

Edgar Filing: AMERICAS POWER PARTNERS INC - Form 10QSB/A

AMERICAS POWER PARTNERS INC  
Form 10QSB/A  
February 11, 2003

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

FORM 10-QSB/A  
Amendment No. 1 to:

Quarterly Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For the quarterly period ended: December 31, 2001  
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Commission file Number: 0-24989  
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AMERICAS POWER PARTNERS, INC.  
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(Exact Name of Registrant as Specified in its Charter)

Colorado  
-----  
(State or Other Jurisdiction  
of Incorporation)

05-0499526  
-----  
(I.R.S. Employer  
Identification Number)

710 North York Road, Hinsdale, IL  
-----  
(Address of Principal Executive Offices)

60521  
-----  
(Zip code)

(630) 325-9101  
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(Registrant's Telephone Number, Including Area Code)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date: Common Stock, no par value - 7,138,100 shares as of December 31, 2001.

Transitional Small Business Disclosure Format: YES [ ] NO [X]

The Registrant, Americas Power Partners, Inc., is filing this Amendment No. 1 to Form 10-QSB to provide amended information in the Exhibit filed under Item 6.a.

PART I - FINANCIAL INFORMATION

Disclosure Regarding Forward-Looking Statements

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This Quarterly Report on Form 10-QSB includes historical information as well as statements regarding the Company's future expectations which may constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Act of 1934, as amended. Important factors that could cause actual results to differ materially from those discussed in forward-looking statements include: supply/demand for products, competitive pricing pressures, availability of capital on acceptable terms, continuing relationships with strategic partners, dependence on key personnel, changes in industry laws and regulations, competitive technology, and failure to achieve cost reduction targets or complete construction projects on schedule. The Company believes in good faith that the forward-looking statements in this Quarterly Report have a reasonable basis, including without limitation, management's examination of historical operating trends, data contained in records and other data available from third parties, but such forward-looking statements are not guarantees of future performance and actual results may differ materially from any results expressed or implied by such forward-looking statements.

### AMERICAS POWER PARTNERS, INC.

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2001

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Nature of the Business and Development Stage Activities

The Company was in the development stage since its inception on January 27, 1998. During the third quarter of the fiscal year ended June 30, 2000, the Company emerged from its development stage with the signing of two client contracts, billings under these contracts and the raising of additional capital through a private placement Preferred Stock offering.

The Company was formed to develop, optimize, own and operate power plant systems (steam, electric, compressed air, water, waste water and condensate return) for industrial, commercial and institutional clients. The Company has formed strategic alliances with several recognized energy companies in the areas of power plant optimization, operations and maintenance, fuel supply and electric power marketing. The Company's strategic partners bring key skill sets to the development process and have provided the Company with project opportunities from their established customer bases. The Company generates revenue primarily from fees produced from structuring and financing these energy projects. All of the Company's customers are in the United States.

##### Principles of Consolidation

The consolidated financial statements include the accounts of the Company, APP Optimization I, LLC (a single member limited liability corporation), and its 50%-owned limited liability corporation, Armstrong-Americas I, LLC ("AA I, LLC"), which were both incorporated early in fiscal 2001. AA I, LLC was formed for the purpose of holding the Company's interests in certain of the projects relating to its largest client. The other 50% member of this LLC is the investor in the Company's Preferred Stock. The AA I, LLC limited liability corporation agreement provides that the Company has management control over the operations of the LLC. All material intercompany accounts and transactions are eliminated.

##### Basis of Presentation

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The unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to SEC rules and regulations; nevertheless, the Company believes that the disclosures are adequate to make the information presented not misleading.

AMERICAS POWER PARTNERS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The interim financial information presented in the accompanying consolidated financial statements reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary to present the consolidated financial position of the Company as of December 31, 2001 and the results of its operations for the periods of six and three months then ended and its cash flows for the period of six months then ended. Results shown for interim periods are not necessarily indicative of the results for a full fiscal year. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2001.

### Revenue Recognition

The Company evaluates the terms of the energy services agreements (ESA) and operation and maintenance agreements which it executes with clients to determine the applicable accounting treatment on an individual basis. To the extent that ESA's provide for fixed minimum payments and terms that qualify as a capital lease as defined in Statement of Financial Accounting Standards No. 13, "Accounting for Leases", the net investment in the contract is recorded on the balance sheet and unearned income is amortized over the term of the agreement using the interest method. Revenue from ESA's that qualify as operating leases under SFAS No. 13 is recorded on a straight-line basis over the term of the contract. Revenue from sale of commodities that the Company maintains as inventories is recognized as the products are delivered. Administrative fees earned in connection with securing project financing are recognized as the funding is received. The Company grants credit to all of its customers.

### Per Share of Common Stock

Income (loss) per common share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. When dilutive, stock options, warrants and convertible Preferred Stock are included as share equivalents using the treasury stock method in the calculation of diluted earnings per share. For the periods ended December 31, 2001 and 2000, the diluted loss per share computation was antidilutive; therefore, the amount reported for basic and diluted loss per share is the same.

AMERICAS POWER PARTNERS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2001

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### NOTE B - NOTES PAYABLE

On August 9, 2000, the Company obtained a loan in the amount of \$606,000 from a bank to finance an optimization project. The note is payable in 57 monthly installments of \$13,593, including interest at a rate of 10.5% per annum.

AA I, LLC, the Company's 50%-owned limited liability corporation, has signed nine interim promissory notes with a bank, totaling \$2,696,836, which provide for the eventual sale to the bank of the equipment previously purchased from a client, along with certain improvements being made to the facilities. The notes provide for monthly interest payments computed at the bank's prime rate and mature on September 30, 2002. AA I, LLC has received 80% of the value of the notes and will continue to finance with similar obligations a total of approximately \$3.8 million in planned improvements as they are installed at the client facility. Upon completion of the project, AA I, LLC will lease the energy generation facility from the bank under a master lease arrangement. The investor in the Company's Preferred Stock has guaranteed the interim financing, AA I, LLC's subsequent lease payments after the sale-leaseback transaction is closed, and other performance criteria.

The Company has borrowed \$810,500 for working capital purposes from a company that is the investor in the Company's Preferred Stock. The loan is evidenced by a note that matures on February 15, 2002 (subsequently extended to April 15, 2002) and bears interest at prime plus 2%. The same company has loaned \$126,129 to AA I, LLC in connection with the latter's purchase of a client's steam generation and air compression assets, and the related note matures on March 4, 2002 and bears interest at prime plus 2%.

### NOTE C - CUSTOMER CONCENTRATION

On September 4, 2001, the Company signed a second contract with a food processing corporation to purchase the energy generation assets of another of the client's divisions and, in turn, provide the division's full requirement energy services for the next twenty-five years. AA I, LLC began recognizing revenue from this contract in the second quarter of fiscal 2002.

AMERICAS POWER PARTNERS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2001

### NOTE D - LIQUIDITY

Since its inception, the Company has incurred a net loss of \$7,106,940 and, at December 31, 2001, it had a working capital deficiency of \$5,333,315. In light of current results of operations and cash flow, the Company recently has relied on advances from and Preferred Stock issued to a related party firm to finance its operations and sales development activities. In addition, client projects are anticipated to require substantial capital investment and additional third-party financing. Based upon current market conditions, the Company has reduced from \$12 million to \$3 million the amount it seeks to raise in private equity from one or more institutional investors. Management believes proceeds from the equity offering would provide the Company's capital requirements to develop specific client projects and meet working capital requirements, which have been reduced over the last six months.

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The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. While the Company is expending its best efforts to consummate the above equity offering, there can be no assurance that it will be successful in this regard. The aforementioned losses and deficit raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### NOTE E - PER SHARE RESTATEMENT

The basic and diluted net loss per share for the periods of six and three months ended December 31, 2000 has been restated to exclude the antidilutive common stock equivalents previously included in the calculation. The net effect of this restatement increased the previously reported net loss per share for the periods of six and three months ended December 31, 2000 by \$0.04 and \$0.02, respectively.

### ITEM 1 - FINANCIAL STATEMENTS

#### AMERICAS POWER PARTNERS, INC.

#### CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

December 31, 2001

#### ASSETS

##### CURRENT ASSETS

Cash and cash equivalents	\$ 414,633
Accounts receivable:	
Trade	723,209
Retainer held by bank - Note B	539,367
Current portion of net investment in leases	114,941
Inventory - fuel oil	95,273
Prepaid expenses and deferred contract costs	87,673
	-----
TOTAL CURRENT ASSETS	1,975,096

##### EQUIPMENT AND FIXTURES

Computer equipment	119,388
Office equipment	33,498
Equipment leased to clients	2,152,332
Client construction projects in process	1,245,299
	-----
	3,550,517
Less accumulated depreciation	(164,040)
	-----
TOTAL EQUIPMENT AND FIXTURES	3,386,477

##### OTHER ASSETS

Net investment in leases, less current portion	1,845,691
Deposits and fees	56,483
Deferred rent	146,890
Deferred contract costs, net of accumulated amortization of \$253,970	108,576
	-----
TOTAL OTHER ASSETS	2,157,640

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TOTAL ASSETS

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\$7,519,213  
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See accompanying Notes to Condensed Consolidated Financial Statements.

AMERICAS POWER PARTNERS, INC.

CONDENSED CONSOLIDATED BALANCE SHEET  
(Unaudited)

December 31, 2001

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES

Accounts payable	\$ 883,519
Due to related party in connection with client contracts	2,414,599
Accrued expenses:	
To related party	142,868
Other	94,222
Notes payable - Note B:	
To bank in connection with client construction	2,696,836
To related party	936,629
Current maturities of long-term debt	139,738

TOTAL CURRENT LIABILITIES	7,308,411
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LONG-TERM DEBT - net of current  
maturities

10.5 % note payable to bank, due May 2005- Note B	346,194
Capital leases	11,447

TOTAL LIABILITIES	7,666,052
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MINORITY INTEREST	319,839
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STOCKHOLDERS' DEFICIT

Convertible Preferred Stock, no par value, 10,000,000 shares authorized;	
Series A: authorized - 2,725,000 shares;	
Issued and outstanding - 2,709,519 shares	3,952,250
Series B: authorized - 3,000,000 shares;	
Issued and outstanding - 3,000,000 shares	704,763
Common Stock, no par value,	
Authorized - 40,000,000 shares;	
Shares issued and outstanding - 7,138,100 shares	1,983,249
Retained earnings deficit	(7,106,940)

TOTAL STOCKHOLDERS' DEFICIT	(466,677)
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TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 7,519,213 =====
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See accompanying Notes to Condensed Consolidated Financial Statements.

### AMERICAS POWER PARTNERS, INC.

#### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Six Months Ended December 31		Three Month
	2001	2000	2001
Contract revenues	\$ 433,444	\$ 334,955	\$ 245,329
Cost of client services	122,278	193,331	39,847
	311,166	141,624	205,482
Gross profit			
Costs and expenses:			
Payroll and employee benefits	324,905	854,652	147,259
Management and consulting fees	--	134,425	--
Write-off project contract costs	--	85,865	--
Financing expense	45,000	--	--
Other professional fees	9,878	144,374	7,761
General and administrative	299,776	463,423	153,237
	679,560	1,682,739	308,257
Total expenses			
LOSS FROM OPERATIONS	(368,394)	(1,541,115)	(102,775)
Interest income	25,439	49,047	14,227
Interest expense	(91,780)	(28,250)	(54,582)
	(66,341)	20,797	(40,355)
Total other expense, net			
LOSS BEFORE MINORITY INTEREST	(434,735)	(1,520,318)	(143,130)
Minority interest in earnings of limited liability corporation	(62,269)	(46,559)	(26,943)
	(497,004)	(1,566,877)	(170,073)
NET LOSS	\$ (497,004)	\$ (1,566,877)	\$ (170,073)
	(0.07)	(0.17)	(0.02)
Net loss per share - basic and diluted - Note E			
Weighted average number of common shares outstanding - basic and diluted	7,138,100	9,038,839	7,138,100

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See accompanying Notes to Condensed Consolidated Financial Statements.

## AMERICAS POWER PARTNERS, INC.

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended December 31	
	2001	2000
	----	----
<b>Cash Flows from Operating Activities:</b>		
Net loss	\$ (497,004)	\$(1,566,877)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for depreciation and amortization	99,570	123,333
Minority interest	62,269	46,559
Common Stock issued for services	--	37,500
Change in accounts receivable	(165,720)	(1,013,871)
Change in prepaid expenses and deferred contract costs	17,892	(48,239)
Change in accounts payable	129,902	(98,501)
Change in accrued expenses	(53,199)	(3,432)
Change in deferred compensation	--	296,449
	90,715	(660,202)
Total adjustments		
Net cash used in operating activities	(406,289)	(2,227,079)
<b>Cash Flow from Investing Activities:</b>		
Purchase of client construction projects in progress	(584,599)	(811,052)
Purchase of equipment underlying lease agreements	(676,101)	(488,600)
Payments from lessees regarding finance lease receivables	50,267	79,977
Increase in deposits	--	(2,979)
Payment of deferred contract costs	(53,687)	(279,411)
Repayments from related parties	--	156,581
	(1,264,120)	(1,345,484)
Net cash used in investing activities		
<b>Cash Flow from Financing Activities:</b>		
Proceeds from notes payable to banks, net of fees	1,177,719	600,000
Proceeds from notes payable to related party	699,129	--
Payments on note payable to bank	(54,986)	(33,244)
Payments on capital leases	(10,026)	(5,845)
Payments on insurance financing	(3,481)	--
Minority interest investment in limited liability company	--	387,745
Proceeds from issuance of Common Stock	--	2,000,000
	1,808,356	2,948,656
Net cash provided by financing activities		
Net Increase (Decrease) in Cash and Cash Equivalents	137,946	(623,907)
Cash and cash equivalents at beginning of period	276,687	951,509



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CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 414,633	\$ 327,602
	=====	=====
SUPPLEMENTAL DISCLOSURES		
Interest paid (net of amount capitalized)	\$ 64,731	\$ 21,127
Accrual for client construction projects in process	552,082	--
Net investment in capitalized finance leases	1,290,629	488,600

See accompanying Notes to Condensed Consolidated Financial Statements.

### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the historical financial information and the notes thereto included in Item 1 of this Quarterly Report.

The Company signed its first two contracts for the monetization and optimization of steam generation facilities during the third quarter of fiscal 2000. Three additional contracts were signed in the quarter ended September 30, 2000, with two of these resulting in revenues and costs recorded in that quarter. The third contract, signed between the Company's 50%-owned limited liability corporation and a food processing company, was effective starting in the second quarter of fiscal 2001, and accounted for approximately 54% and 52% of revenues for the periods of six and three months ended December 31, 2001, respectively. Another contract with this food processing client, signed in September 2001, accounted for approximately 10% and 17% of revenues for the periods of six and three months ended December 31, 2001, respectively.

The Company's gross margin in the current fiscal six-month period increased to 71.8% from 42.3% in the corresponding prior year period as a result of an amendment to a client contract, which eliminated the requirement that the Company provide utility commodities as part of its service in the current fiscal year.

During the period of six months ended December 31, 2001, the Company incurred a net loss of \$497,004, compared to a net loss of \$1,566,877 for the corresponding prior year period. For the current three-month period, the Company recorded a net loss of \$170,073, compared to a net loss of \$831,214 for the second quarter of fiscal 2001. In the six and three-month fiscal 2002 periods, the Company was able to achieve the following reduction of expenses compared to amounts recorded during the corresponding periods during fiscal 2001.

**Payroll and employee benefits:** Payroll and benefit expense for the periods of six and three months ended December 31, 2001 decreased approximately \$529,700 and \$422,900, respectively, compared to the corresponding periods of the prior fiscal year, principally as a result of the decrease in the number of employees (three versus ten) and the elimination of a provision for a former officer's deferred compensation.

**Management and consulting fees:** Management and consulting fees decreased approximately \$134,400 and \$28,300, respectively, for the six and three month periods ended December 31, 2001, compared to the prior year, as a result of the cancellation, effective June 30, 2001, of a contract with a venture capital/management consulting firm and the voluntary termination, effective November 2000, of related party independent contractor agreements.

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Write-off project contract costs: During the period of three months ended September 30, 2000, management concluded that several client projects were no longer economically feasible or did not justify further investment of resources. Accordingly, approximately

\$104,200 of previously deferred development costs relating to these projects was written-off. In the three month period ended December 31, 2000, the Company received a \$20,000 vendor retainer credit to apply against the aforementioned write-off. A similar review of the deferred development costs recorded as of December 31, 2001 determined that the stated amounts had continuing value to the Company.

Financing expense: In April 2001, the Company entered into an agreement with an investment banking firm to raise \$12 million of additional equity through the sale of stock or other securities, the proceeds of which were to be used as working capital for ongoing operations and to fund future client projects. The firm was paid a retainer of \$15,000 per month through September 2001.

Other professional fees: Professional fees decreased approximately \$134,500 and \$56,700, respectively, during the current six and three-month periods compared to the corresponding prior year periods as a result of a significant decrease in legal expense and the elimination of public relation activities in the first half of fiscal 2002.

General and administrative: General and administrative expenses for the six and three month periods ended December 31, 2001 decreased approximately \$163,600 and \$137,700, respectively, from the corresponding prior year periods with the reduction and/or elimination of expenditures relating to personnel travel and office expense for fewer employees, rental of office facilities, and depreciation of Company-owned equipment sold at the end of the prior fiscal year.

Interest Income: Interest income decreased approximately \$23,600 and \$17,000, respectively, in the six and three-month periods ended December 31, 2001 compared to the corresponding prior year periods as a result of the lower cash balances available during the first half of fiscal 2002 and the decline in money market interest rates. In September 2000, the Company received the proceeds from both the sale of \$2 million in Common Stock and the outside investment made in the Company's 50%-owned limited liability company.

Interest Expense: Interest expense for the six month fiscal 2002 period increased approximately \$63,500 as a result of the interim bank loans, totaling \$2,696,836 at December 31, 2001, used to finance construction of improvements to client facilities, the increase in working capital loans received from a related party, plus six months of current year interest on a bank note signed in September 2000 (see Note B of Notes to Condensed Consolidated Financial Statements). Except for the latter, the same factors impacted the \$34,000 increase in interest expense for the three-month period ended December 31, 2001 compared to the corresponding period ended December 31, 2000.

### Liquidity and Capital Resources

Cash balances at December 31, 2001 increased \$137,946 from the prior fiscal year-end as a result of the timing of receipts in connection with the utility invoice processing service performed for clients. The Company's working capital

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deficiency increased to \$5,333,315 at December 31, 2001, compared to a deficiency of \$1,944,751 at June 30, 2001, principally as a result of \$3,196,000 of additional payables and short-term notes associated with the construction of client projects and \$573,000 of additional advances on notes from a related party to finance current operations.

The Company has signed a bank note, in the amount of \$606,000, relating to the financing of a client project. In addition, the Company's 50%-owned limited liability company has a commitment from a bank to sell and leaseback steam generation and air compression facilities previously purchased from a customer and improvements being installed thereto, with a total project cost of \$3.8 million. During the period of construction, the improvements are being financed under an interim financing agreement with the bank, which provides for interest-bearing notes to be executed in support of each construction installment disbursement. The notes mature on September 30, 2002. Upon completion of the project, the LLC will lease the energy generation facility from the bank under a master lease arrangement. Armstrong International, Inc. ("Armstrong"), the investor in the Company's Preferred Stock and strategic business partner, has guaranteed the interim financing, the LLC's subsequent lease payments after the sale-leaseback transaction is closed, and other performance criteria.

Armstrong also has loaned \$126,129 to the LLC in connection with the latter's purchase of a client's steam generation and air compression assets, and the related note matures on March 4, 2002 and bears interest at prime plus 2%. The LLC has a commitment from a bank that it will finance \$1.4 million of improvements for this client project under an arrangement similar to that described above.

In addition, the 50%-owned limited liability company has a \$500,000 line of credit with a bank at December 31, 2001, which use is restricted to paying client utility invoices and is secured by the receivables related to those billings and a guarantee from Armstrong.

The Company experienced severe liquidity difficulties during the latter part of the year ended June 30, 2001, through the period of six months ended December 31, 2001, and subsequently. As described above, expenses have been reduced where possible. Based upon current market conditions, the Company has reduced from \$12 million to \$3 million the amount it seeks to raise in private equity through the sale of stock or other securities to one or more institutional investors, the proceeds of which are to be used as working capital for ongoing operations and to fund future client projects. In the interim, Armstrong has agreed to support the Company's efforts to obtain short-term working capital to meet its essential business requirements on a short-term basis, and has advanced the Company \$810,500 as of December 31, 2001 under an interest-bearing note arrangement. These notes mature on February 15, 2002, and the maturity date subsequently has been extended to April 15, 2002. Although management believes that

Armstrong will continue to provide financing to permit the Company to satisfy its current financial obligations, Armstrong has no contractual or other legal obligation to provide financing to the Company. If Armstrong were to discontinue providing financing to the Company, it would have a material adverse effect on the Company's financial condition and could result in the inability of the Company to continue its business.

Management believes that, in order to attract and finance additional projects, which may include the acquisition of client energy facilities, significant amounts of new debt facilities and/or capital will be needed. In addition, working capital financing will be needed to facilitate the Company's utility

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invoice processing service for current and future clients. The Company cannot be certain that it will be successful in efforts to raise such new funds.

### Recent Accounting Pronouncements

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" which requires companies to recognize all derivatives as assets and liabilities measured at their fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and whether it qualifies for hedge accounting. The Company's adoption of this statement, as amended by SFAS No. 138, did not have an effect on the financial statements.

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," which is effective for years beginning after December 15, 2001. Under the new pronouncement, other intangibles will continue to be amortized over their respective useful lives. The Company has adopted early SFAS No. 142, which did not have an effect on the financial statements.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," effective for years beginning after June 15, 2002. Under this standard asset retirement obligations will be recognized at a discounted fair value basis and capitalized and allocated to expense over the asset's useful life. The Company is not required to adopt this new standard until its fiscal year ended June 30, 2003, and is currently evaluating the standard's impact.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", effective for years beginning after December 15, 2001. The new rules for long-lived assets to be disposed by sale excludes the allocation of goodwill to be tested for impairment of such assets, establishes a primary asset approach to be used for the estimation of future cash flows and allows for probability-weighted future cash flow estimation for impairment testing. The Company is not required to adopt this new standard until its fiscal year ended June 30, 2003, and currently is evaluating the standard's impact.

## PART II OTHER INFORMATION

### ITEM 1. Legal Proceedings

Neither the Registrant nor any of its affiliates are a party, nor is any of their property subject, to material pending legal proceedings or material proceedings known to be contemplated by governmental authorities.

### ITEM 2. Changes in Securities

During the period of three months ended December 31, 2001, there were no changes in the Company's outstanding securities.

### ITEM 3. Defaults Upon Senior Securities

None

### ITEM 4. Submission of Matters to a Vote of Security Holders

None

### ITEM 5. Other Information

None

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ITEM 6. Exhibits and Reports on Form 8-K

a. Exhibits:

10. Utilities Requirements Agreement by and between H.J. Heinz Company, L.P. and Armstrong-Americas-I, L.L.C.

b. Reports on Form 8-K:

There were no Form 8-K filings during the period of three months ended December 31, 2001.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAS POWER PARTNERS, INC.

/s/ Mark A. Margason

February 11, 2003

-----  
Mark A. Margason  
Chief Executive Officer

/s/ Jerome P. Frett

February 11, 2003

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Jerome P. Frett  
Controller