

Alternative Energy Partners, Inc.
Form 10-Q/A
June 14, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

Quarterly Report under Section 13 or
15(d) of the Securities Exchange Act of
1934.

For the quarterly period ended: **April 30, 2012**

Transition Report under Section 13 or
15(d) of the Securities Exchange Act of
1934.

For the transition period from: _____ to _____

Commission file number: 333-154894

ALTERNATIVE ENERGY PARTNERS, INC.

(Exact name of small business issuer as specified in its charter)

FLORIDA
(State or other jurisdiction of incorporation or organization)

26-2862564
(I.R.S.
Employer
I.D.
Number)

1365 N. Courtenay Parkway, Suite A

Merritt Island, FL 32953

(Address of principal executive offices)

321-452-9091

(Issuer's telephone number)

Indicate by check mark whether the Company (1) 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 Company 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 Company 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 (Sec. 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Company was required to submit and post such files).

Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)

Indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of June 14, 2012, there were 168,351,547 shares of our common stock outstanding.

Alternative Energy Partners, Inc. and Subsidiaries

(A Development Stage Company)

April 30, 2012

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward looking statements that involve risks and uncertainties, principally in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operation.” All statements other than statements of historical fact contained in this Form 10-Q, including statements regarding future events, our future financial performance, business strategy and plans and objectives of management for future operations, are forward-looking statements. We have attempted to identify forward-looking statements by terminology including “anticipates,” “believes,” “can,” “continue,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “should,” or “will” or the negative of these terms or other comparable terminology. Although we do not make forward looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks outlined under “Risk Factors” or elsewhere in this Quarterly Report on Form 10-Q, which may cause our or our industry’s actual results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all risk factors, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short term and long term business operations, and financial needs. These forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Quarterly Report on Form 10-Q, and in particular, the risks discussed below and those discussed in other documents we file with the United States Securities and Exchange Commission that are incorporated into this Quarterly Report on Form 10-Q by reference. The following discussion should be read in conjunction with our annual report on Form 10-K and our quarterly reports on Form 10-Q incorporated into this Quarterly Report on Form 10-Q by reference, and the consolidated financial statements and notes thereto included in our annual and quarterly reports. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statement.

You should not place undue reliance on any forward-looking statement, each of which applies only as of the date of this Quarterly Report on Form 10-Q. Before you invest in our common stock, you should be aware that the occurrence of the events described in the section entitled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q could negatively affect our business, operating results, financial condition and stock price. Except as required by law, we undertake no obligation to update or revise publicly any of the forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform our statements to actual results or changed expectations.

In this Quarterly Report on Form 10-Q, references to “we,” “our,” “us,” “Alternative Energy Partners, Inc.,” “AEGY”, “The Company” or the “Company” refer to Alternative Energy Partners, Inc., a Florida corporation.

Item 1. Financial Statements

Alternative Energy Partners, Inc. and Subsidiaries
(A Development Stage Company)
Consolidated Balance Sheets

	April 30, 2012 (Unaudited)	July 31, 2011 (Audited)
<u>Assets</u>		
Current Assets		
Cash	\$ -	\$ 337
Deferred loan costs, net of accumulated amortization of \$18,550 and \$10,925	-	7,625
Total Current Assets	-	7,962
Other Assets		
Solar generation technology (net)	77,500	85,000
Advances	15,000	-
Goodwill	2,875	2,875
Total Other Assets	95,375	87,875
Total Assets	\$ 95,375	\$ 95,837
<u>Liabilities & Stockholders' Equity</u>		
Current Liabilities		
Accounts payable	162,157	75,812
Payroll liabilities	7,322	7,322
Loans payable	12,500	12,500
Notes payable, net of debt discount of \$89,582 and \$183,494	96,876	77,006
Related party payable- HOTI	2,374	2,374
Accrued interest	15,121	7,995
Total Current Liabilities	296,350	183,009
Total Liabilities	296,350	183,009
Stockholder's Equity (Deficit)		
Common Stock, \$0.001 par value, 250,000,000 shares authorized 106,216,193 and 12,835,864 shares issued and outstanding	106,217	12,836
Preferred stock, \$0.001 par value, 5,000,000 shares authorized	-	-
Additional paid in capital	6,409,860	6,231,010
Deficit accumulated during the development stage	(6,717,052)	(6,331,018)
Total Equity	(200,975)	(87,172)
Total Liabilities and Stockholders' Equity	\$ 95,375	\$ 95,837

The accompanying footnotes are an integral part of these consolidated financial statements

Alternative Energy Partners, Inc. and Subsidiaries
(A Development Stage Company)
Consolidated Statement of Operations

	For the Three Months		For the Nine Months Ended		For the Period
	Ended April 30,		April 30,		from April 28,
	2012	2011	2012	2011	2008 (Inception)
	2012	2011	2012	2011	to April 30, 2012
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of Sales	-	-	-	-	-
Gross Margin	-	-	-	-	-
General & Administrative					
Consulting fees-related parties	30,000	35,845	90,000	2,609,345	3,765,231
Impairment loss	-	-	-	-	2,099,000
Administrative fees	-	-	-	-	130,000
Marketing	-	-	64,155	-	129,155
Professional fees	15,000	13,420	29,500	45,780	110,296
Salaries and wages	-	-	-	26,654	57,414
Rent	-	-	-	-	9,000
Other general and administrative	7,938	29,648	23,132	77,999	115,605
Total Expenses	52,938	78,913	206,787	2,759,778	6,415,701
Net loss before other income (expense)	(52,938)	(78,913)	(206,787)	(2,759,778)	(6,415,701)
Interest expense	(31,405)	(26,491)	(179,247)	(100,839)	(301,351)
Net loss before income taxes	(84,343)	(105,404)	(386,034)	(2,860,617)	(6,717,052)
Income tax expense	-	-	-	-	-
Net Loss	\$ (84,343)	\$ (105,404)	\$ (386,034)	\$ (2,860,617)	\$ (6,717,052)
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.31)	
Weighted average number of shares outstanding during the period - basic and diluted	54,521,527	11,633,485	80,603,239	9,139,543	

The accompanying footnotes are an integral part of these consolidated financial statements

Alternative Energy Partners, Inc. and Subsidiaries
(A Development Stage Company)
Consolidated Statement of Changes in Stockholders' Equity (Deficit)
For the period from April 28, 2008 (Inception) to April 30, 2012

	Common Stock \$0.0001 Par Value		Additional Paid In Capital	Deferred Equity	Deficit Accumulated During the Development Stage	Total Stockhold Equity
	Shares	Amount				
Balance - April 28, 2008	-	\$ -	-	-	\$ -	\$ -
Proceeds from the issuance of common stock - founders - (\$0.00004/share)	5,280,000	5,280	(3,080)	-	-	-
Proceeds from the issuance of common stock (\$1.04/share)	6,240	6	6,494	-	-	-
Net loss for the period from April 28,2008 (inception) to July 31, 2008	-	-	-	-	(3,000)	(3,000)
Balance - July 31, 2008	5,286,240	5,286	3,414	-	(3,000)	(3,000)
Stock issued for services (\$0.06/share)	24,000	24	1,476	-	-	-
Proceeds from the issuance of common stock (\$1.04/share)	5,520	6	5,744	-	-	-
Proceeds from the issuance of common stock (\$2.08/share)	48,000	48	99,952	-	-	100,000
Net loss for the year ended July 31, 2009	-	-	-	-	(52,814)	(52,814)
Balance - July 31, 2009	5,363,760	5,364	110,586	-	(55,814)	(55,814)
Cancellation of common stock	(1,800,000)	(1,800)	1,800	-	-	-
Expenses paid by Shareholders	-	-	5,945	-	-	-

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Proceeds from the issuance of common stock (\$0.24/share)-Sunarias	400,000	400	97,100	-	-	
Proceeds from the issuance of common stock (\$0.001/share)-Shovan	1,500,000	1,500	375	-	-	
Stock issued for services (\$0.001/share)	104,656	105	26	-	-	
Net loss for the year ended July 31, 2010	-	-	-	-	(111,107)	(111,107)
Balance - July 31, 2010	5,568,416	5,569	215,832	-	(166,921)	(166,921)

The accompanying footnotes are an integral part of these consolidated financial statements

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Stock issued for services (\$4.5/share)	330,000	330	1,484,670	-	-	
Stock issued for services (\$4.5/share)	222,220	222	999,778	(1,000,000)	-	
Common stock related to RLP Mechanical Contractors, Inc.	1,120,000	1,120	(1,120)	-	-	
Proceeds from the issuance of common stock (\$3.50/share)-SkyNet Energy Inc.	600,000	600	2,099,400	-	-	
Stock issued for services (\$1.17/share)	600,000	600	702,900	-	-	
Stock issued for services (\$0.63/share)	500,000	500	314,500	-	-	

Issuance of notes payable with beneficial conversion feature	-	-	294,925	-	-
Common stock related to Xenergy, Inc.	2,000,000	2,000	(2,000)	-	-
Common stock from conversion of notes (\$0.12/share)	867,020	867	103,152	-	-
Common stock from conversion of notes (\$0.12/share)	446,429	447	9,554	-	-
Common stock from conversion of notes (\$0.0172/share)	581,395	581	9,419	-	-
Consulting fees	-	-	-	1,000,000	-
Net loss for the year ended July 31, 2011	-	-	-	-	(6,164,097)
Balance - July 31, 2011	12,835,480	\$ 12,836	\$ 6,231,010	\$ -	\$ (6,331,018)
Common stock from conversion of notes (\$0.00048-\$0.013/share)	93,190,993	93,191	101,687	-	-
Issuance of notes payable with beneficial conversion feature	-	-	77,353	-	-
Common stock issued to HOTI to maintain proper ownership	189,720	190	(190)	-	-
Net loss for the quarter ended April 30, 2012	-	-	-	-	(386,034)
Balance - April 30, 2012	106,216,193	\$ 106,217	\$ 6,409,860	\$ -	\$ (6,717,052)

The accompanying footnotes are an integral part of these consolidated financial statements

	For the Nine Months Ended April 30,		For the Period from
	2012	2011	April 28, 2008
			(Inception) to April 30,
			2012
CASH FLOWS USED IN OPERATING ACTIVITIES:			
Net Loss	\$ (386,034)	\$ (2,860,617)	\$ (6,717,052)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization	184,725	101,774	321,383
Impairment loss	-	-	2,099,000
Stock issued for services	-	2,530,761	3,505,131
Services paid by shareholder	-	-	5,945
Increase in deferred loan costs	-	(4,583)	(18,550)
Increase in accounts payable	116,346	12,565	302,157
Increase in payroll liabilities	-	7,050	-
Increase in accrued liabilities	-	-	7,322
Increase in accrued interest	7,126	8,065	19,140
Net Cash Used in Operating Activities	(77,837)	(204,985)	(475,524)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Advances to related parties	(15,000)	-	(15,000)
Net Cash Used in Investing Activities	(15,000)	-	(15,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from convertible notes payable	92,500	231,500	375,500
Proceeds (to) from related party	-	(26,464)	2,374
Proceeds from issuance of stock	-	-	112,650
Net Cash Provided by Financing Activities	92,500	205,036	490,524
Net Increase (decrease) in Cash	(337)	51	-
Cash and cash equivalents, beginning of period	337	163	-
Cash and cash equivalents, end of period	\$ -	\$ 214	\$ -
SUPPLEMENTARY CASH FLOW INFORMATION			
Cash paid during the year/period for:			
Income Taxes	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -
SUPPLEMENTARY CASH FLOW INFORMATION			
Acquisition of SkyNet, Inc. for Stock	\$ -	\$ 2,100,000	\$ 2,100,000
Acquisition of Sunarias Corporation for Stock	\$ -	\$ -	\$ 97,500
Acquisition of Shovan, Inc. for Stock	\$ -	\$ -	\$ 1,875
Conversion of notes payable to stock	\$ 196,542	\$ 100,000	\$ 316,542
Conversion of accrued interest to stock	\$ -	\$ 4,619	\$ 4,019

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Accounts payable converted to notes payable	\$	30,000	\$	5,000	\$	140,000
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The accompanying footnotes are an integral part of these consolidated financial statements

Alternative Energy Partners, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

April 30, 2012

(Unaudited)

Note 1 Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation.

The unaudited interim financial statements should be read in conjunction with the Company's Annual Report on Form 10-K, which contains the audited financial statements and notes thereto, together with Management's Discussion and Analysis, for the year ended July 31, 2011. The interim results for the period ended April 30, 2012 are not necessarily indicative of results for the full fiscal year. Notes to the Consolidated Financial Statements, which would substantially duplicate disclosures contained in the audited financials for the fiscal year 2011 as reported in Form 10-K, have been omitted.

Note 2 Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Alternative Energy Partners, Inc. (the "Company") was incorporated in the State of Florida on April 28, 2008.

The Company is involved in the alternative energy sector. The Company has acquired and is seeking to acquire additional emerging growth companies to meet growing demands worldwide in the alternative energy sector. The Company currently has four subsidiaries, Sunarias Corporation ("Sunarias") acquired during the fiscal year ended July 31, 2010; SkyNet Energy Systems, Inc., and Shovon, LLC, acquired during the fiscal year ended July 31, 2011; and

Élan Energy Corp. (“Élan”), incorporated as a wholly-owned subsidiary on September 13, 2010.

Sunarias

Sunarias is a California corporation engaged in thermal and solar energy management. Sunarias marries absorption chilling and solar thermal technologies to provide commercial buildings with energy efficiency at a lower cost. Sunarias intends to assist commercial entities in hedging against extraordinary utility costs, and may be appropriate for use by schools, hospitals, or municipal buildings, among others.

Shovon, LLC

On July 7, 2010, the Company acquired Shovon, LLC a California Limited Liability Company, from Healthcare of Today, Inc., the Company’s former majority shareholder (“Healthcare”), in exchange for 1,500,000 (75,000,000 pre-split) shares of Company common stock.

SkyNet Energy

On August 19, 2010, the Company acquired SkyNet Energy Systems, Inc (“SkyNet”), a Florida Corporation, from Healthcare of Today, Inc., the Company’s former majority shareholder (“Healthcare”), in exchange for 600,000 (30,000,000 pre-split) shares of Company common stock.

Alternative Energy Partners, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

April 30, 2012

(Unaudited)

Note 2 Nature of Operations and Summary of Significant Accounting Policies (continued)

Elán

Elán Energy, Inc. a wholly-owned subsidiary of the Company was formed in September 2010 to manage the Company's commercial HVAC and related operations. It is actively engaged in the acquisition of commercial mechanical contractors and expects to complete several acquisitions in the next fiscal quarter of the Company.

Development Stage

The Company's financial statements are presented as those of a development stage enterprise. Activities during the development stage primarily include equity based financing and further implementation of the business plan. The Company has not generated any significant revenues since inception.

Principles of Consolidation

The accompanying consolidated financial statements include Alternative Energy Partners, Inc. and its wholly-owned subsidiaries described above. All intercompany balances and transactions have been eliminated in consolidation.

Risks and Uncertainties

The Company intends to operate in an industry that is subject to rapid technological change. The Company's operations will be subject to significant risk and uncertainties including financial, operational, technological,

regulatory and other risks associated with a development stage company, including the potential risk of business failure.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. A significant estimate in 2012 and 2011 included a 100% valuation allowance for deferred tax assets arising from net operating losses incurred since inception.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ materially from estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. At April 30, 2012 and July 31, 2011, respectively, the Company had no cash equivalents.

The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. At April 30, 2012 and July 31, 2011, respectively, there were no balances that exceeded the federally insured limit.

Alternative Energy Partners, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

April 30, 2012

(Unaudited)

Note 2 Nature of Operations and Summary of Significant Accounting Policies (continued)

Earnings per Share

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 260, “*Earnings per Share*,” Basic earnings per share (“EPS”) is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted EPS gives effect to all dilutive potential of shares of common stock outstanding during the period including stock options or warrants, using the treasury stock method (by using the average stock price for the period to determine the number of shares assumed to be purchased from the exercise of stock options or warrants), and convertible debt or convertible preferred stock, using the if-converted method. Diluted EPS excludes all dilutive potential of shares of common stock if their effect is anti-dilutive. The computation of basic and diluted loss per share for the period from April 28, 2008 (inception) to April 30, 2012, is equivalent since the Company has had continuing losses.

Share Based Payments

Generally, all forms of share-based payments, including stock option grants, restricted stock grants and stock appreciation rights, are measured at their fair value on the awards’ grant date, and based on the estimated number of awards that are ultimately expected to vest. Share-based payment awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable. The expense resulting from share-based payments are recorded as a component of general and administrative expense.

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and, if impaired, at fair value. They are amortized in accordance with the relevant income stream or by using the straight line method over their useful lives from the time they are first available for use. The estimated useful lives vary according to the specific asset but are typically: 1 to 12 years for customer contracts and relationships; 3 to 8 years for capitalized software; 3 to 10 years for patents, trademarks and licenses; and 3 to 8 years for capitalized development currently being amortized.

Intangible assets which are not yet being amortized are subject to annual impairment reviews.

Goodwill

Goodwill arises on the acquisition of a business when the fair value of the consideration given exceeds the fair value attributed to the net assets acquired (including contingent liabilities). It is subject to annual impairment reviews.

Segment Information

During the three and nine months ended April 30, 2012 and 2011, the Company only operated in one segment; therefore, segment information has not been presented.

Fair Value of Financial Instruments

The carrying amounts of the Company's short-term financial instruments, including accounts payable and accrued liabilities, approximate fair value due to the relatively short period to maturity for these instruments.

Alternative Energy Partners, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

April 30, 2012

(Unaudited)

Note 2 Nature of Operations and Summary of Significant Accounting Policies (continued)

Fair Value Measurement

The fair value of the Company's financial assets and liabilities reflects the Company's estimate of amounts that it would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from sources independent from the Company) and to minimize the use of unobservable inputs (the Company's assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on the Company's assessment of the assumptions that market participants would use in pricing the asset or liability.

At April 30, 2012, and July 31, 2011, respectively the Company has no instruments that require additional disclosure.

Recent Accounting Pronouncements

The Company continually assesses any new accounting pronouncements to determine their applicability to the Company. Where it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequence of the change to its financial statements and assures that there are proper controls in place to ascertain that the Company's financials properly reflect the change.

Alternative Energy Partners, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

April 30, 2012

(Unaudited)

Note 3 Going Concern

As reflected in the accompanying financial statements, the Company has a net loss of \$386,034 net cash used in operations of \$77,837 for the nine months ended April 30, 2012; and deficit accumulated during the development stage of \$6,717,052 at April 30, 2012.

These factors, among others, raise doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments related to recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

In response to these problems, management has taken the following actions:

- The Company is seeking third party debt and/or equity financing;
- The Company is cutting operating costs, and
- As described in Note 8, the Company has been involved in numerous acquisitions with the intent of achieving a level of profitability

Note 4 Loans Payable to Affiliates

During the fiscal year end July 31, 2010, the Company recorded two separate loans payable to an affiliate, McDowell, LLC, totaling \$12,500, and both remained payable as of April 30, 2012. The managing member of McDowell, L.L.C. is Jack Stapleton, who was also sole officer and director of the Company at the time the two promissory notes were executed. The loans are represented by two promissory notes signed by Mr. Stapleton, bear interest at 8% per annum with principal and interest and are due on demand by the holder of the notes. As of April 30, 2012, accrued interest payable was \$1,925. On December 3, 2010, Mr. Stapleton, as Managing Member of McDowell, LLC, issued a written demand for payment of the notes and subsequently filed suit to collect on the two notes. A judgment has been entered in favor of McDowell, LLC.

Note 5 Lease Agreement

The Company currently occupies office space in Merritt Island, Florida sub-leased from a consultant which also provides financial, accounting, compliance and other support services to the Company on a three year consulting agreement. The rent payable under the consulting agreement is not separately stated and is included in the monthly consulting fee payable for the services agreed. The services include use of office equipment, software, servers, and office personnel of the consultant, as well as use of the consultant's offices as the mailing address for the Company.

Note 6 Stockholders' Equity (Deficit)

On January 15, 2012, the Company amended its articles of incorporation to increase authorized common stock to 250,000,000 shares and authorize 5,000,000 in preferred shares.

During the nine months ended April 30, 2012, the Company converted \$194,878 in notes into 93,190,993 shares of common stock.

Alternative Energy Partners, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

April 30, 2012

(Unaudited)

Note 6 Stockholders' Equity (Deficit)

As a result of these transactions, there were 106,216,193 common shares issued and outstanding and no preferred shares authorized at April 30, 2012.

At April 30, 2012, the Company's former majority shareholder held 462,167 common shares.

Note 7 Notes Payable

The following details the significant terms and balances of convertible notes payable, net of debt discounts:

	April 30, 2012 (unaudited)	July 31, 2011 (unaudited)
On December 23, 2010, the Company issued its promissory note in the amount of \$53,000 to an unrelated third party for additional working capital. The note was due September 24, 2011 and carried interest at 8 percent per annum, payable at maturity. The note was convertible into common stock of the Company after six months, at the election of the Holder, at 58 percent of the average of the three lowest closing bid prices of the common stock for the ten trading days prior to the date of the election to convert. The carrying amount of the debt discount was \$0 and \$6,646, respectively. The note was fully converted at April 30, 2012.	\$ -	\$ 26,354

On March 9, 2011, the Company issued its promissory note in the amount of \$35,000 to an unrelated third party for additional working capital. The note was due December 7, 2011 and carries interest at 8 percent per annum, payable at maturity. The note is convertible into common stock of the Company after six months, at the election of the Holder, at 58 percent of the average of the three lowest closing bid prices of the common stock for the ten trading days prior to the date of the election to convert. The carrying amount of the debt discount was \$0 and \$25,345, respectively. The note was fully converted at April 30, 2012.

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9,655

Alternative Energy Partners, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

April 30, 2012

(Unaudited)

Note 7 Notes Payable (continued)

On March 15, 2011, the Company issued its promissory note in the amount of \$50,000 to an unrelated third party for additional working capital. The note is due March 14, 2012 and carries interest at 10 percent per annum, payable at maturity. The note is convertible into common stock of the Company at any time before the due date, at the election of the Holder, at 60 percent of the average of the three lowest closing bid prices of the common stock for the ten trading days prior to the date of the election to convert. The carrying amount of the debt discount was \$0 and \$22,492, respectively.	10,678	27,508
On June 13, 2011, the Company issued a promissory note in the amount of \$32,500 to an unrelated third party for additional working capital. The note was due March 15, 2012 and carries interest at 8 percent per annum, payable at maturity. The note is convertible into common stock of the Company after six months, at the election of the Holder, at 58 percent of the average of the three lowest closing bid prices of the common stock for the ten trading days prior to the date of the election to convert. The carrying amount of the debt discount was \$0 and \$23,534, respectively. This note was fully converted at April 30, 2012.	-	8,966
On June 30, 2011, the Company issued a promissory note in the amount of \$50,000 to an unrelated third party for additional working capital. The note is due December 31, 2012 and carries interest at 2 percent per annum, payable at maturity. The note is convertible into common stock of the Company at any time after issuance of the note, at the election of the Holder, at \$0.013 per share. The carrying amount of the debt discount was \$7,361 and \$45,695, respectively.	42,639	4,305

Alternative Energy Partners, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

April 30, 2012

(Unaudited)

Note 7 Notes Payable (continued)

On July 31, 2011, the Company issued six (6) promissory notes totaling \$60,000 to an unrelated third party for additional working capital. The notes are due December 31, 2012 and carries interest at 2 percent per annum, payable at maturity.

The note is convertible into common stock of the Company at any time after issuance of the note, at the election of the Holder, at \$0.013 per share. The carrying amount of the debt discount was \$3,280 and \$59,784, respectively.

- 218

On February 7, 2012, the Company issued a promissory note in the amount of \$32,500 to an unrelated third party for additional working capital. The note is due November 9, 2012 and carries interest at 8 percent per annum, payable at maturity. The note is convertible into common stock of the Company after six months, at the election of the Holder, at 55 percent of the average of the three lowest closing bid prices of the common stock for the ten trading days prior to the date of the election to convert. The carrying amount of the debt discount was \$32,500 and \$0, respectively.

- -

On March 8, 2012, the Company issued a promissory note in the amount of \$32,500 to an unrelated third party for additional working capital. The note is due December 12, 2012 and carries interest at 8 percent per annum, payable at maturity. The note is convertible into common stock of the Company after six months, at the election of the Holder, at 55 percent of the average of the three lowest closing bid prices of the common stock for the ten trading days prior to the date of the election to convert. The carrying amount of the debt discount was \$32,500 and \$0, respectively.

- -

On February 21, 2012, , the Company issued a promissory note in the amount of \$27,500. The note is due February 21, 2015 and carries interest at 9 percent per annum, payable at maturity. The note is convertible into common stock of the Company 180 days after issuance of the note, at the election of the Holder, at 80% of the closing price on the date of the debenture (\$0.0019). The carrying amount of the debt discount was \$10,450 and \$0, respectively.

17,050 -

Alternative Energy Partners, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

April 30, 2012

(Unaudited)

Note 7 Notes Payable (continued)

On December 1, 2011, the converted accounts payable into a promissory note totaling \$30,000. The note is due November 9, 2012 and carries interest at 8 percent per annum, payable at maturity. The note is convertible into common stock of the Company 180 days after issuance of the note, at the election of the Holder, at 45% of the average lowest three (3) trading prices for the common stock during the ten (10) day trading period prior to the conversion date. The carrying amount of the debt discount was \$3,491 and \$0, respectively.

	26,509	-
\$	96,876	\$ 77,006

Note 8 Subsequent Events

Acquisition:

Clarrix Energy, LLC

The Company has entered into an acquisition agreement dated March 12, 2012 to acquire Clarrix Energy, LLC from its sole member, Élan Energy & Water, Inc., a related party, for a total of forty million (40,000,000) common shares and 5,000,000 Series A Convertible Preferred Shares of the Company. The acquisition closed on May 30, 2012.

When issued, the Series A Convertible Preferred Stock will be a voting stock which votes on a par with the common shares except that the Series A Preferred always has a vote equal to 51 percent of the total votes eligible to vote on any matter, and is convertible at the election of the holder into 51 percent of the resulting common shares outstanding at the time of the election to convert.

Clarrix Energy, LLC provides energy consultative and brokerage services to business of all sizes. The objective of these services is to decrease utility costs in as many ways as possible for every client. The company currently has

agreements with energy suppliers in 10 states, and is in pursuit of additional supply partners.

Alternative Energy Partners, Inc.

(A Development Stage Company)

Notes to Consolidated Financial Statements

April 30, 2012

(Unaudited)

Note 8 Subsequent Events (continued)

Clarrix Energy was founded in 2011 by a management team composed of a diverse group of highly skilled executives with broad base of skills medicine, finance, web development, and retail. The company's initial source of revenue is from commissions generated by saving businesses from 1 to 25% on their utility bills. Management will be diligently searching for products and services for clients, including solar, surge protection, lighting and more.

The deregulation of energy by the federal government has created multiple opportunities in the energy sector. Multiple states allow businesses and consumers to select the supplier of their commodity (gas or electricity). This, of course, is intended to give business the opportunity to save on their utility costs.

The company will be focusing on a creative online strategy to attract and manage clients. Management is developing a sales force in all areas their supply agreements allow. Management plans to technology and state-of-the-art web and social networking strategies to maximize lead generation and minimize advertising costs.

Share issues:

During May of 2012, the Company converted \$10,678 of notes payable into 22,135,354 common shares.

During May of 2012, the Company issued 40,000,000 common shares to acquire Clarrix Energy as referenced in Note 8 above.

As a result of these transactions, there were 168,351,547 common shares outstanding at June 14, 2012.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion includes certain forward-looking statements within the meaning of the safe harbor protections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements that include words such as “believe,” “expect,” “should,” “intend,” “may,” “anticipate,” “contingent,” “could,” “may,” or other future-oriented statements, are forward-looking statements. Such forward-looking statements include, but are not limited to, statements regarding our business plans, strategies and objectives, and, in particular, statements referring to our expectations regarding our ability to continue as a going concern, generate increased market awareness of, and demand for, our current products, realize profitability and positive cash flow, and timely obtain required financing. These forward-looking statements involve risks and uncertainties that could cause actual results to differ from anticipated results. The forward-looking statements are based on our current expectations and what we believe are reasonable assumptions given our knowledge of the markets; however, our actual performance, results and achievements could differ materially from those expressed in, or implied by, these forward-looking statements. Factors within and beyond our control that could cause or contribute to such differences include, among others, our critical capital raising efforts in an uncertain and volatile economical environment, our ability to maintain relationship with strategic companies, our cash preservation and cost containment efforts, our ability to retain key management personnel, our relative inexperience with advertising, our competition and the potential impact of technological advancements thereon, the impact of changing economic, political, and geo-political environments on our business, as well as those factors discussed elsewhere in this Form 10-Q and in “Item 1 - Our Business,” “Item 7 - Management's Discussion and Analysis,” and elsewhere in our most recent Form 10-K, filed with the United States Securities and Exchange Commission.

Readers are urged to carefully review and consider the various disclosures made by us in this report and those detailed from time to time in our reports and filings with the United States Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that are likely to affect our business.

Our Business

Alternative Energy Partners, Inc. (the “Company” or “AEGY”) was organized under the laws of the State of Florida on April 28, 2008. We formed our Company for the purpose of establishing renewable fuel sources initially within the State of Florida. Ethanol was our initial intended product and we intend to establish other alternative energy products and services including, but not limited to, solar-thermal energy production, energy management controls, and more. Our intended original products, while not technically difficult to produce, must meet all regulatory requirements prior to being marketed. Moreover, there are a multitude of competitive products already in the market place. Due to the competitive nature of the market and our continuing capital requirements, we expanded our initial plan to include solar and thermal projects, with the acquisition of Sunarias Corporation on May 18, 2010 and Shovon, LLC on July 9, 2010.

Current Business of the Company

We are a holding company engaged through our subsidiaries in the business of energy production and management. Our business model of vertical integration recognizes that customers have unique energy needs, and by offering an array of energy services we believe we can best provide customized, efficient energy solutions that will appeal to our markets. We believe our intended products and services could represent an important alternative for customers looking to lower their overhead costs or improve public image through efficient energy usage.

Initially, our largest target market will be the commercial energy market. In order to reach that market, we will market to industries with an interest in lowering their energy costs or increasing energy efficiency; these industries include healthcare and hospitality. In order to attract commercial markets, we must begin by establishing and proving that our energy systems are efficient and offer lower cost to use than traditional utilities or systems. For any alternative energy product, we intend to prove market viability prior to engaging in distribution.

1. ENERGY MANAGEMENT

Complementing AEGY's focus on energy production is its second sector, energy management. Through controllers, our energy management systems will allow consumers to customize their energy use, as well as reduce their costs significantly. The AEGY family of companies will be involved in traditional and innovative concepts in energy management and will assist each customer with energy efficiency advances. This will support our customers in realizing many energy efficiency rebates and incentives available through local utilities.

2. SECURITY AND MONITORING

In order to optimize performance, AEGY, where applicable, will provide security for its energy systems. AEGY may acquire or otherwise contract with security companies to provide security and monitoring services where appropriate. The incorporation of security cameras on installations would protect the systems from damage and theft while providing a monitoring hub for the system's performance. Providing security and monitoring services would also allow for the dispatch of HVAC technicians should a system's performance decline for any reason.

3. GASIFICATION

We have identified two gasification technologies to date and continue to explore opportunities in this area. Gasification includes multiple technologies that convert solids to gas that can be either burned or consumed to generate energy. The gasification technologies AEGY is exploring create byproducts which are useful in the Sunarias energy production systems. Specifically, gasification converts trash to an energy that is consumed to produce electricity generation with a heat byproduct. That heat byproduct is then captured and consumed in absorption chilling, the process used by Sunarias.

4. FUEL CELL ENERGY PRODUCTION

Alternative Energy Partners' fourth sector is fuel cell energy production. Currently, fuel cell energy production is considered a future technology that will be feasible within a five year window. The fuel cell energy market is currently experiencing high market demand that it is unable, through its two major manufacturers, to satisfy. This indicates a limit of manufacturing capacity that Alternative Energy Partners will exploit. Fuel Cells can be placed wherever electricity is consumed, within some limitations. This point of use feature reduces demand on the grid. A major consumer market for fuel cells is hospitals, larger schools and colleges, manufacturing facilities and even small communities.

5. POWER PURCHASE AGREEMENTS

AEGY also plans to engage in the purchase of solar photo voltaic power purchase agreements ("PPAs") through its completed acquisition of SkyNet Energy Systems, Inc. as a wholly-owned subsidiary. We completed the acquisition agreement to acquire SkyNet from Healthcare of Today, Inc. for 600,000 (30,000,000 shares pre-split) shares of our common stock on August 19, 2010. Healthcare of Today, Inc. acquired SkyNet for 250,000 shares of its common stock, valued in the acquisition agreement at \$3,000,000, which we valued at \$2,100,000, however \$2,099,000 was written off in subsequent impairment tests. Power purchase agreements have a variety of applications. In the current instance, PPAs are agreements whereby an individual organization arranges with a government-sponsored utility to guarantee the purchase of all of the power that will be provided by that organization's energy production. In the current instance, we will be supplying photo voltaic produced electricity. By purchasing PPAs, SkyNet will receive the income stream from that agreement.

Through Skynet Energy Systems, Inc, AEGY will be able to offer modified Power Purchase Agreements ("PPAs") and Line Reservations, which we call Energy Service Agreements ("ESAs"), to corporations, hospitals and other entities. In July 2010, Skynet signed an agreement that will give it access to obtain Line Reservations in Europe, with a

guaranteed minimum sale of 19.65MW energy at local prices ranging from approximately \$0.42/kw to \$0.72/kw. Pursuant to the agreement, Skynet will provide energy in Europe, including Bulgaria and the Czech Republic.

Our model of energy provision is different; for example, with regard to solar thermal energy, we have the ability to front the costs of system installation and maintenance. In addition to promoting lower operating costs than those of traditional utilities, Sunarias(TM) systems may allow businesses to conveniently meet individual corporate missions or governmental energy reduction mandates such as CA AB32. Regardless of whether they are formally required to do so, many local governments, companies, and individuals are now taking actions to reduce their greenhouse gas emissions or to lock in lower energy costs in a long term agreement with a company like ours while improving their public image through thoughtful use of energy.

While reduction of greenhouse gas emissions is a newer interest for the United States, there is strong market as well as government and societal support for alternative energy production in Europe. The European Union has mandated that 20% of energy come from renewable resources by 2020. Accordingly, AEGY has planned to focus a sales partnership/initiative in Europe, to further engage in this thriving market and grow its presence there.

Plan of Operation

We are in the business of providing commercial buildings with advanced solar thermal energy production, allowing businesses to use alternative energy sources. Initially we market advanced solar thermal energy production, support, monitoring and related services to commercial businesses in the southern United States.

SHOVON, LLC

Whether one is an individual consumer or operating a large facility, using Shovon hardware will allow optimized, controlled energy consumption, resulting in reduced ongoing costs. Shovon products offer the ultimate convenience of being able to access facilities and view relevant events or statuses (down to the appliance level) online. This remote monitoring can be enabled from anywhere in the world by using a PC or cell phone.

Our Product

Shovon's advanced control systems are appropriate for use with the Sunarias product. At present, Shovon's design engineers are working on improvements to the Sunarias controller to allow better access through web based monitoring, maintenance by remote systems management, predictive maintenance items without site visit costs and, a key component of the Sunarias model, measurement of energy consumed for billing purposes.

Shovon has a very large potential market in energy management and automation. This is in addition to its use in the Sunarias' product line and would be useful in commercial buildings for additional services like managing lighting, occupancy responses for air conditioning, security, process controls and event scheduling. In keeping with AEGY's vertical integration model, Sunarias will use the modified Shovon controller to measure the actual performance and consumed offset energy. The monthly billing to the customers will include the energy used, the offset costs which the utility would have charged, and the comparison from the previous period and year.

SKYNET ENERGY SYSTEMS, INC.

Plan of Operation

Through Skynet Energy Systems, Inc, AEGY will be able to offer modified Power Purchase Agreements ("PPAs") and Line Reservations, which we call Energy Service Agreements ("ESAs"), to corporations, hospitals and other entities. In July 2010, Skynet signed an agreement that will give it access to obtain Line Reservations in Europe, with a guaranteed minimum sale of 19.65MW energy at local prices ranging from approximately \$0.42/kw to \$0.72/kw. Pursuant to the agreement, Skynet will provide energy in Europe, including Bulgaria and the Czech Republic.

Our Product

Our model of energy provision is different; for example, with regard to solar thermal energy, we have the ability to front the costs of system installation and maintenance. In addition to promoting lower operating costs than those of traditional utilities, Sunarias(TM) systems may allow businesses to conveniently meet individual corporate missions

or governmental energy reduction mandates such as CA AB32. Regardless of whether they are formally required to do so, many local governments, companies, and individuals are now taking actions to reduce their greenhouse gas emissions or to lock in lower energy costs in a long term agreement with a company like ours while improving their public image through thoughtful use of energy.

Competitive Advantages

While reduction of greenhouse gas emissions is a newer interest for the United States, there is strong market as well as government and societal support for alternative energy production in Europe. The European Union has mandated that 20% of energy come from renewable resources by 2020. Accordingly, AEGY has planned to focus a sales partnership/initiative in Europe, to further engage in this thriving market and grow its presence there.

Employees

As of March 16, 2012, Hong-Shin Pan is our Chairman, President and CEO and sole officer. He is not an employee of the company and is not paid as an employee. Our former sole officer and director, Gary Reed, resigned for personal reasons in September 2011. He was also not an employee of the Company and was not paid as an employee.

Currently, we have no paid employees, full or part-time, and rely on paid consultants to provide necessary services.

Acquisitions

We are pursuing acquisitions of other alternative energy products in the areas of solar and biodiesel, fuel cell technology and renewable water technologies, as well as acquisitions of commercial mechanical contracting companies, and may acquire several mechanical contracting companies over the next few reporting quarters.

Clarrix Energy, LLC

The Company has entered into an acquisition agreement dated March 12, 2012 to acquire Clarrix Energy, LLC from its sole member, Élan Energy & Water, Inc., for a total of forty million (40,000,000) common shares and 5,000,000 Series A Convertible Preferred Shares of the Company. The acquisition closed on May 30, 2012. When issued, the Series A Convertible Preferred Stock will be a voting stock which votes on a par with the common shares except that the Series A Preferred always has a vote equal to 51 percent of the total votes eligible to vote on any matter, and is convertible at the election of the holder into 51 percent of the resulting common shares outstanding at the time of the election to convert.

Clarrix Energy, LLC provides consultative and brokerage services to business of all sizes. The objective of these services is to decrease utility costs in as many ways as possible for every client. The company currently has agreements with energy suppliers in 10 states, and is in pursuit of additional supply partners.

Clarrix Energy was founded in 2011 by a management team composed of a diverse group of highly skilled executives with broad base of skills medicine, finance, web development, and retail. The company's initial source of revenue is from commissions generated by saving businesses from 1 to 25% on their utility bills. Management will be diligently searching for products and services for clients, including solar, surge protection, lighting and more.

The deregulation of energy by the federal government has created multiple opportunities in the energy sector. Multiple states allow businesses and consumers to select the supplier of their commodity (gas or electricity). This, of course, is intended to give business the opportunity to save on their utility costs.

The company will be focusing on a creative online strategy to attract and manage clients. Management is developing a sales force in all areas their supply agreements allow. Management plans to technology and state-of-the-art web and

social networking strategies to maximize lead generation and minimize advertising costs.

Results of Operations for the Three and Nine Months Ended April 30, 2012 and 2011.

For the three months ended April 30, 2012 and 2011, the Company had no revenues. Since inception, the Company has yet to earn revenues and has incurred cumulative net losses of \$6,717,052. For the three months ended April 30, 2012 and 2011, the Company had net losses of \$84,343 and \$105,404, respectively. Our activities have been attributed primarily to start up and business development.

For the three months ended April 30, 2012 and 2011, we incurred operating expenses of \$52,938 and \$78,913, respectively. The decreases relate primarily to efforts to decrease operating costs resulting in decreases in consulting expenses, salaries and wages, professional fees, and other general and administrative expenses.

For the nine months ended April 30, 2012 and 2011, the Company had no revenues. Since inception, the Company has yet to earn revenues and has incurred cumulative net losses of \$6,717,052. For the nine months ended April 30, 2012 and 2011, the Company had net losses of \$386,034 and \$2,860,617, respectively. Our activities have been attributed primarily to start up and business development.

For the nine months ended April 30, 2012 and 2011, we incurred operating expenses of \$206,787 and \$2,759,778, respectively. The decreases relate primarily to efforts to decrease operating costs resulting in decreases in consulting expenses, salaries and wages, professional fees, and other general and administrative expenses. These decreases were offset somewhat by increases in marketing expenses. Consulting expenses were reduced due to a decreased need for various consulting services and stock compensation issued in prior years.

Liquidity and Capital Resources

As shown in the accompanying financial statements, for the nine months ended April 30, 2012 and 2011 and since April 28, 2008 (date of inception) through April 30, 2012, the Company has had net losses of \$386,034, \$2,860,617 and \$6,717,052, respectively. As of April 30, 2012, the Company had not emerged from the development stage. In view of these matters, the Company's ability to continue as a going concern is dependent upon the Company's ability to begin operations and to achieve a level of profitability. Since inception, the Company has financed its activities principally from the sale of public equity securities. The Company intends on financing its future development activities and its working capital needs largely from the sale of public equity securities with some additional funding from other traditional financing sources.

On November 1, 2011, we signed an equity line of credit terms sheet with Apollo Capital Investments, LLC under which Apollo has agreed to provide \$10 million in funding over a 36 month period in monthly installments of not less than \$20,000 or more than \$350,000 in exchange for common stock of the Company at a discount of 15 percent from the 5 day average market price for the common stock. The first installment draw is dependent on the Company filing and causing to be made effective a registration statement for the underlying common shares. In addition, Apollo has agreed to provide a bridge loan of \$1,000,000 to the Company on a one year convertible note, converting at \$0.02 per share, within 45 days after the term sheet has been incorporated in a definitive final agreement. The definitive agreement has not yet been executed due to the continued low price of our common stock on the market. We do not expect to proceed with the equity line of credit or the bridge loan until we have completed several planned acquisitions and generated cash flow from operations, to minimize the potential dilution in our common stock.

We have incurred significant net losses and negative cash flows from operations since our inception. As of April 30, 2012, we had an accumulated deficit of \$6,717,052 and a working capital deficit of \$296,350.

We anticipate that cash used in product development and operations, especially in the marketing, production and sale of our products, will increase significantly in the future.

If we are unable to secure additional financing to cover our operating losses until breakeven operations can be achieved, there is no assurance that we will be able to continue as a going concern.

Off-Balance Sheet Arrangements

We currently do not have any off-balance sheet arrangements.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. We believe that the following critical policies affect our more significant judgments and estimates used in preparation of our financial statements.

The Company has incurred deferred offering costs in connection with raising additional capital through the sale of its common stock. These costs are capitalized and charged against additional paid-in capital when common stock is issued. If there is no issuance of common stock, the costs incurred are charged to operations.

Research and development costs are charged to operations when incurred and are included in operating expenses.

Contractual Obligations

The Company entered into a consulting agreement with Lin-Han Equity Corp. to provide services and assistance in locating, identifying and assisting with due diligence in strategic acquisitions, as well as for the introduction of potential investor sources. The consulting agreement was executed on May 1, 2011 and called for a fixed monthly fee of \$15,000 commencing May 1, 2011 for a period of one year. A total of \$45,000 was charged as expenses related to this agreement in the year ended July 31, 2011, and a total of \$45,000 in fees owed is included in accounts payable. Lin-Han Equity Corp. is not a shareholder or affiliate of the Company. On December 1, 2011, a total of \$30,000 in accrued payable amounts under this agreement was converted into a convertible promissory note due in two years. The consulting agreement was terminated by mutual agreement in December 2011.

The Company also has entered into a consulting agreement with CFOs to Go, Inc., a financial and legal consulting firm, to provide financial, accounting, legal, administrative, HR, supply chain management, corporate governance, SEC compliance and similar services to the Company for a monthly fee of \$10,000. CFOs to Go also provides contract principal accounting officer and corporate counsel services to the Company under its agreement and also provides telephone, office address, access to software and servers owned by CFOs to Go, and related office support. We maintain our corporate offices at the Florida offices of CFOs to Go under this arrangement. As of April 30, 2012, a total of \$97,046 has been accrued as consulting fees under this agreement.

Recent Accounting Pronouncements

In September 2011, the FASB issued an amendment to Topic 350, Intangibles—Goodwill and Other, which simplifies how entities test goodwill for impairment. Previous guidance under Topic 350 required an entity to test goodwill for impairment using a two-step process on at least an annual basis. First, the fair value of a reporting unit was calculated and compared to its carrying amount, including goodwill. Second, if the fair value of a reporting unit was less than its carrying amount, the amount of impairment loss, if any, was required to be measured. Under the amendments in this update, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads the entity to determine that it is more likely than not that its fair value is less than its carrying amount. If after assessing the totality of events or circumstances, an entity determines that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then the two-step impairment test is

unnecessary. If the entity concludes otherwise, then it is required to test goodwill for impairment under the two-step process as described under paragraphs 350-20-35-4 and 350-20-35-9 under Topic 350. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 and early adoption is permitted. The Company is currently evaluating whether early adoption is necessary.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 4. Controls and Procedures

Disclosure controls and procedures are designed with an objective of ensuring that information required to be disclosed in our periodic reports filed with the Securities and Exchange Commission, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. Disclosure controls also are designed with an objective of ensuring that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, in order to allow timely consideration regarding required disclosures.

The evaluation of our disclosure controls by our chief executive officer, who is also our acting chief financial officer, included a review of the controls' objectives and design, the operation of the controls, and the effect of the controls on the information presented in this Quarterly Report. Our management, including our chief executive officer, does not expect that disclosure controls can or will prevent or detect all errors and all fraud, if any. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Also, projections of any evaluation of the disclosure controls and procedures to future periods are subject to the risk that the disclosure controls and procedures may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on his review and evaluation as of the end of the period covered by this Form 10-Q, and subject to the inherent limitations all as described above, our chief executive officer, who is also our acting chief financial officer, has concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) contain material weaknesses and are not effective.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

The material weaknesses we have identified are the direct result of a lack of adequate staffing in our accounting department. Currently, our chief executive officer and an outsourced controller have sole responsibility for receipts and disbursements. We do not employ any other parties to prepare the periodic financial statements and public filings. Reliance on these limited resources impairs our ability to provide for a proper segregation of duties and the ability to ensure consistently complete and accurate financial reporting, as well as disclosure controls and procedures. As we

grow, and as resources permit, we project that we will hire such additional competent financial personnel to assist in the segregation of duties with respect to financial reporting, and Sarbanes-Oxley Section 404 compliance.

Changes in Internal Control Over Financial Reporting

The Company has not made any changes in its internal control over financial reporting during the quarter ended April 30, 2012.

PART II -

OTHER INFORMATION

Item 1. Legal Proceedings

The former CEO of the Company, Jack Stapleton, filed suit against the company in February, 2011 under the name McDowell, LLC to collect on two promissory notes totaling \$12,500 signed by him as then CEO of the Company. McDowell, LLC has obtained a judgment for the principal and interest due on these notes.

Neither the Company nor any of our officers or directors are involved in any other litigation either as plaintiffs or defendants and we have no knowledge of any other threatened or pending litigation against us or any of our officers or directors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended April 30, 2012, we issued 49,224,580 common shares resulting from conversions of outstanding notes resulting in total shares outstanding at April 30, 2012 of 106,216,193 shares. During the following quarter ending July 31, 2012, we issued 22,134,900 common shares resulting from conversions of outstanding notes and we issued 40,000,000 common shares resulting from an acquisition resulting in total shares outstanding at June 14, 2012 of 168,351,093.

Item 3. Defaults Upon Senior Securities

There were no defaults on any debt or senior securities outstanding.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of our shareholders.

Item 5. Other Information.

Item 6. Exhibits

Exhibit No. Description of Exhibit

- | | |
|------|---|
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act |
| 31.2 | Certification of principal accounting officer pursuant to Section 302 of the Sarbanes-Oxley Act |
| 32.1 | Certification of Chief Executive Officer pursuant to Section 906 |
| 32.2 | Certification of principal accounting officer pursuant to Section 906 |

SIGNATURES

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

Alternative Energy Partners, Inc.

Date: June 14, 2012

/s/ Hong-Shin Pan

Hong-Shin Pan

Chairman

/s/ John Burke

John Burke

Principal Accounting Officer