AMERICAS POWER PARTNERS INC
Form 10QSB
May 14, 2003

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

FORM 10-QSB

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

For the quarterly period ended: March 31, 2003

Commission file Number: 0-24989

AMERICAS POWER PARTNERS, INC.
(Exact Name of Registrant as Specified in its Charter)

Colorado	36-4288975
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification Number)
710 North York Road, Hinsdale, IL	60521
(Address of Principal Executive Offices)	(Zip code)

(630) 325-9101
(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 [X] NO [_]

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 March 31, 2003.

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

PART I - FINANCIAL INFORMATION

Disclosure Regarding Forward-Looking Statements

This Quarterly Report on Form 10-QSB includes historical information as well as statements regarding the Company's future expectations which may constitute "forwarding-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.

ITEM I FINANCIAL STATEMENTS

AMERICAS POWER PARTNERS, INC.

CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

March 31, 2003

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 462,802
Accounts receivable:	
Trade	1,444,723
Retainer held by bank	80,826
Current portion of net investment in finance leases	192,898
Other receivables	112,077
Inventory	38,320
Prepaid expenses and other current assets	93,796
TOTAL CURRENT ASSETS	2,425,442
FIXED ASSETS	
Leased equipment	4,492,765
Office equipment and leasehold improvements	96,625
	4,589,390
Accumulated depreciation	(288,412)
TOTAL FIXED ASSETS	4,300,978
OTHER ASSETS	
Construction in process	3,793
Net investment in finance leases less current portion	3,208,589
Deposits and deferred costs net of amortization	764,642
TOTAL OTHER ASSETS	3,977,024

TOTAL ASSETS	$ 10,703,444

See accompanying Notes to Consolidated Financial Statements.

AMERICAS POWER PARTNERS, INC.

CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

March 31, 2003

LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	
CURRENT LIABILITIES	
Accounts payable	$ 1,573,677
Due to related parties	2,765,475
Accrued expenses:	
Related party	98,369
Other	25,730
Notes payable:	
Interim construction loan	988,542
Related party	810,500
Current maturities of long-term debt and capital leases	585,053
TOTAL CURRENT LIABILITIES	6,847,346
LONG-TERM OBLIGATIONS	
Debt	172,765
Capital lease	4,600,621
TOTAL LONG-TERM OBLIGATIONS	4,773,386
TOTAL LIABILITIES	11,620,732
MINORITY INTEREST	417,586
STOCKHOLDERS' (DEFICIT) EQUITY	
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;	
Issued and outstanding - 7,138,100 shares	1,983,249
Accumulated deficit	(7,975,136)
TOTAL STOCKHOLDERS' (DEFICIT) EQUITY	(1,334,874)
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	$ 10,703,444

See accompanying Notes to Consolidated Financial Statements.

AMERICAS POWER PARTNERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Nine Months Ended March 31,		Three Months E
	2003	2002	2003
Revenues provided by services	$ 9,973,386	$ 3,819,667	$ 3,770,222
Costs of services	8,875,921	3,317,566	$ 3,338,973
Gross Profit	1,097,465	502,101	431,249
Costs and Expenses:			
Payroll and employee benefits	476,396	497,712	$ 141,500
General and administrative	207,909	329,111	$ 116,214
Depreciation and amortization expense	227,507	143,007	$ 82,709
Total Expenses	911,812	969,830	340,423
PROFIT (LOSS) FROM OPERATIONS	185,653	(467,729)	90,826
Other items:			
(Loss) on disposition of assets and other	(39,954)	--	(17,591)
Interest income	24,332	33,898	7,265
Interest (expense)	(328,319)	(144,132)	(102,432)
TOTAL OTHER (EXPENSE)	(343,941)	(110,234)	(112,758)
LOSS BEFORE MINORITY INTEREST	(158,288)	(577,963)	(21,932)
Less minority shareholder's interest in earnings of limited liability corporation	254,774	104,670	$ 110,524
NET (LOSS)	($ 413,062)	($ 682,633)	($ 132,456)
Net loss per share - basic and diluted	($ 0.06)	($ 0.10)	($ 0.02)
Weighted average number of common shares outstanding	7,138,100	7,138,100	7,138,100

See accompanying Notes to Consolidated Financial Statements.

AMERICAS POWER PARTNERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended March 31,	
	2003	2002
Cash flow from operating activities:		
Net loss	$ (413,062)	$ (682,633)
Adjustments to reconcile net loss to net cash used in operations:		
Provision for depreciation and amortization	166,640	156,664
Amortization of unearned income	(466,662)	--
Loss on disposition of equipment	39,954	--

Minority interest's profit	254,774	104,670
(Increase) in accounts receivable	(191,871)	(159,400)
(Increase) in other receivables	(119,235)	--
(Increase) in prepaid expenses and deferred items	(152,099)	(45,022)
Increase in accounts payable	365,276	34,489
Increase in accounts payable to related party	84,596	--
Increase (decrease) in accrued expenses	27,164	(95,903)
Other, net	(31,158)	--
Total adjustments	(22,621)	(4,502)
Net cash used in operations	(435,683)	(687,135)
Cash flow from investing activities:		
Purchase of fixed assets	--	(1,964,450)
Payments from lessees under finance leases	616,272	58,387
Deposit on new plant purchase	(250,000)	--
Net cash generated (used) in investing activities	366,272	(1,906,063)
Cash flow from financing activities:		
Proceeds from bank financings	1,548,601	2,408,190
Repayment of debt obligations	(316,159)	(112,902)
Proceeds of notes payable to related party	--	699,129
Repayment of debt principal to related party	(150,000)	--
Repayment of interim construction debt to related party	(997,405)	(126,129)
Distribution to minority shareholder	(250,000)	(75,000)
Net cash (used) and generated from financing activities	(164,963)	2,793,288
Net (decrease) increase in cash	(234,374)	200,090
Cash at beginning of period	697,176	276,687
Cash at end of period	$ 462,802	$ 476,777

SUPPLEMENTAL DISCLOSURE:

During the nine months ended March 31, 2003, a related party advanced $1,952,539 for the purchase of fixed assets.

During the nine months ended March 31, 2003 and 2002, the Company paid interest of $314,850 and $168,297, respectively.

See accompanying Notes to Consolidated Financial Statements

AMERICAS POWER PARTNERS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business

Americas Power Partners, Inc. (the "Company") was incorporated in April 1998

with a charter to provide on-site utilities for industrial, commercial and institutional customers. The Company intends to become a leading independent power producer engaged in the business of developing, acquiring, owning and managing the operation of energy systems, including existing facilities and cogeneration plants which produce electricity and thermal energy for sale under long-term contracts. These contracted projects, each anticipated to range from approximately 5 MW to 100 MW, may be dedicated to selling all of the electrical and thermal output to a single end-user, selling all of the output to one or more wholesale marketing organizations, or a combination thereof. The Company seeks long-term all-requirements contracts generally in the range of 12 to 25 years for energy and utility services.

The Company employs and partners with on-site utility specialists whose skills include design, operation and financing of combined heat and power generation, waste heat recovery, thermal and electrically based cooling/refrigeration, steam, electric, chilled water distribution, energy storage, measurement, automation, process water treatment, wastewater treatment and pollution control.

The Company is pursuing strategic alliances with recognized companies in the areas of power plant optimization, operations and maintenance, fuel supply and electric power marketing. The Company's strategic partners would bring key skill sets to the development process and would provide the Company with project opportunities from their established customer bases.

The Company generates revenue 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 and its 50%-owned limited liability corporation, Armstrong-Americas I, LLC (the "LLC"). The LLC owns the Company's interests in assets relating to power plant system projects in place or in progress for the Company's largest customer. The other member of the LLC is Armstrong Service Inc. ("ASI"), a wholly owned subsidiary of Armstrong International ("Armstrong"), an investor in the Company's Preferred Stock. The 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 in consolidation.

Basis of Presentation

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.

The interim financial information presented in the accompanying consolidated financial statements reflects all adjustments which are, in the opinion of management, necessary to present the consolidated financial position of the Company as of March 31, 2003 and the results of its operations and cash flows for the nine months then ended. Results shown for interim periods are not necessarily indicative of the results for a full fiscal year. These 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 of Form 10-KSB for the fiscal year ended June 30, 2002.

Change in Accounting Treatment

Beginning in April 2002, the Company began to account for certain billings for operations and maintenance costs and utilities costs differently than it had prior to that time. The Company has elected to reclassify those billings to its customers as revenue and to expense costs incurred for those services as costs of services. Prior to April 2002, it had been the Company's policy to net these revenues and costs with the resultant amount, if any, included as revenue or expense as the case may be. The Company believes that this method of recognizing revenue and expense more accurately reflects the operations of the business. As a result of this prior year reclassification, the Statements of Operations for the nine and three months ended March 31, 2002 have been restated. For the nine months ended March 31, 2002, revenues and costs of services have been increased by $3,149,735 (which includes approximately $372,000 for operations and maintenance costs and approximately $2,778,000 for utilities costs) to give effect to this change. For the three months ended March 31, 2002, revenues and costs of services have been increased by $1,109,942 (which includes approximately $136,000 for operations and maintenance costs and approximately $974,000 for utilities costs) to give effect to this change. The net losses reported for the nine and three months ended March 31, 2002 have not been affected by this change.

Revenue Recognition

Most of the revenue recognized by the Company is earned pursuant to energy service and utility requirement agreements as well as operations and maintenance agreements that the Company executes with its customers. The Company evaluates the terms of these agreements individually to determine the applicable accounting treatment. Utilities and operations and maintenance revenue are recognized as they are earned. To the extent that these agreements provide for fixed minimum payments and terms, they are accounted for as leases. To the extent that an agreement provides 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 (SFAS 13"), 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 agreements that qualify as operating leases under SFAS 13 is recorded on a straight-line basis over the term of the contract. 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 March 31, 2003 and 2002, the diluted loss per share computation was anti-dilutive; therefore, the amount reported for basic and diluted loss per share is the same.

NOTE B - NOTES PAYABLE

The Company has financed the majority of its power plant equipment projects with the leasing subsidiary of a major bank. Under the terms of these transactions, assets with a cost of approximately $5,550,000 were financed under three separate "true leases". As such, the lessor owns the assets for tax purposes and is entitled to claim the tax benefits. The leases are net leases as all of the costs associated with the assets such as maintenance, insurance and property taxes are for the account of the Company. Under each of these transactions, the Company can elect to purchase the assets from the lessor at the end of a fixed term. These terms range from 59 to 89 months as of March 31, 2003. The purchase

option prices range from 20% to 32.7% of the original cost of the equipment. The weighted average interest rate implicit in the leases is 5.98% per annum. The Company has accounted for its repayment obligations under these transactions as capital lease obligations. The assets are included in Leased Equipment and Net investment in finance leases and the capital lease obligation is included in Long-term obligations on the Condensed Consolidated Balance Sheet of the Company.

The LLC has signed three interim promissory notes that are in effect as of March 31, 2003. The notes have been signed with the aforementioned leasing subsidiary of a major bank and the notes total $988,542. These promissory notes have been used to finance equipment previously purchased from a customer along with certain improvements being made to the facility where this equipment is located. The promissory notes provide for monthly payments of interest only. The interest rate is computed at the bank's prime

rate. The LLC has received net proceeds of $907,716 from the issuance of these notes. This amounts to approximately 92% of the face value of the notes and the cost of the assets that were acquired. The difference of $80,826 has been retained by the Bank as additional collateral. The Company expects that this retained amount will be released at the time that permanent financing occurs. This retained amount is shown as part of Accounts receivable in the current assets section of the Company's balance sheet.

The Company has borrowed $810,500 for working capital purposes from Armstrong. This loan is evidenced by a note that mature on June 30, 2003 and bear interest at prime plus 2%.

The Company has a loan from a bank with a principal balance of $314,939 as of March 31, 2003. This loan is being used to finance an optimization project. The loan bears interest at a rate of 5.75% per year. Monthly payments of $12,798 are due under this loan. There are 26 monthly payments remaining.

NOTE C - LIQUIDITY

Since its inception in April 1998, the Company has incurred aggregate net losses of $7,975,137. At March 31, 2003, the Company has a working capital deficiency of approximately $4,422,000. But $3,674,000 (approximately 54% of the Company's current liabilities) of this deficit is attributable and due to related parties that are also significant investors in the Company's stock. In addition to the $3,674,000 of related party debt, $988,542 of interim construction notes are technically classified as current liabilities. But, the Company has commitments from a lender to convert these notes into long-term obligations later in fiscal 2003. This is expected to occur by June 30, 2003.

For the last 21 months, the Company has relied on equity distributions from the LLC to finance its operations and sales development activities. As permanent financing is obtained for the LLC's projects, these equity distributions are not expected to be available to the Company.

The Company has sufficient cash in which to operate for the balance of the current fiscal year. But, thereafter, in order to finance its daily operations and future projects in which the Company intends to invest, the Company will need to look elsewhere for these needs. In April, the Company entered into discussions with Armstrong and other potential equity sources to provide working capital and additional equity capital to the Company. The Company expects to further these discussions, which may or may not lead to a definitive agreement. Any definitive agreement is contemplated to provide working capital commitments and equity commitments to invest in projects which will generate cash flow to support the Company's operations.

One of the Company's strategies has been to acquire thermal and electrical (co-generation) plants. In connection therewith, the Company made a $250,000 deposit on a facility that the Company had agreed to purchase in August, 2002 for approximately $8.7 Million. However, in November, 2002, the Company's equity partner in the transaction

declined to participate when the purchase was about to close. The Company initially attempted to secure other equity partners and believed as of December 31, 2002 that an equity investor had been located. However, subsequent to December 31, 2002, those efforts proved to be unsuccessful. As a result, the seller has located another purchaser that is attempting to purchase this facility. If another party is successful in purchasing this asset, the Company could lose the $250,000 deposit. However, it is still possible that the Company may find an equity investor and obtain this facility, as the Company is actively seeking new equity investors and the seller has expressed significant interest in finalizing this transaction with the Company in the event that the necessary financing is obtained. The Company's attorneys have indicated that should the deposit be lost, they believe the Company would succeed in recovering such amounts, including legal fees and damages, from the initial equity investor. Management believes the original equity investor to have the financial wherewithal to pay any such award. Accordingly, the Company has not provided any valuation allowance against this deposit as of March 31, 2003. However, any changes in the conditions described above could result in the need for such a provision in the future. The deposit is included in Deposits and deferred costs net of amortization in the accompanying Condensed Consolidated Balance Sheet.

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company is expending its best efforts to consummate the raising of equity capital. But there can be no assurance that it will be successful in doing so. The aforementioned future cash flow needs, losses and working capital 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 D - THE EFFECT OF STOCK OPTIONS ON EARNINGS PER SHARE

Employee stock options to purchase 1,227,600 and 1,177,600 shares of common stock were outstanding as of March 31, 2003 and 2002, respectively. Such stock options could potentially dilute basic EPS in the future, but, were excluded from the computation of diluted earnings per share due to being anti-dilutive.

The Company has elected to account for stock-based compensation using the value method under Accounting Principles Opinion No. 25, "Accounting for Stock Issued to Employees". Accordingly, no compensation expense was included in the determination of net loss for the nine months ended March 31, 2003 and 2002. Had compensation expense for the Company's stock options been recognized based on the fair value at the grant dates for awards under the stock option plan as defined in Statement of Financial Accounting Standards No, 123, "Accounting for Stock-Based Compensation", the

Company's net loss and net loss per share would have been as indicated in the following:

	Nine Months Ended March 31,	
	2003	2002

Net loss - as reported	$ (413,062)	$ (682,633)
Net loss - pro forma	$ (476,459)	$ (715,750)
Net loss per share - as reported:		
Basic and diluted	$ (0.06)	$ (0.10)
Net loss per share - pro forma:		
Basic and diluted	$ (0.07)	$ (0.10)

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.

During the nine and three months ended March 31, 2003, the Company incurred net losses of $413,062 and $132,456, respectively, compared to net losses of $682,633 and $185,630 for the corresponding prior year periods in 2002.

Revenues and Costs of Services: Revenues in the nine and three months ended March 31, 2003 increased approximately $6,154,000 and $2,424,000, respectively over the same period last year. Costs of services in the nine and three months ended March 31, 2003 increased approximately $5,558,000 and $2,183,000, respectively over the same period last year. The net result is that the Company's gross profit increased from $502,000 to $1,097,000 for the nine month period while the three month gross profit increased from $191,000 to $431,000. These increases are due to the Company adding two more significant energy monetization contracts. One was added in October 2001 and the other was added in April 2002.

Payroll and employee benefits expense: Payroll and employee benefit expenses declined approximately $21,000 or 4.3% for the nine months ended March 31, 2003 compared to the corresponding period of the prior fiscal year. For the three months ended March 31, 2003, payroll and employee benefits declined by approximately $31,000. In addition to a slight reduction in salary expense, the Company's increased use of leased employees in the current period resulted in lower payroll tax expense.

General and administrative expenses: This category decreased approximately $121,000 during the nine months ended March 31, 2003 compared to the nine months ended March 31, 2002. Virtually every category of expense declined during the nine month period. Major decreases included a decrease in professional fees of approximately $83,000, a decrease in the provision for doubtful accounts of approximately $62,000, a reduction in rent expense of approximately $18,000 and a reduction in travel and related expense of $12,000. Insurance costs increased by approximately $58,000.

In the three months ended March 31, 2003 general and administrative expenses increased by approximately $52,000 compared to the corresponding period in 2002 due primarily to increased insurance and employee business and travel expenses.

Depreciation expense: Depreciation increased $84,500 and approximately $29,000 during the nine and three months ended March 31, 2003 compared to the same periods in 2002. The Company's depreciable equipment increased from approximately $2,300,000 at March 31, 2002 to $4,589,000 as of March 31, 2003.

Loss on Disposition of Assets: During the nine months ended March 31, 2003, the Company recorded losses of approximately $40,000 from the dispositions of

certain leased equipment assets. No such losses occurred in the prior fiscal period.

Interest Income: Interest income decreased approximately $9,600 in the nine months period ended March 31, 2003 over the corresponding prior year period and decreased approximately $1,200 in the three months ended March 31, 2003 vs. the corresponding 2002 period. Both declines were the result of lower average balances available for investment and lower interest rates on invested funds.

Interest Expense: Interest expense for the nine months ended March 31, 2003 increased approximately $184,000 compared to the nine months ended March 31, 2002. Interest expense for the three months ended March 31, 2003 increased approximately $50,000 compared to the three months ended March 31, 2002. Both increases were a result of increased borrowings. The Company's outstanding debt increased from approximately $4.7 Million as of March 31, 2002 to $7.2 Million as of March 31, 2003.

Liquidity and Capital Resources

The Company has a working capital deficiency of approximately $4.3 Million. $3.7 Million of that deficiency is attributable and due Armstrong and ASI. In addition, $988,542 of interim construction notes are technically classified as current liabilities. But, these construction notes are not going to be called by the bank within the next year. Rather, the Company has received a commitment for and is negotiating the terms of a long-term lease with the leasing subsidiary of that bank to finance the full amount of these interim construction loans and it will use the proceeds from this financing to repay certain obligations to ASI for construction work it has performed on behalf of the LLC.

Since its inception five years ago, the Company has incurred aggregate net losses of approximately $7,975,000. Approximately $6,610,000, or 83% of these losses occurred during the first 39 months of the Company's operations from April 1998 through June 2001, an average of approximately $169,000 per month. During the last 21 months, approximately $1,365,000 of additional losses have been incurred, an average of approximately $65,000 per month.

While the Company, in large part, has shown the ability to control costs over the last 21 months, the Company has suffered from the lack of a viable financial equity partner. Instead, the Company has been forced to rely in large part on distributions and advances from the LLC to finance its operations and sales development activities during the last 18 months. Prior to that time, Armstrong had financed much of the Company's activity.

The Company has sufficient cash in which to operate for the balance of the current fiscal year. But, thereafter, in order to finance its daily operations and future projects in which the Company intends to invest, the Company will no longer be able to rely on the LLC for these needs. In April, the Company entered into discussions with Armstrong and other potential equity sources to provide working capital and additional equity capital to the Company. The Company expects to further these discussions which may or may not

lead to a definitive agreement. Any definitive agreement is contemplated to provide working capital commitments and equity commitments to invest in co-generation projects which will generate cash flow to support the Company's operations.

ITEM 3. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our chief executive officer and controller, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-14 within 90 days of the filing date of this quarterly report. Based upon their evaluation, our chief executive officer and controller have concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic SEC filings. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Critical Accounting Policies

The Company has identified significant accounting policies that, as a result of the judgments, uncertainties, uniqueness and complexities of the underlying accounting standards and operations involved, could result in material changes to its financial condition or results of operations under different conditions or using different assumptions. The Company's most critical accounting policies are related to the following areas: revenue recognition, long-lived assets, deposits, concentrations of customers and the underlying credit risk and deferred taxes. Other than the addition of the deposit as discussed in Note C, there have been no material changes to the Company's critical accounting policies that impact the Company's financial condition or results of operations for the quarter ended March 31, 2003.

New Accounting Standards

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets," effective for years beginning after December 15, 2001. Under the new rules, goodwill and certain intangible assets will no longer be amortized, but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives. Adoption is required for fiscal years beginning after December 15, 2001. The adoption of this SFAS did not have an effect on the financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections," which is effective for years beginning after May 15, 2002. Under the new pronouncement, an inconsistency between the required accounting for sale-leaseback transactions was eliminated. The adoption of this SFAS did not have an effect on the financial statements.

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 from January 1, 2003 through March 31, 2003, 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

ITEM 6. Exhibits and Reports on Form 8-K

a. Exhibits:

99.1 Written Statement of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350

99.2 Written Statement of the Controller pursuant to 18 U.S.C. Section 1350

b. Reports on Form 8-K:

None

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.

May 13, 2003

By: /s/ Mark A. Margason

Mark A. Margason
Chief Executive Officer

May 13, 2003

By: /s/ Jerome P. Frett

Jerome P. Frett
Controller

CERTIFICATIONS

I, Mark A. Margason, Chief Executive Officer of Americas Power Partners, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Americas Power Partners, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all

material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we have:
   a.) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b.) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of quarterly report (the "Evaluation Date"); and
   c.) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the Board of Directors:
   a.) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls and
   b.) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and
6. The Registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

/s/ Mark A. Margason

Mark A. Margason
Chief Executive Officer

I, Jerome P. Frett, Controller of Americas Power Partners, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Americas Power Partners, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report;
4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and

we have:

a. designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b. evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of quarterly report (the "Evaluation Date"); and

c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the Board of Directors:

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

/s/ Jerome P. Frett

Jerome P. Frett
Controller

EXHIBIT INDEX

Exhibit Number	Description
99.1	Written Statement of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350
99.2	Written Statement of the Controller Pursuant to 18 U.S.C. Section 1350