

ATLANTIC WINE AGENCIES INC  
Form 10KSB  
July 13, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-KSB  
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2007

Commission File Number 333-63432

ATLANTIC WINE AGENCIES INC.  
(Name of small business issuer in its charter)

Florida  
(State or other jurisdiction of  
incorporation or organization)

65-1102237  
(I.R.S. Employer  
Identification No.)

Mount Rosier Estate (Pty) Ltd.  
Farm 25 A-Sir Lowry's Pass Village  
Somerset West, 7129  
South Africa  
(Address of principal executive offices) (Zip Code)  
Issuer's telephone number: 011.27.218.581130  
Securities registered under Section 12(b) of the Exchange Act:

None

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

None

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 o

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 the 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. o

The aggregate market value of the voting common stock held by non-affiliates of the registrant was approximately \$927,277.60 based on 46,363,880 shares of common stock outstanding on March 31, 2007.

## PART I

### ITEM 1. DESCRIPTION OF BUSINESS

#### Background

We are a Florida corporation formed on April 8, 2001. We were organized to be a blank check company.

On December 16, 2003, Rosehill Investments Limited, a Seychelles corporation ("Rosehill"), acquired 11,937,200 shares of New England Acquisitions, Inc.'s ("Company") Common Stock ("Shares") pursuant to a Stock Purchase Agreement among Rosehill, the Company, Mr. Jonathan B. Reisman and Mr. Gary Cella (the "Agreement"). The Agreement provided for the Shares to be sold as follows: 9,234,520 shares from the Company; 1,379,600 shares from Mr. Reisman; and 1,323,100 shares from Mr. Cella. As a result of the stock sale, the Directors of the Company resigned and ultimately Mr. Harry Chauhan was appointed as the sole officer and director.

At that time there were 12,552,395 shares of common stock issued and outstanding.

On January 13, 2004, the Company amended its Articles of Incorporation to change its name from New England Acquisitions, Inc. to Atlantic Wine Agencies Inc.

On February 9, 2004, the Company's directors resigned and Mr. Harry Chauhan was appointed as the Company's sole Director and its President.

On March 1, 2004 the Company completed a 1-for-200 reverse capitalization without affecting the par value or authorized number of shares.

On May 4, 2004 the Company acquired all of the issued and outstanding shares of New Heights 560 Holdings LLC, a Cayman Islands limited liability corporation ("New Heights"), in exchange for One Hundred Million shares of its restricted common stock which is equal to 99.9% of the total outstanding shares of the Company's common stock (this transaction shall be referred to as the "Share Exchange"). New Heights owned the property in South Africa on which our vineyard operations are located.

Prior to the Share Exchange, the Company was engaged in the business of manufacturing and distributing various skin creams and generated minimal revenues as a result.

#### Present

As a result of the Share Exchange, the Company now has two wholly owned subsidiaries, Mount Rozier Estates (Pty) Limited and Mount Rozier Properties (Pty) Limited. Such companies own a world class vineyard in the Stellenbosch region of Western Cape, South Africa. The vineyard and surrounding properties consist of 80.9 hectares of arable land for viticultural as well as residential and commercial purposes. In the opinion of the management the site is a world class in terms of location, soil composition and future development potential.

Mount Rozier Estates (Pty) Limited and Mount Rozier Properties (Pty) Limited produces super premium quality wines on a boutique vineyard basis. We have become a notable producer of quality wines from South Africa by further: (i) developing and expanding our wine cellar tasting facilities and upgrading vineyards through better crop management; (ii) enhancing our strategic distribution channels with various international agents and direct route to market channels; and (iii) brand development efforts.

The launch of the wines under new patent branded labeling and marketing occurred in the fourth fiscal quarter of 2004 in South Africa and the United Kingdom.

Our wines were initially issued in three tiers: Mount Rozier a top quality super premium single vineyard brand; Rozier Bay a mid price range wine; Rozier Reef and a mainstream market product. Such wines have received several significant awards recently and we have built a significant regional route to market for sales which is on target with our early internal projections.

In September 2004, Mr. Adam Mauerberger became President of the Company and Chairman of the Board. Also in September the Company hired Mr. Andy Bayley to be the Senior Vice President of Sales and Marketing.

As an effort to reduce costs and centralize our operations due to securing an exclusive agency agreement with HBJ wines within the UK AWA INC. relocated all operations to South Africa as the main profit centre. This move resulted in substantial cost savings. At that time, however, the Company began contemplating a sale of some or all of its assets.

On October 13, 2006, Atlantic Wine Agencies, Inc. entered into an agreement with Auction Alliance, the South African auction firm, to sell its Myrtle Grove Property and Estates. Assets including land, vineyards, winery equipment and stock will be included in the auction sale. Our management has concluded that (i) after expending considerable resources and efforts in developing its business and building world class wine brands from South Africa, significantly more capital is necessary to further grow the business which the Company is unable to procure on commercially acceptable terms, (ii) The ZAR (South African Rand) has shown considerable volatility related to uncertainty regarding future political situation and (iii) the best time to maximize our South African property and operations is by selling through the public auction process locally in South Africa prior to the growing season in the southern hemisphere. We anticipate the auction and sale process to take approximately 60 days. When the sale has been completed, we will seek to use the proceeds from such sale to develop or acquire a business or businesses which will we believe will best serve the long term interests of our shareholders. Such businesses may or may not be related to the wine industry.

The Company was unable to sell its business to any auction bidders because it could not agree on terms. Therefore, the Company continues its business as a world class wine maker.

## **ITEM 2. DESCRIPTION OF PROPERTY**

Mount Rosier Estate a World Class Vineyard located in previously known as Myrtle Grove No 1380, Stellenbosch. The property is sub divided in parcels of land of 50.9 hectares and 29.2 hectares making a total of 80.10 hectares.

The Estate also comprises of a winery, barrel holding area, a number of outer houses which plan to be converted into Guest Lodges on basis planning permission is granted. Additionally, there are two main residences, one of which is used by Viticultural Manager. The other residence is to be converted into Wine tasting and picnic area.

The existing wine tasting area which is attached to the barrel storage area and winery has been converted to modern cellar door facility to be utilized for professional buyers and public. The Estate also has its own water dam and spring which supplies not only the farm on the estate but also other neighbors on a limited basis. Around 20 hectares of land are under vine currently with potential to increase to around 40 hectares of planting. The property is located next to Vergelegen Wine Estate placing it in one of the key premium sites within Cape Town.

## **ITEM 3. LEGAL PROCEEDINGS**

The Company is not a party to any material pending legal proceedings or government actions, including any bankruptcy, receivership, or similar proceedings. Management of the Company does not believe that there are any proceedings to which any director, officer, or affiliate of the Company, any owner of record of the beneficially or more than five percent of the common stock of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

**PART II****ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

(a) The Company's Common Stock is traded on the OTC-Bulletin Board under the symbol AWWA. The following sets forth the range of the closing bid prices for the Company's Common Stock for the period January 1, 2005 through July 12, 2007. Such prices represent inter-dealer quotations, do not represent actual transactions, and do not include retail mark-ups, mark-downs or commissions. Such prices were determined from information provided by a majority of the market makers for the Company's Common Stock.

	High Close	Low Close
2005		
First Quarter	1.78	1.75
Second Quarter	1.78	1.00
Third Quarter	1.05	0.65
Fourth Quarter	0.65	0.45
2006		
First Quarter	0.45	0.10
Second Quarter	0.02	0.02
Third Quarter	0.02	0.02
Fourth Quarter	0.02	0.02
2007		
First Quarter	0.02	0.02
Second Quarter (through 7/12/07)	0.02	0.02

(b) The approximate number of holders of the Common Stock of the Company as of March 31, 2007 was 960.

(c) No cash dividends were declared by the Company during the fiscal year ended March 31, 2007. While the payment of dividends rests within the discretion of the Board of Directors, it is not anticipated that cash dividends will be paid in the foreseeable future, as the Company intends to retain earnings, if any, for use in the development of its business. The payment of dividends is contingent upon the Company's future earnings, if any, the Company's financial condition and its capital requirements, general business conditions and other factors.

(d) No shares were available for issuance under any equity compensation plan at March 31, 2007.

**ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS**

It should be noted that this Management's Discussion and Analysis of Financial Condition and Results of Operations may contain "forward-looking statements." The terms "believe," "anticipate," "intend," "goal," "expect," and similar expressions may identify forward-looking statements. These forward-looking statements represent the Company's current expectations or beliefs concerning future events. The matters covered by these statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements, including the Company's dependence on weather-related factors, introduction and customer acceptance of new products, the impact of competition and price erosion, as well as supply and manufacturing restraints and other risks and uncertainties. The foregoing list should not be construed as exhaustive, and the Company disclaims any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation that the strategy, objectives or other plans of the Company will be achieved. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.

On October 13, 2006, Atlantic Wine Agencies, Inc. entered into an agreement with Auction Alliance, the South African auction firm, to sell its Myrtle Grove Property and Estates. Assets including land, vineyards, winery equipment and stock will be included in the auction sale. Our management has concluded that (i) after expending considerable resources and efforts in developing its business and building world class wine brands from South Africa, significantly more capital is necessary to further grow the business which the Company is unable to procure on commercially acceptable terms, (ii) The ZAR (South African Rand) has shown considerable volatility related to uncertainty regarding future political situation and (iii) the best time to maximize our South African property and operations is by selling through the public auction process locally in South Africa prior to the growing season in the southern hemisphere. We anticipate the auction and sale process to take approximately 60 days. When the sale has been completed, we will seek to use the proceeds from such sale to develop or acquire a business or businesses which will we believe will best serve the long term interests of our shareholders. Such businesses may or may not be related to the wine industry.

The Company was unable to sell its business to any auction bidders because it could not agree on terms. Therefore, the Company continues its business as a world class wine maker.

The Company continues to evaluate all opportunities to maximize shareholder value including the sale of some or all of our assets or the acquisition of other businesses.

## **RESULTS OF OPERATIONS**

Operating costs for the year ended March 31, 2007 aggregated \$1,762,324 or (\$0.02) per share as compared to \$3,709,937 or (\$0.03) per share for the year ended March 31, 2006.

## **LIQUIDITY AND CAPITAL RESOURCES**

For the year ended March 31, 2007 net cash used to fund operating activities aggregated (\$795,205), net cash utilized by investing activities aggregated \$5,380 and net cash provided by financing activities aggregated \$194,692.

For the year ended March 31, 2006, net cash used to fund operating activities aggregated approximately (\$1,357,078), net cash utilized by investing activities aggregated approximately (\$307,655) and net cash provided by financing activities aggregated approximately \$1,116,908.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The Company's discussion and analysis of its financial condition and results of operations are based upon its financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to bad debts, income taxes and contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

## RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2006, the Financial Accounting Standards Board (“FASB”) issued Interpretation 48, “Accounting for Income Tax Uncertainties” (“FIN 48”). FIN 48 defines the threshold for recognizing the benefits of tax return positions in the financial statements as “more-likely-than-not” to be sustained by the taxing authority. Recently issued literature also provides guidance on the derecognition, measurement and classification of income tax uncertainties, along with any related interest and penalties. FIN 48 also includes guidance concerning accounting for income tax uncertainties in interim periods and increases the level of disclosures associated with any recorded income tax uncertainties. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company expects to adopt the provisions of FIN 48 beginning in the first quarter of 2007. The Company is currently in the process of determining the impact, if any, of adopting the provisions of FIN 48 on its financial position, results of operations and liquidity.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements,” which defines fair value, establishes a framework for measuring fair value under other accounting pronouncements that permit or require fair value measurements, changes the methods used to measure fair value and expands disclosures about fair value measurements. In particular, disclosures are required to provide information on the extent to which fair value is used to measure assets and liabilities; the inputs used to develop measurements; and the effect of certain of the measurements on earnings (or changes in net assets).

SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Early adoption, as of the beginning of an entity’s fiscal year, is also permitted, provided interim financial statements have not yet been issued. The Company is currently evaluating the potential impact, if any, that the adoption of SFAS No. 157 will have on its consolidated financial statements.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements” (“SAB No. 108”). SAB No. 108 provides guidance on how prior year misstatements should be considered when quantifying misstatements in the current year financial statements. SAB No. 108 requires registrants to quantify misstatements using both a balance sheet and an income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. SAB No. 108 does not change the guidance in SAB No. 99, “Materiality,” when evaluating the materiality of misstatements. SAB No. 108 is effective for fiscal years ending after November 15, 2006. Upon initial application, SAB No. 108 permits a one-time cumulative effect adjustment to beginning retained earnings. The Company adopted SAB No. 108 for the fiscal year ended March 31, 2007. Adoption of SAB No. 108 did not have a material impact on the consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (“SFAS 159”). SFAS 159 allows entities to measure at fair value many financial instruments and certain other assets and liabilities that are not otherwise required to be measured at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company has not determined what impact, if any, that adoption will have on our results of operations, cash flows or financial position.



**ITEM 7. FINANCIAL STATEMENTS**

ATLANTIC WINE AGENCIES, INC.  
AND SUBSIDIARIES

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2007

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MEYLER & COMPANY, LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
ONE ARIN PARK  
1715 HIGHWAY 35  
MIDDLETOWN, NJ 07748

Report of Independent Registered Public Accounting Firm

Board of Directors  
Atlantic Wine Agencies, Inc.  
Somerset West, South Africa

We have audited the accompanying consolidated balance sheets of Atlantic Wine Agencies, Inc. and Subsidiaries as of March 31, 2007 and 2006 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended March 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2007 and 2006 and the results of its operations and its cash flows for each of the two years in the period ended March 31, 2007 and 2006, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note A to the consolidated financial statements, the Company has incurred cumulative losses of \$7,749,230 since inception, has negative working capital of \$1,912,728, and there are existing uncertain conditions the Company faces relative to its ability to obtain capital and operate successfully. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note A. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Meyler & Company, LLC

Middletown, NJ  
July 12, 2007



Atlantic Wine Agencies, Inc.  
and Subsidiaries  
Consolidated Balance Sheets  
Assets

	March 31,	
	2007	2006
<b>Current Assets</b>		
Cash	\$ 341	\$ 78,145
Accounts receivable	37,656	507,065
Inventory	144,480	324,492
Prepaid expenses	13	9,142
<b>Total Current Assets</b>	<b>182,490</b>	<b>918,844</b>
Property and equipment, net of accumulated depreciation		
of \$218,864 and \$151,204, respectively	2,437,488	2,945,682
<b>Other Assets</b>		
Trademark	1,426	1,426
	\$ 2,621,404	\$ 3,865,952
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Bank overdraft	\$ 158,967	
Due to factoring agent		\$ 99,595
Loans from principal stockholders	1,259,863	1,259,863
Accounts payable	208,669	299,004
Accrued expenses	332,618	220,967
Loan payable to principal officer	135,320	
Accrued payroll taxes		25,926
	2,095,437	1,905,355
<b>Stockholders' Equity</b>		
Common stock authorized 150,000,000 shares; \$0.00001 par value; issued and outstanding 86,323,880 shares at		
March 31, 2007 and 2006	868	868
Paid-in capital	7,829,536	7,829,536
Accumulated deficit	(7,749,230)	(6,184,014)
Accumulated other comprehensive income	444,793	314,207
<b>Total Stockholders' Equity</b>	<b>525,967</b>	<b>1,960,597</b>
	\$ 2,621,404	\$ 3,865,952

See accompanying notes to financial statements.

Atlantic Wine Agencies, Inc.  
and Subsidiaries  
Consolidated Statements of Operations  
For the Years Ended March 31,  
2007 2006

Net Sales	\$	196,920	\$	1,132,060
Costs and Expenses				
Cost of sales		1,064,084		1,673,785
Selling, general and administrative		599,833		1,828,467
Stock based compensation				49,000
Impairment of goodwill				38,748
Depreciation and amortization		98,407		119,973
Total Costs and Expenses		1,762,324		3,709,973
Net Operating loss		(1,565,404)		(2,577,913)
Other Income (Expense)				
Gain on sale of assets		17,664		
Foreign exchange rate realization				27,298
Interest expense		(17,476)		(63,378)
Total Other Income (Expense)		188		(36,080)
Loss Before Extraordinary Item		(1,565,216)		(2,613,993)
Extraordinary Item				
Forgiveness of debt				343,611
Net Loss	\$	(1,565,216)	\$	(2,270,382)
Net Loss Per Common Share (Basic and Diluted)				
Continuing operations	\$	(0.02)	\$	(0.03)
Extraordinary gain				0.004
Weighted Average Common Shares Outstanding		86,323,880		86,102,948

See accompanying notes to financial statements.

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Atlantic Wine Agencies, Inc.  
and Subsidiaries  
Consolidated Statements of Cash Flows

For the Years Ended March 31,  
2007 2006

Cash Flows From Operating Activities

Net loss	\$	(1,565,216)	\$	(2,270,382)
Adjustments to reconcile net loss to cash flows used in operating activities:				
Gain on sale of assets		17,664		
Impairment of goodwill				38,748
Stock based compensation				49,000
Depreciation and amortization		98,407		119,973
Debt forgiveness				(343,611)
Decrease (increase) in accounts receivable		469,409		(470,010)
Decrease (increase) in inventory		180,012		1,218,965
Decrease (increase) in prepaid expenses		9,129		34,656
(Decrease) increase in accrued payroll taxes		(25,926)		(39,255)
(Decrease) increase in accounts payable		(90,335)		197,623
Increase in accrued expenses		111,651		107,215
Net Cash Flows Used in Operating Activities		(795,205)		(1,357,078)

Cash Flows From Investing Activities

Disposal of property and equipment		8,400		
Cash paid for property and equipment		(3,020)		(307,655)
Net Cash Flows Used in Operating Activities		5,380		(307,655)

Cash Flows From Financing Activities

Borrowings under bank overdraft facility		158,967		
Loan from Factoring Agent		(99,595)		99,595
Receivable from officer				48,761
Loans from principal stockholders				968,552
Loan payable to principal officer		135,320		
Net Cash Flows Provided by Financing Activities		194,692		1,116,908

Effect of Exchange Rate Changes on Cash		517,329		528,483
Decrease in cash		(77,804)		(19,342)
Cash, Beginning of Period		78,145		97,487
Cash, End of Period	\$	341	\$	78,145

Supplemental Cash Flow Information:

Cash paid for interest	\$	17,476	\$	63,378
Capitalization of shareholder loan			\$	2,429,958

See accompanying notes to financial statements.

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Atlantic Wine Agencies, Inc.  
and Subsidiaries  
Consolidated Statement of Stockholders' Equity  
March 31, 2007

	Common Stock Shares	Common Stock Amount	Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, March 31, 2005	86,088,880	\$ 862	\$ 5,350,584	\$ (3,913,632)	\$ (215,046)	\$ 1,222,768
Issuance of common stock to employees as additional compensation	185,000	1	27,749			27,750
Issuance of common stock to Sales Vice President in accordance with contract	50,000	5	21,245			21,250
Capitalization of shareholder loans				2,429,958		2,429,958
Net loss for year ended March 31, 2006					(2,270,382)	(2,270,382)
Translation adjustment					529,253	529,253
Balance, March 31, 2006	86,323,880	868	7,829,536	(6,184,014)	314,207	1,960,597
Net loss for the year ended March 31, 2007					(1,565,216)	(1,565,216)
Translation adjustment					130,586	130,586
Balance, March 31, 2007	86,323,880	\$ 868	\$ 7,829,536	\$ (7,749,230)	\$ 444,793	\$ 525,967

See accompanying notes to financial statements.

Atlantic Wine Agencies, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements  
March 31, 2007

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Atlantic Wine Agencies, Inc., formerly New England Acquisitions, Inc., (the “Company”), was organized under the laws of the State of Florida. On May 4, 2005, the Company acquired New Heights 560 Holdings, LLC, (“New Heights”) a Cayman Island Limited Liability Company which owns two subsidiaries in South Africa and has a world class vineyard producing high quality wines to be marketed principally in Europe. New Heights had no operations prior to March 1, 2005.

Going Concern

As indicated in the accompanying financial statements, the Company has incurred cumulative net operating losses of \$7,749,230 since inception and has negative working capital of \$1,912,728. Management’s plans include the raising of capital through the equity markets to fund future operations and the generating of revenue through its business. Failure to raise adequate capital and generate adequate sales revenues could result in the Company having to curtail or cease operations. Additionally, even if the Company does raise sufficient capital to support its operating expenses and generate adequate revenues, there can be no assurances that the revenues will be sufficient to enable it to develop business to a level where it will generate profits and cash flows from operations. These matters raise substantial doubt about the Company’s ability to continue as a going concern. However, the accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Foreign Currency Translation

The Company considers the South African Rand to be its functional currency. Assets and liabilities were translated into US dollars at period-end exchange rates. Statements of operations amounts were translated using the average rate during the period. Gains and losses resulting from translating foreign currency financial statements were accumulated in accumulated other comprehensive income (loss), a separate component of stockholders’ equity.

Cash Equivalents

For purposes of reporting cash flows, cash equivalents include investment instruments purchased with an original maturity of three months or less.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Atlantic Wine Agencies, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements  
March 31, 2007

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment and Depreciation

Property and equipment is stated at cost and is depreciated using the straight line method over the estimated useful lives of the respective assets. Routine maintenance, repairs and replacement costs are expensed as incurred and improvements that extend the useful life of the assets are capitalized. Costs incurred in developing vineyards, including related interest costs, are capitalized until the vineyards become commercially productive. When property and equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in operations. The Company computes depreciation using the straight line method. Leasehold improvements are amortized over the estimated useful lives.

Inventory

Inventory is valued at the lower of cost or market based on the average cost method.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is determinable and collectibility is probable.

Consolidated Financial Statements

The consolidated financial statements include the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Comprehensive Income (Loss)

SFAS No. 130 establishes standards for the reporting and disclosure of comprehensive income and its components. Comprehensive income is defined as the change in a business enterprise's equity during a period arising from transactions, events or circumstances relating to non-owner sources, such as foreign currency translation adjustments and unrealized gains or losses on available-for-sale securities. It includes all changes in equity during a period except those resulting from investments by or distributions to owners. Comprehensive income is accumulated in accumulated other comprehensive income (loss), a separate component of stockholders' equity.

Fair Values of Financial Instruments

The Company uses financial instruments in the normal course of business. The carrying values of cash, accounts receivable, prepaid expenses, accounts payable, accrued expenses and accrued payroll taxes approximate their fair value due to the short-term maturities of these assets and liabilities. The carrying values of loans from principal stockholders approximate their fair value based upon management's estimates using the best available information.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets.

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Atlantic Wine Agencies, Inc.  
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Notes to Consolidated Financial Statements  
March 31, 2007

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and Other Intangible Assets

The Company follows SFAS No. 142 "Goodwill and Other Intangible Assets" in assessing Goodwill for impairment. The Company performs an impairment review, at least annually, for each reporting unit with assigned goodwill, using a fair value approach whenever events or changes in circumstances indicate that the goodwill asset may not be fully recoverable. Reporting units may be operating segments, or one level below an operating segment, referred to as a component. Under the fair value approach, whenever the carrying value of the reporting unit, including the goodwill asset, exceeds the fair value of the reporting unit (generally based on the reporting unit's future estimated discounted cash flows), then the goodwill asset may be impaired and the Company is required to compare the implied fair value of the reporting units goodwill with the carrying amount of the reporting unit's goodwill. If the carrying amount of the reporting unit's goodwill is greater than the implied fair value of the reporting unit's goodwill, an impairment loss must be recognized for the excess.

Net Loss Per Common Share

The Company computes per share amounts in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share". SFAS No. 128 requires presentation of basic and diluted EPS. Basic EPS is computed by dividing the income (loss) available to Common Stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is based on the weighted-average number of shares of Common Stock and Common Stock equivalents outstanding during the periods.

Stock-Based Compensation

The Company accounts for employee stock based compensation and stock issued for services using the fair value method. In accordance with Emerging Issues Task Force ("EITF") 96-18, the measurement date of shares issued for services is the date at which the counterparty's performance is complete.

Income Taxes

The Company follows Financial Accounting Statement SFAS No. 109 in Accounting for Income Taxes. Under this method, the Company recognizes a deferred tax liability or asset for temporary differences between the tax basis of an asset or liability and the related amount reported on the financial statements.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation 48, "Accounting for Income Tax Uncertainties" ("FIN 48"). FIN 48 defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by

Atlantic Wine Agencies, Inc.  
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Notes to Consolidated Financial Statements  
March 31, 2007

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

the taxing authority. Recently issued literature also provides guidance on the derecognition, measurement and classification of income tax uncertainties, along with any related interest and penalties. FIN 48 also includes guidance concerning accounting for income tax uncertainties in interim periods and increases the level of disclosures associated with any recorded income tax uncertainties. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company expects to adopt the provisions of FIN 48 beginning in the first quarter of 2007. The Company is currently in the process of determining the impact, if any, of adopting the provisions of FIN 48 on its financial position, results of operations and liquidity.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value under other accounting pronouncements that permit or require fair value measurements, changes the methods used to measure fair value and expands disclosures about fair value measurements. In particular, disclosures are required to provide information on the extent to which fair value is used to measure assets and liabilities; the inputs used to develop measurements; and the effect of certain of the measurements on earnings (or changes in net assets).

SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Early adoption, as of the beginning of an entity's fiscal year, is also permitted, provided interim financial statements have not yet been issued. The Company is currently evaluating the potential impact, if any, that the adoption of SFAS No. 157 will have on its consolidated financial statements.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB No. 108"). SAB No. 108 provides guidance on how prior year misstatements should be considered when quantifying misstatements in the current year financial statements. SAB No. 108 requires registrants to quantify misstatements using both a balance sheet and an income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. SAB No. 108 does not change the guidance in SAB No. 99, "Materiality," when evaluating the materiality of misstatements. SAB No. 108 is effective for fiscal years ending after November 15, 2006. Upon initial application, SAB No. 108 permits a one-time cumulative effect adjustment to beginning retained earnings. The Company adopted SAB No. 108 for the fiscal year ended March 31, 2007. Adoption of SAB No. 108 did not have a material impact on the consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 allows entities to measure at fair value many financial instruments and certain other assets and liabilities that are not otherwise required to be measured at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company has not determined what impact, if any, that adoption will have on our results of operations, cash flows or financial position.





Atlantic Wine Agencies, Inc.  
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Notes to Consolidated Financial Statements  
March 31, 2007

## NOTE B INVENTORY

Inventory at March 31, is as follows:

	2007	2006
Raw Materials	\$	159,187
Work in process		10,440
Bottled wine	\$ 144,480	154,865
	\$ 144,480	\$ 324,492

## NOTE C PROPERTY AND EQUIPMENT

Property and equipment at March 31, is as follows:

	2007	2006	Useful Life
Land and buildings	\$ 2,081,536	\$ 2,459,751	45 years
Vineyards	198,839	234,968	40 years
Furniture, fixtures and equipment	375,977	402,167	3 to 10 years
	2,656,352	3,096,886	
Less: accumulated depreciation	218,864	151,204	
	\$ 2,437,488	\$ 2,945,682	

## NOTE D IMPAIRMENT OF GOODWILL

The Company, during the fourth quarter of 2006, performed an impairment review of its Goodwill and determined that it was impaired since the fair value of the reporting unit generating the Goodwill was determined to be zero. Accordingly, the entire Goodwill balance of \$38,748 was written off and recorded as Impairment of Goodwill in the Statement of Operations.

## NOTE E DUE TO FACTORING AGENT

In December 2005, the Company entered into an arrangement with a factoring agent to factor its London wine receivables. For each approved shipment, the Company would receive 80% of the invoice amount which would be repaid from the receipts of accounts receivable. The loan is secured by the assets of the Company and bears interest at 8%. The balance payable at March 31, 2006 was \$99,595. There were no transactions during the year ended March 31, 2007.

## NOTE F LOAN FROM PRINCIPAL STOCKHOLDERS

At March 31, 2006, the principal stockholders advanced the Company \$3,689,821 for working capital of which \$2,429,958 has been contributed to capital and \$1,259,863 remains as an outstanding loan at March 31, 2007 and 2006, respectively. The loan is non- interest bearing and has no stated maturity date.

NOTE G OVERDRAFT FACILITY

On June 6, 2006, the Company entered into an overdraft facility arrangement with a South African bank for R \$1,000,000 (US \$162,200). The loan is secured by the assets of the South African winery and bears a rate of interest at South African Prime of 8%. At March 31, 2007, the outstanding balance was \$158,967.

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Atlantic Wine Agencies, Inc.  
and Subsidiaries

Notes to Consolidated Financial Statements  
March 31, 2007

NOTE H STOCKHOLDERS' EQUITY

On December 23, 2005, the Company issued 50,000 shares of its common stock to the Vice President of Sales under his employment contract. The stock was valued at \$21,250 using the market price of \$0.43 per share at date of grant. The amount was recorded as stock based compensation.

In connection with the closing of the London sales office in March 2006, the Company issued 185,000 shares of its common stock to employees. The stock was valued at \$27,750 using the market price of \$0.15 per share at March 31, 2006, the effective date of the closing. The amount was recorded as stock based compensation.

NOTE I EMPLOYMENT CONTRACTS

The Company has an employment contract with the President of the Company for an annual salary of \$125,000 which is renewable annually. It additionally allows for the reimbursement of reasonable travel expense

NOTE J INCOME TAXES

The principal types of temporary differences, which are measured at the current tax rates, are net operating loss carry forwards. At March 31, 2005, these differences resulted in a deferred tax asset of approximately \$1,000,000. SFAS No. 109 requires the establishment of a valuation allowance to reflect the likelihood of realization of deferred tax assets. Since realization is not assured, the Company has recorded a valuation allowance for the entire deferred tax asset, and the accompanying financial statements do not reflect any net asset for deferred taxes at March 31, 2006.

The Company's net operating loss carry forwards amounting to \$7,000,000 are principally international losses, which have no expiration date.

NOTE K CLOSING OF LONDON SALES OFFICE

In March 2006, the Company decided to close its London sales office and transferred all functions to South Africa. In connection with the closing, termination costs other than normal expenditures, aggregated \$71,225, of which \$27,750 has been recorded as stock based compensation.

NOTE L LOAN PAYABLE TO PRINCIPAL OFFICER

The amounts payable to the Principal Officer represent unpaid salaries and unreimbursed travel expenses which were incurred during the year ended March 31, 2007. The balance at March 31, 2007 was \$135,320.

NOTE M FORGIVENESS OF DEBT

The Company had a loan payable to a former Australian subsidiary which was acquired in September 2004. In 2005, it was determined that such acquisition was not in the best interest of the parties and the transaction was unwound. Accordingly, the debt to that subsidiary was forgiven in the settlement agreements.



Atlantic Wine Agencies, Inc.  
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Notes to Consolidated Financial Statements  
March 31, 2007

NOTE N SUBSEQUENT EVENTS

On April 17, 2007, the Company entered into an additional overdraft facility arrangement with ABSA, a South African Bank for R\$7,000,000 (U.S. \$1,000,000). The loan is secured by the assets of the South African Winery and bears interest at the South African prime rate of 12.5% per annum.

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**ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

For the fiscal year ended March 31, 2007, our accountants were Meyler & Company, LLC, independent certified public accountants. At no time has there been any disagreement with either such accountants regarding any matter of accounting principals or practices, financial statement disclosure, or auditing scope or procedure.

**PART III**

**ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT**

**OFFICERS AND DIRECTORS**

Adam Mauerberger the sole director of the Company. The Company's directors are elected at each Annual Meeting of Shareholders. The directors currently serving on the Company's Board and the executive officers are set forth in the table below:

<u>Name</u>	<u>Age</u>	<u>Positions and Offices With The Company</u>
Adam Mauerberger	36	Chairman; Chief Executive Officer; President; Chief Financial Officer

No director holds any directorship in a Company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or subject to the requirements of Section 15(d) of such Act. No director holds any directorship in a company registered as an investment company under the Investment Company Act of 1940.

As the Board of Directors only has one director and the Company one employee, no Audit or Strategy Committee has been established. The Company does not have a standing nominating committee or any committee performing a similar function. For the above reasons, the Company has not adopted a code of ethics.

The following is a biographical summary of the directors and officers of the Company:

**Adam Mauerberger**

On March 1, 2004 , the Company’s wholly-owned subsidiary, Atlantic Wine Agencies Limited, contracted with Mr. Adam Mauerberger as its CEO and acting sales and marketing manager director. On July 26, 2004, Mr. Mauerberger was elected to the Company’s board of directors and he assumed the title of President of the Company at that time. Upon Mr. Harry Chauhan’s resignation, Mr. Mauerberger assumed the title of Chief Financial Officer as well.

Adam was responsible for the development and management of Zachys Wine Merchants Limited, an exclusive premium wine dealer based in London. He also managed the launch and management of the Mayfair fine wine format for Majestic Wines Limited. He was responsible for driving the development of several prestige agency brands including Bollinger, Rustenburg and Southcorp brands. Adam was also key in the development of premium wine agencies for London and the South East under BRL Hardy and Constellation Wines.



**Andrew Bayley\***

On October 26, 2004, the Company's shareholder's elected Mr. Bayley to the Company's board of directors. Also, on that date, Mr. Bayley was appointed as the Company's Senior Vice President of Sales and Marketing.

Andy joins the Company from Les Grands Chais de France where he was the Business Manager, responsible for the development of GCF UK business and brands within the UK Off Trade sector for major accounts including Booker, Majestic Wine, Sainsburys and Waitrose.

Prior to Les Grands Chais de France, Andy worked for Seagram UK covering the complete wine and spirit portfolio for key national wholesale accounts. His wine 'apprenticeship' was at Majestic Wine, where he was responsible for their successful new store opening in Mayfair.

While working as Business manager for Les Grands Chais de France he was instrumental in increasing JP Chenet (the company's major wine brand) to almost 10 million bottles in less than three years. He also created and implemented key strategy in the wholesale sector resulting in a significant increase in sales of the 25cl single serve format.

In addition Andy also brings to the Company extensive firsthand experience from the wine regions in France, Italy, Spain and California.

\* Mr. Bayley resigned December 2006.

**COMPLIANCE WITH SECTION 16(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Not applicable.



**ITEM 10. EXECUTIVE COMPENSATION**

The table below sets forth all annual and long-term compensation paid by the Company through the latest practicable date to the Chief Executive Officer of the Company and to all executive officers of the Company who received total annual salary and bonus in excess of \$100,000 for services rendered in all capacities to the Company and its subsidiaries during the fiscal year ended March 31, 2007.

The following table sets forth information concerning all remuneration paid by the Company as of March 31, 2007 to the Company's Directors and Executive Officers.

**Summary Compensation Table**

Name and Principal Position	Year	Salary	Bonus	Long-Term Compensation Awards	
				Securities Underlying Options (#) /SARS	All Other Compensation
Adam Mauerberger - CEO, President and CFO	2004	95,580*	0	0	0
	2005	95,580*			
	2006	125,000*			
Andy Bayley - Sr. V.P. of Sales and Marketing	2004	88,500**			
	2005	88,500**			
	2006				

\* Mr. Mauerberger's contract is for a period of 5 years with an annual salary of \$95,580 in year one (fiscal 2003) and escalating to \$168,073 in year five (fiscal 2007). In addition to his annual salary, Mr. Mauerberger has the right to receive \$2,200 in additional benefits and reimbursement of approved expenses up to a maximum of \$14,720 per month. The employment agreement may be terminated for "cause".

**Directors' Compensation**

During the fiscal year ended March 31, 2007 no fees were paid to our Directors.

**Employment Contracts**

See footnote to the compensation table immediately above for the material terms of our officers employment/consulting agreements with the Company.

**ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Security Ownership of Certain Beneficial Owners**

The following table sets forth information regarding the beneficial ownership of the shares of the Common Stock (the only class of shares previously issued by the Company) at March 31, 2007, by (i) each person known by the Company to be the beneficial owner of more than five percent (5%) of the Company's outstanding shares of Common Stock, (ii) each director of the Company, (iii) the executive officers of the Company, and (iv) by all directors and executive officers of the Company as a group. Each person named in the table, has sole voting and investment power with respect to all shares shown as beneficially owned by such person and can be contacted at the address of the Company.

Title of Class	Name of Beneficial Owner	Shares of Common Stock	Percent of Class
Common	Willowcreek International Ltd Goodman's Bay Corporation Ctr West Bay Street Nassau, Bahamas	20,000,000	23.81%
Common	Adam Mauerberger <sup>1</sup>	19,960,000	23.76%
Common	Crayson Properties Ltd Akara Bldg 24 De Castro Street Wickams Cay, Road Town Tortola, BVI	8,442,191	9.80%
Common	Andy Bayley	100,000	.12%
Directors and Officers as a group		20,060,000	23.88%

<sup>1</sup>Mr. Mauerberger is the sole shareholder of Fairhurst Properties S A. Akara Bldg 24 De Castro Street Wickams Cay, Road Town, Tortola BVI.

**ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

None.

**ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K**

(a) Exhibits.

Exhibit Number Exhibit Description

16.1 8-K Announcing Agreement with Auction Alliance filed on November 2, 2006

21.1 Subsidiaries of the Company

23.1 Consent of Independent Certified Public Accountant

31.1 Section 302 Certification

32.1 Section 906 Certification

(b) Reports on Form 8-K.

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On October 13, 2006, Atlantic Wine Agencies, Inc. entered into an agreement with Auction Alliance, the South African auction firm, to sell its Myrtle Grove Property and Estates. Assets including land, vineyards, winery equipment and stock will be included in the auction sale. Our management has concluded that (i) after expending considerable resources and efforts in developing its business and building world class wine brands from South Africa, significantly more capital is necessary to further grow the business which the Company is unable to procure on commercially acceptable terms, (ii) The ZAR (South African Rand) has shown considerable volatility related to uncertainty regarding future political situation and (iii) the best time to maximize our South African property and operations is by selling through the public auction process locally in South Africa prior to the growing season in the southern hemisphere. We anticipate the auction and sale process to take approximately 60 days. When the sale has been completed, we will seek to use the proceeds from such sale to develop or acquire a business or businesses which will we believe will best serve the long term interests of our shareholders. Such businesses may or may not be related to the wine industry.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

##### Audit Fees

For the Company's fiscal year ended March 31, 2007, the estimated cost for professional services rendered for the audit of our financial statements and the review of the Form 10-KSB is approximately \$35,000. We were billed approximately \$35,000 for professional services rendered for the review of financial statements included in our periodic and other reports filed with the Securities and Exchange Commission for our year ended March 31, 2007.

##### Tax Fees

For the Company's fiscal year ended March 31, 2007, the estimated cost for professional services rendered for tax compliance, tax advice, and tax planning is approximately \$3,500.

##### All Other Fees

The Company incurred fees equal to approximately \$15,000 for the three quarterly reports on Form 10-QSB.

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ATLANTIC WINE AGENCIES INC.**

/s/ Adam Mauerberger

Name: Adam Mauerberger

Title: Chairman of the Board, Chief Executive Officer,  
President, Chief Financial Officer and Secretary

Date: July 12, 2007