



News Release / Corporate Filing

Form 10-Q for WELWIND ENERGY INTERNATIONAL CORP

14-Aug-2008

Quarterly Report

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

This discussion and analysis should be read in conjunction with the accompanying Financial Statements and related notes. Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis we review our estimates and assumptions. Our estimates are based on our historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but we do not believe such differences will materially affect our financial position or results of operations. Our critical accounting policies, the policies we believe are most important to the presentation of our financial statements and require the most difficult, subjective and complex judgments, are outlined below in "Critical Accounting Policies," and have not changed significantly.

In addition, certain statements made in this report may constitute "forward-looking statements". These forward-looking statements involve known or unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Specifically, 1) our ability to obtain necessary regulatory approvals for our products; and 2) our ability to increase revenues and operating income, is dependent upon our ability to develop and sell our products, general economic conditions, and other factors. You can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continues" or the negative of these terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

Overview

We see wind power becoming an efficient power source globally. Welwind's current projects focus is in the wind energy sector with future renewable energy applications under consideration. Renewable energy is power that comes from renewable resources such as the sun, wind and organic matter. These resources are constantly replenished by nature and are a cleaner source of energy. Welwind's goal is to add more renewable energy globally, resulting in cleaner air and a more stable energy supply for our future.



Welwind Energy International was founded to build, own and operate wind farms on an international scale. Our current project focus is to bridge the North America-China link by building wind farms in China. Concurrently with the development of the wind farm projects, the Company intends to continue to operate the retail bakery and food store and its manufacturing and distribution of specialty health food products.

Our Corporate History

The Company was incorporated on December 18, 1997, pursuant to the laws of the State of Delaware under the name of Autoeye Inc. On February 25, 2000, as part of an acquisition of The Forest Industry Online Inc., we changed our name to forestindustry.com, Inc. Prior to this acquisition, our Company was inactive. On October 25, 2002, we entered into a share exchange agreement with GolfLogix, Inc., a British Columbia, Canada corporation ("GolfLogix Canada") that was incorporated in February 2000, as West Coast Electric Vehicle Distributors, Inc. Under the terms of the Share Exchange Agreement, we acquired all of the outstanding shares of GolfLogix Canada in exchange for 2,500,000 shares of our common stock. As a result, GolfLogix Canada was a wholly owned subsidiary of our Company.

Prior to the acquisition of Golflogix Canada, our business activities included designing web sites and operating and maintaining a computer internet web site for companies associated with the forest and wood product industries. However, subsequent to the acquisition of this business we failed to generate profitability and incurred negative cash flows from operations. GolfLogix Canada, a distributor of golfing merchandise and has entered into an agreement to purchase a licensing right to market and distribute the GolfLogix System in Canada.

After our acquisition of GolfLogix Canada, on November 30, 2002, we entered into a stock purchase agreement with Cherry Point Consulting, resulting in a divestiture of the assets of Forest Industry Online. Under the agreement, Cherry Point Consulting purchased shares of Forest Industry Online and assumed all of the related assets and liabilities of the same. On January 7, 2003, we changed our name to Global Golf Holdings, Inc.

On April 15, 2004, the Company filed a Form 8-K announcing that due to lack of success in executing the Company's business plan and considerable under funding of the same, that the Board of Directors had determined that it was no longer viable to continue operations under the current business plan.

On November 23, 2004 the Registrant closed on the Agreement with Low Carb Centre and affiliates (hereinafter "LCC"). LCC is a privately held company organized under the laws of British Columbia, Canada with its primary business being the retail sales and distribution of gourmet low carbohydrate food products through its traditional brick-and-mortar retail stores and the World Wide Web at www.lowcarbcentre.com. The Low Carb Bakery ("LCB") is a privately held company organized under the laws of British Columbia, Canada with its primary business being the manufacturing of food products for the LCC retail market. McNabb & Associates ("MNA") is a privately held company organized under the laws of British Columbia, Canada with its primary business being the management and supervision of the business operations of both LCC and LCB.

Under the terms of the LCC Transaction, the Registrant acquired substantially all of the assets of LCC, including, but not limited to, LCC's suppliers, customer and vendor lists and records pertaining thereto, the trade names "Low Carb Centre," "Low Carb Bakery" and "McNabb and Associates," all registered and unregistered trademarks, service marks, sales marks, colors, names and slogans relating to the business, and all applications for any of the foregoing, together with all of the Sellers' rights to use all of the foregoing forever, and all goodwill associated with the foregoing, the existing phone number(s) and websites of the business, all



assets referred to or referenced within any audited financial statements of the business in preparation or consideration of the closing of the LCC Transaction and any and all recipes, trade secrets, trade practices, décor, goodwill, clients, equipment, furniture, assets, machinery, trade fixtures, miscellaneous supplies, inventory, existing contracts and tangible personal property.

Consideration for the LCC Transaction was 14,743,199 newly issued shares of the Registrant post-reverse split. The terms and conditions of the Agreement were determined in arm's length negotiations between the Registrant and LCC.

The terms and conditions of the Asset Purchase Agreement were determined in arm's length negotiations between the Company and LCC.

Since the LCC Transaction effectively constituted a reverse purchase with the management and shareholders of LCC essentially assuming the same positions in Vitasti, reverse purchase accounting principles were utilized by the Company in accounting for that transaction.

The Acquisition of Welwind Energy International Corporation.

On April 11, 2006, the Company and Welwind Energy International Corporation, a corporation duly incorporated under the laws of the Province of Alberta, Canada, and the shareholders of Welwind Energy International Corporation (the "Shareholders"), entered into a Share Exchange Agreement (the "Agreement"). The Agreement was closed on the 17th of August 2006. Per the Agreement, the Company acquired 100% of Welwind Energy International Corporation ("WEIC") in exchange for 11,000,000 unregistered shares of Vitasti, which were distributed to the Shareholders as required by the terms of the Agreement. The Shareholders are subject to the resale provisions of Rule 144.

On October 26, 2006, the Company filed in the office of the Secretary of State for the State of Delaware a Certificate of Amendment to the Company's Certificate of Incorporation, causing the name of the Company to be changed from Vitasti, Inc. to Welwind Energy International Corp.

WEIC was founded in 2005 to build, own and operate wind farms on an international scale. Our current project is to bridge the North America-China link by building wind farms in China beginning along the South China Sea.

During 2006, Company representatives took several trips to China where two contracts were signed with the cities of Yangxi and Zhanjiang in the Province of Guangdong. The signed contracts allow the Company to build up to 1000 Megawatts ("MW") of wind power in Guangdong Province. The company has also been in negotiations for a 50 year purchase price agreement ("PPA") as well. The engineering, procurement and Construction (EPC) contractor, China Machine International Building Corp., has agreed to provide the engineering, procurement and construction on the projects along with performance bonds.

In June 2006, Representatives of the Company attended the Renewable Energy Finance Asia Conference in Hong Kong. The investment forum brought together International Industry leaders and presented networking discussions from Carbon markets and alternative energy. Investors, Fund managers, Utilities Government, Asian Development Banks, The World Bank and the United Nations were among those in attendance, providing experience and perspective to this growing market. The event clearly solidifies the confidence of renewable energy in Asia and provided us with numerous networking opportunities.



While at the conference, Company representatives spent time with representatives of the International Finance Corporation/World Bank to discuss international developments and economic growth of the company.

In 2006, while in China, Company representatives formally signed the commitment for a land lease pertaining to the Zhanjiang wind farm. We plan to build forty-nine (49) MW in the first phase of a six hundred (600) MW wind farm on this property.

Projects

The Zhanjiang Project

The Zhanjiang Project will see the instillation of a six hundred (600) MW wind farm on the subject property. Through a cooperative agreement with Guangzhou Engga Wind Energy Co. Ltd ("Engga"), the first turbine produced by Engga for the Company rolled-off the production line in February 2007. During this Phase 1, the Company expects to build forty-nine (49) MWs.

Installation of the 750 KW test turbine was completed in May 2007. ENGAA, the turbine manufacturer, immediately commenced monitoring the data from this first turbine. By July 2007, ENGAA had completed its commissioning stage of the Zhanjiang Turbine and had begun to assess and analyze the data from that turbine.

A Project Feasibility Study Report and Grid Connection Report were finalized in November 2007 by the Guangdong Electric Power Design Institute, and subsequently submitted to the Guangdong Power Grid Corporation for review in anticipation of finalizing a Power Purchase Agreement ("PPA").

However, certain unexpected issues arose late in 2007 related to the Zhanjiang Windfarm. During the due diligence period for the PPA, an issue with the local Port Authority arose requiring meetings with various levels of the Zhanjiang Government and the Port Authority. In a meeting during January 2008 between Welwind representatives and high ranking officials of the Port Authority and Government, all outstanding issues were resolved. It is anticipated that the PPA due diligence process should be completed soon.

The Yangxi Project

The base of the Yangxi Wind Farm Project was completed, along with the installation of the 100 meter meteorological tower, in June of 2006. At that time, we began to collect data necessary to provide the information required to build out the wind farm. Phase 1 of the Yangxi wind farm will consist of a 49 MW project. We anticipate that the Yangxi project will consist of a total of 400 MWs once fully completed.

In January 2008, after 16 months of collecting data from the tower at the Yangxi location, a formal Project Proposal was submitted to the Yangxi Government. All data collected to date shows promising results for the future build out of this wind farm.

Funding the Projects

In January 2008, the Company also completed a \$500,000 financing, which will be used to fund the two projects and as general working capital. The Company believes that these funds will be sufficient to meet our working capital requirements until the signing of the PPAs and subsequent completion of the financing for the projects.



Supply

The Company and Guangzhou Engga Wind Energy Co. Ltd. ("ENGGA") have a cooperative relationship where by the Company and ENGGA will work together on the technology and future supply of all Welwind turbines. The agreement gives Welwind priority for all turbines to be manufactured by ENGGA. ENGGA is the sino-joint enterprise with the shareholders by Britain ENGGA Power Generator Co., Ltd. and Hong Kong ENGGA Investment Co., Ltd. with the registered capital reaching RMB30 million and specializing in making, selling and installing wind power generation equipments, as well as selling parts of wind power generation equipments.

Our Strategy

During 2007, we successfully completed several important milestones that we believe were fundamental to our being able to achieve growth from our business model for project developments in the alternative energy market and continued growth in our health and wellness operations.

In addition to those described herein, the Company announced the following in 2007:

- (1) Begin a study to expand into the Peace River Region of British Columbia; and
- (2) The Company retained Wall Street Transfer Agents, Inc. as its transfer agent.

In November 2007, the Company was announced that Acterra Group signed a letter of commitment to fund Phase 1 of the Zhanjiang Wind Farm Project, which we anticipate will expedite the PPA with the Zhanjiang Government. A second announcement was made early 2008 for a letter of commitment to fund Phase 1 of the Yangxi Wind Farm Project with Acterra.

As a result of the achievements of these milestone and our ongoing marketing and business development efforts, we have set the ground work for promising results for the organization. Our current focus in the alternative energy market will be our only focus in our business moving forward for 2008. The capital currently available to us and future financings will be for the development and operation of wind farms in China and continued expansion of wind projects globally. The company sees additional growth via acquisitions of additional wind farm projects.

Our Industry

On February 2, 2007, the Global Wind Energy Council ("GWEC") announced that the wind energy markets around the world exceeded expectations in 2006. GWEC is the industry's global trade organization, with a combined membership of over 1,500 organizations involved in hardware manufacture, project development, power generation, finance and consultancy, as well as researchers, academics and associations. More information can be viewed on their web site which is www.gwec.org and it contains much information on the industry and its markets.

The GWEC report further states that in terms of economic value, the wind energy sector has now become firmly installed as one of the important players in the energy markets, with the total value of new generating equipment installed in 2006 reaching €18 billion, or USD\$23



billion. Outside of Europe, Asia has experienced the largest growth in the industry, in 2006 the continent accounted for 24% of new installations of wind power facilities.

Specifically, according to the GWEC release, China more than doubled its total installed capacity by installing 1,347 MW of wind energy in 2006, a 70% increase from last year's figure. This brings China up to 2,604 MW of capacity, making it the sixth largest market worldwide. The Chinese market was boosted by the country's new Renewable Energy Law, which entered into force on January 1, 2006.

Wind Energy Industry Participants

As wind energy technology gains wider acceptance, competition may increase as large, well-capitalized companies enter the business. As previously stated, wind energy is the fastest growing source of energy worldwide for three consecutive years. Energy companies such as British Petroleum, Shell Oil Company's Wind Energy arm, Siemens and other major companies in the energy sector, see opportunities in wind power development. Additionally, there are many smaller companies that are seeking out opportunities in the wind energy sector.

In some cases, competitors may have longer operating histories, more customers, greater financial strength, more name recognition, and larger technical staffs. These competitors may be able to more readily identify and acquire suitable locations to exploit the growth in the wind energy sector more easily because of their financial resources and awareness in the market. Our larger competitors can also devote substantially more resources to business development and may adopt more aggressive pricing policies.

Distribution

The Company continually analyzes population growth and both national and international economic factor, in determining energy demands in identified areas. Should the Company make the determination and successfully identify suitable property or properties, the Company would test the site to determine whether sufficient wind energy resources are available to effectively and efficiently displace current electricity sources, thus reducing pollution from fossil fuel. Upon completion of the analysis, the Company would attempt, if conditions were favorable, to obtain land right and apply for permits to install and operate a wind power generating plant.

Trademarks

The Company currently holds no Trademarks.

Governmental Regulation

We do not use, generate or discharge toxic, volatile or otherwise hazardous chemicals and wastes in our research and development and manufacturing activities. However, we are subject to a variety of foreign, federal, state and local governmental regulations. At this time, we believe that we have all permits necessary to conduct our business.

We are not aware of any environmental investigation, proceeding or action by foreign, federal or state agencies involving our current facilities or operations. If we fail to comply with present or future environmental regulations, we could be subject to fines, suspension of production or a cessation of operations. Any failure by us to adequately comply with existing and future regulations could subject us to financial liabilities, operational interruptions and adverse



publicity, any of which could materially and adversely affect our business, results of operations and financial condition.

Employees

As of August 14, 2008, 11 full time employees.

Change in Reporting Currency

Effective January 1, 2005, the Company changed its reporting currency from the U.S. dollar to the Canadian dollar. The reason for this change was because a majority of the Company's assets and operations are located in Canada. All amounts set forth in this filing are in Canadian Dollars, unless otherwise indicated.

Available Information

We file electronically with the Securities and Exchange Commission our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. You may obtain a free copy of our reports and amendments to those reports on the day of filing with the SEC by going to <http://www.sec.gov>.

Period Ended June 30, 2008 Compared to Period Ended June 30, 2007

The following table summarizes the Company's results of operations. The table and the discussion below should be read in conjunction with the audited financial statements and the notes thereto appearing elsewhere in this report.

Results of Operations

	For the Three Months Ended June 30 (\$)	Change from 2008 Prior Period (%)	For the Three Months Ended June 30, 2007 (\$)
Operating Expenses	534,163	64.2	1,492,568
Net Loss from Continuing Operations	(534,163)	64.2	(1,492,568)
Other Income (Expense)	(104,475)	-	(74,550)
Net Loss before Discontinued Operations	(638,638)	40.8	(1,567,118)
Discontinued Operations	1,678	97.9	(78,702)
Net Loss for the Period	(636,960)	61.3	(1,645,820)

General and Administrative Expenses

During the three month period ended June 30, 2008, the Company incurred general and administrative expenses of \$534,163 compared to \$1,492,568 in the same period in the previous year. The 64.2% decrease of \$958,405 in general and administrative expenses was mainly attributable to a decrease in consulting expense during the period ended June 30, 2007 to the period ended June 30, 2008.



Net Loss

During the period ended June 30, 2008, the Company incurred a net loss of \$636,960, compared to a net loss of \$1,645,820 in the same period in the previous year. The 61.3% decrease of \$1,008,860 in net loss was mainly attributable to a decrease in consulting.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2008, the Company had \$84,891 in cash, total current assets of \$420,195, and current liabilities of \$1,389,108. The Company may require additional capital investments or borrowed funds to meet cash flow projections and carry forward our future business objectives. There can be no assurance that the Company will be able to raise capital from outside sources in sufficient amounts to fund the business.

The failure to secure adequate outside funding would have an adverse affect on our expansion plan of operation and results there from and a corresponding negative impact on shareholder liquidity.

During the period ended June 30, 2008, the Company used \$203,939 of net cash flows in operating activities. However, the Company was able to fund operations by receiving cash proceeds of \$357,269 from common stock subscriptions.

Uses of Liquidity

The Company's cash requirements through the end of fiscal 2008 are primarily to fund operations and to complete the wind farm projects in China.

Sources of Liquidity

The Company's primary source of liquidity for its short-term cash needs is expected to be from cash and cash equivalents currently on hand. The Company believes that will be able to borrow additional funds if needed.

Cash Requirements

Our cash on hand as of June 30, 2008 is \$84,891. We have sufficient cash on hand to pay the costs of some of our operations as projected to twelve (12) months or less and to fund our operations for that same period of time. However, we will require additional financing in order to proceed with some or all of our goals as projected over the next twelve (12) months. We presently do not have any arrangements for potential lines of credit or sources of financing for the purpose of proceeding with any of our goals projected over the next twelve (12) months and beyond.

Any additional growth of the Company may require additional cash infusions. We may face expenses or other circumstances such that we will have additional financing requirements. In such event, the amount of additional capital we may need to raise will depend on a number of factors. These factors primarily include the extent of operating expenses, research and development expenses, and capital expenditures. Given the number of programs that we have ongoing and not complete, it is not possible to predict the extent or cost of these additional financing requirements.



Notwithstanding the numerous factors that our cash requirements depend on, and the uncertainties associated with each of the major revenue opportunities that we have, we believe that our plan of operation can build long-term value if we are able to demonstrate clear progress toward our objectives.

Progress in the development of our business plan will likely lend credibility to our plan to maintain profitability. We hired several members to our sales, marketing, research and development, regulatory and administrative staff during the course of 2008 in order to fully implement our plans for growth.

The Company does not anticipate any contingency upon which it would voluntarily cease filing reports with the SEC, even though it may cease to be required to do so. It is in the compelling interest of this Registrant to report its affairs quarterly, annually and currently, as the case may be, generally to provide accessible public information to interested parties, and also specifically to maintain its eligibility for the OTCBB.

The failure to secure any necessary outside funding would have an adverse affect on our development and results there from and a corresponding negative impact on shareholder liquidity.

Future Financings

Our plan of operation calls for significant expenses in connection with the implementation of our business plan over the course of the next 24 months. For the next twelve months, management anticipates that the minimum cash requirements to fund our proposed goals and our continued operations will be at least \$500,000. As such, we do not have sufficient funds on hand to meet our planned expenditures over the next 24 months. Therefore, we may require and may need to seek additional financing to meet our planned expenditures.

ABOUT WELWIND

Welwind Energy International Corp. is committed to providing the best resource option available for renewable energy, protecting our environment, empowering communities, bolstering local economies and respecting the rights of future generations.

Welwind Energy International was founded to build, own and operate wind farms on an international scale. The company's goal is to become a leading provider of clean energy products for the residential, business and governmental consumer.

The Welwind Energy International Corporation logo is available at <http://www.primenewswire.com/newsroom/prs/?pkgid=3727>

This news release contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements, which are other than statements of historical facts. These statements are subject to uncertainties and risks including, but not limited to, risks set forth in documents filed by the company from time to time with the Securities and Exchange Commission. All such forward-looking statements, whether written or oral, and whether made by, or on behalf of, the Company, are expressly qualified by these cautionary statements and any other cautionary statements which may accompany the forward-looking statements. In addition, the



Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof.

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