

United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-KSB

(Mark One)

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

For the fiscal year ended **December 31, 2006**

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

For the transition period from _____ to _____

Commission file number 0-25097

WORLD ENERGY SOLUTIONS, INC.

(Name of small business issuer in its charter)

FLORIDA

*(State or other jurisdiction of
incorporation or organization)*

65-0783722

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

3900A 31st Street North, St. Petersburg, Florida

(Address of principal executive offices)

33714

(Zip Code)

Issuer's telephone number: 727-525-5552

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

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

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

Common Stock

(Title of class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB (_).

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

State issuer's revenues for its most recent fiscal year: \$554,983.

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days: \$8,092,981.28 based on the average high (\$.38) and low (\$.15) price as of March 27, 2007, of \$.2650 per share average.

Note: If determining whether a person is an affiliate will involve an unreasonable effort and expense, the issuer may calculate the aggregate market value of the common equity held by non-affiliates on the basis of reasonable assumptions, if the assumptions are stated.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 30,539,552 shares of Common Stock as of March 27, 2007.

DOCUMENTS INCORPORATED BY REFERENCE

None

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

PART I

Item 1. Description of Business.

The Company

World Energy Solutions, Inc. d/b/a World Energy Solutions ("the Company", "we" or "us") is a Florida corporation with our principal executive offices located at 3900A 31st Street North, St. Petersburg, Florida.

The Company's business model is the marketing of a multi-product package to commercial, industrial and residential facilities in order to lower their overall cost of electric, gas and water. The Company is working on 2 major research and development projects. First is the Company's Hydrogen/Oxygen gas system for the creation of cheap hot water and as an automotive fuel extender. On November 29, 2005 Registrant acquired all right, title, and interest in and to a patent application for "Method and Apparatus for the Production of Hydrogen and Oxygen" from Robert J. Depalo. These patent application rights were acquired in order to further develop the described invention for the economical production of hot water on demand. This is accomplished by utilizing a proprietary patent pending methodology of creating H₂O gas through electrolysis and burning the gas as it is created instantaneously as needed. The Company has successfully developed a prototype/proof of concept system that has taken water from 70 degrees F to over 185 degrees F in approximately 20 seconds. The raw cost of creating water this hot is approximately 6 tenths of a penny per minute. The Company hopes to penetrate the commercial and residential markets for cheap hot water after a full commercial grade system has been completed.

The Company has also built a H₂O gas system installed into a 2000 Honda automobile. This system has been completed and is undergoing field trials today. The University of Florida sold to World Energy Solutions, Inc. the international marketing rights to a novel system that will not only purify the air of microorganisms but also rid indoor environments of chemical contaminants. In recent years, comparative risk studies performed by the U. S. Environmental Protection Agency (EPA) have consistently ranked indoor air pollution among the top five environmental risks to people's health. EPA studies of human exposure indicate that the levels for many pollutants may be 2-5 times higher indoors than outdoors. The University of Florida's novel system should improve the quality of life for millions of asthma- and allergy-sufferers and should also deliver effective protection against bioterrorism by completely clearing the air of all microorganisms and chemical contaminants.

Applications

Eliminates gaseous chemicals and microorganisms from indoor environments

Advantages

Completely destroys microbes, avoiding growth and accumulation of harmful microbes on surfaces and preventing possible further contamination. Indoor air and contaminated surfaces containing microbes and chemicals can be treated simultaneously, avoiding the need for two separate systems, increasing simplicity and decreasing costs. Ozone is chemically degraded, and microbes/ chemicals can be treated to yield relatively harmless products (CO₂, O₂ and water), making this system safer than others by eliminating the need to discard harmful contaminants trapped on a filter.

The Technology

This technology is a tandem ozone & photocatalytic oxidation system that provides multiple treatment mechanisms for microorganisms suspended in the air or present on the surface of an air handling system. With its unique structure, the system effectively removes trace levels of organic compounds that can be present in indoor environments by converting these to CO₂ and water.

The Company also 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 (Example: 80% of all savings for 10 years). No services or products have yet been sold.

THE COMPANY'S TARGET MARKET

The average US household uses over 700 gallons of hot water per week. It is the goal of the Company to substantially reduce the cost of generating that hot water. The reduction in fuel consumption in trucking and automobiles is a national goal of the US government as well as the trucking industry and households with automobiles. It is the goal of the Company to provide a retrofit system to reduce fuel consumption for some of these markets. Also, the Company's target markets for energy savings are commercial and industrial customers that have an electric, gas and water bill in excess of \$10,000.00 per month. The ideal customer will have an overall energy bill in the \$40,000.00 to \$100,000.00 monthly range. The Company has the ability to sell and install for larger customers on a case-by-case basis.

In 2004, net generation of electricity totaled 4.0 trillion kilowatt hours, up 2 percent compared with the total in 2003. Of the total generated, 96 percent came from the electric power sector; 4 percent was generated by combined heat-and-power plants and electricity-only plants in the industrial and commercial sectors. The United States imported 34 billion kilowatt hours and exported 23 billion kilowatt hours of electricity in 2004.

In April 2005, total net generation of electricity was 291 billion kilowatt hours, slightly higher than April 2004. This kilowatt hour usage translates at \$.08 per hour to the sum of \$23,280,000,000.00 per month. Approximately two-thirds (2/3) of this monthly figure is generated by commercial and industrial facilities. A \$50,000.00 per month electric bill represents approximately .000000214 of the potential market monthly. With the U.S. Department of Energy predicting that the demands will more than double before year 2025, the overall market for the Company's products and services is vast.

THE BUSINESS MODEL

The Company is an ESCO (Energy Services Company). An ESCO is a business that develops, installs, and finances projects designed to improve the energy efficiency and maintenance costs for facilities over a seven (7) to ten (10) year time period. ESCOs generally act as project developers for a wide range of tasks and assume the technical and performance risk associated with the project. Typically, they offer the following services:

- develop, design, and finance energy efficiency projects;
- install and maintain the energy efficient equipment involved;

- measure, monitor, and verify the project's energy savings; and
- assume the risk that the project will save the amount of energy guaranteed.

These services are bundled into the project's cost and are repaid through the dollar savings generated.

ESCO projects are comprehensive, which means that the ESCO employs a wide array of cost-effective measures to achieve energy savings. These measures often include the following: high efficiency lighting, high efficiency heating and air conditioning, efficient motors and variable speed drives, and centralized energy management systems.

What sets ESCOs apart from other firms that offer energy efficiency, like consulting firms and equipment contractors, is the concept of performance-based contracting. When an ESCO undertakes a project, the company's compensation, and often the project's financing, are directly linked to the amount of energy that is actually saved.

Typically, the comprehensive energy efficiency retrofits inherent in ESCO projects require a large initial capital investment and offer a relatively long payback period. The customer's debt payments are tied to the energy savings offered under the project so that the customer pays for the capital improvement with the money that comes out of the difference between pre-installation and post-installation energy use and other costs. For this reason, ESCOs have led the effort to verify, rather than estimate energy savings. One of the most accurate means of measurement is the relatively new practice of metering, which is direct tracking of energy savings according to sanctioned engineering protocols.

Most performance-based energy efficiency projects include the maintenance of all or some portion of the new high-energy equipment over the life of the contract. The cost of this ongoing maintenance is folded into the overall cost of the project. Therefore, during the life of the contract, the customer receives the benefit of reduced maintenance costs, in addition to reduced energy costs. As an additional service in most contracts, the ESCO provides any specialized training needed so that the customer's maintenance staff can take over at the end of the contract period.

Another critical component of every energy efficiency project is the education of customers about their own energy use patterns in order to develop an "energy efficiency partnership" between the ESCO and the customer. A primary purpose of this partnership is to help the customer understand how their energy use is related to the business that they conduct.

Included in the ancillary services provided in a typical performance-based energy efficiency contract are the removal and disposal of hazardous materials from the customer's facility. When, for example, existing fluorescent lighting equipment, ballasts that contain PCBs, and fluorescent light tubes that contain traces of mercury are replaced, the old equipment must be disposed of as hazardous waste. Upgrades to heating, air conditioning, and ventilation systems may involve the removal of asbestos and would also be properly disposed of by the ESCO.

In addition to the economic benefits realized by ESCO customers through energy and maintenance cost savings, this booming industry has had a profound effect on the U.S. economy. New jobs have been created, not only within the ESCOs, but through the use of contractors and through the many

firms involved directly and indirectly in supporting energy efficiency projects. Since approximately one third of the money invested in ESCO projects is applied to labor costs, out of the estimated \$20 billion of projects installed to date, approximately \$7 billion has gone directly for labor employment.

Historically, the energy service industry is relatively young. Most U.S. ESCOs place the industry's origins in the late 1970s and early 1980s when energy prices rose dramatically following the 1973 Arab oil embargo and the Iranian Revolution in 1979. These events created the opportunity to make a business out of reducing customers' growing energy costs. The future for ESCOs and for their customers is bright as there is an increasing global need to implement energy efficiency projects on a widespread basis.

The Company's business model is based around a multi-product approach to energy savings (lowering electric, gas and water utility bill) for commercial, industrial and residential facilities. The goal of the Company is to substantially reduce energy consumption (10% to 30% plus), reduce the customer's maintenance costs, protect the customer's equipment and increase the life of the customer's equipment. The basic premise of our program is to sell a complete multi-product energy savings package to customer's facilities for cash or a shared savings revenue (80% - 20% Shared Revenue Program - SRP) modeled after the Federal Energy Management Program of the Department of Energy. The Company would pay for and own the entire installation of the multiple products and receive a percentage (usually 80%) of all demonstrated savings for a certain amount of time (10 to 20 years). The Company will accomplish these savings by utilizing in-house proprietary products, proprietary techniques and third party outside technologies where applicable.

Basic steps:

1. After identifying a prospective customer, we do an energy analysis of our customer's facility.
2. We contract with our customer to install multiple state-of-the-art energy saving technologies and techniques into their facility (Cash or SRP).
3. The Company will monitor all phases of savings against an agreed upon energy consumption baseline measured in kilowatt per hour usage.
4. We anticipate receiving either an agreed upon cash payment for the installation or the 80% - 20% Shared Revenue Program - SRP generated from this installation. Each installation is a complete custom order to fit the customer's specific needs (80% of the cash savings is remitted to the Company and the customer keeps 20% of the realized savings). We maintain the ownership of all installed equipment until the end of the term of the contract. The Company will then sell the installed equipment to the customer for \$1.00.

Should the customer decide to choose the SRP, the customer will have no capital outlay, a complete energy savings retrofit for their facility and receive 20% of all savings generated for the life of the contract. This allows the Company to receive 80% of all energy savings for the life of the contract as well as energy tax credits associated with the installation of energy-saving devices.

The Company has brought together technologies that cover the following areas:

TVSS (Transient Voltage Surge Suppression), HVAC (Heating Ventilation Air Conditioning) Loads, Lighting Loads, Motors Loads, Hot Water Usage, Cold Water usage, Thermal Barriers, Thermal Coatings, Air Curtains, Energy Management Systems along with other state of the art energy saving technologies, strategies and techniques. Additional conservation methods will include implementation of engineering recommendations after our comprehensive study of the facilities' boiler plant, chiller plants, service water systems, all phases of their air handling systems, building insulation, controlling use of sunlight, all forms of mechanical equipment, all forms of energy sources, specific energy management tools, and other energy recovery systems.

Our complete energy analysis report will deliver monthly energy usage that will include adjustments for:

Weather changes & effects on energy usage;

Equipment change-outs that affect energy usage;

Business unit of measurement adjustments (how well their business is doing vs. our baseline energy usage. Example: A resort rented out 80% of their rooms for that baseline month vs. 95% of the new referenced month);

Business behavior adjustments. (Example: New management decides to turn all thermostats down five (5) degrees or any major changes in behavioral policy that directly affects energy usage).

The Company will include a maintenance agreement and on-going warranties for the life the contract. The customer will be responsible for general maintenance of their facility.

The Company is currently a Takagi dealer. Takagi Industrial Co. USA, Inc. is the U.S. distribution arm of Takagi Industrial Co. LTD. of Japan, founded in 1946 as Takagi Machinery. Today, Takagi is one of the world's largest manufacturers of tank-less hot water systems. We expect to become manufacturers and distributors for a wide variety of energy saving technologies through research and development, distributorships, mergers & acquisitions and/or outright purchase of technologies that fit the Company's business model.

The Company currently identifies their market as commercial and industrial customers that use electric power in the \$30,000 to \$250,000 dollar range monthly. The customer may also use \$2,000 to \$25,000 per month natural gas or propane gas for various energy needs.

THE ENERGY SERVICES COMPANY (ESCO) INDUSTRY

The U.S. Energy Services Company (ESCO) industry is often cited as the most successful model for the private sector delivery of energy-efficiency services. These projects include \$2.55B of work completed by 51 ESCOs and span much of the history of this industry. We estimate that the ESCO industry completed \$1.8-2.1B of projects in 2000. The industry has grown rapidly over the last decade with revenues increasing at a 24% annualized rate. We summarize and compare project characteristics and costs and analyze energy savings, including the relationship between predicted and actual savings. ESCOs typically invested about \$2.30/ft² per project in various energy efficiency improvements, although there is large variation in project costs within and across market segments. We find that lighting-only projects report median electricity savings of 47% of targeted

equipment consumption; the median for lighting-&-non-lighting projects is 23% of the total electric bill baseline. We examine project economics, including project net benefits, benefit/cost ratio and simple payback time. Median simple payback time is seven years for institutional sector projects and three years in the private sector. We estimate direct economic benefits of \$1.62 billion for the 1080 projects in our database with both cost and savings data. The median benefit/cost ratio is 2.1 for 309 private sector projects and 1.6 for 771 institutional sector projects. We discuss the role of policies and programs adopted by state/federal legislatures and agencies that have played an important role in stimulating ESCO activity in various markets. Finally, we estimate the overall size and growth of the energy-efficiency services industry over the last ten years based on a survey of 63 ESCOs.

Residential delivered energy use is projected to increase by 23 percent between 2003 and 2025 (9 percent by 2010). Most (68 percent) of the growth results from increased use of electricity. Sustained growth in housing in the South, where almost all new homes use central air conditioning, is an important component of the national trend, along with the penetration of consumer electronics, such as home office equipment and security systems.

The Annual Energy Outlook 2005 published by the United States Department of Energy/Energy Information Administration ("AEO2005") reference case projects an increase in the stock efficiency of residential appliances, as stock turnover and technology advances in most end-use services reduce residential energy intensity over time. For most appliances covered by the National Appliance Energy Conservation Act of 1987, the most recent Federal efficiency standards are higher than the 2003 stock, ensuring an increase in stock efficiency without any additional new standards. Future updates to the Federal standards could have a significant effect on residential energy consumption, but they are not included in the reference case. The new efficiency standards for water heaters, clothes washers, central air conditioners, and heat pumps that were announced in January 2001 are included in the reference case.

For almost all end-use services, existing technologies can significantly curtail future energy demand if they are purchased by consumers. The most efficient technologies can provide significant long-run savings in energy bills, but their higher purchase costs (and in some cases, unsuitability for retrofit applications) tend to restrict their market penetration. For example, condensing technology for natural gas furnaces, which reclaims heat from exhaust gases, can raise efficiency by more than 20 percent over units that just meet the current standard; and variable-speed scroll compressors for air conditioners and refrigerators can increase their efficiency by 50 percent or more. In contrast, there is little room for efficiency improvements in electric resistance water heaters, because the technology is approaching its thermal limit.

Recent trends in commercial sector fuel shares are expected to continue, with growth in overall consumption similar to its pace over the past two decades. Commercial delivered energy use (excluding primary energy losses in electricity generation) is projected to grow by 1.9 percent per year between 2003 and 2025, slightly faster than the projected growth rate for commercial floor space of 1.7 percent. Energy consumption per square foot is projected to show little increase, with efficiency standards, voluntary government programs aimed at improving efficiency, and other technology improvements expected to balance the effects of a projected increase in demand for electricity-based services and a slow rise in energy prices after 2010.

Electricity accounted for 50 percent of commercial delivered energy consumption in 2003, and its share is projected to increase to 57 percent in 2025. Expected efficiency gains in electric equipment are projected to be offset by the continuing penetration of new technologies and greater use of office equipment. Natural gas, which accounted for 39 percent of commercial energy consumption in 2003, is projected to decline to a 33-percent share by the end of the forecast. Distillate fuel oil, which accounted for 10 percent of commercial demand in the years before deregulation of the natural gas industry, made up only 6 percent of commercial energy demand in 2003. The distillate fuel share is projected to remain at 6 percent in 2025, as fuel oil continues to compete with natural gas for space and water heating uses. With conventional fuel prices projected to increase only slowly, no appreciable growth in the share of renewable energy in the commercial sector is anticipated.

Total electricity sales are projected to increase at an average annual rate of 1.9 percent in the AEO2005 reference case, from 3,481 billion kilowatt hours in 2003 to 5,220 billion kilowatt hours in 2025. From 2003 to 2025, annual growth in electricity sales is projected to average 1.6 percent in the residential sector, 2.5 percent in the commercial sector, and 1.3 percent in the industrial sector.

The average size of homes is projected to be larger in 2025 than in 2003 in terms of both square footage and ceiling height, with corresponding increases in electricity use for heating, cooling, and lighting. In addition, expected population shifts to warmer climates increase the amount of electricity used for air conditioning, although the projected increases are mitigated in part by the implementation of a more stringent efficiency standard for air conditioners and heat pumps in 2006.

Projected efficiency gains for electric equipment in the commercial sector are offset by the continuing penetration of new telecommunications technologies. Although electricity use is projected to increase with the growth of industrial output, increases in electricity sales to the industrial sector are expected to be off-set by a 2.7 percent average annual increase in onsite generation.

With growing electricity demands and the retirement of 43 gigawatts of inefficient, older generating capacity, 281 gigawatts of new capacity (including end-use combined heat and power) will be needed by 2025. Most retirements are expected to be older oil-and natural-gas-fired steam capacity, along with smaller amounts of older oil-and natural-gas-fired combustion turbines and coal-fired capacity, which are not competitive with newer natural gas combustion turbine or combined-cycle capacity.

More than 60 percent of new capacity additions are projected to be natural-gas-fired combined-cycle, combustion turbine, or distributed generation technologies. More than 80 percent of the capacity additions will be needed after 2010, when the current excess of generation capacity has been reduced. As natural gas prices rise later in the forecast, new coal-fired capacity is projected to become increasingly competitive, accounting for nearly one-third of the capacity expansion expected in the reference case. Most of the new coal capacity is expected to use advanced pulverized coal technology and to begin operation after 2015. About 16 gigawatts of capacity using advanced clean coal technology, with higher capital costs but relatively low fuel costs, is also expected to be added.

Item 2. Description of Property.

The Company maintains two facilities: its main office which houses its corporate and manufacturing facilities and a second unit used for research and development within the same industrial complex and has two separate leases. The main office lease has a term expiring on September 30, 2007. The research and development facility does not contain a renewal option and the payment of its rent is guaranteed by the Company's President. That lease renewed in October 2006 and has a term ending on October 14, 2007.

Item 3. Legal Proceedings.

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.

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. Each of the aforementioned lawsuits is in a very early stage and accordingly, the Company cannot predict at this point whether there is a likelihood of success on the merits.

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

None

Part II

Item 5. Market for Common Equity and Related Stockholder Matters.

The Company's common stock was traded from January 1, 2005 through November 17, 2005 on the Over-the-Counter Bulletin Board under the symbol AVDU.OB. From November 18, 2005 through present the Company's common stock was traded on the Over-the-Counter Bulletin Board under the symbol WEGY.OB. The high and low sales prices for each quarter of the calendar years 2005 and 2006 are as follows:

		Common Stock	
		High	Low
1st quarter	2005	\$ 3.59	\$ 3.49
2nd quarter	2005	2.73	2.36
3rd quarter	2005	4.35	2.10
4th quarter	2005	3.90	2.52
1st quarter	2006	\$ 3.90	\$ 1.25
2nd quarter	2006	1.96	1.40
3rd quarter	2006	1.55	.26
4th quarter	2006	.64	.20

Recent Sales of the Company's Unregistered Securities.

Name	Number Common Shares Purchased	Date	Price/Share	Issuer
Tanta Anghelescu	18	03/05/04	\$0.001	1
James Bergeron	10	03/05/04	\$0.001	1
Jan Butler	4	03/05/04	\$0.001	1
Ivanka Chotreva	2	03/05/04	\$0.001	1
Joseph Chumbley	4	03/05/04	\$0.001	1
Kelly Fesler	2	03/05/04	\$0.001	1
Jevto Knezevic	8	03/05/04	\$0.001	1
Vera Lukie	4	03/05/04	\$0.001	1
Mihail Mihailov	6	03/05/04	\$0.001	1
Chekita Mitchell	4	03/05/04	\$0.001	1
John O'Brien	14	03/05/04	\$0.001	1
Jodi Sherry	12	03/05/04	\$0.001	1

Don Sutton	4	03/05/04	\$0.001	1
Jack Watson	4	03/05/04	\$0.001	1
Elizel Anghelescu	50,000	03/15/04	\$ 0.50	1
George Anghelescu	60,000	04/06/04	\$ 0.50	1
John O'Brien	50,000	04/06/04	\$ 0.50	1
John Aliprantis	50,000	04/21/04	\$ 0.50	1
Cheryl Koebele	10,000	04/21/04	\$ 0.50	1
Harry Eisnaugle	20,000	04/27/04	\$ 0.50	1
Paul Ksyniak	20,000	04/27/04	\$ 0.50	1
Edward Montambault	100,000	05/07/04	\$ 0.50	1
Wes Wissel	60,000	05/13/04	\$ 0.50	1
Tanta Anghelescu	53,982	06/02/04	\$0.001	1
James Bergeron	29,990	06/02/04	\$0.001	1
Jan Butler	11,996	06/02/04	\$0.001	1
Ivanka Chotreva	5,998	06/02/04	\$0.001	1
Joseph Chumbley	11,996	06/02/04	\$0.001	1
Kelly Fesler	5,998	06/02/04	\$0.001	1
Kiefner & Hunt	30,000	06/02/04	\$0.001	1
Jevto Knezevic	23,992	06/02/04	\$0.001	1
Vera Lukie	11,996	06/02/04	\$0.001	1
Mihail Mihailov	17,994	06/02/04	\$0.001	1
Chekita Mitchell	11,996	06/02/04	\$0.001	1
John O'Brien	41,986	06/02/04	\$0.001	1
Jodi Sherry	35,988	06/02/04	\$0.001	1
Don Sutton	11,996	06/02/04	\$0.001	1
Jack Watson	11,996	06/02/04	\$0.001	1
Philip Gene Flood				
Living Trust dated				
April 24th, 1997	200,000	06/14/04	\$ 0.50	1
Joseph & Sally Peel	100,000	06/14/04	\$ 0.50	1
Edward & Alice				
Prange	60,000	06/14/04	\$ 0.50	1
Wes Wissel	20,000	06/14/04	\$ 0.50	1
Thomas Conley	10,000	06/28/04	\$ 0.50	1
Richard & Marna				
Taylor	20,000	06/28/04	\$ 0.50	1
Joseph Chumbley	20,000	07/02/04	\$ 0.50	1
Jerry Little	50,000	07/02/04	\$ 0.50	1
Edward & Alice				
Prange	60,000	07/06/04	\$ 0.50	1
Edward & Francoise				
Bineau Bineau				
Family Trust	50,000	07/22/04	\$ 0.50	1
Gloria Jameson	10,000	07/22/04	\$ 0.50	1
Theresa Rivera	10,000	07/26/04	\$ 0.50	1
Claire Meadows	4,000	08/02/04	\$ 0.50	1
Claire Meadows	6,000	08/02/04	\$ 0.50	1
Wes Wissel	20,000	08/05/04	\$ 0.50	1

James F. Conner	10,000	08/16/04	\$ 0.50	1
Stanley Johnson	20,000	08/16/04	\$ 0.50	1
James Cole	20,000	08/16/04	\$ 0.50	1
Robert Kratz	100,000	08/25/04	\$ 0.50	1
Stephen Johnson	7,500	09/29/04	\$0.001	1
u/a/dtd July 26, 1999 George E. Lewis IV Revocable Trust	7,175	10/13/04	\$ 0.50	1
Jim E. Hartley	50,000	10/13/04	\$ 0.50	1
AnnRee Chumbley	20,000	12/16/04	\$ 0.50	1
Pamela J. Clark	14,000	12/24/04	- -	1
Nicole Conley	200	12/28/04	\$ 0.50	1
Thomas Conley	200	12/28/04	\$ 0.50	1
Thomas Conley	40,000	12/28/04	\$ 0.50	1
Joseph & Linda Chumbley	36,600	12/31/04	\$ 0.50	1
Ken Fleetwood	1,000	12/31/04	\$ 0.50	1
Pamela J. Clark	36,000	02/14/05	\$ 0.50	1
Joseph & Linda Chumbley	2,000	03/07/05	\$ 0.50	1
Joseph & Linda Chumbley	4,000	03/07/05	\$ 0.50	1
Joseph & Linda Chumbley	14,600	04/11/05	\$ 0.50	1
Joseph & Linda Chumbley	14,600	04/11/05	\$ 0.50	1
George Anghelescu	28,000	05/31/05	\$ 0.50	1
Karl B. Clark	50,000	05/31/05	\$ 0.50	1
James F. Conner	20,000	05/31/05	\$ 0.50	1
Joseph & Linda Chumbley	19,000	06/01/05	\$ 0.50	1
Robert C. Kratz	300,000	06/01/05	\$ 0.50	1
Joseph & Linda Chumbley	22,000	06/03/05	\$ 0.50	1
Joseph & Linda Chumbley	8,650	06/03/05	\$ 0.50	1
AnnRee Chumbley	40,000	06/03/05	\$ 0.50	1
Pamela J Clark	6,000	06/03/05	\$ 0.50	1
Pamela J Clark	8,000	06/03/05	\$ 0.50	1
Thomas Conley	22,000	06/03/05	\$ 0.50	1
John O'Brien	8,000	06/03/05	\$ 0.50	1
Edward C. & Alice P. Prangue	80,000	06/03/05	\$ 0.50	1
Richard & Marna Taylor	10,000	06/03/05	\$ 0.50	1
AnnRee Chumbley	50,000	06/10/05	\$ 0.50	1
Joseph & Linda				

Chumbley	600	06/10/05	\$ 0.50	1
Joseph & Linda				
Chumbley	200	06/10/05	\$ 0.50	1
Joseph & Linda				
Chumbley	3,000	06/10/05	\$ 0.50	1
Jim E. Hartley	50,000	06/10/05	\$ 0.50	1
Jim E. Hartley	50,000	06/10/05	\$ 0.50	1
Pamela J Clark	10,000	06/21/05	\$ 0.50	1
Pamela J Clark	10,000	06/27/05	\$ 0.50	1
Christa Paul	200,000	06/27/05	\$ 0.50	1
Joseph & Linda				
Chumbley	1,000	06/29/05	\$ 0.50	1
Philip G Flood	100,000	06/29/05	\$ 0.50	1
Pamela J Clark	2,000	07/05/05	\$ 0.50	1
Thomas Conley	28,000	07/05/05	\$ 0.50	1
Joseph & Linda				
Chumbley	600	07/06/05	\$ 0.50	1
Annree Chumbley	20,000	07/06/05	\$ 0.50	1
Robert C. Kratz	100,000	07/06/05	\$ 0.50	1
Mark Kevin Potter	20,000	07/09/05	\$ 0.50	1
Paul M & Mary Jo				
Arnold	50,000	07/11/05	\$ 0.50	1
Janet Butler	4,000	07/11/05	\$ 0.50	1
Ronald E, Errington	50,000	07/11/05	\$ 0.50	1
Donald J. & Theda				
Wilhelm	4,000	07/11/05	\$ 0.50	1
Glenn D. Witt	50,000	07/11/05	\$ 0.50	1
J. Terry Ottinger	100,000	07/13/05	\$ 0.50	1
Owen Reuterwall				
Rev. Trust U/A/DTD				
12-14-95	20,000	07/20/05	\$ 0.50	1
Pamela J Clark	50,000	07/26/05	\$ 0.50	1
Christopher Nelson				
TTEE FBO Christopher				
G. Nelson Family				
Trust	25,000	08/08/05	\$ 0.50	1
Mary Jo Nelson TTEE				
FBO Mary Jo Nelson				
Family Trust	25,000	08/08/05	\$ 0.50	1
Allied Properties,				
Inc.	50,000	08/16/05	\$ 0.50	1
Pamela J Clark	35,000	11/09/05	\$ 1.00	
AnnRee Chumbley	10,000	11/28/05	\$ 1.00	
Pamela J Clark	10,000	12/09/05	\$ 1.00	
Jim E. Hartley	100,000	12/19/05	\$ 1.00	
Edward C. & Alice				
P. Prange	50,000	12/19/05	\$ 1.00	
Barbara Ann Bretz	25,000	12/27/05	\$ 1.00	

Flood Living Trust			
Date April 24th, 1997	50,000	12/27/05	\$ 1.00
Jennifer Parry	25,000	12/27/05	\$ 1.00
Allied Properties	25,000	12/30/05	\$ 1.00
Global Media	326,797	02/28/06	\$ ----
Philip Gene Flood Living Trust dated April 24th, 1997	100,000	03/24/06	\$.50
Gray Capital Partners (2)	6,309,000	04/03/06	\$ ----
Philip Gene Flood Living Trust dated April 24th, 1997	100,000	04/12/06	\$.50
Robert Kratz	200,000	03/24/06	\$.50
Edward & Alice Prange	100,000	03/28/06	\$.50
Roger Kirk	100,000	03/27/06	\$.50
Joseph Peel	100,000	03/28/06	\$.50
Rick Leverage	20,000	04/18/06	\$.50
Linda Willison	20,000	05/03/06	\$.50
Beverly E. Smoker	30,000	04/27/06	\$.50
Michael S. Smoker	10,000	06/29/06	\$.50
James Hartley	90,000	04/26/06	\$.50
Charlie Downie	20,000	05/02/06	\$.50
Linda & Joe Chumbley	100,200	05/05/06	\$.50
Global Media	33,267	05/11/06	\$ ----
Philip Gene Flood Living Trust dated April 24th, 1997	200,000	06/04/06	\$.50
Thomas Conley	30,000	05/15/06	\$.50
Philip Gene Flood Living Trust dated April 24th, 1997	100,000	06/07/06	\$.50
AnnRee Chumbley	10,000	06/28/06	\$.50
Pamela Clark	39,400	05/22/06	\$.50
Philip Gene Flood Living Trust dated April 24th, 1997	100,000	06/29/06	\$.50
Kirby M. Watson	100,000	08/11/06	\$.50
Global Media	33,267	07/05/06	\$ ----
Global Media	33,267	07/24/06	\$ ----
UTEK Corp.	87,500	10/06/06	\$.50
Evergreen Mktng.	250,000	11/13/06	\$ ----
UTEK Corp.	82,753	01/30/07	\$.50
Robert Kratz	1,300,000	02/15/07	\$.25
Pamela Clark	10,000	03/13/07	\$.25
Linda & Joe			

Chumbley	20,000	03/06/07	\$.25
Linda & Joe			
Chumbley	10,000	03/06/07	\$.25
Thomas Conley	40,000	03/16/07	\$.25
Edward & Alice			
Prange	100,000	03/16/07	\$.25
Linda & Joe			
Chumbley	30,000	03/16/07	\$.25
Kathleen Beckus	124,000	03/13/07	\$.25
Mark Potter	40,000	03/16/07	\$.25
Philip Gene Flood			
Living Trust dated			
April 24th, 1997	200,000	03/21/07	\$.25

- (1) Issued by Professional Technical Services, Inc.
(2) Shares were cancelled September 28, 2006.

Sale of Convertible 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. The preferred stock issued in the exchange 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, 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. Notwithstanding the conversion terms, the parties agreed that any conversion to common stock would occur at a price of not less than ten cents (\$.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 agreed value of the PATI technology.

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.

Special Note Regarding Forward Looking Statements.

This annual report on Form 10-KSB of World Energy Solutions, Inc. for the year ended December 31, 2006 contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. To the extent that such statements are not recitations of historical fact, such statements constitute forward-looking statements which, by definition, involve risks and uncertainties. In particular,

statements under the Sections; Description of Business, Business Model and Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements. Where, in any forward-looking statement, the Company expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished.

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

Holders of Common Stock

As of March 27, 2007 the number of holders of record of shares of common stock, excluding the number of beneficial owners whose securities are held in street name was approximately 251.

Dividend Policy

The Company will not pay any cash dividends on its common stock in 2007 because it intends to retain its earnings to finance the expansion of its business. Thereafter, declaration of dividends will be determined by the Board of Directors in light of conditions then existing, including without limitation the Company's financial condition, capital requirements and business condition.

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	None	Not Applicable	Not Applicable
Equity compensation plans not approved by security holders	1,300,000 (1) (2) (3)	Not Applicable	-0-
Total	1,300,000		

- (1) Includes 600,000 shares issued to Mr. Croxton pursuant to January 31, 2006 employment agreement, which shares have been cancelled.
- (2) Includes 600,000 shares issued to Mr. Prentice pursuant to January 31, 2006 employment agreement, which shares have been cancelled.
- (3) Includes 100,000 shares issued to Mr. Kurk pursuant to January 31, 2006 employment agreement.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

World Energy Solutions, Inc. (referred to as the "Company", "WESI," "New 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 (the "November 2005 Merger") with WESI being the legal acquirer but PTS being the accounting acquirer.

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

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

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 of these facilities. The Company plans to market its package both by direct sales as well as a Shared Revenue Program (SRP) where the Company pays for the entire installation cost of the product package in return for payments of a percentage of the savings realized by the facilities using the product package. This new business model is expected to increase revenues and profits for the Company. The Company also intends to aggressively develop and market its H2O technology and its pure air technology.

Liquidity and Capital Resources

Our cash decreased to approximately \$88,000 as of December 31, 2006 compared to \$240,000 as of December 31, 2005. This decrease is due mostly to the Company paying off debt. Additionally, during 2005, the Company realized proceeds of approximately \$321,000 from the sale of land held for investment.

The cash used in operations in 2006 decreased from the cash used in operations in 2005 by approximately \$227,000. Although gross profit from sales increased, payroll, consulting, advertising and research and development expenses increased mainly due to the issuance of stock for services.

We do not believe our working capital is sufficient to run our operations at current or proposed operating levels. Operations in 2006 have been funded in part by increased sales, and 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 part or full by the issuance of common stock. The Company plans on offering another private placement in 2007 and plans to introduce new products into the market. With planned increased marketing efforts and the research and development that are currently in place, the Company anticipates these products entering the market during 2007.

Results of Operations and Critical Accounting Policies and Estimates

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

Valuation Allowance on Deferred Tax Assets

SFAS No. 109, "Accounting for Income Taxes" requires that deferred tax assets be evaluated for future realization and reduced by a valuation allowance to the extent we believe a portion will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets including our recent cumulative earnings experience, expectations 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 pro rata basis.

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

2006 Compared to 2005

Total product sales for 2006 were approximately \$555,000, an 18% increase from 2005 sales of approximately \$472,000 due to increased demand for the Company's product. There was one

major customer in 2006 that accounted for 12.9% of our total sales. There was no major customer in 2005.

Gross profit on sales increased to 55% in 2006 from 49% in 2005. This increase is due in part to increased efficiencies and the product sales mixture.

Our general and administrative expenses increased to \$5,065,407 in 2006 from \$1,232,568 in 2005. The majority of the increase is due to the issuance of common stock for services. During 2006, the Company entered several new consulting agreements and two employment agreements with management. All of these agreements resulted in the issuance of common stock for services. Some of these consulting agreements are the subject of litigation identified above. Additionally, total payroll and rent have increased due to normal annual increases.

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 7. Financial Statements.

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

Item 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.

None

Item 8A. 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 December 31, 2004 (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 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. For the same reason, the Company's registered accounting firm has not issued 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.

Item 8B. Other Information.

None.

PART III.

**Item 9. Directors, Executive Officers, Promoters and Control Persons;
Compliance With Section 16(a) of the Exchange Act.**

Five (5) directors, constituting the entire Board of Directors, serve until the next Annual Meeting of shareholders, or until a successor shall be elected and shall qualify:

Name	Age	Principal Occupation	Year First Became Director
Benjamin C. Croxton	58	CEO, CFO and Director	2005
Mike Prentice	76	President and Director	2005
Dr. Robert Kratz	76	Franchise Public Utility Officer/Owner	2006
Peter James	62	Consultant	2006
Keith Drucker	37	Consultant	2006

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

Mike Prentice has served as President of Professional Technical Systems, Inc. from April 1984 to the present. Mr. Prentice is not a director of any other reporting company.

Mr. Peter James has extensive experience in international marketing and business finance. He created and managed his own management consulting firm and a public accounting practice following the founding of a regional consulting practice for Price Waterhouse, in the UK. He is a Certified Accountant and Chartered Secretary (General Counsel & commercial lawyer) in the United Kingdom with a BSc (Econ) from University Glamorgan and MBA from University Cranfield. He is an Associate Fellow of the Royal Institute of Navigation, a Fellow of the Institute of Management and a Fellow of the Nautical Institute.

Mr. James is a former President of Cardiff Chamber of Commerce and was instrumental in the twinning of Xiamen, China with the City of Cardiff in 1986, the first such twinning with a Chinese City. He has worked extensively in Europe and is active in the development of trade links in former Soviet states and the newly democratic states of Central Europe.

Mr. James was a founder Director of Cardiff World Trade Center, being involved in the planning and promotion of the entity, the arrangement of funding and monitoring of operations from its inauguration. He is a Director of World Trade Centre (Holdings), Ltd, which owns, for development, a number of WTCA franchises in the UK. He was first Chairman of the Board of World Trade Center Holdings, Inc. in the USA, where he is normally resident. He owns a commercial property company in the UK. In the USA, he is President of Euro-American Strategies, LLC, an international marketing company for defence and homeland security products and services. He is also a member of the prestigious SPECTRUM Group of Washington defense consultants and lobbyists.

Mr. James served a parallel career in the Royal Naval Reserve. A navigator and mine- countermeasures specialist, he commanded minesweepers, patrol craft and shore bases. He served in most of the UK emergencies including the South Atlantic campaign for which he was made an MBE. He is a former Secretary General of the Inter-Allied (NATO) Confederation of Reserve Organisations (CIOR), representing some 8 million of NATO's reserve forces, in the Military Committee, International Military Staff and other NATO agencies. In that capacity, he enjoyed high access to the Ministries of Defence and Interior of NATO, former Soviet and Warsaw Pact Countries. He retired as a Captain, RNR after 35 years service. Mr. James' combination of business and military experience gives him a unique understanding of the Eastern European geopolitical and economic environments and their political cultures. Mr. James is a visiting lecturer in International Affairs at the National Defense University, Washington, DC.

From December, 2002 to March, 2006, Mr. Drucker served as Vice President of Corporate Development and Vice President of Operations for Global Signal, Inc., a provider of wireless, internet and broadband communications facilities based out of Sarasota, Florida. While at Global

Signal, Mr. Drucker was instrumental in restructuring Global Signal's organizational infrastructure and business process engineering. In addition, Mr. Drucker played a senior role in managing the acquisition, integration and securitization of over 7,900 real estate assets. From January, 1999 to December, 2002, Mr. Drucker served as a Director for SpectraSite Communications, Inc., now American Tower. While at SpectraSite, Mr. Drucker held several strategic roles focused on organizational and business process redevelopment, including leasing operations, mergers and acquisitions, and asset information management. From 1997 through July, 2000, Mr. Drucker was a Manager and Account Executive with SBA Communications, Inc. While at SBA, Mr. Drucker was accountable for various aspects of the tower leasing and carrier deployment process. In addition, Mr. Drucker was responsible for the construction and maintenance of SBA's Network Operations Center. Mr. Drucker received a Bachelor of Science in Business Communication from Bentley College. Mr. Drucker is not presently an officer or director of any other reporting company. During the last two years, Mr. Drucker has not been a party to any transaction involving the Company.

Dr. Robert C. Kratz, D.M.V. was engaged in a full-time dental practice from 1955 through 2000. In early 1980, Mr. Kratz obtained a mortgage license for the state of Florida. He then funded over 100 first mortgages on owner-occupied homes. In 1979, Mr. Kratz acquired agricultural land which was rezoned for residential purposes. Thereafter Mr. Kratz participated in the construction of a wastewater treatment plant to service the residential development and continues to be an owner and officer of the franchise public utility. Mr. Kratz has been an investor in the stock market since age 12. Mr. Kratz has significant experience as an investor in the stock option market and has enjoyed substantial success in the buying and selling of listed stock options.

Directors, including directors also serving the Company in another capacity and receiving separate compensation therefore shall be entitled to receive from the Company as compensation for their services as directors such reasonable compensation as the board may from time to time determine, and shall also be entitled to reimbursements for any reasonable expenses incurred in attending meetings of directors. To date, the Board of Directors has received no compensation, and no attendance fees have been paid.

Audit Committee Financial Expert

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

Code of Ethics

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

Item 10. Executive Compensation.

SUMMARY COMPENSATION TABLE

(a) Name and principal position	(b) Year	Long-Term Compensation							(i) All Other Compensa- tion(\$)
		Annual Compensation			Awards		Payouts		
		(c) Salary (\$)	(d) Bonus (\$)	(e) Other Annual Compensation (\$)	(f) Restricted Stock Award(s) (\$)	(g) Securities Underlying Options/ SARs (#)	(h) LTIP Payouts (\$)		
Benjamin C. Croxton, Chief Executive Officer, Chief Financial Officer, Director	2006	\$156,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	2005	\$18,000	-0-	-0-	-0-	-0-	-0-	-0-	-0- (1)
Mike Prentice, President, Director	2006	\$156,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	2005	\$18,000	-0-	-0-	-0-	-0-	-0-	-0-	-0- (1)
Peter James, Director	2006	\$36,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-

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

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

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table shows the ownership of the Common Stock of the Company on March 23, 2007, by each person who, to the knowledge of the Company, owned beneficially more than ten percent (10%) of such stock, the ownership of each director, and the ownership of all directors (designated with a "D") and officers as a group. Unless otherwise noted, shares are subject to the sole voting and investment power of the indicated person.

Names and Address of Individual or Identity of Group		Amount and Nature of Beneficial Ownership	Approximate % of Class
Benjamin C. Croxton 3900A 31st Street North St. Petersburg, FL 33714	(D)	7,217,176	23.30%
Mike Prentice 3900A 31st Street North St. Petersburg, FL 33714	(D)	5,571,176	17.98%

Dr. Robert C. Kratz 10110 Tarpon Springs Rd. Odessa, FL 33556	(D)	2,000,000	6.5%
Rachel Steele		4,373,008 (1)	14.12%
All Officers and Directors as a group		14,788,352	48.42%

(1) Includes 1,385,000 shares held by Rajax, Inc. and 2,000,000 shares held as custodian. Note that all shares held by Rachel Steele individually and beneficially are the subject of litigation by the Company recover such shares as described in Item 3 above. Ms. Steele is not an officer or director of the Company

Item 12. Certain Relationships and Related Transactions.

Interest expense recorded on debts owed the President of the Company totaled \$6,218 and \$14,717 for the years ended December 31, 2006 and 2005, respectively. See Note 5 for details of related party debt.

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

In December, 2006, the Board of Directors approved the cancellation of these and other shares that had been issued to certain consultants (see footnote 10) due to the performance expectations of the Company related to these agreements not being met.

Item 13. Exhibits.

Exhibit Number and Description	Location Reference
(a) Reports of Independent Certified Accountants	Filed Herewith
(b) Financial Statements	Filed Herewith
(c) 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 Exhibit Key
(2.2) Agreement and Plan of Merger Between Registrant and Professional Technical Systems, Inc.	See Exhibit Key
(3.0) Articles of incorporation and by-laws	
(3.1) Initial Articles of Incorporation filed November 23, 1998.	See Exhibit Key
(3.2) Articles of Amendment (Name Change, Authorized Shares, & Issuance of Shares).	See Exhibit Key
(3.3) Articles of Amendment (Increasing Authorized Common Shares)	See Exhibit Key
(3.4) By-Laws filed November 23, 1998.	See Exhibit Key
(4.0) Instruments defining the rights of security holders, including indentures	
(4.1) Specimen Share Certificate for Class A Convertible Preferred Stock	Filed Herewith
(9.0) Voting Trust Agreement	None
(10.0) Material Contracts	
(10.1) Strategic Alliance Agreement Between the Company and UTEK Corporation.	See Exhibit Key
(10.2) Employment Agreement with Benjamin Croxton dated January 31, 2006.	See Exhibit Key
(10.3) Employment Agreement with Mike Prentice dated January 31, 2006.	See Exhibit Key
(10.4) Consulting Agreement with Robert J. Depalo dated January 31, 2006.	See Exhibit Key
(10.5) Consulting Agreement with Thomas Kurk dated January 31, 2006.	See Exhibit Key
(10.6) Consulting Agreement with George Walker dated January 31, 2006.	See Exhibit Key

(10.7) Consulting Agreement with Nancy W. Hunt dated January 31, 2006.	See Exhibit Key
(10.8) Consulting Agreement with Dan Witherspoon dated January 31, 2006.	See Exhibit Key
(10.9) Consulting Agreement with Rachel Steele dated January 31, 2006.	See Exhibit Key
(10.10) Agreement and Plan of Acquisition with UTEK Corporation, a Delaware corporation dated October 11, 2006.	See Exhibit Key
(11.0) Statement re: Computation of Per Share Earnings	Note 1 to Financial Statements
(14.0) Code of Ethics	Filed Herewith
(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) Rule 13a-14(a) / 15d-14(a) Certifications	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
(d) Reports on Form 8-K	See Exhibit Key

Exhibit Key

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

Securities and Exchange Commission on August 19, 2005.

- 2.2 Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on November 14, 2005.
- 3.1 Incorporated by reference to the Company's Form 10KSB 12G filed with the Securities and Exchange Commission on November 23, 1998.
- 3.2 Incorporated by reference to the Company's Form 10QSB filed with the Securities and Exchange Commission on November 18, 2005.
- 3.3 Incorporated by reference to the Company's Schedule 14A filed with the Securities and Exchange Commission on December 22, 2006.
- 3.4 Incorporated by reference to the Company's Form 10KSB 12G filed with the Securities and Exchange Commission on November 23, 1998.
- 10.1 Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on September 13, 2005.
- 10.2 Incorporated by reference to the Company's Form S-8 filed with the Securities and Exchange Commission on January 31, 2006.
- 10.3 Incorporated by reference to the Company's Form S-8 filed with the Securities and Exchange Commission on January 31, 2006.
- 10.4 Incorporated by reference to the Company's Form S-8 filed with the Securities and Exchange Commission on January 31, 2006.
- 10.5 Incorporated by reference to the Company's Form S-8 filed with the Securities and Exchange Commission on January 31, 2006.
- 10.6 Incorporated by reference to the Company's Form S-8 filed with the Securities and Exchange Commission on January 31, 2006.
- 10.7 Incorporated by reference to the Company's Form S-8 filed with the Securities and Exchange Commission on January 31, 2006.
- 10.8 Incorporated by reference to the Company's Form S-8 filed with the Securities and Exchange Commission on January 31, 2006.
- 10.9 Incorporated by reference to the Company's Form S-8 filed with the Securities and Exchange Commission on January 31, 2006.
- 10.10 Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on October 17, 2006.

Item 14. Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant, Ferlita, Walsh & Gonzalez, P.A. for the audit of the registrant's annual financial statements and review of financial statements included in the registrant's Form 10-QSB or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years was \$109,701.

Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by Ferlita, Walsh & Gonzalez, P.A. that are reasonably related to the performance of the audit or review of the registrant's financial statements and are not reported under the caption "Audit Fees" was \$0. The nature of the services comprising the fees disclosed under this category was: N/A.

Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by Ferlita, Walsh & Gonzalez, P.A. for tax compliance, tax advice, and tax planning was \$3,354.

All Other Fees,

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

SIGNATURES

In accordance with Section 13 or 15(d) 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.

Date: April 2, 2007

By: /s/ BENJAMIN C. CROXTON

BENJAMIN C. CROXTON,
Chief Executive Officer
Chief Operating Officer

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[Letterhead of Ferlita, Walsh & Gonzalez, PA]

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
World Energy Solutions, Inc.
St. Petersburg, Florida

We have audited the accompanying consolidated balance sheet of World Energy Solutions, Inc. and subsidiary as of December 31, 2006, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the each of the years in the two-year period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of World Energy Solutions, Inc. and subsidiary as of December 31, 2006, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

Ferlita, Walsh & Gonzalez, PA
Tampa, Florida
March 21, 2007

WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2006

ASSETS

Current assets

Cash	\$	88,400
Accounts receivable		56,121
Inventory		98,529
Prepaid expenses		368,349
Other current assets		261,945

Total current assets		873,344
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Property and equipment, net		67,142
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Other assets

License agreements		61,660
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Total Assets	\$	<u>1,002,146</u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable	\$	16,775
Accrued expenses		258,791
Accrued dividends		33,750
Advance payments from dealers and customers		16,047

Total current liabilities		325,363
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Commitments and contingencies		-
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Stockholders' Equity

Preferred stock; \$.0001 par value; 100,000,000 shares authorized and 100,000 issued		10
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Common stock; \$.0001 par value; 100,000,000 shares authorized; 27,255,140 shares issued and outstanding		2,724
--	--	-------

Paid-in capital		10,937,020
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Accumulated deficit		(10,262,971)
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Total stockholders' equity		676,783
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Total liabilities and Stockholders' Equity	\$	<u>1,002,146</u>
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WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
Net sales	\$ 554,983	\$ 471,469
Cost of goods sold	247,816	239,447
Gross profit	307,167	232,022
Payroll expense	2,272,900	435,996
Professional and consulting expense	1,602,088	612,293
Research and development	398,447	230,521
Other general and administrative expenses	1,099,139	185,780
Earnings (loss) from operations	(5,065,407)	(1,232,568)
Other income (expense)		
Gain (loss) on disposal of property and equipment	(937)	47,457
Impairment loss	(3,456,631)	-
Interest expense	(6,218)	(20,904)
Miscellaneous income (expense)	(1,663)	537
Total other income (expense)	(3,465,449)	27,090
Earnings (loss) before provision for income taxes	(8,530,856)	(1,205,478)
Provision for income taxes	-	-
Net loss	(8,530,856)	(1,205,478)
Preferred stock dividends	33,750	-
Net loss available to common shareholders	\$ (8,564,606)	\$ (1,205,478)
Loss per common share	<u>\$ (0.03)</u>	<u>\$ (0.07)</u>
Weighted average common shares outstanding	<u>30,539,552</u>	<u>16,846,073</u>

WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
Cash flows from operating activities:		
Net loss	\$ (8,530,856)	\$ (1,205,478)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	16,354	14,352
Impairment loss	3,456,631	-
(Gain) loss on disposal of property and equipment	937	(47,457)
Stock issued to employees for services	1,740,000	-
Stock issued to consultants	2,345,496	-
(Increase) decrease in:		
Accounts receivable	(6,337)	1,333
Inventory	13,289	33,107
Prepaid expenses and other current assets	16,904	17,911
Deposits	-	(340)
Increase (decrease) in:		
Accounts payable	(12,050)	(13,133)
Accrued expenses	(11,204)	161
Advance payments from dealers and customers	(3,010)	(1,412)
Total adjustments	7,557,010	4,522
Net cash used in operating activities:	(973,846)	(1,200,956)
Cash flows from investing activities:		
Purchase of equipment	(10,963)	(4,387)
Investment in subsidiary	300,000	-
Loans to others	(30,000)	-
Proceeds from disposal of property and equipment	100	324,404
Net cash provided by investing activities	259,137	320,017
Cash flows from financing activities:		
Proceeds from issuance of common stock	794,800	1,188,125
Payments for common stock redeemed	-	(8,567)
Repayment of loans payable to related parties	(161,097)	(125,944)
Repayment of long-term debt	(70,788)	(35,287)
Proceeds from reverse merger	-	845
Net cash provided by financing activities	562,915	1,019,172
Net increase (decrease) in cash	(151,794)	138,233
Cash, beginning of year	240,194	101,961
Cash, end of year	<u>\$ 88,400</u>	<u>\$ 240,194</u>

WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(continued)

	2006	2005
Supplemental disclosures of noncash investing and financing activities:		
Common stock issued for consulting services	\$ 2,264,565	\$ -
Common stock issued for employment services	\$ 1,740,000	\$ -
Convertible preferred shares issued for acquisition of Pure Air Technologies, inc.	\$ 4,050,000	\$ -
Long-term debt repaid with proceeds from sale of property and equipment	\$ -	\$ 210,000
The company acquired the net assets of World Energy Services, Inc. in exchange for all the company's capital stock. In conjunction with the recapitalization, liabilities were assumed as follows:		
Fair value of assets acquired	\$ -	\$ 111,845
Liabilities assumed	-	(86,100)
Increase in common stock and paid-in capital	<u>\$ -</u>	<u>\$ 25,745</u>
Dividends payable	<u>\$ 33,750</u>	<u>\$ -</u>
Supplemental cash flow information:		
Cash paid in interest	<u>\$ 8,322</u>	<u>\$ 18,801</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	Preferred Stock		Common Stock		Paid-in Capital	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount			
Balance, December 31, 2004	-	\$ -	18,884,675	\$ 18,885	\$ 755,690	\$ (492,887)	\$ 281,688
Issuance of stock for cash	-	-	2,046,250	2,046	1,186,079	-	1,188,125
Stock redeemed	-	-	(8,566,500)	(8,567)	-	-	(8,567)
Recapitalization as a result of merger	-	-	11,692,976	1,169	24,576	-	25,745
Change in par value	-	-	-	(11,128)	11,128	-	-
Net loss	-	-	-	-	-	(1,205,478)	(1,205,478)
Balance, December 31, 2005	-	-	24,057,401	2,405	1,977,473	(1,698,365)	281,513
Issuance of stock for cash	-	-	1,589,600	159	794,641	-	794,800
Issuance of stock for services	-	-	9,317,139	931	7,268,645	-	7,269,576
Cancellation of shares for services	-	-	(7,709,000)	(771)	(3,153,729)	-	(3,154,640)
Issuance of stock for acquisition	100,000	10	-	-	4,049,990	-	4,050,000
Preferred stock dividends	-	-	-	-	-	(33,750)	(33,750)
Net loss	-	-	-	-	-	8,530,856)	(8,530,856)
Balance, December 31, 2006	<u>100,000</u>	<u>\$ 10</u>	<u>27,255,140</u>	<u>\$ 2,724</u>	<u>\$ 10,937,020</u>	<u>\$ (10,262,971)</u>	<u>\$ 676,783</u>

WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(1) Significant Accounting Policies:

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

(a) Organization - Advanced 3-D 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 (see note 2).

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

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 (see note 2).

On October 11, 2006, WESI acquired Pure Air Technologies, Inc.(PATI), a subsidiary of UTEK Corporation in a tax-free stock for stock exchange. The Company issued 100,000 shares of Series A convertible preferred stock to UTEK Corporation in exchange for 100% of the issued and outstanding shares of PATI, assignment of a world wide exclusive technology license, a sponsored research agreement and \$300,000 cash (see note 2).

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

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

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

(e) Accounts receivable - The Company carries its accounts receivable at cost less an allowance for doubtful accounts which is based on management's assessment of the collectibility of accounts receivable. Based on management's assessment, an allowance was not required at December 31, 2006 and 2005.

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

WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(1) Significant Accounting Policies: (continued)

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

(h) Warranty costs - The Company provides product warranties for specific product lines and accrues for estimated future warranty costs in the period in which revenue is recognized. The warranty reserve as of December 31, 2006 and 2005 was \$5,227.

(i) Freight costs - The Company includes freight-in costs in cost of goods sold. Total freight-in included in cost of goods sold for the years ended December 31, 2006 and 2005 was \$2,500 and \$7,115, respectively.

(j) Advertising expense - The Company expenses advertising costs as incurred. Advertising expense was \$858,897 and \$6,744 for the years ended December 31, 2006 and 2005, respectively. During the year ended December 31, 2006, the Company entered into a marketing and advertising agreement for services to be provided for the consideration of \$1,000,000 of restricted common stock (see footnote 10). The expense related to this agreement is being amortized over the term of the services to be performed which is one year. As of December 31, 2006, \$833,333 related to this agreement had been expensed to advertising expense.

(k) Research and development costs - In accordance with SFAS No. 2, "Accounting for Research and Development Costs", the Company expenses research and development costs when incurred. Indirect costs related to research and developments are allocated based on percentage usage to the research and development. Capitalized research and development assets with alternative future uses are amortized to research and development expense over the estimated useful life of the asset. For the years ended December 31, 2006 and 2005, \$398,447 and \$230,521 were expensed to research and development, respectively.

(l) Fair value of financial instruments - The carrying amounts reported in the balance sheets for cash, receivables and payables are a reasonable estimate of fair value.

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

WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(1) Significant Accounting Policies: (continued)

	2006	2005
Net income (loss) per share basic and diluted:		
Net income(loss)	\$ (8,564,606)	\$ (1,205,478)
Weighted average shares	30,539,552	16,846,073
Net income (loss) per share	\$ (0.03)	\$ (0.07)

There were no dilutive common stock equivalents as of December 31, 2006 and 2005.

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

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

As of the years ended December 31, 2006 and 2005, the Company had written off \$3,456,631 and \$0, respectively of intangible assets (see footnote 2).

(o) Certain reclassifications have been made to the financial statements as of and for the year ended December 31, 2005 to conform to the presentation as of and for the year ended December 31, 2006.

(p) Principles of consolidation –the consolidated financial statements as of and for the year ended December 31, 2006 include the accounts of Pure Air Technologies, Inc.(incorporated August 7, 2006). Significant intercompany balances and transactions have been eliminated in consolidation.

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

The Company considers its research and development to be a segment, as the research is for product lines separable from the Company’s main line of business. As of December 31, 2006 and 2005, expenses related to this segment were \$398,447 and \$230,521, respectively. As of the years ended December 31, 2006 and 2005, the research and development segment had a total of \$54,736

WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(1) Significant Accounting Policies: (continued)

and \$43,772 of assets at cost and \$14,629 and \$7,574 of related accumulated depreciation, respectively. These assets are amortized to research and development expense over their estimated useful lives, ranging from five to seven years.

(r) Share Based Payments - The Company has adopted Financial Accounting Standards Board (FASB) Statement 123R, Share Based Payments, Revised (SFAS 123R) and the related FASB Staff Positions (FSPs) effective January 1, 2006. Prior to the adoption of SFAS 123R, the Company followed the guidance of FAS 123 and APB 25, for the valuation of share based payments. The valuation of share based payments for the years ended December 31, 2006 and 2005 were in compliance with the above guidances.

(2) Mergers and acquisitions:

On August 17, 2005, Advanced 3D Ultrasound, Inc. (ADVU) acquired all of the outstanding common stock of WESI. For accounting purposes, the acquisition has been treated as a recapitalization of ADVU with WESI as the acquirer (reverse acquisition). Each WESI shareholder received one share of restricted common stock of ADVU for each share of WESI common stock held by the WESI shareholders. As of August 16, 2005, WESI had 11,463,500 shares of common stock issued and outstanding. As of August 16, 2005, ADVU had 198,063 shares of common stock issued and outstanding. Immediately following the merger, World Energy Solutions, Inc. had 11,661,563 shares of common stock issued and outstanding.

Advanced 3D Ultrasound, Inc. effected the merger with WESI for the purpose of acquiring the management expertise of WESI management and to acquire the business model developed by WESI management. WESI had no operations prior to the merger.

On November 7, 2005, WESI acquired all of the outstanding common stock of Professional Technical Systems, Inc. (PTS). For accounting purposes, the acquisition has been treated as a recapitalization of WESI with PTS as the acquirer (reverse acquisition). The financial statements presented herein are the historical financial statements of PTS. Each PTS shareholder received one share of restricted common stock of WESI for each share of PTS common stock held by the PTS shareholders. As of November 7, 2005, PTS had 12,034,425 shares of common stock issued and outstanding. As of November 7, 2005, WESI had 11,692,976 shares of common stock issued and outstanding. Immediately following the merger, WESI had 23,727,401 shares of common stock issued and outstanding.

On October 11, 2006, WESI acquired 100% of the issued and outstanding stock of Pure Air Technologies, Inc. (PATI), a subsidiary of UTEK Corporation in a tax free stock for stock exchange. PATI was incorporated in the State of Florida on August 7, 2006 and had no prior accounting activity and no liabilities as of the date of the acquisition. The Company issued 100,000 shares of WESI Series A convertible preferred stock in exchange for \$300,000 cash, \$231,709 of prepaid sponsored research and license agreements, including a world wide exclusive license in the

WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(2) Mergers and Acquisitions: (continued)

field of air purification, for a technology designed to help eliminate organic and biological airborne organisms. At any time after one year, at the election of UTEK, the convertible preferred stock can convert into \$4,050,000 of restricted common stock of WESI, based on the previous ten day average closing bid price on the date of conversion. With a minimum of at least ten cents (\$0.10) per share; thereby limiting the maximum number of restricted common shares to be received upon conversion to 40,500,000.

During the twelve month period in which UTEK is holding the preferred stock, WESI shall pay interest at an annual rate of 5%, compounded quarterly, payable in cash or common shares of WESI. As of December 31, 2006, \$33,750 of dividend expense had been recognized, representing the accrued interest. The acquisition of PATI was considered to be a purchase of productive assets, per the guidance of EITF 98-3, "Determining Whether a Non-monetary Transaction Involves the Receipt of Productive Assets or of a Business" as a result of the analysis of the inputs, processes and outputs and consideration of the total concentration of the fair value of the transferred assets to the acquisition. Accordingly, no goodwill was recognized on the purchase.

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

Subsequent to the year ended December 31, 2006, the Company obtained alternate research sources and anticipates a refund of the prepaid sponsored research. The amount has been reclassified from prepaid expenses to other current receivables as of December 31, 2006.

(3) Inventory:

Inventory consists of the following at December 31:

	2006
Raw materials	\$ 67,719
Work-in-process	1,252
Finished goods	13,090
 Purchased finished goods	 29,525
	\$ 111,586
Less allowance for obsolescence	13,057
	<u>\$ 98,529</u>

WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(4) Other Current Assets:

Other current assets include a receivable for prepaid sponsored research in the amount of \$231,709. During the year ended December 31, 2006, the Company loaned \$30,000 to a consultant. The loan becomes fully due and payable in one year and accrues interest at 6% annum. As of December 31, 2006, accrued interest was \$234 and is included in other current assets.

(5) Property and Equipment:

Property and equipment consist of the following at December 31:

	2006
Office equipment	\$ 31,635
Manufacturing equipment	46,035
Furniture and fixtures	9,522
Vehicles	-
Research and development vehicles	10,964
Research and development equipment	43,772
Leasehold improvements	18,158
	160,086
Less accumulated depreciation	92,944
	<u>\$ 67,142</u>

Office equipment at December 31, 2006 includes equipment acquired under a capital lease with a capitalized value of \$16,073. Related amortization included in accumulated depreciation was \$10,314 and \$7,100 at December 31, 2006 and 2005, respectively.

(6) Other Assets:

Other assets include license agreements in the amount of \$61,600 for world wide exclusive license in the field of air purification, for a technology designed to help eliminate organic and biological airborne organisms. The license has a life of 17 years.

(7) Notes and Loans Payable:

During the year ended December 31, 2005, the Company had loans payable to related parties representing loans or advances owed to the President or CFO of the Company, who are also stockholders of the Company. The loan from the President accrued interest at 8%, was due on demand and was uncollateralized. The loan from the CFO was non-interest bearing. During the year ended December 31, 2006, both of these related party loans were paid in full and as of the year then ended, there were no related party payables.

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(8) Lease Commitments:

The Company maintains two facilities: its main office which houses the corporate and manufacturing facilities and a second unit used for research and development within the same industrial complex and has two separate leases related to these facilities. The main office lease has a term expiring on September 30, 2007. During the term of the lease the Company is required to maintain comprehensive public liability insurance, including property damage for the benefit of the Company and the lessor.

The research and development lease expires on October 14, 2007 and the payment of its rent is guaranteed by the Company's President. The lease requires the Company to maintain comprehensive general liability insurance with minimum limits of \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. The lessor shall be listed as an additional insured on this policy.

As of December 31, 2006, the minimum rental payments due under these operating leases are as follows:

December 31,	Amount
2007	\$ 44,961
2008	-
2009	-
2010	-
2011	-
Thereafter	-
	<u>\$ 44,961</u>

Total rent expense on these leases was \$58,997 and \$52,372 for the years ended December 31, 2006 and 2005, respectively.

(9) Related Party Transactions:

Interest expense recorded on debts owed the President of the Company totaled \$6,218 and \$14,717 for the years ended December 31, 2006 and 2005, respectively. See Note 5 for details of related party debt.

During the year ended December 31, 2006, the Company entered into employment agreements with both the CEO and with the President and Chairman of the Board. The agreements each became effective January 31, 2006 and granted to each of the above employees a base salary of \$3,000 per week, certain company benefits and the issuance of 600,000 common stock in connection with an offering of securities conducted by the Company pursuant to the United States Securities and Exchange Commission Form S-8. These shares were issued to the employees in February, 2006. The shares were valued at the stock closing price of \$1.45 on the date of execution

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(9) Related Party Transactions: (continued)

and effective date of the agreement, which resulted in a total of \$870,000 per employee or a total of \$1,740,000 expense. Since there were no vesting or performance requirements for the issuance of the shares, the full expense was recognized during the first quarter.

In December 2006, the Board of Directors approved the cancellation of these and other shares that had been issued to certain consultants (see footnote 10) due to the performance expectations of the Company related to these agreements not being met.

The employment agreements did not specify any specific performance conditions that had to be met for the employees to receive the common shares. Since the employees are still actively employed by these agreements and all other terms of the agreement remain in place, the cancellation of these shares was accounted for by the guidance of FAS 123R, "Share Based Payment (as amended)". The cancellation was not accompanied by a replacement award and management has no anticipation to replace these awards of stock, so it was accounted for as a repurchase for no consideration and the shares were immediately cancelled. Accordingly, the compensation expense recognized for these shares during the first quarter in 2006, remained recorded.

(10) Concentrations of Credit Risk:

The Company sells its products to customers on an open credit basis. The Company's trade accounts receivable are due from such customers and are generally uncollateralized. During 2006, one customer accounted for 12.9% of Company sales. No one customer accounted for more than 10% of Company sales in 2005.

(11) Income Taxes:

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

	2006	2005
Current	\$ -	\$ -
Deferred	-	-
Total Provision for Income Taxes	<u>\$ -</u>	<u>\$ -</u>

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

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(11) Income Taxes: (continued)

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

	2006	2005
Deferred tax assets:		
Net operating loss carry forwards	\$ 4,963,490	\$ 3,963,000
Other	7,610	1,000
Total deferred tax assets	<u>\$ 4,971,100</u>	<u>\$ 3,964,000</u>
Deferred tax liabilities:		
Book basis of property and equipment in excess of tax basis	\$ 12,700	\$ 15,000
Total deferred tax liabilities	<u>\$ 12,700</u>	<u>\$ 15,000</u>
Net deferred tax asset before valuation allowance	\$ 4,958,400	\$ 3,949,000
Valuation allowance	(4,958,400)	(3,949,000)
Net deferred tax asset	\$ -	\$ -

The Company has recorded a 100% valuation allowance against the net deferred tax asset at December 31, 2006 and 2005 due to the uncertainty of its ultimate realization. As time passes, management will be able to better assess the amount of tax benefit it will realize from using the net deferred tax asset resulting from the loss carry forwards. The valuation allowance increased \$1,009,400 and \$3,841,464 in 2006 and 2005, respectively. At December 31, 2006, the Company has available unused federal net operating losses of approximately \$13,190,257 that may be used against future taxable income and if not utilized, will expire by the end of 2025.

(12) Stock Transactions:

The Company entered into employment agreements with the CEO and the President and Chairman of the Board on January 31, 2006. In addition to a weekly base salary, the compensation included the issuance of 600,000 shares of WESI common stock of the Company in connection with an offering of securities conducted by the Company pursuant to United States Securities and Exchange Commission Form S-8. The valuation of these shares was based on the stock closing price of \$1.45 on January 31, 2006, resulting in a valuation of \$870,000 for each of the above two employees. The total expense of \$1,740,000 for the two agreements was recognized during the first quarter of 2006. In December, 2006, the Board of Directors approved the cancellation of these and other shares that had been issued to certain consultants due to the performance expectations of the Company related to these agreements not being met.

The employment agreements did not specify any specific performance conditions that had to be met for the employees to receive the common shares. Since the employees are still actively employed by these agreements and all other terms of the agreement remain in place, the

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(12) Stock Transactions: (continued)

cancellation of these shares was accounted for by the guidance of FAS 123R, "Share Based Payment (as amended)". The cancellation was not accompanied by a replacement award and management has no anticipation to replace these awards of stock, so it was accounted for as a repurchase for no consideration and the shares were immediately cancelled. The par value of the shares cancelled was recorded as treasury stock as of December 31, 2006.

During January, 2006, the Company entered into various consulting agreements for services to be provided to the Company ranging from one to two years. As compensation for services to be provided, the agreements included the issuance of common stock of the Company in connection with an offering of securities conducted the Company pursuant to United States Securities and Exchange Commission Form S-8. The issuances ranged from 25,000 shares to 550,000 shares and were all valued on the stock closing price of \$1.45 on the date of the execution and effective date of the agreements. A total of 925,000 common shares were issued to these consultants. Based on the terms of the agreements, a total of \$1,054,423 was recognized immediately in the first quarter and \$286,827 was deferred and amortized over the term of the services to be provided. The expenses were recognized in research and development, legal and consulting expenses based on the type of services provided. In addition, two of the above consulting agreements included weekly compensation payments of cash to be made to the consultants and included a provision for the reimbursement of Company approved expenses.

On December 28, 2006, the Board of Directors approved the cancellation of shares that had been issued to certain consultants due to the performance expectations of the Company related to these agreements not being met. A total of 200,000 common shares from the above consulting agreements were cancelled. The terms of the two agreements that each had 100,000 common shares cancelled did not specify any specific performance conditions to be met in order to retain the shares. The term for one of these consulting agreements expired on January 19, 2007 and the consultant has ceased to provide any services related to this agreement. The other consultant continues to provide services to the Company, as his consulting agreement was for a term of fourteen months. Since the consulting agreements related to the cancelled shares did not specify performance conditions for the common stock and the one consultant continues to provide services, per the terms of the consulting agreement for the weekly compensation, these cancellations were accounted for as a repurchase without consideration. The remaining unamortized balance of the prepaid expense was recognized as of December 31, 2006. An unamortized total of \$45,000 was expensed to legal expenses and \$95,962 was expensed to R&D expenses. The total amounts expensed related to these cancelled shares for the year ended December 31, 2006 was \$145,000 for legal and \$145,000 for R&D expenses.

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 \$100,000,000. 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

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(12) Stock Transactions: (continued)

unregistered, restricted common stock on April 3, 2006. The value of these shares \$3,154,500 was capitalized as prepaid expenses and was being recognized over the life to the agreement. On September 28, 2006, the Company terminated the consulting agreement due to non-performance. The outstanding 6,309,000 shares were cancelled. Since the consulting agreement included specific performance goals and was based solely on the satisfaction of those agreements, any recognized expense related to this agreement was reversed as of December 31, 2006.

On September 7, 2006, the Company entered into an extended agreement with UTEK Corporation, for the strategic alliance agreement that had been entered into initially September 9, 2005. The extended agreement became effective upon expiration of the initial agreement with the same terms and conditions of the initial agreement.

As compensation for the one year extension, a total of \$120,000 (specified as a total of 82,764 shares) unregistered, restricted common stock is to be issued to UTEK Corporation. Per the terms and conditions of the initial agreement the compensation shares are to be issued upon execution of the agreement and beginning in October, 2006 will vest at \$10,000 (6,897 shares) per month. As of December 31, 2006, these shares had not yet been issued, but have been accounted for as deemed issued. The related expense is being amortized over the terms of the agreement at \$10,000 per month.

On September 11, 2006, the Company entered into a consulting agreement related to a specific product with UTEK Corporation. Compensation of \$35,000 defined within the agreement representing a total of 87,500 unregistered, restricted common stock were issued. The full expense was recognized as of December 31, 2006, as the terms of the agreement had been met.

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

be issued to EM. The shares carry piggyback registration rights. If the shares are not registered within one year of the date on the certificate, then EM will have the right to sell its shares under Rule 144. World Energy Solutions agrees to pay the legal cost to produce an opinion letter. If the total value of the stock on November 15, 2007 does not exceed \$50,000, WESI is to pay the difference in cash or free trading stock to EM by November 30, 2007.

The shares were valued at the stock closing price of \$0.49 on November 7, 2006 resulting in a total of \$122,500. The \$122,500 and the \$5,000 cash, (\$127,500) was recorded in prepaid expenses and is being amortized over one year. As of December 31, 2006, a total of approximately \$19,000 was amortized to expense.

The Company analyzed the probability of the stock value on November 15, 2007 not being in excess of \$50,000. Based on the historical stock prices, it did not appear that a contingent liability

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(12) Stock Transactions: (continued)

would need to be recorded as of December 31, 2006 related to the minimum stock price requirement. The Company will reassess the need for a contingent liability at each reporting period through November 15, 2007.

On October 11, 2006, WESI acquired 100% of the issued and outstanding stock of Pure Air Technologies, Inc.(PATI), a subsidiary of UTEK Corporation in a tax free stock for stock exchange.

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

During the twelve month period in which UTEK is holding the preferred stock, WESI shall pay interest at an annual rate of 5%, compounded quarterly, payable in cash or common shares of WESI.

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

The intellectual rights were valued at \$3,456,631 at the time of the acquisition. While the Company anticipates further development of the related technology, as of December 31, 2006, the technology had not yet been tested on the market nor had there been any related sales. Estimation of future sales could not be determined as the technology is not yet ready to be introduced into the market place and knowledge of when or if the Company can fully develop the technology is not known. In addition, the consideration of other similar technology entering the market prior to the Company can not be determined. Based on the above factors, the Company concluded that the valuation of the intangible could not be fully supported and therefore as of December 31, 2006, the Company deemed the intellectual rights impaired and were expensed. Subsequent to the year ended December 31, 2006, the Company obtained alternate research sources and anticipates a refund of the prepaid sponsored research. The amount has been reclassified from prepaid expenses to other current receivables as of December 31, 2006.

On November 7, 2005, WESI acquired all of the outstanding common stock of Professional Technical Systems, Inc. (PTS). For accounting purposes, the acquisition has been treated as a

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(12) Stock Transactions: (continued)

recapitalization of WESI with PTS as the acquirer (reverse acquisition). The financial statements presented herein are the historical financial statements of PTS. Each PTS shareholder received one share of restricted common stock of WESI for each share of PTS common stock held by the PTS shareholders. As of November 7, 2005, PTS had 12,034,425 shares of common stock issued and outstanding. As of November 7, 2005, WESI had 11,692,976 shares of common stock issued and outstanding. Immediately following the merger, WESI had 23,727,401 shares of common stock issued and outstanding.

The following stock transaction disclosures through November 7, 2005 are those of PTS prior to the reverse acquisition of the Company as disclosed in Note 2.

On March 5, 2004, the PTS stockholders approved an amendment to the Articles of Incorporation reducing the par value of common stock from \$1 to \$.10 per share and increasing the number of authorized shares of common stock from 7,000 to 100,000,000. On that same date, the Company issued 288,000 (96 pre-split) common shares to its employees as a stock bonus award and 5,130,000 (1,710 pre-split) common shares in exchange for technology. On April 30, 2004, the Company's board of directors declared a 3,000-for-1 forward stock split. On June 1, 2005, the Company stockholders approved an amendment to the Articles of Incorporation reducing the par value of the common stock from \$.10 to \$.001. Stockholders' equity reflects the stock split by reclassifying from "Retained Earnings (Deficit)" to Common Stock an amount equal to par value of the additional shares arising from the split. All references in the financial statements to the number of shares authorized, outstanding, and per share amounts have been restated to reflect these changes for all periods presented.

During the period January 1, 2005 through August 10, 2005, the Company sold 1,716,250 shares of its common stock at fifty cents per share for a total of \$858,125. In July 2005, the Company repurchased 6,000,000 shares of its common stock from the Company's President for \$6,000 and 2,566,500 shares from the Company's CFO for \$2,564.

On November 7, 2005 the Company agreed to increase its authorized common shares to 100,000,000 shares.

From November 8, 2005 through December 31, 2005, the Company sold 330,000 shares of its common stock for \$1 per share for a total of \$330,000.

On November 8, 2005 the Company reduced the par value of its common stock from \$.001 to \$.0001 per share.

On November 7, 2005 the Company approved the authorization in its amended articles of incorporation for 100 million shares of \$.0001 par value preferred stock. The only preferred shares

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(12) Stock Transactions: (continued)

issued to date have been issued to UTEK Corporation as described above. The rights and privileges of the preferred shares were established by the Board of Directors.

(13) Commitment and Contingencies:

Material trends and uncertainty:

As reflected in the Statement of Operations, the Company has had recurring losses and negative cash flows from operations. These factors are an indication that that the Company may not be able to continue as a going concern. To continue as a going concern, the Company will need to raise additional capital, borrow funds, or generate more revenues from current product sales and new product sales associated with the business plan implementation. If current cash flow is not sufficient to cover planned operations in 2007, management believes it can raise additional capital from private placements, borrow funds from its officers, and delay certain expenditures to continue as a going concern during the next year.

Legal matters:

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.

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

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(13) Commitment and Contingencies: (continued)

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. Each of the aforementioned lawsuits is in a very early stage and accordingly, the Company cannot predict at this point whether there is a likelihood of success on the merits.

(14) Recent Accounting Pronouncements:

In February 2006, FASB issued SFAS no. 155. This accounting standard permits fair value re-measurement for any hybrid financial instrument containing an embedded derivative that otherwise would require bifurcation; clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133; establishes a requirement to evaluate interests in securitized financial assets to identify them as freestanding derivatives or as hybrid financial instruments containing an embedded derivative requiring bifurcation; clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and amends SFAS No. 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument pertaining to a beneficial interest other than another derivative financial instrument. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year beginning after September 15, 2006. We currently do not believe that SFAS No. 155 will have an impact on our results of operations and financial position.

In March 2006, the FASB issued SFAS No. 156, which addresses the accounting for servicing assets and liabilities. SFAS No. 156 is effective at the beginning of an entity's first fiscal year beginning after September 15, 2006. We do not expect SFAS No. 156 to have a material effect on our results of operations or financial position.

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), effective for fiscal years beginning after December 15, 2006. FIN 48 requires a two-step approach to determine how to recognize tax benefits in the financial statements where recognition and measurement of a tax benefit must be evaluated separately.

A tax benefit will be recognized only if it meets a "more-likely-than-not" recognition threshold. For tax positions that meet this threshold, the tax benefit recognized is based on the largest amount of tax benefit that is

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(14) Recent Accounting Pronouncements: (continued)

greater than 50 percent likely of being realized upon ultimate settlement with the taxing authority. We are currently evaluating the impact of adopting FIN 48, and have not yet determined the significance of this new rule to our overall results of operations, cash flows or financial position.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (“SFAS”) No. 157, “fair Value Measurements.” SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years, with early adoption permitted. The Company does not expect the adoption of SFAS No. 157 to materially impact its financial statements.

In September 2006, the Securities and Exchange Commission issued Staff Accounting “bulletin (“SAB”) No. 108, “Considering the Effects of Prior Year Misstatements When Quantifying Current Year Misstatements.” SAB No. 108 requires analysis of misstatements using both an income statement (rollover) approach and a balance sheet (iron curtain) approach in assessing materiality and provides a one-time cumulative effect transition adjustment. SAB No. 108 is effective for the company’s 2006 annual financial statements. The Company is currently assessing the potential impact that the adoption of SAB No. 108 will have on its financial statements. The adoption of SAB No. 108 is not expected to materially impact the financial statements.

Other recent accounting pronouncements issued by the FASB (including its EITF), the AICPA, and the SEC did not or are not believed by management to have a material impact on the Company’s present or future financial statements.

(15) Subsequent Events:

On February 7, 2007, the Board of Directors approved the grant of a stock option agreement to an investor for a total of 650,000 restricted common stock of the Company at an exercise price of \$0.50 per share. The option may be exercised in part or whole at any time during the option agreement, which expires in three years. The option agreement was executed by the Company and the investor on February 7, 2007.

The Company has valued the options with the Black Scholes option model using the following assumptions of volatility of approximately 134%; risk free interest rate of 4.77%; dividend yield of 0%; stock price of \$0.38; exercise price of \$0.50 and three year life. The resulting expense of \$182,836 will be recognized in the first quarter of 2007.

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(16) Supplementary Quarterly Financial Information (Unaudited):

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 \$0.05 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 \$106,250.

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. During the second quarter additional share issuances for the amount of \$150,000 had been expensed during that period. In the third quarter, \$50,000 of equivalent common stock had been issued and expensed. 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 the quarter ended March 31, 2006 of \$450,000, a decrease in expense of \$466,667, and an increase to prepaid and deferred expenses of \$916,667. The net effect to the quarter ended June 30, 2006 was to decrease expense \$366,667, decrease accrued liability \$150,000 and decrease prepaid and deferred expenses \$250,000. For the quarter ended September 30, 2006, the overall effect was a decrease in expense of \$166,667, a decrease of \$250,000 to prepaid and deferred expenses, and a decrease to accrued liabilities of \$50,000.

The quarters as filed and as restated are shown below:

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(16) Supplementary Quarterly Financial Information (Unaudited): (continued)

	March 31, 2006		June 30, 2006		September 30, 2006	
	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated
Assets						
Current assets						
Cash	\$ 283,374	\$ 283,374	\$ 122,766	\$ 122,766	\$ 18,754	\$ 18,754
Accounts receivable	48,340	48,340	84,440	84,440	77,045	77,045
Inventory	111,198	111,198	94,626	94,626	87,339	87,339
Prepaid and other current assets	356,029	1,261,446	2,628,585	3,284,002	186,092	591,509
Total current assets	798,941	1,704,358	2,930,417	3,585,834	369,230	774,647
Property and equipment, net	72,626	72,626	68,526	68,526	75,152	75,152
Other Assets						
Deposits	3,850	3,850	3,850	3,850	3,850	3,850
Deferred offering costs	11,000	11,000	-	-	-	-
Total assets	<u>\$ 886,417</u>	<u>\$ 1,791,834</u>	<u>\$ 3,002,793</u>	<u>\$ 3,658,210</u>	<u>\$ 448,232</u>	<u>\$ 853,649</u>
Liabilities and Stockholders' Equity						
Current liabilities						
Current portion of long-term debt	\$ 21,180	\$ 21,180	\$ -	\$ -	\$ -	\$ -
Accounts payable	86,502	86,502	20,751	20,751	34,290	34,290
Accrued expenses	13,155	463,155	8,173	308,173	8,437	258,437
Advanced payments from dealers and Customers	15,679	15,679	15,679	15,679	15,679	15,679
Loans payable to related parties	136,978	136,978	6,327	6,327	6,327	6,327
Total current liabilities	273,494	723,494	50,930	350,930	64,733	314,733
Long-term debt, less current portion	43,736	43,736				
Total liabilities	317,230	767,230	50,930	350,930	64,733	314,733
Stockholders' Equity						
Preferred stock; \$.0001 par value; 1,000,000 Shares authorized and unissued	-	-	-	-	-	-
Common stock; \$.0001 par value; 1,000,000 Shares authorized; 27,109,198 shares issued and Outstanding	2,711	2,711	3,430	3,430	2,822	2,822
Paid-in capital	6,014,668	5,908,418	9,713,248	9,606,998	6,709,356	6,603,106
Accumulated deficit	(5,448,192)	(4,886,525)	(6,764,815)	(6,303,148)	(6,328,679)	(6,067,012)
Total stockholders' equity	569,187	1,024,604	2,951,863	3,307,280	383,499	538,916
Total Liabilities and Stockholders' Equity	<u>\$ 886,417</u>	<u>\$ 1,791,834</u>	<u>\$ 3,002,793</u>	<u>\$ 3,658,210</u>	<u>\$ 448,232</u>	<u>\$ 853,649</u>

WORLD ENERGY SOLUTIONS, INC.
(FORMERLY ADVANCED 3D ULTRASOUND SERVICES, INC.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(16) Supplementary Quarterly Financial Information (Unaudited): (continued)

	March 31,	2,006 June 30,	September 31,
Net loss, as previously reported	(3,749,827)	(5,066,450)	(4,630,314)
Payroll expense	60,000	60,000	60,000
Professional and consulting expense	35,000	35,000	35,000
Other general and administrative expenses	466,667	366,667	166,667
Net loss, as restated	<u>(3,188,160)</u>	<u>(4,604,783)</u>	<u>(4,368,647)</u>
Basic earnings per common share:			
As previously reported	(0.15)	(0.17)	(0.15)
As restated	(0.12)	(0.15)	(0.14)

**Preferred Stock
Certificate No. 1**

WORLD ENERGY SOLUTIONS, INC.
(A Florida Corporation)

SERIES A CONVERTIBLE PREFERRED STOCK
 (\$.0001 Par Value)

[_____ Shares]
Preferred Stock

This certifies that _____ is the record holder of _____ **Shares** of Series A Convertible Preferred Stock of World Energy Solutions, Inc., transferable only on the stock transfer register of the Corporation, by the holder hereof in person or by duly authorized attorney, upon surrender of this certificate properly endorsed or assigned.

This certificate and the shares represented hereby are issued and shall be subject to all the provisions of the Articles of Incorporation and the By-laws of the Corporation and any amendments thereto.

A statement of all of the powers, designations, preferences and relative, participating, optional or other special rights of each of the Corporation's classes of stock or series' thereof and qualifications, limitations or restrictions of such preferences and/or rights may be obtained by any stockholder, upon request and without charge, at the principal office of the Corporation.

A statement of all of the powers, designations, preferences and relative, participating, optional or other special rights and the qualifications, limitations or restrictions of such preferences relating to this Series A Convertible Preferred Stock is attached hereto and incorporated by reference herein as Exhibit "A".

WITNESS the signatures of the Corporation's duly authorized officers this _____ day of _____, 2006.

Mike Prentice,
Chairman of the Board

Benjamin C. Croxton,
Chief Executive Officer

SEE RESTRICTIVE LEGENDS ON REVERSE

For Value Received, _____ hereby sells, assigns, and transfers unto, _____, _____ (_____) shares represented by the within certificate and hereby irrevocably constitutes and appoints _____ as attorney to transfer the said shares on the share register of the within named Corporation with full power of substitution in the premises.

Dated: _____

*In the Presence of _____
Witness Stockholder*

NOTICE: THE SIGNATURE ON THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THIS CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATSOEVER.

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SUCH SHARES MAY NOT BE SOLD OR TRANSFERED OR PLEDGED IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO IT STATING THAT SUCH SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT. COPIES OF THE AGREEMENT, IF ANY, COVERING THE PURCHASE OF THE SHARES AND RESTRICTING THEIR TRANSFER MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE CORPORATION AT THE PRINCIPAL EXECUTIVE OFFICES OF THE CORPORATION.

THE RIGHTS, PREFERENCES, PRIVILEGES AND RESTRICTIONS GRANTED TO OR IMPOSED UPON THIS SERIES A CONVERTIBLE PREFERRED STOCK OF THE CORPORATION ARE SET FORTH ON THE CERTIFICATE OF DESIGNATION ATTACHED HERETO AS EXHIBIT "A".

EXHIBIT “A”

***WORLD ENERGY SOLUTIONS, INC.
SERIES “A” CONVERTIBLE PREFERRED STOCK
CERTIFICATE OF DESIGNATIONS***

The Series “A” Convertible Preferred Stock (the “Preferred Stock”) shall bear interest for a period of 12 months from the date of issuance at the rate of five percent (5%) per annum, compounded quarterly (at 1.25% per quarter), payable in cash or in shares of common stock of the Corporation. The principal amount upon which such interest is calculated shall be set forth in the written agreement for acquisition of the Preferred Stock.

Subject to applicable laws regulating the transfer and/or conversion of unregistered securities, the Preferred Stock shall be convertible at the election of the holder thereof into shares of common stock of the Corporation after a period of one year from the date of issuance. The number of shares of common stock of the Corporation to be issued upon conversion of the shares of Preferred Stock shall be subject to the terms of the written agreement for acquisition of the Preferred Stock, as negotiated between the Corporation and the Preferred Stock shareholder.

The Series “A” Convertible Preferred Stock (the “Preferred Stock”) shall have no voting rights.

WORLD ENERGY SOLUTIONS, INC.

CODE OF ETHICS

As a public company, it is of critical importance that World Energy Solutions, Inc. (“WESI”) filings with the Securities and Exchange Commission be accurate and timely. Depending on their position with WESI, employees may be called upon to provide information to assure that WESI public reports are complete, fair, and understandable. WESI expects all of its employees to take this responsibility seriously and to provide prompt and accurate answers to inquiries related to WESI public disclosure requirements.

WESI’s Finance Department bears a special responsibility for promoting integrity throughout WESI, with responsibilities to stakeholders both inside and outside of WESI. The Chief Executive Officer (CEO), Chief Financial Officer (CFO) and accounting personnel have a special role both to adhere to the principles of integrity and also to ensure that a culture exists throughout WESI as a whole that ensures the fair and timely reporting of WESI’s financial results and conditions. Because of this special role, the CEO, CFO, and all members of WESI’s Accounting Department are bound by WESI’s Financial Code of Ethics, and by accepting the Financial Code of Ethics, each agrees that they will:

- Act with honesty and integrity, avoiding actual or potential conflicts of interest in personal and professional relationships.
- Provide information that is accurate, complete, objective, relevant, timely and understandable to ensure full, fair, accurate, timely, and understandable disclosure in the reports and documents that WESI files with, or submits to, government agencies and in other public communications.
- Comply with the rules and regulations of federal, state and local governments, and other appropriate private and public regulatory agencies.
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one’s independent judgment to be subordinated.
- Respect the confidentiality of information acquired in the course of one’s work, except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of one’s work will not be used for personal advantage.
- Share job knowledge and maintain skills important and relevant to stakeholders needs.

- Proactively promote and be an example of ethical behavior as a responsible partner among peers, in the work environment and in the community.
- Achieve responsible use of, and control over, all WESI assets and resources employed by, or entrusted to yourself, and your department.
- Receive the full and active support and cooperation of WESI's Officers and all employees in the adherence to this Financial Code of Ethics.
- Promptly report to the CEO or CFO any conduct believed to be in violation of law or business ethics or in violation of any provision of this Code of Ethics, including any transaction or relationship that reasonably could be expected to give rise to such a conflict. Further, to promptly report to the Chair of WESI's Board of Directors such conduct if by the CEO or CFO or if they fail to correct such conduct by others in a reasonable period of time.

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of World Energy Solutions, Inc. on Form 10-KSB for the year ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof, I, Benjamin C. Croxton, the Chief Executive Officer of the Company, certify, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, that

1. I have reviewed this annual report (Form 10-KSB) of World Energy Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small

business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: March 30, 2007

/s/Benjamin C. Croxton

BENJAMIN C. CROXTON
Chief Executive Officer
Chief Financial Officer
World Energy Solutions, Inc.

**CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18
OF THE UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of World Energy Solutions, Inc. (the "Company") on Form 10-KSB for the period ending December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Benjamin C. Croxton, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/Benjamin C. Croxton

BENJAMIN C. CROXTON
Chief Executive Officer
Chief Financial Officer
World Energy Solutions, Inc.

March 30, 2007