

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

ATLANTIC WINE AGENCIES INC
Form 10KSB
July 17, 2006

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, 2006

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.)

Golden Cross House
8 Duncannon Street, London, United Kingdom WC2N 4JF
(Address of principal executive offices) (Zip Code)

Issuer's telephone number:
011-44-207-484-5005

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 NO

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of 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.

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of July 14, 2006 was approximately \$1,392,208 based on 34,805,203 shares of common stock outstanding on July 14, 2006.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

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.

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

1

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. have relocated all operations to South Africa as the main profit centre. This move will result in substantial cost savings, however, we are considering all available financing options as well as the possibility of the sale of some or all of our assets. All such decisions will be made with the goal of maximizing shareholder value both in the near and long terms.

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. Two main residences one for the use of the Viticultural Manager, and the other 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 utilised 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 as 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.

2

PART II

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

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 AWNA. The following sets forth the range of the closing bid prices for the Company's Common Stock for the period January 1, 2004 through July 14, 2006. 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
2004		
First Quarter	1.25	1.00
Second Quarter	3.00	1.15
Third Quarter	2.10	1.77
Fourth Quarter	2.15	1.77
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 (through 7/13/06)	0.25	0.03

- (b) The approximate number of holders of the Common Stock of the Company as of July 14, 2006 was 960.
- (c) No cash dividends were declared by the Company during the fiscal year ended March 31, 2006. 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, 2006.

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

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

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.

3

RESULTS OF OPERATIONS

Our revenues showed strong growth from previous 2005 fiscal year from \$120,913 to \$1,132,060 in 2006. Case sales increased by gaining market share from 1,263 nine-liter cases in 2004 to 43,282 nine-liter cases in 2005.

New agents gained over the year ended March 31, 2006 include HBJ wines UK, Ekford - Norway, Rubaiyat - Canada and Slowein - Slovakia.

Notable positive events during the year ended March 31, 2006 were various industry awards to Mount Rozier Estate and its branded portfolio. Results include 6 medals in the International Wine & Spirit Competition 2005. Of note, our Mount Rozier Shiraz 2003 and Rozier Bay Chardonnay 2004 were each awarded "Gold - Best in Class". Additionally, four of our wines were awarded Bronze medals in the same competition. Recently, a double gold was achieved in the prestigious South African Veritas competition including a further 4 medals. Further, 4 star awards were awarded by John Platter the leading industry wine guide from South Africa for Mount Rozier Cuvee Burr `03 and Mount Rozier Shiraz `03.

Raising profile on the branded portfolio included positive articles in The Herald, Drinks International, Harpers and Decanter respectively.

An additional notable event for the year was the unwind of our acquisition of Dominion Estates. On August 20, 2005, Atlantic Wine Agencies, Inc. and its subsidiary Mount Rozier Estates (collectively, "Company") entered into a settlement agreement and related documents with Dominion Estates Pty Ltd ("Estates"), Global Realty Development Corp and Sapphire Developments Limited ("Settlement Transaction"). On August 24, 2005, Dominion Wines Ltd executed such Settlement Agreement. Pursuant to the Settlement Transaction, the parties thereto and their respective stockholders agreed that it would be in the best interests of each to unwind the share exchange transaction that the parties had previously consummated in accordance with the certain Share Exchange Agreement effective as of September 4, 2004, by and among the parties thereto pursuant to which the Company had acquired all of the issued and outstanding shares of Estates and Wines in exchange for 20,000,000 shares of our common stock.

In exchange for the transfer of all ordinary shares of Estates held by the Company to A1 Financial Planners, an unrelated party to the Company, and a release of liabilities related to the Share Exchange Agreement dated September 14, 2004 ("Share Exchange Agreement"), the Settlement Transaction has resulted in:

- (i) The return of the 18,749,147 shares of the Company's common stock originally issued to the shareholders of Estates thus decreasing the total number of outstanding shares by almost 20%.
- (ii) The extinguishment of a Company debt owed to one of its shareholders, Sapphire Developments Limited, in the amount of \$2,429,958 ("Sapphire Debt");

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

- (iii) The extinguishment of a Company debt owed to Estates in the amount of \$343,611 ("Estates Debt"); and
- (iv) The release of the Company from all liabilities related to the Share Exchange Agreement.

The Company's board of directors believes that the unwind transaction places the Company in a significantly stronger position by extinguishing a total of \$2,773,569 of Company debt which was held in the form of a convertible note.

4

Atlantic reviewed operations strategy by implementing overhead costs initiatives replacing the United Kingdom ("UK") with South Africa as main profit centre due to securing Hayman Barwell Jones ("HBJ") as an exclusive agent. HBJ wines are an independent fine wine shipper based in Ipswich and London. HBJ will service current trade clients in the UK and will continue to develop new route to market through their extensive sales team allowing UK overheads to be reduced in new financial year. The business had to compromise with lower margin on mainstream brands as the new world sector continues to be affected by aggressive global trading conditions particularly from the oversupply of fruit from Australia. The South African sector remains challenging for mainstream off trade brands due to the strong South African Rand regarding exports in the mainstream sector below (pound)5.00 price point. Focus will now remain on premium Estate range enhancing margin.

Margin loss was further affected by the administration of UNWINS - the largest off trade retailer in the South-East of England, formally 382 stores. Despite the administration process, which is similar to the bankruptcy process in the United States, sales were insured but resulted in loss of margin to the business.

In order to take the business forward in a profitable manner the board is currently seeking various finance options including the possible disposal of some or all of our assets. With reduced overheads and a JIT system implemented to manage stock holding, our Board of Directors looks forward to building upon the excellent profile and gains Mount Rozier has achieved within the last year focusing on premium brands within the portfolio and gaining lost margin from mainstream brands.

In furtherance of our goal of building world class wine brands from South Africa, we intend to revisit some of our earlier business development strategies of strengthening our business outside core wine model into potentially the leisure & resource industry delivering value to all shareholders. We will endeavour to keep the public promptly updated as our options clarify themselves.

We have financed our operations to date through loans made to us by our shareholders and their affiliates.

Operating costs for the year ended March 31, 2006 aggregated \$3,724,353 or (0.04) per share as compared to \$1,391,784 or (0.02) per share for the year ended March 31, 2005.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended March 31, 2006 net cash used to fund operating activities aggregated \$1,308,317 net cash utilized by investing activities aggregated \$367,655 and net cash provided by financing activities aggregated \$1,068,147.

From inception through March 31, 2006, net cash used to fund operating

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

activities aggregated approximately \$3,600,000, net cash utilized by investing activities aggregated approximately \$639,006 and net cash provided by financing activities aggregated approximately \$4,200,000.

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 May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Instruments with Characteristics of Both Liabilities and Equity." This standard requires that certain financial instruments embodying an obligation to transfer assets or to issue equity securities be classified as liabilities. It is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is generally effective July 1, 2003. This standard had no impact on the Company's financial statements.

5

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment to FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods for transition to SFAS No. 123's fair value method of accounting for stock-based compensation. As amended by SFAS No. 148, SFAS No. 123 also requires additional disclosure regarding stock-based compensation in annual and condensed interim financial statements. The new disclosure requirements became effective immediately.

6

ITEM 7. FINANCIAL STATEMENTS

CONTENTS

	Page
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets	F-2
Consolidated Statements of Operations	F-3

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

Consolidated Statements of Cash Flows	F-4
Consolidated Statement of Stockholders' Equity	F-5
Notes to Consolidated Financial Statements	F-7

7

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.
London, United Kingdom

We have audited the accompanying consolidated balance sheets of Atlantic Wine Agencies, Inc. and Subsidiaries as of March 31, 2006 and 2005 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended March 31, 2006. 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, 2006 and 2005 and the results of its operations and its cash flows each of the two years in the period ended March 31, 2006 and 2005, 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 \$6,184,014 since inception, 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

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

that might result from the outcome of these uncertainties.

Meyler & Company, LLC

Middletown, NJ
July 6, 2006

F-1

Atlantic Wine Agencies, Inc. and Subsidiaries

Consolidated Balance Sheets

	March 31,	
	2006	2005
		(Restated)
Assets		
Current Assets		
Cash	\$ 78,145	\$ 97,487
Accounts receivable	507,065	37,055
Inventory	324,492	1,543,457
Prepaid expenses and other	9,142	43,960
Receivable from officer	--	48,761
Total Current Assets	918,844	1,770,720
Property and equipment, net of accumulated depreciation of \$151,204 and \$41,249, respectively	2,945,682	2,758,000
Other Assets		
Goodwill, net of accumulated amortization of \$9,784 in 2005	--	38,748
Trademark	1,426	1,264
	\$ 3,865,952	\$ 4,568,732
Liabilities and Stockholders' Equity		
Current Liabilities		
Due to factoring agent	\$ 99,595	--
Loans from principal stockholders	1,259,863	\$ 2,721,269
Accounts payable	299,004	101,381
Accrued expenses	220,967	113,752
Due to Dominion Estates Pty Ltd	--	344,381
Accrued payroll taxes	25,926	65,181
	1,905,355	3,345,964
Stockholders' Equity		
Common stock authorized 150,000,000		

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

shares; \$0.00001 par value; issued and outstanding 86,323,880 and 86,088,880 shares at March 31, 2006 and 2005, respectively	868	862
Paid-in capital	7,829,536	5,350,584
Accumulated deficit	(6,184,014)	(3,913,632)
Accumulated other comprehensive income	314,207	(215,046)
	-----	-----
Total Stockholders' Equity	1,960,597	1,222,768
	-----	-----
	\$ 3,865,952	\$ 4,568,732
	=====	=====

See accompanying notes to financial statements.

F-2

Atlantic Wine Agencies, Inc. and Subsidiaries

Consolidated Statements of Operations

	For the Years Ended March 31,	
	2006	2005
		(Restated)
Net Sales	\$ 1,132,060	\$ 120,913
Costs and Expenses		
Cost of sales	1,673,785	137,589
Selling, general and administrative	1,828,467	1,196,883
Interest expense	63,378	4,808
Stock based compensation	49,000	1,951,066
Impairment of goodwill	38,748	--
Depreciation and amortization	119,973	52,504
	-----	-----
Total Costs and Expenses	3,773,351	(3,342,850)
	-----	-----
Net Operating loss	2,641,291	(3,221,937)
Other Income Expense		
Foreign exchange rate realization	27,298	7,127
	-----	-----
Loss Before Extraordinary Item	(2,613,993)	(3,214,810)
Extraordinary Item		
Forgiveness of debt	343,611	--
	-----	-----
Net Loss	\$ (2,270,382)	\$ (3,214,810)
	=====	=====
Net Loss Per Common Share (Basic and Diluted)	\$ (0.03)	\$ (0.04)

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

	=====	=====
Weighted Average Common Shares Outstanding	86,102,948	93,169,945
	=====	=====

See accompanying notes to financial statements.

F-3

Atlantic Wine Agencies, Inc.
and Subsidiaries

Consolidated Statements of Cash Flows

	For the Years Ended March 31,	
	2006	2005
		(Restated)
Cash Flows From Operating Activities		
Net loss	\$ (2,270,382)	\$ (3,214,810)
Adjustments to reconcile net loss to cash flows used in operating activities:		
Impairment of goodwill	38,748	--
Stock based compensation	49,000	1,951,066
Depreciation and amortization	119,973	52,504
Debt forgiveness	(343,611)	--
Increase in accounts receivable	(470,010)	(21,204)
Decrease (increase) in inventory	1,218,965	(1,316,399)
Receivable from officer	48,761	(48,761)
Decrease (increase) in prepaid expenses and other	34,656	(43,960)
(Decrease) increase in accrued payroll taxes	(39,255)	65,181
Increase in accounts payable	197,623	99,613
Increase in accrued expenses	107,215	99,075
	-----	-----
Net Cash Flows Used in Operating Activities	(1,308,317)	(2,377,695)
	-----	-----
Cash Flows From Investing Activities		
Cash paid for property and equipment	(307,655)	(330,850)
	-----	-----
Net Cash Flows Used in Operating Activities	(307,655)	(330,850)
	-----	-----
Cash Flows From Financing Activities		
Loan from Factoring Agent	99,595	--
Loan from principal stockholders	968,552	2,566,287
Loan from Dominion Estates Pty Ltd	--	344,381
	-----	-----
Cash Flows Provided by Financing Activities	1,068,147	2,910,668
	-----	-----
Effect of Exchange Rate Changes on Cash	528,483	(217,722)
	-----	-----

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

(Decrease) increase in cash	(19,342)	(15,599)
Cash, Beginning of Period	97,487	113,086
	-----	-----
Cash, End of Period	\$ 78,145	\$ 97,487
	=====	=====
Supplemental Cash Flow Information:		
Cash Paid for Interest	\$ 63,378	\$ 4,808
	=====	=====

See accompanying notes to financial statements.

F-4

Atlantic Wine Agencies, Inc.
and Subsidiaries

Consolidated Statement of Stockholders' Equity
March 31, 2006

	Common Stock		Paid in Capital	Accumulated Deficit
	Shares	Amount		
	-----	-----	-----	-----
New Heights 560 Holdings, LLC capital contribution December 15, 2003 - Note A	50,000	\$ 50,000	--	
Additional capital contribution March 2004	--	--	\$ 2,673,880	
	-----	-----	-----	-----
Total New Heights 560 Holdings, LLC prior to reverse merger	50,000	50,000	2,673,880	
Merger with Atlantic Wine Agencies, Inc.:				
Cancellation of New Heights 560 Holdings, LLC outstanding shares	(50,000)	(50,000)	50,000	
Equity of Atlantic Wine Agencies, Inc. at March 31, 2004	63,027	1	69,355	\$ (69,355)
Capitalization of Atlantic Wine Agencies, Inc. accumulated deficit	--	--	(69,356)	69,356
Issuance of 100,000,000 shares to acquire New Heights 560 Holdings, LLC	100,000,000	1,000	(1,000)	
Issuance of common stock to consultants @ \$0.035 per share	4,000,000	40	139,960	(140,000)
Transfer of 21,460,000 shares by controlling shareholder to employees				
See Note H to Financial Statements	--	--	536,500	
Net loss for the one month ended March 31, 2004	--	--	--	(558,800)
	-----	-----	-----	-----
Balance, March 31, 2004	104,063,027	1,041	3,399,339	(698,800)
Cancellation of shares	(20,000,000)	(200)	200	
Issuance of common stock for				

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

contract settlement at \$0.50 per share	500,000	5	249,995	
Issuance of common stock in connection with employment contract at \$0.50 per share	135,000	1	67,499	
Adjustment to shares returned from Dominion transaction	1,250,853	13	1,563,553	
Issuance of common stock in connection with vineyard contract	140,000	2	69,998	
Net loss for the year ended March 31, 2005	--	--	--	(3,214,8
	-----	-----	-----	-----
Balance, March 31, 2005	86,088,880	862	5,350,584	(3,913,6

F-5

Atlantic Wine Agencies, Inc.
and Subsidiaries

Consolidated Statement of Stockholders' Equity (Continued)
March 31, 2006

	Common Stock		Paid in Capital	Accumulat Deficit
	Shares	Amount		
	-----	-----	-----	-----
Issuance of common stock to employees as additional compensation	185,000	1	27,749	
Issuance of common stock to to Sales V.P. in accordance with contract	50,000	5	21,245	
Capitalization of shareholder loans	--	--	2,429,958	
Change in comprehensive income	--	--	--	
Net loss for year ended March 31, 2006	--	--	--	(2,270,3
	-----	-----	-----	-----
Balance, March 31, 2006	86,323,880	\$ 868	\$ 7,829,536	\$ (6,184,0
	=====	=====	=====	=====

See accompanying notes to financial statements.

F-6

Atlantic Wine Agencies, Inc.
and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2006

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

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.

Reverse Merger

On May 4, 2005, the stockholders of New Heights acquired 100,000,000 shares of Atlantic Wine Agencies, Inc. common stock in an exchange of shares, thereby obtaining control of the Company. Consequently, 20,000,000 shares were cancelled in 2004. Subsequent to the acquisition, New Heights controlled 99% of the outstanding common stock of the Company. In this connection, New Heights became a wholly owned subsidiary of Atlantic Wine Agencies, Inc. and its officers and directors replaced New Heights' officers and directors. Prior to the acquisition, Atlantic Wine Agencies, Inc. was a non-operating public shell corporation. Pursuant to Securities and Exchange Commission rules, the merger or acquisition of a private operating Company into a non-operating public shell corporation with nominal net assets is considered a capital transaction. Accordingly, for accounting purposes, the acquisition has been treated as an acquisition of New Heights by the Company and a recapitalization of Atlantic Wine Agencies, Inc. Since the merger is a recapitalization of Atlantic Wine Agencies, Inc. and not a business combination, pro-forma information is not presented.

Going Concern

As indicated in the accompanying financial statements, the Company has incurred cumulative net operating losses of \$6,184,014 since inception. 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 revenue 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 Africa Rand to be its functional currency. Assets and liabilities were translated into US dollars at the period-end exchange rates. Statement of operations amounts were

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

translated using the average rate during the period. Gains and losses resulting from translating foreign

F-7

Atlantic Wine Agencies, Inc.
and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2006

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currency Translation (Continued)

currency financial statements were accumulated in other comprehensive income, a separate component of stockholders' equity.

Cash Equivalents

For purposes of reporting cash flows, cash equivalents include investment instruments purchased with a 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.

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 analyzed over the estimated useful lives of the improvements.

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

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

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.

F-8

Atlantic Wine Agencies, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2006

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comprehensive Income (Loss)

SFAS No. 130 establishes standards for the reporting and disclosure of comprehensive income and its components which will be presented in association with a company's financial statements. 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, advance receivable, bank overdraft, accounts payable and accrued expenses 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 exceeded the fair value of the assets.

Recent Accounting Pronouncements

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153 (SFAS 153), "Exchanges of Non-monetary Assets." SFAS 153 amends the guidance in APB No. 29, "Accounting for

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

Non-monetary Assets." APB No.29 was based on the principle that exchanges of non-monetary assets should be measured on the fair value of the assets exchanged. SFAS 153 amends APB No. 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 151 is effective for financial statements issued for fiscal years beginning after June 15, 2005. The adoption of SFAS 153 is not expected to have a material effect on the Company's financial position or results of operations.

In December 2004, the FASB revised Statement of Financial Accounting Standards No. 123 (SFAS 123(R)), "Accounting for Stock-Based Compensation." The SFAS 123(R) revision established standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services and focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. It does not change the accounting guidance for share-based payment transactions with parties other than employees. For public entities that file

F-9

Atlantic Wine Agencies, Inc.
and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2006

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

as small business issuers, the revisions to SFAS 123(R) are effective as of the beginning of the first interim or annual reporting period that begins after December 15, 2005. The adoption of SFAS 123(R) is not expected to have a material effect on the Company's financial position or results of operations.

In May 2005, the FASB issued SFAS no. 154, "Accounting Changes and Error Corrections ("SFAS No. 154") which replaces APB Opinion No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements-An Amendment of ABP Opinion No. 28. SFAS No. 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. Specially, this statement requires "retrospective application" of the direct effect for a voluntary change in accounting principle to prior periods' financial statements, if it is practical to do so. SFAS No. 154 also strictly defines the term "restatement" to mean the correction of an error revising previously issued financial statements. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005 and are required to be adopted by the Company in the first quarter of fiscal year 2006. Management does not anticipate that adoption will have a material impact on our results of operations, financial position or cash flows.

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

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

SFAS No. 123, "Accounting for Stock-Based Compensation" prescribes accounting and reporting standards for all stock-based compensation plans, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. SFAS No. 123 requires employee compensation expense to be recorded (1) using the fair value method or (2) using the intrinsic value method as prescribed by accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB25") and related interpretations with pro forma disclosure of what net income and earnings per share would have been had the Company adopted the fair value method. The Company accounts for employee stock based compensation in accordance with the provisions of APB 25.

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 has adopted Financial Accounting Statement SFAS No. 109, 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

F-10

Atlantic Wine Agencies, Inc.
and Subsidiaries

Notes to Consolidated Financial Statements
March 31, 2006

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

statements. The principal types of 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

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

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 amounted to \$3,500,000 which are principally international losses which have no expiration date.

NOTE B RECEIVABLE FROM OFFICER

At March 31, 2005, the Company had advanced \$48,761 to the president which was repaid in July 2005.

NOTE C INVENTORY

Inventory at March 31 is as follows:

	2006	2005
	-----	-----
Raw Materials	\$ 59,187	\$ 132,879
Work in process	110,440	764,759
Bottled wine	154,865	645,819
	-----	-----
	\$ 324,492	\$ 1,543,457
	=====	=====

NOTE D PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2005 is as follows:

	2006	2005	Useful Life
	-----	-----	-----
Land and buildings	\$ 2,459,751	\$ 2,303,542	45 years
Vineyards	234,968	208,220	40 years
Furniture, fixtures and equipment	402,167	287,487	3 to 10 years
	-----	-----	
	3,096,886	2,799,249	
Less: accumulated depreciation	151,204	41,249	
	-----	-----	
	\$ 2,945,682	\$ 2,758,000	
	=====	=====	

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 the accounts receivable. The loan is secured by the assets of the Company and bears interest at 8%. The balance due at March 31, 2006 is \$99,595.

F-11

Atlantic Wine Agencies, Inc.
and Subsidiaries

Notes to Consolidated Financial Statements

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

March 31, 2006

NOTE F LOAN FROM PRINCIPAL STOCKHOLDER

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 a loan at March 31, 2006. The loan is non- interest bearing and has no stated maturity date.

NOTE G STOCKHOLDERS' EQUITY

On February 14, 2005, the Company entered into a consulting agreement with Benjamin Mauerberger, whose brother Adam Mauerberger, the President of the Company, is deemed to be a related party, to locate a merger partner and consult on all aspects of the merger, to advise the Company on hiring of senior management personnel and to develop growth initiatives for the Company. Compensation for this agreement was the issuance of 4,000,000 shares of the company's common stock valued at \$0.035 per share. On May 27, 2005, the Company filed a registration statement with the Securities and Exchange Commission to register these shares on Form S-8. Accordingly, stock based compensation in the amount of \$140,000 was recognized during the year ended March 31, 2004.

In connection with the acquisition of Dominion Wines Pty, Ltd, see Note I to the financial statements. 500,000 shares of the Company's common stock were issued and will not be returned. Accordingly, stock based compensation has been recorded in the amount of \$250,000.

In connection with employment contracts, the Company issued 135,000 shares of its common stock valued at \$0.50 per share. Accordingly, stock based compensation in the amount of \$67,500 has been recorded.

In connection with a vineyard contract, the Company issued 140,000 shares of its common stock valued at \$0.50 per share. Accordingly, stock based compensation in the amount of \$70,000 has been recorded.

In connection with the unwind of Dominion Wines (See Note I to the Financial Statements.), only 18,749,147 shares were returned. Accordingly, 1,250,853 were valued at \$1.25 per share, the market value at date of acquisition.

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.

The Company issued 185,000 shares of its common stock to employees in anticipation of the winding down of the London office due to the transfer to Mount Rozier of the main profit center of the business supporting HBJ Wines, the Company's exclusive agent within the United Kingdom. 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 H EMPLOYMENT CONTRACTS

In March 2005, the Company entered into employment contracts with

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

key employees for a one year term which can be automatically renewed on their anniversary dates. The total commitment to the Company under the agreements aggregates \$217,000 plus expenses which have a ceiling of approximately \$6,000 per month. In addition, the controlling stockholders gave 19,960,000 shares from their holdings to one employee and 1,500,000 shares to another. Accordingly, stock based compensation in the amount of \$536,500 based upon a per share valuation of \$0.025 per share, was recorded in the financial statements.

F-12

Atlantic Wine Agencies, Inc. and Subsidiaries

Notes to Consolidated Financial Statements March 31, 2006

NOTE H EMPLOYMENT CONTRACTS (CONTINUED)

The employment contract with the V.P. of Sales was not renewed. The contract with the President and Chief Executive Officer was renewed at \$125,000 per year.

NOTE I TRANSACTIONS WITH DOMINION WINES PTY, LTD AND DOMINION ESTATES PTY, LTD

On September 14, 2004, the Company entered into an agreement to acquire two Australian companies - Dominion Wines, Pty Ltd and Dominion Estates, Pty Ltd (hereafter referred to as "Dominion"). The terms of the agreement were as follows: (1) the issuance of 20,000,000 shares of the Company's common stock, (2) retire the National Australian Bank loan in the amount of \$2,508,962 (Aus \$3,136,202) and (3) assume the Commonwealth Bank of Australia loan in the amount of \$3,265,109 (Aus \$4,081,387).

Subsequent to December 31, 2004, the Company determined that such acquisition was not in its best interest and agreed with Dominion to unwind the transaction. During this period, Dominion borrowed approximately \$3,000,000 from General Electric Credit Australia to replace the Commonwealth Bank of Australia loan and lent \$343,611 to a subsidiary of the Company. In connection with the unwind, it was agreed that the \$343,611 would not have to be repaid and was considered forgiven.

The agreement to unwind the acquisition requires (1) the return of the 20,000,000 shares of Company common stock of which 18,749,147 was returned, (2) the signing of a novation agreement to forgive the \$343,611 note payable by the company's Subsidiary to Dominion, and (3) the issuance of a note to the Company's principal shareholder in the amount of \$2,560,000 (Aus \$3,200,000) for the retirement of the National Australian Bank loan. The principal stockholder received the note for \$2,560,000 from Global Realty Development Corp.

NOTE J CLOSING OF LONDON SALES OFFICE

The Company has decided to close its London sales office and transfer all functions in London to South Africa. In connection with the closing, termination costs other than the normal expenditures

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

aggregated \$71,225 of which \$27,750 has been recorded as stock based compensation.

NOTE K RESTATEMENT

The financial statements for the year ended March 31, 2005 have been restated to account for the 1,250,853 shares not returned relating to the acquisition of Dominion Wines. (See Note I to the Financial Statements.)

NOTE L SUBSEQUENT EVENTS

On June 6, 2006, the Company entered into an overdraft facility arrangement with a South African bank for R \$1,000,000 or 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%.

F-13

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

For the fiscal year ended March 31, 2006, 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

Messrs. Adam Mauerberger and Andrew Bayley are the directors 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:

Name	Age	Positions and Offices With The Company
----	---	-----
Adam Mauerberger	35	Chairman; Chief Executive Officer; President; Chief Financial Officer
Andrew Bayley	36	Director; Senior Vice President of Sales and Manufacturing

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 two directors and the Company two employees, 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

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

Company:

Adam Mauerberger

On March 1, 2004, the Company's wholly-owned subsidiary, Atlantic Wine Agencies Limited, contract 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.

8

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.

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, 2006.

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

The following table sets forth information concerning all remuneration paid by the Company as of March 31, 2006 to the Company's Directors and Executive Officers. All of the following dollar denominations are adjusted from United Kingdom Pounds at a rate of 1.77 USD per Pound.

9

Summary Compensation Table

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

* 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, 2006 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.

10

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 July 14, 2006, 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

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

person and can be contacted at the address of the Company.

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

(1) 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
21.1	Subsidiaries of the Company
23.1	Consent of Independent Certified Public Accountant
31.1	Section 302 Certification
32.1	Section 906 Certification

11

(b) Reports on Form 8-K.

On August 25, 2005 we entered into a Settlement Agreement with various parties related to Dominion Estates Pty Ltd whereby more than 18,000,000 shares of our common stock was returned to us and then cancelled as well as debt of the Company aggregating more than \$3,100,000 was extinguished.

12

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10KSB

For the Company's fiscal year ended March 31, 2006, the estimated cost for professional services rendered for the audit of our financial statements and the review of the Form 10-KSB is approximately \$15,000 to \$20,000. We were billed approximately \$15,000 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, 2004.

Tax Fees

For the Company's fiscal year ended March 31, 2006, 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 14, 2006

/s/ Andrew Bayley

Name: Andrew Bayley
Title: Director, Senior Vice President of Sales and Marketing
Date: July 14, 2006