

AMERICAN POWER GROUP Corp  
Form 10-Q  
August 14, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended June 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-13776

American Power Group Corporation  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

71-0724248  
(I.R.S. Employer  
Identification No.)

7 Kimball Lane, Lynnfield MA  
(Address of principal executive offices)  
(781) 224-2411

01940  
(Zip Code)

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes

No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer (do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

As of August 13, 2015 there were 52,810,755 shares of the registrant's Common Stock outstanding.

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American Power Group Corporation

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American Power Group Corporation  
Condensed Consolidated Balance Sheets

	June 30, 2015 (Unaudited)	September 30, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,077,248	\$ 126,420
Certificates of deposit, restricted	300,000	300,000
Accounts receivable, trade, less allowance for doubtful accounts of \$11,867 and \$0 as of June 30, 2015 and September 30, 2014, respectively	558,931	1,713,639
Inventory	754,886	794,211
Prepaid expenses	143,169	145,604
Note receivable	737,190	—
Other current assets	65,025	30,971
Total current assets	3,636,449	3,110,845
Property, plant and equipment, net	761,423	831,782
Other assets:		
Seller's note receivable, related party	797,387	797,387
Long term contracts, net	204,167	241,667
Purchased technology, net	204,167	241,667
Software development costs, net	3,078,156	3,118,798
Other	209,403	179,001
Total other assets	4,493,280	4,578,520
	<b>\$8,891,152</b>	<b>\$8,521,147</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 666,983	\$ 1,011,644
Accrued expenses	768,686	904,298
Notes payable, line of credit, current	500,000	—
Notes payable to bank, current	375,350	246,550
Contingent convertible promissory notes - related parties	2,475,000	—
Notes payable, related parties	50,000	198,500
Obligations due under lease settlement, current	68,518	68,518
Total current liabilities	4,904,537	2,429,510
Notes payable to bank, non-current	2,291,460	2,364,431
Warrant liability	41,887	6,497,001
Notes payable, related parties, non-current	—	200,000
Obligations due under lease settlement, non-current	505,540	505,540
Total liabilities	7,743,424	11,996,482
Stockholders' equity (deficit):		
Preferred stock, \$1.00 par value, 998,654 shares authorized, 0 shares issued and outstanding	—	—
10% Convertible Preferred stock, \$1.00 par value, 1,146 shares authorized, 938 shares and 941 shares issued and outstanding at June 30, 2015 and September 30, 2014	938	941
Series B 10% Convertible Preferred stock, \$1.00 par value, 200 shares authorized, 200 shares and 0 shares issued and outstanding at June 30, 2015 and September 30, 2014	200	—
	<b>528,108</b>	<b>507,351</b>

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Common stock, \$.01 par value, 150 million shares authorized, 52,810,755 shares and 50,735,050 shares issued and outstanding at June 30, 2015 and September 30, 2014

Additional paid-in capital	61,967,029	58,248,103
Accumulated deficit	(61,348,547 )	(62,231,730 )
Total stockholders' equity (deficit)	1,147,728	(3,475,335 )
	\$8,891,152	\$8,521,147

See accompanying notes to unaudited condensed interim consolidated financial statements.

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American Power Group Corporation  
Condensed Consolidated Statements of Operations  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net sales				
	\$555,662			