI), assignment of the technology license and the sponsored research agreement and \$300,000 cash.

After one year from the date of issuance of the preferred stock, the Company and UTEK agree that the preferred stock is convertible into shares of the Company's restricted common stock at the election of UTEK. The Company and UTEK also agree that the preferred stock is convertible into the number of shares of the Company's restricted common stock having a value of \$4,050,000 at a share price of no less than ten cents per share. Additionally the preferred stock shall bear interest at 5% per annum, based on the \$4,050,000 agreed value of the PATI technology.

PATI holds a worldwide exclusive license for a technology designed to help eliminate organic chemicals and microorganisms from indoor environments.

The Company extended a consulting contract with a company for the twelve months ending September 2007. The Company will issue 82,759 shares of common stock valued at \$120,000 for consulting services. The shares will vest ratably over the 12-month period.

## 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 "our") 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 Ultrasound, 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 applications to distributors and customers throughout the United States. Although this activity is expected to continue, the Company plans to implement a new business model to market a multi-product package to commercial, industrial and residential facilities in order to lower their overall cost of electric, gas and water. The Company plans to market its package both by direct sales as well as a Shared Revenue Program (SRP) where the Company pays for the entire installation 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 its new

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business model such as the acquisition of Pure Air Technologies, Inc. discussed below.

### Liquidity and Capital Resources

Our cash decreased to approximately \$18,754 as of September 30, 2006 compared to \$240,000 as of December 31, 2005. This is due mostly to the repayment of loans to related parties and other long term debt and the funding of operating activities. Proceeds from the issuance of common stock have funded the cash used for operating activities and the repayment of the loans.

The cash used in operations in 2006 was less than the cash used in operations in 2005 by approximately \$212,000. Although gross profit from sales increased, general and administrative expenses increased approximately \$3,717,000. This increase is attributable to increased salaries and consulting fees. However, approximately \$3,937,000 of salaries, consulting fees and advertising costs were funded through the issuance of common stock during the first three quarters 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 2006 and most of 2005 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.

On January 31, 2006, the Company entered into employment agreements with its CEO/CFO and President. The agreements call for annual salaries of \$156,000 and 600,000 shares of Company common stock. The employment agreements contain non-compete agreements and provide for severance pay equal to one year base salary.

On January 31, 2006, the Company entered into six consulting agreements for various services including marketing, business development, product design engineering and product development, real estate acquisition and business planning. These agreements provide as compensation the issuance of 925,000 shares of common stock. Additionally, the agreements include total cash compensation of \$3,050 per week and reimbursement of expenses. Lastly, two of the agreements allow for additional compensation to be determined between the Company and the consultant for specific services.

On February 24, 2006, the Company entered into a media campaign agreement for nationally syndicated newspaper and/or radio features in exchange for restricted common stock valued at \$1,000,000 to be satisfied in two payments. On February 28, 2006, the Company made the first payment with the issuance of 326,797 shares of restricted common stock. During the second quarter the Company made three monthly payments with the issuance of 101,306 shares of restricted common stock. During the third quarter the Company made one monthly payment with the issuance of 34,772 shares of restricted common stock. This media campaign will be utilized to gain national attention for the Company and its business model of energy saving contracts.

On April 3, 2006, the Company entered into a financial and strategic consulting agreement with a consultant for investor introductions leading to qualified equity financing up to \$10 million and project financing up to \$100 million.



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Additionally the consultant agreed to provide financial consulting services including the development of financial projections, presentation materials and customized proposals. For these services the consultant received 6,309,000 unregistered shares of common stock on April 3, 2006. On September 28, 2006 the Company terminated the consulting agreement and cancelled the 6,309,000 shares that were previously issued due to nonperformance of the agreement as contemplated by the parties.

Previously the Company had debt financing either from its officers, or guaranteed by its officers. This debt was repaid in full during the second quarter of 2006. Debt financing is not expected to be a funding resource.

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, the Company and UTEK agree that the Preferred Stock is convertible into shares of the Company's restricted common stock at the election of UTEK. The Company and UTEK also agree that the Preferred stock is convertible into the number of shares of the Company's restricted common stock having a value of \$4,050,000.00 at a share price of no less than \$0.10 per share. The Preferred Stock shall bear interest at the rate of five percent (5%) per annum, compounded quarterly, based on the \$4,050,000.00 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 of Notes to 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

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purposes and other relevant factors. At December 31, 2005, our net deferred tax assets are \$3,949,000, comprised principally of net operating loss carry forwards (NOLs). Classification of deferred tax assets between current and long-term categories is based on the expected timing of realization, and the valuation allowance is allocated on a prorata 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.

### 2006 Compared to 2005

Total product sales for 2006 were \$430,000 compared to 2005 sales of \$372,000 for the nine months ended September 30. Total product sales for the three months ended September 30, 2006 were \$162,500 compared to 2005 sales of \$149,000 for the same period. Sales have remained consistent.

Gross profit on sales increased from 43% in 2005 to 53% in 2006. The increase in sales noted above has been achieved without an increase in personnel or space.

Our general and administrative expenses increased to approximately \$4,700,000 in 2006 from \$981,000 in 2005. The Company incurred consulting fees and advertising costs of approximately \$2,111,000 in 2006 and none in 2005 related to its proposed business model. Lastly, salaries increased approximately \$1,930,000 due to increased salaries, additional personnel and the employment agreements with the Company's president and its CEO/CFO as noted above.

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

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Act of 1934 is recorded, processed, summarized and reported with in 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.

NONE

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

#### Sale of Common Stock

Date	Name	Total Dollar Amount	Price per Share	Total Number of Shares
10/6/06	UTEK CORPORATION	\$ 35,000.00	\$ 0.40	87,500

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.

#### Sale of Preferred Stock

On October 11, 2006, World Energy Solutions, Inc. (the "Company") acquired Pure Air Technologies, Inc. ("PATI"), a subsidiary of UTEK Corporation (AMEX & LSE-AIM: UTK), in a tax-free stock-for-stock exchange. Pursuant to the Agreement and Plan of

Acquisition (the "Agreement"), the Company issued 100,000 shares of its Series A Convertible Preferred Stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares of Pure Air Technologies, Inc., assignment of the technology license and the sponsored research agreement and \$300,000 cash. The

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Preferred Stock issued in the exchange was sold pursuant to the transaction exemption in Section 4(2) of the Securities Act of 1933, is restricted and may only be resold pursuant to the requirements of the Securities Act of 1933.

After one year from the date of issuance of the Preferred Stock, the Company and UTEK agree that the Preferred Stock is convertible into shares of the Company's restricted common stock at the election of UTEK. The Company and UTEK also agree that the Preferred stock is convertible into the number of shares of the Company's restricted common stock having a value of \$4,050,000.00 at a share price of no less than \$0.10 per share. The Preferred Stock shall bear interest at the rate of five percent (5%) per annum, compounded quarterly, based on the \$4,050,000.00 agreed value of the PATI technology.

Item 3. Defaults Upon Senior Securities.

NONE

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

NONE

Item 5. Other Information.

NONE

Item 6. Exhibits.

Exhibit Number and Description	Location Reference
(a) Financial Statements	Filed Herewith
(b) Exhibits required by Item 601, Regulation S-B:	
(2) 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) Articles of incorporation and by-laws	
(i) Initial Articles of Incorporation filed November 23, 1998.	See Note 1 (below)
(ii) By-Laws filed February 2, 1999.	See Note 2 (below)
(iii) Amendment to initial Articles of Incorporation (Name Change, Authorized Shares, & Issuance of Shares).	See Note 3 (below)
(4) Instruments defining the rights of security holders, including indentures	

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(4.1)	Specimen Share Certificate for Class A Convertible Preferred Stock.	Filed Herewith
(10)	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 Merger 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 September 9, 2005.	See Note 9 (below)
(10.12)	Agreement and Plan of Acquisition with UTEK Corporation, a Delaware corporation, and Pure Air Technologies, Inc. dated October 11, 2006.	See Note 10 (below)
(11)	Statement re: Computation of Per Share Earnings	Note 2 to Financial Statements
(15)	Letter on unaudited interim financial information	None
(18)	Letter on change in accounting principles	None
(19)	Reports furnished to security holders	None
(20)	Other documents or statements to security holders or any document incorporated by reference	None

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(22)	Published Report Regarding Matters Submitted to Vote of Security Holders	None
(23)	Consents of Experts and Counsel	None
(24)	Power of Attorney	None
(31)	Rule 13a-14(a)/15d-14(a) Certifications	Filed Herewith
(32)	Section 1350 Certifications	Filed Herewith
(99)	Additional exhibits	None
(100)	XBRL-Related Documents	None

### Exhibit Key

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- 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 10-SBA No. 1 filed with the Securities and Exchange Commission on February 2, 1999.
- Note 3 Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on November 18, 2005.
- 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

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WORLD ENERGY SOLUTIONS, INC.

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Dated: November 13, 2006

/s/ Benjamin C. Croxton

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Benjamin C. Croxton  
Chief Executive Officer  
Chief Financial Officer