

# GWS TECHNOLOGIES, INC.

## FORM 10-Q/A (Amended Quarterly Report)

Filed 03/24/09 for the Period Ending 01/31/09

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

AMENDMENT NO. 1  
TO  
FORM 10-Q

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(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended January 31, 2009
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT For the transition period  
from \_\_\_\_\_ to \_\_\_\_\_

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**GWS Technologies, Inc.**

*(Exact name of small business issuer as specified in its charter)*

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

**20-2721447**  
*(I.R.S. Employer  
Identification No.)*

**15455 N. Greenway-Hayden Loop, Suite C4**  
**Scottsdale, Arizona 85260**  
*(address of principal executive offices)*

**(480) 619-4747**  
*(issuer's telephone number)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act).

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

**APPLICABLE ONLY TO CORPORATE ISSUERS**

The number of shares of the issuer's common equity outstanding as of March 23, 2009 was approximately 3,600,000 shares of common stock, par value \$.001.

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FOR THE PERIOD ENDED JANUARY 31, 2009  
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**PART I- FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**GWS TECHNOLOGIES, INC.**  
Balance Sheets

	<u>January 31,</u> <u>2009</u>	<u>October 31,</u> <u>2008</u>
<u>ASSETS</u>	<u>(unaudited)</u>	
<b>CURRENT ASSETS</b>		
Cash	\$ 780	\$ 7,101
Accounts receivable, net	5,830	5,945
Inventory	<u>123,916</u>	<u>127,044</u>
Total Current Assets	<u>130,526</u>	<u>140,090</u>
PROPERTY AND EQUIPMENT, net	<u>28,700</u>	<u>32,702</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 159,226</u></b>	<b><u>\$ 172,792</u></b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 330,207	\$ 384,411
Accrued interest payable	90,888	60,470
Note payable, net of discount	<u>1,324,200</u>	<u>1,225,500</u>
Total Current Liabilities	<u>1,745,295</u>	<u>1,670,381</u>
LONG-TERM DEBT	<u>—</u>	<u>—</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,745,295</u></b>	<b><u>1,670,381</u></b>
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Preferred stock: \$0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock: \$0.001 par value; 100,000,000 shares authorized; 3,579,897 and 609,897 shares issued and outstanding, respectively	3,580	610
Additional paid-in capital	5,674,553	3,954,923
Deficit accumulated during the development stage	<u>(7,264,202)</u>	<u>(5,453,122)</u>
Total Stockholders' Equity (Deficit)	<u>(1,586,069)</u>	<u>(1,497,589)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b><u>\$ 159,226</u></b>	<b><u>\$ 172,792</u></b>

The accompanying notes are an integral part of these condensed financial statements.

**GWS TECHNOLOGIES, INC.**  
 Statements of Operations  
 (unaudited)

	For the Three Months Ended January 31,	
	2009	2008
REVENUES	\$ 50,916	\$ 150,878
COST OF GOODS SOLD	3,129	105,001
GROSS PROFIT	47,787	45,877
OPERATING EXPENSES		
Depreciation and amortization	9,628	2,451
Bad debt expense	—	—
Consulting fees	1,726,024	35,000
Professional fees	3,762	19,183
General and administrative	89,036	306,665
Total Expenses	1,828,450	363,299
LOSS FROM OPERATIONS	(1,780,663)	(317,422)
OTHER INCOME (EXPENSES)		
Interest expense	(30,417)	(37,570)
Interest income	—	93
Total Other Income (Expenses)	(30,417)	(37,477)
NET LOSS BEFORE INCOME TAXES	(1,811,080)	(354,899)
INCOME TAX EXPENSE	—	—
NET LOSS	<u>\$ (1,811,080)</u>	<u>\$ (354,899)</u>
BASIC LOSS PER SHARE	<u>\$ (0.86)</u>	<u>\$ (0.76)</u>
BASIC WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>2,094,897</u>	<u>465,807</u>

The accompanying notes are an integral part of these condensed financial statements.

**GWS TECHNOLOGIES, INC.**  
**Statements of Stockholders' Equity (Deficit)**  
(unaudited)

	Common Stock		Additional	Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Paid-in Capital	Deficit	
Balance, October 31, 2007	463,807	\$ 464	\$ 3,688,172	\$(325,000)	\$(3,842,345)	\$ (478,709)
Common stock issued for cash at \$20.00 per share	2,750	3	54,997	—	—	55,000
Beneficial conversion feature of convertible debt	—	—	15,397	—	—	15,397
Common stock issued for debt at \$6.00 per share	8,333	8	49,992	—	—	50,000
Common stock issued for services at \$2.40 per share	60,000	60	146,440	—	—	146,500
Fractional shares issued	75,007	75	(75)			
Net loss for the year ended October 31, 2008	—	—	—	325,000	(1,610,777)	(1,285,777)
Balance, October 31, 2008	609,897	610	3,954,923	—	(5,453,122)	(1,497,589)
Common stock issued for services at \$0.58 per share	2,200,000	2,200	1,273,800	—	—	1,276,000
Common stock warrants exercised for services at \$0.58 per share	770,000	770	445,830	—	—	446,600
Net loss for the three months ended January 31, 2009	—	—	—	—	(1,811,080)	(1,811,080)
Balance, January 31, 2009	<u>3,579,897</u>	<u>\$ 3,580</u>	<u>\$ 5,674,553</u>	<u>\$ —</u>	<u>\$(7,264,202)</u>	<u>\$(1,586,069)</u>

The accompanying notes are an integral part of these condensed financial statements.

**GWS TECHNOLOGIES, INC.**  
Statements of Cash Flows  
(unaudited)

	For the Three Months Ended January 31,	
	2009	2008
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (1,811,080)	\$ (354,899)
Adjustments to reconcile net loss to net cash used by operating activities:		
Common stock issued for services	1,772,600	—
Common stock purchase options granted for services	—	13,931
Depreciation expense	4,002	2,451
Changes in operating assets and liabilities:		
(Increase) in inventory	3,128	(59,890)
(Increase) in accounts receivable	115	76,792
Increase (decrease) in accounts payable and accrued expenses	(23,786)	37,123
	(105,021)	(284,492)
<b>INVESTING ACTIVITIES</b>		
Property and equipment purchased	—	(242)
	—	(242)
<b>FINANCING ACTIVITIES</b>		
Repayment to related parties	—	(50,000)
Borrowings from related parties	98,700	275,000
Common stock issued for cash	—	80,000
	98,700	305,000
<b>NET INCREASE (DECREASE) IN CASH</b>	(6,321)	20,266
<b>CASH AT BEGINNING OF PERIOD</b>	7,101	65,663
<b>CASH AT END OF PERIOD</b>	\$ 780	\$ 85,929
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash Paid For:		
Interest	\$ —	\$ 17,963
Income taxes	—	—
Non Cash Financing Activities:		
Common stock issued for debt	\$ —	\$ —

The accompanying notes are an integral part of these condensed financial statements.

**GWS TECHNOLOGIES, INC.**  
Notes to the Condensed Financial Statements  
January 31, 2009 and October 31, 2008

Note 1 - Condensed Financial Statements

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at January 31, 2009, and for all periods presented herein, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's October 31, 2008 audited financial statements. The results of operations for the periods ended January 31, 2009 and 2008 are not necessarily indicative of the operating results for the full years.

Note 2 - Going Concern

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses and seeking equity and/or debt financing. However management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 3 - Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In June 2008, the FASB issued FASB Staff Position EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, ("FSP EITF 03-6-1"). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore need to be included in the computation of earnings per share under the two-class method as described in FASB Statement of Financial Accounting Standards No. 128, "Earnings per Share." FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning on or after December 15, 2008 and earlier adoption is prohibited. We are not required to adopt FSP EITF 03-6-1; neither do we believe that FSP EITF 03-6-1 would have material effect on our consolidated financial position and results of operations if adopted.

**GWS TECHNOLOGIES, INC.**  
Notes to the Condensed Financial Statements (Continued)  
January 31, 2009 and October 31, 2008

Note 3 – Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

In May 2008, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 163, “ *Accounting for Financial Guarantee Insurance Contracts-and interpretation of FASB Statement No. 60* ”. SFAS No. 163 clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement of premium revenue and claims liabilities. This statement also requires expanded disclosures about financial guarantee insurance contracts. SFAS No. 163 is effective for fiscal years beginning on or after December 15, 2008, and interim periods within those years. SFAS No. 163 has no effect on the Company’s financial position, statements of operations, or cash flows at this time.

In May 2008, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 162, “ *The Hierarchy of Generally Accepted Accounting Principles* ”. SFAS No. 162 sets forth the level of authority to a given accounting pronouncement or document by category. Where there might be conflicting guidance between two categories, the more authoritative category will prevail. SFAS No. 162 will become effective 60 days after the SEC approves the PCAOB’s amendments to AU Section 411 of the AICPA Professional Standards. SFAS No. 162 has no effect on the Company’s financial position, statements of operations, or cash flows at this time.

Reverse Stock Split

Effective November 1, 2008, the Company’s common stock was reverse split on a 1 share for 20 shares basis. The Company’s financial statements have been restated to reflect the reverse stock split on a retroactive basis.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

For a description of our significant accounting policies and an understanding of the significant factors that influenced our performance during the period ended January 31, 2009, this "Management's Discussion and Analysis" should be read in conjunction with the Financial Statements, including the related notes, appearing in Item 1 of this Quarterly Report. The preparation of this Quarterly Report on Form 10-Q requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting period. There can be no assurance that actual results reported in the future will not differ from those estimates or that revisions of these estimates may not become necessary in the future.

### *Forward Looking Statements*

This portion of this Quarterly Report on Form 10-Q includes statements that constitute "forward-looking statements." These forward-looking statements are often characterized by the terms "may," "believes," "projects," "expects," or "anticipates," and do not reflect historical facts. Specific forward-looking statements contained in this portion of the Quarterly Report include, but are not limited to the Company's expectation that it will begin generating significant revenues from the sale of its products rather than from equity or debt financings. Forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors and risks that could affect our results and achievements and cause them to materially differ from those contained in the forward-looking statements include, but are not limited to the risks and uncertainties set forth below in the section titled "Risk Factors," as well as other factors that we are currently unable to identify or quantify, but may exist in the future.

The foregoing factors may affect generally our business, results of operations and financial position. Forward-looking statements speak only as of the date the statement was made. We do not undertake and specifically decline any obligation to update any forward-looking statements.

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

We provide wind turbines and other wind and solar products and alternative energy through direct marketing and also on an ecommerce portion of our website, [www.greenwindsolar.com](http://www.greenwindsolar.com). Despite a new emphasis on these "green" product lines, we have continued to operate our homeland security and emergency product ecommerce business operations; however, we have consolidated all of our Community Emergency Response Team (CERT) products and our consumer product lines on one ecommerce website, [www.firstresponderproducts.com](http://www.firstresponderproducts.com). Our consolidated ecommerce operations include the distribution of products from a variety of established manufacturers and also the introduction of new product lines. Sales are made through a combination of bidding on government contracts, directed sales efforts to large commercial entities, and sales to public safety agencies, commercial end users and consumers via the Internet.

The renewable energy product lines include both industrial and consumer products based on alternative energy technologies, including wind turbines and solar chargers ranging from handheld devices that can power an iPod to large vertical wind turbines that can power a building. We are also attempting entry into the carbon offset sector of the "green" industry by offering the public the ability to calculate their respective "carbon footprints" on our website, with the intent to ultimately offer and sell carbon offsets to both consumers and businesses; however, our entry into this market sector has been delayed due to our lack of ability to finance the purchase of such carbon credits for inventory and sale.

### **Liquidity and capital resources**

Our material cash expenditures have been expenses relating to purchasing inventory; shipping and other costs associated with our sales and fulfillment activities; general and administrative expenses, including payroll expenses and office rent; and accounting and legal fees relating to our reporting obligations.

Our operating expenses had increased significantly during the last quarters of 2007 as we increased our office facilities, hired new employees and consultants, increased our ecommerce sales, and increased our competitive bidding activities; in 2008, due to a lack of operating capital and our inability to acquire purchase order and accounts receivables financing, as well as equity financing, we had a series of layoffs, dramatically decreasing our workforce. We also could not complete occupying our new facility (Suite C12 in our existing complex) and began negotiations with our landlord for assistance in subleasing that facility. Our lack of financing has also affected our ability to complete some orders in a timely fashion.

Because of our cash flow problems, during the quarter ended January 31, 2009 we were delinquent in paying many of our existing suppliers, and our credit rating declined. Our efforts to obtain accounts receivable, purchase order and inventory financing suffered a setback in September 2008 due to a significant decline in our stock price, caused by a group of control shareholders and brokers (which activity is the subject of a lawsuit by the company). Since stock warrants were part of the contractual compensation for our financing agent, this significant fluctuation in stock price affected our ability to raise equity capital. Moreover, the domestic, and then global, financial crisis which followed negatively affected our ability to obtain any type of purchase order, accounts receivable, inventory financing, or equity financing. We are continuing to negotiate for the necessary financing, but the credit crisis and broad economic downturn has caused both significant delays in our obtaining such financing, and much stricter requirements for obtaining such financing, with financial institutions and factors charging higher rates, demanding more comprehensive guarantees (including, in most cases, personal guarantees from our senior management), and requiring our customers' end-users to qualify as credit worthy. This has negatively affected our business operations.

We are struggling to satisfy our basic cash requirements and we need to raise significant capital to continue as a going concern. We also have significant outstanding invoices from suppliers, some of which are overdue and which are negatively affecting our credit lines with our suppliers. There can be no assurance that we will raise sufficient funds to continue our business operations.

Cash at the end of the period was \$780, as compared with \$85,929 at the end of the corresponding period in 2008. Our accounts receivable at January 31, 2009 were \$5,830, with inventory of \$123,916, as compared with accounts receivable of \$102,607 and inventory of \$99,881 at January 31, 2008. We currently do not have any significant cash resources, and our need for capital is our most significant business concern and the single most significant factor limiting our growth. The significant decrease in our accounts receivable compared to the corresponding period last year was caused by our inability to finance our sales contracts in a timely manner.

Our accounts payable and accrued expenses at January 31, 2009 were \$330,207, as compared to \$278,865 at January 31, 2008. Our total current liabilities at January 31, 2009 were \$1,745,295, as compared to \$1,065,610 at January 31, 2008.

We held property and equipment at January 31, 2009 which was valued, net of depreciation, at \$28,700, as compared with property and equipment with a net valuation of \$38,982 at January 31, 2008. Our total assets at January 31, 2009 were \$159,226, as compared with total assets of \$327,399 at January 31, 2008.

### **Results of Operations**

Revenues for the three months ended January 31, 2009 were \$50,916, as compared with revenues of \$150,878 for the three months ended January 31, 2008. The decrease in revenues was due to our inability to finance many of our purchase orders. Our cost of goods sold for the three months ended January 31, 2009 were \$3,129, for a gross profit of \$47,787, as compared with cost of goods sold for the corresponding period in 2008 at \$105,001, for a gross profit of \$45,877, during the three months ended January 31, 2008.

We have incurred losses since our inception. Our net loss was \$1,811,080 for the three-month period ended January 31, 2009, as compared to \$354,899 for the same period for the prior year. This was due to an increase in stock-based compensation for consultants.

## Trends in the Industry

The American Wind Energy Association (a national trade association for the domestic wind power industry) is predicting that President Obama's \$787 billion economic stimulus package, which includes a 30 percent investment tax credit for consumers who buy small wind turbines to power homes or small businesses, could help the small-turbine market grow by 40 to 50 percent annually, a boost that would parallel the growth of the U.S. solar photovoltaic industry after a similar 2005 initiative. Small wind turbines typically have a capacity of 100 kilowatts or less and are designed to operate on the consumer side of the power grid, often in combination with solar panels.

According to the American Wind Energy Association, the United States is already the world's leading manufacturer of small-wind technologies, holding roughly two-thirds of the world's market share. Last year, American companies made 98 percent of the small wind turbines sold in the United States. In the right location, a 10-kilowatt turbine could supply the entire electricity needs of an average American household. The newly subsidized larger models can help power small businesses, farms and schools. However, despite a record year in 2008, which increased domestic wind power generating capacity by 50% and channeled an investment of approximately \$17 billion into the economy, due to the current economic downturn financing for new project and orders for wind turbine components slowed at year's end and layoffs began affecting the wind turbine manufacturing sector.

In the first days of his administration, President Obama announced that he would seek to raise the amount of electricity generated from renewable energy to 10% of total U.S. capacity by 2012 (currently this figure is about 3%). As this goal requires significant capital, the administration has included \$100 billion in the currently proposed stimulus package that is directly related to financing clean energy projects. According to NPR, this Clean Energy Financing Initiative would provide loan guarantees and other measures to encourage the private sector to invest billions of dollars in green energy. According to NPR, an even more comprehensive clean-energy financing package may become available in the Obama-Biden Energy Bill or Climate Bill, both rumored to be drafted later in the year.

Over the last decade worldwide wind turbine sales have an annual growth rate of approximately 29%. Renewable energy industry sources claim that wind power is the world's fastest growing source of energy, with expansion over the next two decades predicted at double-digit rates. The two main types of wind turbines currently dominating the market are the conventional, propeller-type "horizontal axis" wind turbines (HAWTs), and the new "vertical axis" wind turbines (VAWTs) that are touted as being more wildlife friendly and more efficient in lower wind speeds. At year end 2007, wind turbines producing over 90,000 megawatts of electrical power had been installed worldwide. This was forecast to increase by approximately 30% in 2008, a forecast which proved conservative according to recent figures.

The U.S. Dept. of Energy, the American Wind Energy Association and the National Renewable Energy Laboratory have all opined that 20% of the nation's electricity could come from renewable wind energy within the next twenty years. The growth in wind energy is being driven by several factors, including short supplies of fossil fuels like oil and natural gas. While nuclear power is an option that countries such as France have embraced, it is expensive, and disposing of radioactive byproducts is problematic and the source of widespread opposition to new nuclear plants.

The cost per kWh of energy produced by wind turbines is expected to be one of the cheapest sources of renewable energy. As costs increase for fossil fuel energy sources, wind energy will not need government subsidies to be competitive.

Solar manufacturing companies are expecting a combination of slowing demand and increasingly available supplies of both finished product and underlying manufacturing capacity, leading most analysts to predict solar panel prices to fall 10% to 20% in 2009. Additionally, prices for polysilicon, a key solar panel component, could fall next year as supplies of this component improve. Some industry analysts claim that for a solar panel company to be successful over the long term, their products have to be able to create electricity in the range of 8 to 12 cents per kilowatt hour, without subsidies.

Solar technology is still expensive in up-front costs for purchase and installation; without government subsidies, manufacturers need to cut prices to spur demand. With narrowing profit margins, this could force a shake-out in the solar manufacturing industry.

**Domestic Wind Turbine Market Trends** . A recent report published by veteran research market firm BCC Research and titled *Wind Turbines: The US Market* forecasts that the domestic United States' market size for wind turbine components and systems will reach \$60.9 billion US in 2013.

Wind power was second only to natural gas plants in new capacity from 2005 through 2007, and provided 35% of all new generation added domestically in 2007. According to AWEA, the new wind projects completed in 2008 account for about 42% of the entire new power-producing capacity added nationally last year, and will avoid nearly 44 million tons of carbon emissions, the equivalent of taking over 7 million cars off of the road. Current wind energy generating capacity in the U.S. is about 25,170 MW, producing enough electricity to power the equivalent of close to 7 million homes. The top five states in terms of capacity installed are now:

- Texas, with 7,116 MW
- Iowa, with 2,790 MW
- California, with 2,517 MW
- Minnesota, with 1,752 MW
- Washington, with 1,375 MW

#### **Canadian Wind Turbine Market Trends.**

We have been actively pursuing the growing Canadian small wind turbine market. According to the Canadian Wind Energy Association (CanWEA), Canada has still only scratched the surface of its massive wind energy potential. Total spending on wind energy in North America is expected to double by 2010 to \$7.5 billion annually, with microgeneration systems providing a significant portion of the overall electricity generated. The majority of small wind turbines installed in Canada originate from the United States.

In January 2009 the Government of Ontario announced that it had signed long-term contracts for six new wind energy projects in the province. The announcement brings Ontario's installed wind energy capacity to 1,500 MW. Currently, the province generates wind power with 782 MW of capacity, enough to power 230,000 homes. Canada's total installed capacity sits at 2,369 MW — Ontario is currently the wind technology leader in the country, accounting for roughly one-third of that number. CanWEA has set a goal of wind energy providing 20% of Canada's electricity needs.

**Domestic Solar Installation Trends** A report issued by the California Public Utilities Commission stated that residential and commercial rooftop installations more than doubled in 2008 from the previous year to 158 megawatts of producing power. Reinforcing the perception that state and federal incentives have a major impact on new installations, the report noted that there was a surge in applications to participate in California's \$3 billion solar rebate program in the fourth quarter of 2008 after Congress lifted the \$2,000 cap on the federal tax credit on solar arrays in October 2008 (allowing homeowners and businesses to take a 30% tax credit on systems installed after Dec. 31<sup>st</sup>), which, coupled with an additional California state rebate, cut the real cost of a solar system in California in half. The report concluded that, in addition to environmental benefits such as cutting greenhouse gas emissions and other pollutants, it appears that solar energy is benefiting California by serving as an economic bright spot in the economy.

California regulators caution that many homeowners and business owners may leave the program and cancel their applications if the economy continues to deteriorate rapidly this year. The current dropout rate is 15%, according to the report.

Municipal programs also are expected to have an effect on new alternative energy installations. Berkeley, California has launched a program that pays for residential and business solar arrays and lets owners pay the cost back over twenty years through an annual assessment on their property taxes.

**Alternative Energy Trends – Global.** According to an article dated February 2, 2009 in Reuters, the United States overtook Germany as the biggest producer of wind power last year and will likely take the lead in solar power this year. The article cited an expected "Obama bounce" from a new President who has vowed to boost clean energy, and additional impetus from political and business leaders worldwide who have urged "green growth" spending on clean energy to fight both recession and climate change.

German wind power capacity reached nearly 24 GW, placing it second ahead of Spain and fourth-placed China, which doubled its installed wind power for the fourth year running, said the Brussels-based Global Wind Energy Council. Spanish wind power business group AEE said that it expected similar growth in 2009 as last year.

Generally, the wind sector is now suffering from a financial crisis which has dried up project finance and a sharp fall in oil prices which has weakened its competitiveness compared to gas, but it is aided by subsidies such as a guaranteed price premium in Germany and Spain.

A February 4, 2009 article in the International Herald Tribune noted that the credit crisis and broad economic downturn was causing pronounced slowing of wind and power projects worldwide, except in some isolated markets, like China, which has shown no signs of a slowdown. Wind and solar developers have been left hunting for capital because the number of banks and financial institutions willing to help installation of wind turbines and solar arrays has dropped significantly. The effects of the banking crisis were also being felt in Europe, although industry groups said it was too soon to tell what effect the credit freeze would have on the fast-growing sector. Solar experts also report that demand in Europe has softened, a combination of a seasonal slowdown for winter and a recent cap on solar installations in Spain.

Despite current financial conditions, European Union leaders agreed that the bloc should get a fifth of all its energy from renewable sources by 2020 compared with about 10 percent now.

**Effect of existing or probable governmental regulations on our business.** Our business is affected by a wide range of municipal, county, state and federal regulations and may be influenced by the announcement of proposed regulations by the new administration and Congress. A major focus of the new administration is energy independence and the expedited development of wind, solar, and other clean energy sources.

On February 8, 2009, the Chicago Tribune reported that President Obama is planning to replace imported oil and other fossil fuels with a "clean-energy economy" powered by the wind, the sun and biofuels. Energy Secretary Steven Chu was quoted as saying that we need a second Industrial Revolution that can generate energy cleanly, cheaply and sustainably. According to the article, by the end of 2009, the Energy Department's spending on 35 years of clean-energy research will exceed the total inflation-adjusted cost of the Apollo program which sent men to the moon, and the Manhattan Project, which developed the nuclear bomb, an estimated \$117 billion combined. That research, economists say, has made wind, solar and other alternative sources of energy cheaper, but still not as inexpensive as fossil fuels. Renewable sources make up about the same sliver of America's energy portfolio as they did three decades ago, about 7 percent, while the nation's reliance on imported oil has doubled. We believe new legislation will have a significant impact on our industry and our business during the coming year.

### **Domestic Legislation**

On January 28, 2009, the U.S. House of Representatives passed the *American Recovery and Reinvestment Tax Act*, a bill which contains provisions which support the wind energy industry. The bill includes a new grant program, a three-year extension of the production tax credit, several provisions to promote transmission for renewable energy, and key changes to benefit small wind systems. Before the bill becomes law, it must also be passed by the U.S. Senate, which began consideration of similar legislation in the first week of February, 2009.

President Obama has outlined a range of policies that would encourage investments in renewable energy, including:

- adjusting the federal production tax credit (PTC) to make it more effective in the current economic downturn and extending it for a longer term (it expires at the end of 2009);
- establishing a national renewable electricity standard (RES) with a target of generating at least 25% of the nation's electricity from renewables by 2025, and a near-term target of 10% by 2012 (a *Washington Post* poll in early December found that 84% of Americans support such a standard);
- legislation and initiatives to develop a high-voltage interstate transmission "highway" for renewable energy; and
- national climate change legislation that would promote the use of wind and solar power.

### **Going Concern**

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States applicable to a going concern that contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Since the inception of the company, we have relied on

loans from shareholders and officers, the sale of our equity securities, debt financing, and limited revenues to fund our operations. We have incurred losses since our inception and we continue to incur legal, accounting, and other business and administrative expenses. Our auditor has therefore recognized that there is substantial doubt about our ability to continue as a going concern.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not Applicable.

**Item 4. Controls and Procedures**

Disclosure controls and procedures are designed with an objective of ensuring that information required to be disclosed in our periodic reports filed with the Securities and Exchange Commission, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. Disclosure controls also are designed with an objective of ensuring that such information is accumulated and communicated to our management, including our chief executive officer/chief financial officer, in order to allow timely consideration regarding required disclosures.

The evaluation of our disclosure controls by our principal executive officer/principal financial officer included a review of the controls' objectives and design, the operation of the controls, and the effect of the controls on the information presented in this Quarterly Report. We do not expect that disclosure controls can or will prevent or detect all errors and all fraud, if any. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Also, projections of any evaluation of the disclosure controls and procedures to future periods are subject to the risk that the disclosure controls and procedures may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on his review and evaluation as of the end of the period covered by this Form 10-Q, and subject to the inherent limitations described above, our principal executive officer/principal financial officer has concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective as of the end of the period covered by this report; provided, however, that the company currently has only two directors, neither of whom is an outside director, which does not allow the company to have an outside director on its audit or compensation committees. The Board of Directors is currently considering qualified candidates for appointment to the Board as outside directors.

Our principal executive officer/principal financial officer is not aware of any significant changes in our disclosure controls or in other factors that could significantly affect these controls subsequent to the date of his evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. During the period covered by this Form 10-Q, there have not been any changes in our internal control over financial reporting that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

On May 27, 2008 the Company filed a lawsuit in the United States District Court, Central District of California, Case No. SACV08-00586 CJC (PLAx) alleging securities law violations and fraud against Douglas G. Furth individually and allegedly dba Millennium Consulting Group, Inc., a defunct Ohio corporation; Mark Fixler; JAG Enterprises, LLC; Michel Attias; Brendon Attias; Timothy Garlin; and various DOE defendants for disgorgement of short-swing profits in violation of the Securities Exchange Act of 1934, Section 16(b) and for recovery of damages for fraud and deceit. On August 7, 2008 we filed a First Amended Complaint adding, among others, defendants Comprehensive Financial Services, LLC, an Ohio limited liability company; The Signature Fund, a purported Ohio limited partnership; Signature Management, LLC, an Ohio limited liability company; Marc J. Bernstein; Legent Clearing LLC, a Nebraska company; UBS Financial Services, Inc., a California company; and National Financial Services LLC aka Fidelity Investments National Financial Services, a Massachusetts company. Many of these defendants have answered and filed counterclaims, which we intend to vigorously contest.

### Item 1A. Risk Factors

An investment in our common stock involves a substantial degree of risk. Before making an investment decision, you should give careful consideration to the following risk factors in addition to the other information contained in this report. The following risk factors, however, may not reflect all of the risks associated with our business or an investment in our common stock.

#### **The following risk factors must be considered in light of the current worldwide financial crisis.**

According to a recent statement by the U.S. Commerce Department, the U.S. economy shrank by 3.8 percent in the fourth quarter, the most since 1982, while consumer spending recorded the worst slide in the postwar era. According to a February 6, 2009 article in the Associated Press, the Labor Department reported that “recession-battered employers” eliminated 598,000 jobs in January, the most since the end of 1974, and “catapulted the unemployment rate to 7.6 percent.” The Associated Press cited these figures as “further proof that the nation's job climate is deteriorating at an alarming clip with no end in sight.” The AP predicted that, with fallout from the housing, credit and financial crisis (which they claimed was the worst since the 1930s) “ripping through the economy”, analysts predict 3 million or more jobs will vanish in 2009, despite the recently passed stimulus plan. Business leaders have warned of the possibility that the United States is heading for a financial “meltdown.” For example, according to the Associated Press, many economists predict the current quarter -- in terms of lost economic growth -- will be the worst of the recession. The AP also reported that Americans cut back sharply on spending at the end of last year, thrusting the economy into its worst backslide in a quarter-century, and predicted that the “tailspin” could well accelerate in the current January-March quarter to a rate of 5 percent or more as the recession drags on into a second year, and consumers and businesses dramatically reduce spending. In light of the broad consensus that financial markets are in the worst turmoil of a generation, there can be no assurance that the current financial crisis will not continue, or get worse.

#### **The global financial crisis has negatively impacted general economic conditions, including the alternative energy industry.**

The current global financial crisis has had significant negative effects on a broad range of businesses, including our business. The credit crisis and broad economic downturn has caused pronounced slowing of wind and power projects worldwide, except in some isolated markets. Our customers, who are typically wind and solar installers and developers, have experienced financing problems because the number of banks and financial institutions willing to fund installation of wind turbines and solar arrays has dropped significantly. We have also experienced difficulties in getting our customers and purchase orders financed. All of these factors have had a significant negative impact on our operations, and should the current financial crisis continue, there can be no assurance we, or our customers, will be able to continue operations.

#### **We will need significant infusions of additional capital.**

During the last fiscal year we have relied primarily on loans and our limited revenues to obtain the funding necessary to operate the business. Our revenues from operations for the quarter ended January 31, 2009 would have been significantly higher if we had financing available to support our sales and competitive bidding activities. We do not have any cash reserves and we will need to obtain additional outside funding in the future in order to further

satisfy our cash requirements. Our need for additional capital to finance our business strategy, operations, and growth will be greater should, among other things, revenue or expense estimates prove to be incorrect. We cannot predict the timing or amount of our capital requirements at this time. If we fail to arrange for sufficient capital on a timely basis in the future, we may be required to reduce the scope of our business activities further until we can obtain adequate financing. Debt financing must be repaid regardless of whether or not we generate profits or cash flows from our business activities. Equity financing may result in dilution to existing stockholders and may involve securities that have rights, preferences, or privileges that are senior to our common stock. We are presently negotiating terms for accounts receivable, purchase order and inventory financing, and this has required ongoing negotiations with certain bondholders secured by UCC-1 and other security agreements, but there can be no assurance we will enter into the financing arrangements we are currently negotiating, or that we (or our customers, and their end-users) will be able to satisfy the stricter requirements arising from the current global financial crisis. Therefore, we may not be able to obtain financing in sufficient amounts or on acceptable terms when needed, which could adversely affect our operating results and prospects.

**Many of our current and potential competitors have longer operating histories, larger customer or user bases, greater brand recognition, greater access to brand name suppliers, and significantly greater financial, marketing and other resources than we do.**

Many of these current and potential competitors can devote substantially more resources to the development of their business operations than we can at present. In addition, larger, well-established and well-financed entities may acquire, invest in or form joint ventures with other established competitors or with specific product manufacturers, which will allow them pricing advantages due to economies of scale or pursuant to distribution agreements with suppliers. Some large product distributors may also have exclusive distribution agreements or protected territories in which they can sell specific brand name products at a significant discount, or territories in which they may seek to exclude us from selling a specific brand of product. These types of arrangements between our competitors and manufacturers and suppliers may limit our ability to distribute certain brand name products and could adversely affect our revenues.

**We depend upon our executive officers and key personnel.**

The rapid execution necessary for us to fully exploit the market for our products and services requires an effective planning and management process. We experienced rapid growth during 2007 and then rapid contraction in 2008, as we did not receive financing which we had been promised and on which we depended to fund our growth. There is currently a significant strain on our managerial, operational and financial resources and one person, Richard Reincke, currently serves as both our President/CEO and Chief Financial Officer. Mr. Reincke has been deferring his salary since July 2008 and there can be no guarantee that he will continue to work without compensation. We recognize that our ability to manage our business effectively will require us to attract, identify, train, integrate and retain additional qualified management and other key personnel, and that we currently do not have the financial resources to hire such personnel at this time. Additionally, due to financial constraints, we have cut back on our workforce, replacing full time employees with part-time consultants and with interns. The loss of services of Mr. Reincke or any of our remaining key personnel would have a material adverse effect on our business, revenues, results of operations and financial condition.

**There can be no assurance that any new products we introduce will achieve significant market acceptance or will generate significant revenue.**

The market for products in the renewable energy industry is characterized by rapid technological advances, evolving standards in technology and frequent new product and service introductions and enhancements. Possible short life cycles for products we sell may necessitate high levels of expenditures for continually selecting new products and discontinuing the sale of obsolete product lines. To obtain a competitive position, we must continue to introduce new products and new versions of existing products that will satisfy increasingly sophisticated customer requirements and achieve market acceptance. Our inability or failure to position and/or price our new or existing products competitively, in response to changes in evolving standards in technology, could have a material adverse effect on our business, results of operations or financial position.

**Although we have implemented safeguards to prevent unauthorized access to our ecommerce sites, there always exists certain security risks, which may cause interruptions, delays or cessation in service.**

Despite the implementation of security measures, our network infrastructure may be vulnerable to computer viruses or problems caused by third parties, which could lead to interruptions, delays or cessation in service to our clients. Inappropriate use of the Internet by third parties could also potentially jeopardize the security or deter certain persons from using our services. Such inappropriate use of the Internet would include attempting to gain unauthorized access to information or systems - commonly known as "cracking" or "hacking." Although we intend to continue to implement security measures, such measures have been circumvented in the past, and there can be no assurance that measures implemented will not be circumvented in the future. Alleviating problems caused by computer viruses or other inappropriate uses or security breaches may require interruptions, delays or cessation in service to our operations. There can be no assurance that customers or others will not assert claims of liability against us as a result of failures. Further, until more comprehensive security technologies are developed, the security and privacy concerns of existing and potential customers may inhibit the growth of the Internet service industry in general and our customer base and revenues in particular.

**There is a risk of credit card fraud.**

Although we have encryption certificates, systems and software for the electronic surveillance and monitoring of fraudulent credit card use, should our business be subject to repeated fraudulent use of credit cards on our ecommerce sites, it could effect the reputation of our ecommerce sites and the willingness of customers to continue to use our sites.

**Shares of our common stock are "penny stocks".**

At all times when the current market price per share of our common stock is less than \$5.00, our shares of common stock will be considered "penny stocks" as defined in the Securities Exchange Act of 1934, as amended. As a result, an investor may find it more difficult to dispose of or obtain accurate quotations as to the price of the shares of our common stock being issued under this prospectus. In addition, the penny stock rules adopted by the Securities and Exchange Commission under the Exchange Act would subject the sale of shares of our common stock to regulations which impose sales practice requirements on broker-dealers. For example, broker-dealers selling penny stocks must, prior to effecting the transaction, provide their customers with a document which discloses the risks of investing in penny stocks.

Furthermore, if the person purchasing penny stocks is someone other than an accredited investor, as defined in the Securities Act, or an established customer of the broker-dealer, the broker-dealer must also approve the potential customer's account by obtaining information concerning the customer's financial situation, investment experience and investment objectives. The broker-dealer must also make a determination whether the transaction is suitable for the customer and whether the customer has sufficient knowledge and experience in financial matters to be reasonably expected to be capable of evaluating the risk of transactions in penny stocks. Accordingly, the SEC's rules may limit the number of potential purchasers of shares of our common stock. Moreover, various state securities laws impose restrictions on transferring penny stocks, and, as a result, investors in our common stock may have their ability to sell their shares impaired.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, deliver a standardized risk disclosure document prepared by the Commission, which (i) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (ii) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to violation to such duties or other requirements of Securities' laws; (iii) contains a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and significance of the spread between the "bid" and "ask" price; (iv) contains a toll-free telephone number for inquiries on disciplinary actions; (v) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (vi) contains such other information and is in such form (including language, type, size and format), as the Commission shall require by rule or regulation. The broker-dealer also must provide, prior to effecting any transaction in penny stock, the customer (i) with bid and offer quotations for the penny stock; (ii) the compensation of the broker-dealer and its salesperson in the transaction; (iii) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (iv) monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for a stock that becomes subject to the penny stock rules. If any of the Company's securities become subject to the penny stock rules, holders of those securities may have difficulty selling those securities. Stockholders should be aware that, according to Securities and Exchange Commission Release No. 34-29093, dated April 17, 1991, the market for penny stocks has suffered from patterns of fraud and abuse. Such patterns include:

- (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer
- (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases
- (iii) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons
- (iv) excessive and undisclosed bid-ask differential and markups by selling broker-dealers
- (v) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses.

This risk factor is especially significant because we believe some of the conduct mentioned above has occurred, which has prompted us to file complaints with FINRA (the Financial Industry Regulatory Authority) and a federal complaint in U.S. District Court, Central District of California, against the promoters, broker-dealers, and others who we believe have engaged in such conduct with our stock.

**We have not paid and do not currently plan to pay dividends on our common stock.**

Some investors favor companies that pay dividends on their common stock, particularly in general downturns in the stock market. We have not declared or paid any cash dividends on our common stock. We currently intend to retain any future earnings for funding growth, and we do not currently anticipate paying cash dividends on our common stock in the foreseeable future.

**Provisions in our corporate charter and under Delaware law are favorable to our directors.**

Pursuant to our certificate of incorporation, members of our management and Board of Directors will have no liability for violations of their fiduciary duty of care as officers and directors, except in limited circumstances. This means that you may be unable to prevail in a legal action against our officers or directors even if you believe they have breached their fiduciary duty of care. In addition, our certificate of incorporation allows us to indemnify our officers and directors from and against any and all expenses or liabilities arising from or in connection with their serving in such capacities with us. This means that if you were able to enforce an action against our directors or officers, in all likelihood we would be required to pay any expenses they incurred in defending the lawsuit and any judgment or settlement they otherwise would be required to pay.

**Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.**

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 ("Act"), we will be required to furnish a report by our management on our internal control over financial reporting. The internal control report must contain (i) a statement of management's responsibility for establishing and maintaining adequate internal control over financial reporting, (ii) a statement identifying the framework used by management to conduct the required evaluation of the effectiveness of our internal control over financial reporting, (iii) management's assessment of the effectiveness of our internal control over financial reporting as of the end of our most recent fiscal year, including a statement as to whether or not internal control over financial reporting is effective, and (iv) a statement that the Company's independent auditors have issued an attestation report on management's assessment of internal control over financial reporting.

In order to achieve compliance with Section 404 of the Act within the prescribed period, we will need to engage in a process to document and evaluate our internal control over financial reporting, which will be both costly and challenging. In this regard, management will need to dedicate internal resources, engage outside consultants and adopt a detailed work plan to (i) assess and document the adequacy of internal control over financial reporting, (ii) take steps to improve control processes where appropriate, (iii) validate through testing that controls are functioning as documented and (iv) implement a continuous reporting and improvement process for internal control over financial reporting. We can provide no assurance as to our, or our independent auditors', conclusions at the prescribed periods with respect to the effectiveness of our internal control over financial reporting under Section 404 of the Act. There is a risk that neither we nor our independent auditors will be able to conclude at the prescribed period that our internal controls over financial reporting are effective as required by Section 404 of the Act. Moreover, as our senior management and board of directors is extremely limited, we may not be able to adequately comply with these requirements unless we are able to augment both our senior management and our board of directors, and there can be no assurance that we will be able to do so in a timely manner, or at all.

During the course of our testing we may identify deficiencies which we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. In addition, if we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our stock could drop significantly.

### **Item 3. Defaults Upon Senior Securities**

One of our noteholders has agreed to forebear on the collection of a promissory entered into on September 1, 2007 with the company. As consideration for a six (6) month extension of the loan term, the parties agreed to the following: (i) The interest rate listed was changed from a fixed rate of 12% per annum to 15% per annum, with payments due on the 15<sup>th</sup> of each month; (ii) the conversion rights of the principal and unpaid interest remained, but the conversion rate was repriced at thirty cents (\$0.30) per share; and (iii) the company also agreed, in consideration of its appreciation of her assistance and cooperation in extending this loan, to grant the noteholder stock equivalent to the amount of shares which would be purchased by a 10% interest "payment" on her loan. This amount, \$10,000.00 (or 10% of the loan) yielded 50,000 shares of stock at a price of \$0.20 per share. This was a one time nonrefundable and additional "interest" on her loan. The \$100,000 loan, with accrued unpaid interest of approximately \$9,000, was due March 1, 2009 and has not yet been repaid.

We are presently negotiating with certain bondholders to convert their bond debt into a combination of common and preferred stock, with designated privileges and preferences, including voting rights, which designations and terms are still being negotiated. The notes are secured by UCC-1 and a security agreement and our inability to renegotiate the notes could result in a foreclosure by the bondholders under their UCC-1 and security agreement.

**Item 6. Exhibits**

The following exhibits are either attached hereto or incorporated herein by reference as indicated:

<b>Exhibit Number</b>	<b>Description</b>	<b>Exhibit</b>
3.1	Certificate of Incorporation dated February 15, 2005 *	
3.2	Certificate of Amendment of Certificate of Incorporation dated April 21, 2005 *	
3.3	Amended and Restated Certificate of Incorporation dated October 26, 2005*	
3.4	Bylaws*	
10.1	Software Development Agreement*	
10.2	Consulting Agreement, dated as of December 1, 2006, between the Registrant and Joseph King *	
10.3	Lease with Camidor Properties*	
10.4	Amendment No. 1 to Lease with Camidor Properties**	
14	Code of Ethics**	
23	Consent of Moore & Associates Chartered	Filed herewith
<a href="#">31</a>	Certification pursuant to SEC Release No. 33-8238, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
<a href="#">32</a>	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith

\* Previously filed as exhibits to our registration statement on Form SB-2, file number 3333-139751, filed December 29, 2006.

\*\* Previously filed as exhibits to our Annual Report on Form 10-KSB filed February 12, 2008.

## SIGNATURES

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

**GWS Technologies, Inc.**

Date: March 23, 2009

/s/ RICHARD R. EINCKE

Chief Executive Officer/Chief Financial Officer  
(Principal Financial Officer and Authorized  
Officer)

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## EXHIBIT INDEX

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(2) Previously filed as exhibits to our Annual Report on Form 10-KSB filed February 12, 2008.

## CERTIFICATIONS PURSUANT TO SECTION 302 OF SARBANES-OXLEY

I, Richard Reincke, Chief Executive Officer and Chief Financial Officer of GWS Technologies, Inc., certify that:

1. I have reviewed this Quarterly Report on Amendment No. 1 to Form 10-Q of GWS Technologies, Inc.;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 officers 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 small business issuer's board of directors (or persons performing the equivalent function);
    - 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
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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 23, 2009

/s/ R ICHARD R EINCKE

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Richard Reincke  
Chief Executive Officer/Chief Financial Officer  
(Principal Executive Officer and Principal  
Financial Officer)

CERTIFICATION OF THE  
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Reincke, the CEO and CFO of GWS Technologies, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of GWS Technologies, Inc. Amendment No. 1 on Form 10-Q for the quarter ended January 31, 2009 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of GWS Technologies, Inc.

Date: March 23, 2009

/s/ R ICHARD R EINCKE

Richard Reincke

Chief Executive Officer/Chief Financial Officer