

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **1996-08-26** | Period of Report: **1996-03-31**
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FILER

NEW WORLD POWER CORPORATION

CIK: **842691** | IRS No.: **521659436** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **000-18260** | Film No.: **96620671**
SIC: **3510** Engines & turbines

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QA

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: MARCH 31, 1996

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: 0-18260

THE NEW WORLD POWER CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

52-1659436
(I.R.S. Employer
Identification No.)

558 LIME ROCK ROAD
LIME ROCK, CONNECTICUT
(Address of principal executive offices)

06039
(Zip code)

(860) 435-4000
(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 filing requirements for the past 90 days. Yes /X/ No / /.

The number of shares outstanding of the registrant's Common Stock as of May 31, 1996 was 11,606,835.

THE NEW WORLD POWER CORPORATION

QUARTERLY REPORT ON FORM 10-Q

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 1996

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THE NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<TABLE>
<CAPTION>

ASSETS	NOTES	March 31, 1996 (Unaudited)	December 31, 1995
	-----	-----	-----
<S>		<C>	<C>
Current assets:			

Cash		\$1,454,098	\$ 681,369
Cash restricted in use	4	4,348,009	4,669,554
Accounts receivable		3,106,636	4,269,360
Inventories		1,638,060	1,871,170
Other current assets		1,783,323	1,572,490
		-----	-----
Total current assets		12,330,126	13,063,943
Notes receivable		185,600	185,600
Property, plant and equipment, net		27,520,001	29,374,876
Other non-current assets		4,503,998	4,726,555
Goodwill, net of accumulated amortization of \$22,614 and \$398,125		1,546,724	1,549,234
Investments	2	16,557,852	16,495,495
		-----	-----
Total Assets		\$62,644,301	\$65,395,703
		=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		\$7,671,727	\$7,148,616
Current portion of long term debt		17,898,122	17,965,610
Due to related parties		4,627,870	4,627,870
Current portion of capital lease obligations		89,532	83,537
		-----	-----
Total current liabilities		30,287,251	29,825,633
Long-term portion of long-term debt		8,048,035	7,649,979
Long-term portion of capital lease obligations		52,617	76,014
Other non-current liabilities		4,773,618	5,497,644
		-----	-----
Total liabilities		43,161,521	43,049,270
Minority interests in consolidated subsidiaries	3	1,340,895	1,323,183
Stockholders' equity:			
Common stock \$.01 par value, 40,000,000 shares authorized and 11,134,147 shares issued and outstanding		111,341	111,341
Currency translation adjustments		539,307	778,838
Additional paid-in capital		79,857,172	79,857,172
Accumulated deficit		(62,365,935)	(59,724,101)
		-----	-----
Total stockholders' equity		18,141,885	21,023,250
		-----	-----
Total liabilities and stockholders' equity		\$62,644,301	\$65,395,703
		=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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THE NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 1996 AND 1995
(UNAUDITED)

<TABLE>

<CAPTION>

	NOTES	1996	1995
	----	----	----
	<C>	<C>	<C>
<S>			
Operating revenue:			
Grid power production revenues		\$ 2,186,230	\$ 2,120,847
Wireless power sales		2,304,379	1,052,651
Other products and services		251,419	324,052
		-----	-----
Total operating revenue		4,742,028	3,497,550
		-----	-----
Cost of operations:			
Grid power production		1,745,330	870,352
Wireless power		1,847,766	693,046
Other products and services		256,560	340,626
		-----	-----
Total cost of operations		3,849,656	1,904,024
		-----	-----
Gross profit:			

Grid power production		440,900	1,250,495
Wireless power		456,613	359,605
Other products and services		(5,141)	(16,574)
		-----	-----
Total gross profit		892,372	1,593,526
		-----	-----
Research and development expenses		370	28,722
Project development expenses		614,011	449,125
Selling, general and administrative expenses		1,966,571	1,291,300
		-----	-----
Operating income (loss)		(1,688,580)	(175,621)
		-----	-----
Other income (expense):			
Interest expense		(1,089,281)	(323,370)
Interest income		68,207	161,110
Net equity earnings (loss) of non-consolidated affiliates	2	62,358	73,808
Minority interests in consolidated subsidiaries	3	(17,712)	9,103
Other		43,070	442,969
		-----	-----
Total other income (expense)		(933,358)	363,620
		-----	-----
Income (loss) before taxes		(2,621,938)	187,999
Provision for income taxes		19,896	158,467
		-----	-----
Income (loss) from continuing operations		(2,641,834)	29,532
		-----	-----
(Income) loss from operations of discontinued Grid Power Services		0	(76,037)
		-----	-----
Net (loss) income		(2,641,834)	105,569
		-----	-----
Series B preferred stock dividend		0	55,403
Series B preferred stock discount amortization		0	18,750
		-----	-----
Net income (loss) attributable to common shares		(\$ 2,641,834)	\$ 31,416
		=====	=====
(Loss) per common share:			
Net (loss)		(\$ 0.24)	\$ 0.00
Series B dividend preferred stock		\$ 0.00	(\$ 0.01)
Series B discount amortization preferred stock		\$ 0.00	\$ 0.00
		=====	=====
Net (loss) attributable to common shares		\$ 0.00	\$ 0.00
		=====	=====
Weighted-average number of shares		11,134,147	9,652,210
		=====	=====

</TABLE>

See accompanying notes to consolidated financial statements

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THE NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 1996 AND 1995
(UNAUDITED)

<TABLE>

<CAPTION>

	NOTES	1996	1995
	----	----	----
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss)		(\$2,641,834)	\$105,569
Adjustments to reconcile net earnings to net cash used in operating activities:			
Depreciation and amortization		1,195,745	465,167
Amortization of goodwill		2,510	20,985
Amortization of Series B preferred stock offering costs		0	10,062
Amortization of debt discount		314,442	0
Minority interest in net income of consolidated subsidiaries	3	17,712	(9,103)
Net equity (earnings) loss in non-consolidated affiliates	2	(62,358)	(73,808)
Changes in assets and liabilities, net of effect of acquisitions:			
Decrease (increase) in accounts receivable		1,509,362	(1,950,933)
Decrease (increase) in inventories		233,110	(670,667)
(Increase) decrease in other current assets		(223,333)	31,535
Increase (decrease) in accounts payable and accrued liabilities		523,114	(558,238)
		-----	-----
Cash flows (used in) operating activities		868,470	(2,629,431)

Cash flows from investing activities:		
Capital expenditures	659,130	(4,073,307)
Acquisition of subsidiaries, net of cash acquired	0	(1,268,618)
(Increase) decrease in notes receivable, net of capital lease obligations	(4,902)	123,961
Investments in and advances to affiliates, including goodwill	0	(2,162,870)
Decrease (increase) in non-current assets	222,557	(1,421,445)
Increase(decrease) increase in non-current liabilities	(724,028)	89,312

Cash flows (used in) investing activities	152,757	(8,712,967)

Cash flows from financing activities:		
Increase in long-term debt	0	3,705,778
(Decrease) in due to shareholders	0	(1,000,006)
Decrease (increase) in restricted cash	321,545	(1,522,600)
Repayment of long-term debt	(330,512)	0
Proceeds from issuance of Common Stock, net	0	8,951,769

Cash flows provided by financing activities	(8,967)	10,134,941

Effect of exchange rate changes on cash	(239,531)	95,851

Net change in cash	772,729	(1,111,606)
Cash at beginning of period	681,369	3,889,333

Cash at end of period	\$1,454,098	\$2,777,727
=====		

</TABLE>

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THE NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 1996 AND 1995
(UNAUDITED)

Continued from prior page

	1996	1995
	-----	-----
<S>	<C>	<C>
Non-cash investing and financing transactions:		
Common stock issued for majority interest in Bellacorick	\$0	\$637,500
Series B preferred stock dividend accrual	0	55,403
Series B preferred stock discount amortization	0	18,750
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest expense	\$489,078	\$85,389
Income taxes	19,896	5,467

</TABLE>

See accompanying notes to consolidated financial statements.

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THE NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
THREE MONTH PERIOD ENDED MARCH 31, 1996
(Unaudited)

	Common Stock					
	Number	Amount of	Currency	Additional	Retained	Total
	of shares	Par Value	translation	paid in	earnings	
	-----	-----	adjustments	capital	(deficit)	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance December 31, 1995	11,134,147	\$111,341	\$778,838	\$79,857,172	(\$59,724,101)	\$21,023,250

Issuance of Common Stock	-	-	-	-	-	-
Currency translation adjustments on international subsidiaries consolidation	-	-	(239,531)	-	-	(239,531)
Net (Loss), Three month period ended March 31, 1996	-	-	-	-	(2,641,834)	(2,641,834)
Balance March 31, 1996	11,134,147	\$111,341	\$539,307	\$79,857,172	(\$62,365,935)	\$18,141,885

</TABLE>

See accompanying notes to consolidated financial statements

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NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for presentation of interim financial information. They do not include all information and presentation of footnotes required by generally accepted accounting principles for presentation of complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Certain reclassifications have been made to the financial statements for the period ended March 31, 1995 to conform to the current period presentation.

The reader is referred to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 for information which may be useful in understanding the Company's business and financial statement presentation.

NOTE 2. INVESTMENTS

The Company's investment in, and advances to unconsolidated affiliates as of the balance sheet date, are as follows:

COMPANY		1996 EQUITY CHANGE	INVESTMENTS
Photocomm	48%	\$ 106,359	\$13,001,853
New World Entec S. A.	50%	0	
San Jacinto Power Company	50%	(44,001)	55,999
Fujian I Hydro Project	12%	0	3,500,000
Totals		\$62,358	\$16,557,852

The summarized balance sheets and statements of operations for Photocomm are as follows:

	March 31, 1996	December 31, 1995
BALANCE		
Current assets	\$7,048,352	\$7,334,984
Total assets	9,441,476	10,361,409
Current liabilities	2,879,420	2,676,483
Total liabilities	3,610,951	3,069,579
	Three Months Ended March 31, 1996	Three Months Ended March 31, 1995
STATEMENT OF OPERATIONS		
Sales	\$4,923,100	\$5,718,024
Cost of Sales	3,432,396	4,519,211
Selling, General and Administrative	1,220,876	1,008,003
Net income	229,424	83,540

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NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES

The interest of minority shareholders in consolidated subsidiaries are recorded by deducting their proportional interest in the earnings (or losses, if previous earnings have been recognized) of these companies. The minority interest changes and the total minority interest as of the balance sheet date are as follows:

	Minority Interest %	Minority Share of 1996 Net Income	Minority Interest
	-----	-----	-----
R.E.I.L. (Bellacorick)	12 1/2%	\$ 3,260	\$ 636,666
Solartec, S.A.	49%	11,601	702,746
Joint Venture	24 1/2%	2,851	1,483
		-----	-----
Totals		\$17,712	\$1,340,895
		=====	=====

The Company has a single project joint venture with its Solartec subsidiary, the Santa Fe Project, and the results of the minority share are shown separately above.

NOTE 4. CASH RESTRICTED IN USE

The United Kingdom and Ireland wind farms are required to accumulate cash in escrow accounts to pay the next principal and interest payments before cash flow from the wind farms is available for general corporate purposes. Cash balances aggregating \$1,649,748 are on deposit for these purposes, and are not currently available for general corporate purposes. Because this cash will be used to pay the current portion of debt and accrued interest, the cash is reported as a current asset.

The Company has \$107,634 of restricted cash representing collateral for outstanding letters of credit. In addition, an amount of \$2,590,627 is held in escrow by the Company pursuant to a debt agreement.

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

OVERVIEW

The New World Power Corporation, together with its consolidated subsidiaries, ("the Company") produces and sells electric power generated from renewable resources, including wind, solar, and hydroelectric, and develops and acquires large-scale renewable power generating projects. The Company also assembles and sells renewable power generating systems, including supplemental generating units for local-grid systems and stand alone systems for remote village, industrial and scientific applications.

NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RESULTS OF OPERATIONS

GENERAL

The results of operations for the first quarter of 1996 and 1995 are dramatically different as a result of the methods of accounting for the Company's investment in Photocomm. During the quarter ended December 31, 1994, the Company acquired additional shares of common stock and other Photocomm securities (immediately converted to common stock). As a result, after consideration of the acquisition of the additional common stock and a short-term voting agreement the Company had control of over 51% of Photocomm's issued and outstanding common stock as of March 31, 1995. Accordingly, the Company consolidated Photocomm into its financial statements for the year ended March 31, 1995.

At March 31, 1996, the Company owns 6,612,447 shares of Photocomm, representing less than 50% of the issued and outstanding shares of Photocomm. The decrease in the Company's ownership percentage from March 31, 1995 results from various Photocomm equity transactions in which the Company did not participate. Additionally, the short-term voting agreement expired during 1995. As a result of the Company no longer having a controlling interest in Photocomm,

the investment in Photocomm is being accounted for on an equity basis.

GRID POWER PRODUCTION

Revenues

Revenues are approximately the same during the first three months of 1996 as they were for the first three months of 1995. Revenues from the U.K. wind farms and REIL for the period ending March 31, 1996 were \$1,779,000 compared to \$1,706,000 for the same period last year. Wind speeds were below historical norms during the first three months of 1996. The Company's Four Burrows wind farm (placed in service March 1995) offset the decrease from the Caton Moor wind farm.

The wind patterns in the U.K. provide the strongest winds during October through March and complement those domestically where the strongest winds are during April through September.

Power production from the Wolverine facility was up approximately \$70,000 from March 31, 1996 as compared to March 31, 1995. This increase is primarily attributable to increase water flow.

Costs

Costs are increased approximately \$.8 million from March 31, 1996 as compared to March 31, 1995. The increase is primarily attributable to use of accelerated depreciation methods on the U.K. wind farms. Costs from the Wolverine facility were approximately the same for both periods

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NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Gross profit

The current three month period shows a gross profit of \$440,900 compared to \$1,250,495 for the same period last year, The difference is primarily attributable to the accelerated depreciation method used on the U.K. wind farms.

GRID POWER PRODUCTION SERVICES

During 1995, as a result of continued losses and erosion of its customer base, the Company discontinued its production services operations in California. The operations, which constituted the Grid Power Services segment, were sold in December 1995.

WIRELESS POWER

This photo-voltaic (solar) business segment includes Photocomm Inc., Solartec S.A., and a part of New World Power Technology Company (formerly Northern Power Systems). These companies are in the business of developing, assembling, and marketing photo-voltaic or solar electric power systems and related products domestically and in South America.

Sales

Sales increased approximately \$1.3 million during the first three months of 1996 compared to the same period last year, which is primarily attributable to a \$1.1 million increase in Solartec revenues.

Costs

The cost of operations increased \$1.2 million (65%) during the first three months of 1996 as compared to the first three months of 1995, which is primarily attributable to an increase of \$.9 million reported by Solartec.

OTHER PRODUCTS & SERVICES

This category includes the New World Power Technology Company (non-solar segment), which provides scientific, engineering, and technology services to both the Company and outside businesses and governmental units.

This category also includes the New World Village Power Company which continues to be in a development stage, but for which the Company expects future growth. This business unit provides stand alone power generation facilities for remote villages. Village Power generation facilities may vary, but generally consist of some combination of wind, solar, and diesel generation units.

NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sales and revenues decreased approximately 22%, while costs have decreased by approximately 24%, principally due to additional costs incurred in the later stages of the Advanced Wind Turbine program, a joint effort with the National Renewable Energy Laboratory. The result is a loss of \$5,141, compared to a loss in the three month period of 1995 of \$16,574.

RESEARCH & DEVELOPMENT

This is related principally to the New World Power Technology Company above, and therefore is likely to continue to be a declining amount as more resources are devoted to the Company's own business activities.

PROJECT DEVELOPMENT EXPENSES

These expenses are slightly above those of last year as the Company continues to focus on those projects most likely to lead to financing and construction in the reasonably near future while expensing those costs where future development is not expected. Deferred project development expenses are delineated in the LIQUIDITY & CAPITAL RESERVES section.

In early 1996, the Company made certain additional cost reductions, which are discussed in the Company 10-K.

SELLING, GENERAL & ADMINISTRATIVE EXPENSES

This category of expense decreased approximately \$316,922 from the corresponding period last year. This 14% decrease was primarily attributable to the deconsolidation of Photocomm (approximately \$1 million) offset by increased corporate professional fees and other expenses of \$375,000.

OPERATING INCOME (LOSS)

The Company achieved an operating loss during the current three months of \$1,688,580 compared to an operating profit of \$88,708 for the same period last year. The principal reasons for this improvement are: [1] the decreased net contribution from the Grid power production division due to the new wind farms accelerated depreciation; and [2] the deconsolidation of Photocomm from the Wireless power division.

OTHER INCOME AND (EXPENSES), NET

The interest expense increase of \$734,629 is predominately due to interest on the obligations incurred to finance construction of the three UK wind farms (Four Burrows) and the interest on the 8% Convertible Subordinated Notes.

The change reflected in the minority interests in the Company's consolidated subsidiaries and the net equity earnings of the Company's non consolidated affiliates is primarily attributable to the inconsistent accounting methods for Photocomm for the comparable periods.

NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company benefited by net gains from the two transactions in 1994 that were not recurring for 1995. These transactions account for the fluctuation from March 31, 1996 to March 31, 1995 in Other income.

NET INCOME (LOSS)

A provision for income taxes on our Argentine profits has been reflected. The Company cannot apply the Argentine profits against the available USA tax loss carry-forwards.

The net loss for the three months was \$2,641,834 compared to a net income of \$105,569 in the same period last year.

LIQUIDITY & CAPITAL RESERVES

In January 1995, the Company completed the sale of common stock and common stock purchase warrants and received net proceeds of \$8,951,769.

In early 1995, the Company completed project financings for the Four Burrows wind farm. The net proceeds from these loans were \$3,440,221 in 1995.

At March 31, 1996, the Company held a working capital deficit of \$17,957,125. The deficit in working capital is the result of inclusion of certain debt obligations on which the Company defaulted subsequent to December 31, 1995 and for which the Company's restructured debt asset sales to be completed by certain dates. Uncertainties exist as to whether the aforementioned provisions can be met.

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NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PART II-OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a) EXHIBITS

- 4.01 (a) Form of Note and Warrant Purchase Agreement, dated as of August 15, 1995 regarding 8% Convertible Subordinated Notes Due July 31, 2000 and Warrants of The New World Power Corporation (Exhibit 4.01(a) to Form 8-K dated August 15, 1995, File No. 0-18260 ("Form 8-K")).*
- 4.01 (b) Form of Amendment Number One to Note and Warrant Purchase Agreement.
- 4.01 (c) Form of 8% Convertible Subordinated Note Due July 31, 2000 of The New World Power Corporation.
- 4.01 (d) Form of Warrant.
- 4.01 (e) Schedule of Purchasers and other differing terms of Note and Warrant Purchase Agreements.
- 4.01 (f) Agreement, dated as of August 15, 1995, by and among The New World Power Corporation, John D. Kuhns, FFF American Fledgling Fund, S&P American Smaller Companies Fund, FFF US Discovery Fund, Fleming US Discovery Fund (II), Fleming American Investment Trust plc, Fleming Overseas Investment Trust plc, C.M.V. Jones and David Edwards.
- 4.01 (g) Agreement, dated as of September 13, 1995, by and among The New World Power Corporation, John D. Kuhns, Utech Climate Challenge Fund, L. P., and UVCC Fund II.
- 10.01 Joint Venture Contract to Establish Shezhen China Chang Jiang New World Power Company by and among China Chang Jiang Energy Corporation (Group), Metropolitan Enterprise Corporation and the Company dated October 15, 1994. (Exhibit 10.01 to Form 8-K.)*
- 10.02 Business Plan/Letter of Intent dated February 25, 1995 by and among China Chang Jiang Energy Corporation (Group), Metropolitan Enterprise Corporation and the Company, dated February 25, 1995, as amended (Exhibit 10.02 to Form 8-K.)*.
- 10.03 Share Transfer Agreement between China Chang Jiang Energy Corporation (Group) and the Company. (Exhibit 10.03 to Form 8-K.)*

* Incorporated by reference.

b) REPORTS ON FORM 8-K

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NEW WORLD POWER CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIGNATURES

Pursuant to 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 thereunto duly authorized.

THE NEW WORLD POWER CORPORATION

July 1, 1996

By /S/ JOHN D. KUHNS

John D. Kuhns
Chairman of the Board

July 1, 1996

By /S/ GEORGE P. PETRENKO.

George P. Petrenko
Interim Chief Executive Officer