

# Mid Year Report

6 MONTHS ENDING JUNE 30, 2013



Trading Symbol: OTC: AWSL

CUSIP: 049127103

Authorized Number of Shares: 500,000,000

Issued Number of Shares: 44,707,601

Atlantic Wind & Solar Inc.

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## Management Discussion and Analysis of Operations and Financial Condition in Brief

Management at Atlantic is very pleased with the six months covered by the attached financial statements. The company continues to trend towards increased profitability.

Assets increased to over \$2.5 million in the 1st half year versus \$1.5 million for the full year of 2012. Liabilities, of course, increased in parallel. These are signs of the growth spurt the Company has been anticipating for some time. Mid-year revenues of \$1.4 million represent almost 90% of the revenues for the full year of 2012 at \$1.6 million. And expenses have remained low and manageable at approximately \$1 million per year.

The over \$3.3 million in sales over the past 12 months represent less than half of the Ontario F-I-T 1.0 (2.7 MW) projects. . Ecuador numbers have yet to be included.

Stock dilution in the first half of 2013 was at 0%, which is to say that no new shares were issued, as has been policy for the past few years.

Finally, in Management's opinion, the removal of the accounting standard "Going Concern" disclosure is a welcomed step. While this has not concerned the Company itself in the past, given the long term vision, Management is aware that such a clause can be seen to cause concern elsewhere. 2012 marked the first year of revenues. With the growth in revenues, receivables, and cash flow in the first half of 2013 the Company's accounting firm obviously felt the clause no longer applied. Management, of course, agrees.

ATLANTIC WIND AND SOLAR, INC.

Consolidated Financial Statements  
June 30, 2013

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ATLANTIC WIND AND SOLAR, INC.  
Unaudited Consolidated Balance Sheets

	June 30, 2013	December 31, 2012
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 24,990	\$ 94,755
Accounts receivable, net of allowance of \$0	2,100,943	1,128,054
Other current assets	398,527	144,470
<b>Total current assets</b>	<u>2,524,460</u>	<u>1,367,279</u>
Equipment, net of accumulated depreciation of \$3,244 and \$3,423	-	-
Note receivable, net of allowance	52,797	173,434
<b>Total assets</b>	<u>\$ 2,577,257</u>	<u>\$ 1,540,713</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 2,256,048	\$ 1,268,645
Taxes payable	130,168	111,402
Wages payable	28,000	16,000
Related party payables, current	26,120	12,339
<b>Total current liabilities</b>	<u>2,440,336</u>	<u>1,408,386</u>
Related party payables, non-current	218,437	232,715
Notes payable, non-current	203,690	208,300
<b>Total liabilities</b>	<u>2,862,463</u>	<u>1,849,401</u>
<b>Stockholders' deficit</b>		
Preferred stock, \$1.00 par value; 20,000,000 shares authorized; 5,275,604 and 4,781,974 shares issued and outstanding and June 30, 2013 and December 31, 2012	5,275,604	4,781,974
Common stock, \$0.001 par value; 500,000,000 shares authorized; 44,707,601 issued and outstanding	44,708	44,708
Additional paid in capital	5,635,374	5,635,374
Other comprehensive loss	(70,913)	(70,965)
Accumulated deficit	(11,169,979)	(10,699,779)
<b>Total stockholders' deficit</b>	<u>(285,206)</u>	<u>(308,688)</u>
<b>Total liabilities and stockholders' deficit</b>	<u>\$ 2,577,257</u>	<u>\$ 1,540,713</u>

See accompanying notes to unaudited consolidated financial statements.

ATLANTIC WIND AND SOLAR, INC.  
Unaudited Consolidated Statements of Operations

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
<b>Revenue</b>	\$ 1,477,105	\$ 1,655,234	\$ 1,477,105	\$ 1,655,234
<b>Cost of revenue</b>	1,092,738	1,224,873	1,134,323	1,224,873
<b>Gross margin</b>	384,367	430,361	342,782	430,361
<b>Operating expenses</b>				
Salaries and wages	202,090	183,000	406,067	413,298
Engineering	4,924	17,555	4,924	20,455
Professional fees	44,540	10,744	48,508	10,744
Travel	20,089	15,399	37,288	38,000
Rent	1,113	-	3,085	-
Advertising and public relations	473	183	1,126	276
General and administrative	6,457	3,439	14,720	22,166
<b>Total operating expenses</b>	279,686	230,320	515,718	504,939
<b>Other income (expense)</b>				
Interest income	4,405	-	7,598	-
Foreign currency transaction gain (loss)	(8,332)	(1)	(9,268)	(1)
Interest expense	(294)	(11)	(294)	(11)
<b>Total other income (expense)</b>	(4,221)	(12)	(1,964)	(12)
<b>Net income (loss) available to common stockholders</b>	\$ 100,460	\$ 200,029	\$ (174,900)	\$ (74,590)
<b>Other comprehensive income (loss)</b>				
Foreign currency translation adjustment	(819)	(5,331)	52	(6,719)
<b>Total comprehensive income (loss)</b>	\$ 99,641	\$ 194,698	\$ (174,848)	\$ (81,309)
<b>Basic and diluted income (loss) per common share</b>	\$ 0.00	\$ 0.00	\$ (0.00)	\$ (0.00)
<b>Basic and diluted weighted average shares outstanding</b>	44,707,601	44,630,878	44,707,601	44,560,148

See accompanying notes to unaudited consolidated financial statements.

ATLANTIC WIND AND SOLAR, INC.  
Statement of Changes in Stockholders' Equity (Deficit)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Other Comprehensi ve Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance, December 31, 2011	3,862,617	\$ 3,862,617	44,489,419	\$ 44,489	\$ 5,544,294	\$ (70,038)	\$ (9,799,266)	\$ (417,904)
Common stock issued for wages payable	-	-	218,182	219	47,782	-	-	48,001
Preferred stock issued for cash	15,800	15,800	-	-	-	-	-	15,800
Preferred stock issued for dividend	553,484	553,484	-	-	-	-	(553,484)	-
Preferred stock issued for conversion of related party payable	350,073	350,073	-	-	-	-	-	350,073
Preferred dividend declared	-	-	-	-	-	-	(2)	(2)
Stock options issued	-	-	-	-	43,298	-	-	43,298
Foreign currency translation adjustment	-	-	-	-	-	(927)	-	(927)
Net loss, year ended December 31, 2012	-	-	-	-	-	-	(347,027)	(347,027)
Balance, December 31, 2012	4,781,974	4,781,974	44,707,601	44,708	5,635,374	(70,965)	(10,699,779)	(308,688)
Preferred stock issued for dividend	295,300	295,300	-	-	-	-	(295,300)	-
Preferred stock issued for conversion of related party payable	198,330	198,330	-	-	-	-	-	198,330
Foreign currency translation adjustment	-	-	-	-	-	52	-	-
Net loss, six months ended June 30, 2013	-	-	-	-	-	-	(174,900)	(174,848)
Balance, June 30, 2013	5,275,604	5,275,604	44,707,601	\$ 44,708	5,635,374	\$ (70,913)	(11,169,979)	\$ (285,206)

See accompanying notes to unaudited consolidated financial statements.



ATLANTIC WIND AND SOLAR, INC.  
Consolidated Statements of Cash Flows

	Six months ended June 30,	
	2013	2012
<b>Cash flows from operating activities</b>		
Net loss	\$ (174,900)	\$ (74,590)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation		91,298
Changes in operating assets and liabilities:		
Accounts receivable	(1,084,923)	(1,661,474)
Other current assets	(159,802)	10,648
Security deposit	-	14,912
Accounts payable and accrued liabilities	1,107,791	1,226,875
Taxes payable	29,458	45,298
Wages payable	12,000	(28,000)
<b>Net cash used in operating activities</b>	<u>(270,376)</u>	<u>(375,033)</u>
<b>Cash flows from investing activities</b>	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from (repayments of) related party payables	197,998	395,797
Proceeds from preferred stock	-	15,800
<b>Net cash provided by financing activities</b>	<u>197,998</u>	<u>411,597</u>
Effect of exchange rate on cash	2,613	(671)
<b>Net change in cash</b>	(69,765)	35,893
<b>Cash at beginning of period</b>	94,755	143
<b>Cash at end of period</b>	<u>\$ 24,990</u>	<u>\$ 36,036</u>
<b>Supplemental cash flow information</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -
<b>Supplemental disclosure of non-cash financing activities</b>		
Preferred stock issued for dividend	\$ 295,300	\$ 302,621
Conversion of related party payable to preferred shares	\$ 198,330	\$ -

See accompanying notes to unaudited consolidated financial statements.

**ATLANTIC WIND AND SOLAR, INC.**  
**(A Development Stage Company)**  
**Notes to Unaudited Consolidated Financial Statements**  
**June 30, 2013**

**Note 1 - Nature of Business**

Atlantic Wind and Solar, Inc. (the "Company" or "Atlantic"), located in Toronto, Ontario, was originally organized on January 13, 1977 under the laws of the state of West Virginia as Aetna Operating Company Inc. The Company changed its name to Dragon Environmental (UK) Ltd. on November 4, 1997, then to Aquatek Ltd. On October 26, 1998, then to Environmental Technologies International, Inc. on February 8, 2002 and Atlantic Wind and Solar, Inc. on October 19, 2008.

Atlantic Wind and Solar, Inc. is a renewable energy asset developer, with emphasis on photovoltaic solar and wind energy. The Company pursues, develops, finances, owns and operates solar energy projects from various stages of development life cycles through commercial operation. Atlantic has approximately 60 megawatts ("MW") DC of approved solar projects of which approximately 25 MW's have power purchase agreement contracts already executed. The company's greenfield pipeline includes more than 350 MW of utility scale solar projects at various stages of development in Canada, Europe, South and Central America

**Note 2 - Significant Accounting Policies**

Principals of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated.

Basis of Presentation

The financial statements present the balance sheet, statements of operations, stockholders' equity and cash flows of the Company. These financial statements are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States. The Company has elected a December 31 year end.

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.

Cash

Cash and cash equivalents include short-term, highly liquid investments with maturities of less than three months when acquired.

**ATLANTIC WIND AND SOLAR, INC.**  
**(A Development Stage Company)**  
**Notes to Unaudited Consolidated Financial Statements**  
**June 30, 2013**

**Note 2 - Significant Accounting Policies (continued)**

Income taxes

The Company accounts for income taxes under ASC 740 *"Income Taxes"* which codified SFAS 109, *"Accounting for Income Taxes"* and FIN 48 *"Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109."* Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

Foreign Currency Translation

The Company's functional currency is the Canadian dollar (CAD), while the Company's reporting currency is the U.S. dollar (USD). All transactions initiated in Canadian dollars are translated into U.S. dollars in accordance with ASC 830, *"Foreign Currency Translation"* as follows:

- i) Monetary assets and liabilities at the rate of exchange in effect at the balance sheet date.
- ii) Equity at historical rates.
- iii) Revenue and expense items at the average rate of exchange prevailing during the period.

Adjustments arising from such translations are deferred until realization and are included as a separate component of stockholders' equity as a component of comprehensive income or loss. Therefore, translation adjustments are not included in determining net income (loss) but reported as other comprehensive income.

For foreign currency transactions, the Company translates these amounts to the Company's functional currency at the exchange rate effective on the invoice date. If the exchange rate changes between the time of purchase and the time actual payment is made, a foreign exchange transaction gain or loss results which is included in determining net income for the period. The exchange rates used are as follows:

	<u>6/30/13</u>	<u>12/31/2012</u>
Period end: CAD to USD	0.9847	1.0034
Average for period: CAD to USD	0.9510	1.0000

Fair Value of Financial Instruments

The Company's financial instruments as defined by FASB ASC 825-10-50 include cash, trade accounts receivable, and accounts payable and accrued expenses. All instruments are accounted for on a historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at July 31, 2012.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

**ATLANTIC WIND AND SOLAR, INC.**  
**(A Development Stage Company)**  
**Notes to Unaudited Consolidated Financial Statements**  
**June 30, 2013**

**Note 2 - Significant Accounting Policies (continued)**

Fair Value of Financial Instruments (continued)

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly;  
and

Level 3. Unobservable inputs in which there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Company does not have any assets or liabilities measured at fair value on a recurring basis at June 30, 2013 or 2012. The Company did not have any fair value adjustments for assets and liabilities measured at fair value on a nonrecurring basis during the period ended June 30, 2013 or 2012.

Property and Equipment

Property and equipment are carried at cost net of accumulated depreciation. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Depreciation is computed for financial statement purposes on a straight-line basis over estimated useful lives of the related assets. The estimated useful lives of depreciable assets are:

	Estimated Useful Lives
Furniture and Fixtures	5 - 10 years
Computer Equipment	3 - 5 years
Vehicles	5 - 10 years

For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system. For audit purposes, depreciation is computed under the straight-line method. Property and equipment consisted of the following as of June 30, 2013 and December 31, 2012:

	June 30, 2013	December 31, 2012
Computers	\$ 3,244	\$ 3,423
Accumulated depreciation	(3,244)	(3,423)
Net book value	\$ -	\$ -

**ATLANTIC WIND AND SOLAR, INC.**  
**(A Development Stage Company)**  
**Notes to Unaudited Consolidated Financial Statements**  
**June 30, 2013**

**Note 2 - Significant Accounting Policies (continued)**

Earnings Per Share Information

FASB ASC 260, "*Earnings Per Share*" provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings per share. Basic and diluted loss per share were the same, at the reporting dates, as there were no common stock equivalents outstanding.

Share Based Expenses

ASC 718 "*Compensation - Stock Compensation*" codified SFAS No. 123 prescribes accounting and reporting standards for all stock-based payments award to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. , may be classified as either equity or liabilities. The Company should determine if a present obligation to settle the share-based payment transaction in cash or other assets exists. A present obligation to settle in cash or other assets exists if: (a) the option to settle by issuing equity instruments lacks commercial substance or (b) the present obligation is implied because of an entity's past practices or stated policies. If a present obligation exists, the transaction should be recognized as a liability; otherwise, the transaction should be recognized as equity

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50 "*Equity - Based Payments to Non-Employees*" which codified SFAS 123 and the Emerging Issues Task Force consensus in Issue No. 96-18 ("EITF 96-18"), "*Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring or in Conjunction with Selling, Goods or Services*". Measurement of share-based payment transactions with non-employees shall be based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction should be determined at the earlier of performance commitment date or performance completion date.

Revenue Recognition

The Company's financial statements are prepared under the accrual method of accounting. Revenues will be recognized in the period the services are performed and costs are recorded in the period incurred. Revenue is recognized when (1) the evidence of the agreement exists, (2) services have been rendered, (3) the price is fixed or determinable, and (4) collectability is reasonably assured. We generated revenues of \$1,477,105 and \$1,655,234 during the six months ended June 30, 2013 and 2012.

Recent Accounting Pronouncements

The company has evaluated all the recent accounting pronouncements and determined there are none having a material effect on the Company's financial statements.

**ATLANTIC WIND AND SOLAR, INC.**  
**(A Development Stage Company)**  
**Notes to Unaudited Consolidated Financial Statements**  
**June 30, 2013**

**Note 3 - Stockholders' Equity**

Common stock

The Company is authorized to issue up to 500,000,000 shares of \$0.001 par value common stock and 20,000,000 shares of \$1.00 par value preferred stock.

There were 44,707,601 common shares and 5,275,604 and 4,781,974 preferred shares issued and outstanding at June 30, 2013 and December 31, 2012.

Net loss per common share

Net loss per share is calculated in accordance with FASB ASC Topic 260 (formally SFAS No. 128, "*Earnings Per Share*"). The weighted-average number of common shares outstanding during each period is used to compute basic loss per share. Diluted loss per share is computed using the weighted average number of shares and dilutive potential common shares outstanding. Basic net loss per common share is based on the weighted average number of shares of common stock outstanding during the six months ended June 30, 2013 and 2012.