Alternative Energy Partners, Inc.
Form 10-Q
December 20, 2010

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

FORM 10-Q

x Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the quarterly period ended: October 31, 2010

o 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	26-2862564
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer I.D. Number)

1365 N. Courtenay Parkway, Suite A
Merritt Island, FL 329538
(Address of principal executive offices)

321-452-9091
(Issuer's telephone number)

Indicate by check mark whether the registrant (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 registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days:

Yes x No 0

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

Yes x No0

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

Large accelerated filer 0
Accelerated filer 0

Non-accelerated filer 0
Smaller reporting company x
(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of December 20, 2010, there were 10,440,637 shares of our common stock outstanding.

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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," "plan "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", "Registr 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
October 31, 2010
(Unaudited)

	October 31, 2010 (Unaudited)	July 31, 2010 (Audited)
Assets		
Current Assets		
Cash	$ 98,073	$ 163
Contracts receivable	762,179	-
Other current assets	1,500,600	-
Related party receivable	10,081	-
Total Current Assets	2,370,933	163
Fixed Assets		
Fixed assets (Net)	596,000	-
Total Fixed Assets	596,000	-
Other Assets		
Solar generation technology (net)	92,500	95,000
Goodwill	4,279,275	1,875
Total Other Assets	4,371,775	96,875
Total Assets	$ 7,338,708	$ 97,038
Liabilities & Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 101,908	$ 8,390
Accrued liabilities	28,100	2,210
Loans and interest payable	29,149	12,925
Related party payable- HOTI	-	19,033
Sales tax payable	8,609	-
Accrued interest	1,159	-
Total Current Liabilities	168,925	42,558
Long Term Liabilities		

Notes payable	100,000	-
Total Long Term Liabilities	100,000	-
Total Liabilities	268,925	42,558
Stockholders’ Equity (Deficit)		
Common Stock, $0.0001 par value, 10,000,000 shares authorized 7,840,636 and 5,568,416 shares issued and outstanding	784	557
Additional paid in capital	9,845,617	220,844
Deferred equity	(1,000,000)	-
Deficit accumulated during the development stage	(1,776,618)	(166,921)
Total Equity	7,069,783	54,480
Total Liabilities and Stockholders' Equity	$ 7,338,708	$ 97,038

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

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

	For the Three Months Ended October 31, 2010	2009	For the Period from April 28, 2008 (Inception) to October 31, 2010
Revenues	$ 5,003	$ -	$ 5,003
Cost of Sales	2,980	-	2,980
Gross Margin	2,023	-	2,023
General & Administrative			
Consulting fees-related parties	1,515,000	-	1,577,131
Professional fees	14,306	-	49,322
Salaries and wages	37,982	-	68,743
Rent	-	-	9,000
Other general and administrative	44,432	64,185	74,445
Total Expenses	1,611,720	64,185	1,778,641
Net income (loss)	$ (1,609,697)	$ (64,185)	$ (1,776,618)
Net loss per share - basic and diluted	$ (0.26)	$ (0.02)	$ (0.37)
Weighted average number of shares outstanding during the period - basic and diluted	6,120,541	3,741,782	4,773,370

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

Alternative Energy Partners, Inc. and Subsidiaries
Consolidated Statement of Changes in Stockholders' Equity (Deficit)
For the period from April 28, 2008 (Inception) to October 31, 2010

	Common Stock $0.0001 Par Value		Additional Paid In Capital	Deferred Equity	Deficit Accumulated During the Development Stage	Total Stockholders' Equity
	Shares	Amount				
Balance - April 28, 2008	-	$ -	$ -	$ -	$ -	$ -
Proceeds from the issuance of common stock - founders - ($0.00003/share)	5,280,000	528	1,672	-	-	2,200
Proceeds from the issuance of common stock ($0.08/share)	6,240	1	6,499	-	-	6,500
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	529	8,171	-	(3,000)	5,700
Stock issued for services ($0.005/share)	24,000	2	1,498	-	-	1,500
Proceeds from the issuance of common stock ($0.08/share)	5,520	1	5,749	-	-	5,750
Proceeds from the issuance of common stock ($0.17/share)	48,000	5	99,995	-	-	100,000
Net loss for the year ended July 31, 2009	-	-	-	-	(52,814)	(52,814)
Balance - July 31, 2009	5,363,760	537	115,413	-	(55,814)	60,135
Cancellation of common stock ($0.0001/share)	(1,800,000)	(180)	180	-	-	-
Expenses paid by Shareholders	-	-	5,945	-	-	5,945
Proceeds from the issuance of common stock ($0.02/share)-Sunarias	400,000	40	97,460	-	-	97,500
	1,500,000	150	1,725	-	-	1,875

Proceeds from the issuance of common stock ($0.0001/share)-Shovan										
Stock issued for services ($0.0001/share)	104,656		10		121		-		-	131
Net loss for the year ended July 31, 2010	-		-		-		-		(111,107)	(111,107)
Balance - July 31, 2010	5,568,416		557		220,844		-		(166,921)	54,480
Stock issued for services ($4.50/share)	330,000		33		1,484,967		-		-	1,485,000
Stock issued for services ($4.50/share)	222,220		22		999,978		(1,000,000)		-	-
Proceeds from the issuance of common stock ($4.50/share)-RLP Mechanical Contractors, Inc.	1,120,000		112		5,039,888		-		-	5,040,000
Proceeds from the issuance of common stock ($3.50/share)-SkyNet Energy Inc.	600,000		60		2,099,940		-		-	2,100,000
Net loss for the quarter ended October 31, 2010	-		-		-		-		(1,609,697)	(1,609,697)
Balance - October 31, 2010	7,840,636	$	784	$	9,845,617	$	(1,000,000)	$	(1,776,618)	$ 7,069,783

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Alternative Energy Partners, Inc. and Subsidiaries
(A Development Stage Company)
Consolidated Statements of Cash Flows
October 31, 2010
(Unaudited)

	For the Three Months Ended October 31, 2010	For the Three Months Ended October 31, 2009	For the Period from April 28, 2008 (Inception) to October 31, 2010
CASH FLOWS FROM OEPRATING ACTIVITIES:			
Net Income	$ (1,609,697)	$ (64,185)	$ (1,776,618)
Adjustments to reconcile net loss to net cash			
used in operating activities:			
Amortization	2,500	-	5,000
Stock issued for services	1,485,000	-	1,486,631
Services paid by shareholder	-	-	5,945
Increase in contracts receivable	(2,179)	-	(2,179)
Increase in security deposits	-	(9,000)	-
Increase in accounts payable	17,518	11,252	25,908
Increase (decrease) in accrued liabilities	(2,110)	(2,660)	100
Increase in sales tax payable	609	-	609
Increase in accrued interest	1,383	-	1,808
Net Cash Used in Operating Activities	(106,976)	(64,593)	(252,796)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of RLP	144,000	-	144,000
Increase in related party receivable	(10,081)		(10,081)
Net Cash Provided by Investing Activities	133,919	-	133,919
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable	100,000	-	112,500
Decrease in related party payable - HOTI	(19,033)	-	-
Payment on loans payable	(10,000)	-	(10,000)
Proceeds from issuance of stock	-	-	114,450
Net Cash Provided by Financing Activities	70,967	-	216,950
Net increase (decrease) in Cash	97,910	(64,593)	98,073
Cash and cash equivalents, beginning of period	163	66,919	-
Cash and cash equivalents, end of period	$ 98,073	$ 2,326	$ 98,073

SUPPLEMENTARY CASH FLOW INFORMATION			
Cash paid during the year/period for:			
Income Taxes	$-	$-	$-
Interest	$1,690	$-	$1,690
SUPPLEMENTARY CASH FLOW INFORMATION			
Acquisition of RLP Mechanical Contractors, Inc. for Stock	$4,896,000	$-	$4,896,000
Acquisition of SkyNet, Inc. for Stock	$2,100,000	$-	$3,000,000
Acquisition of Sunarias Corporation for Stock	$97,500	$-	$97,500
Acquisition of Shovan, Inc. for Stock	$1,875	$-	$1,875

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
October 31, 2010
(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 the Management’s Discussion and Analysis, for the year ended July 31, 2010. The interim results for the period ended October 31, 2010 are not necessarily indicative of results for the full fiscal year. Notes to the Financial Statements, which would substantially duplicate disclosures contained in the audited financials for the fiscal year 2010 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 acquired Sunarias Corporation (“Sunarias”) during the fiscal year ended July 31, 2010. During the quarter ended October 31, 2010, it continued its business development by the acquisitions of SkyNet Energy Systems, Inc., completed the acquisition of R.L.P. Mechanical Contractors, Inc., a commercial HVAC company in the Dallas-Fort Worth, Texas area, and entered into an acquisition agreement to acquire Xnergy, Inc., an alternative energy company based in San Diego, California.

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 revenues since inception.

Principals of Consolidation

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

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.

Alternative Energy Partners, Inc.
(A Development Stage Company)
Notes to Consolidated Financial Statements
October 31, 2010
(Unaudited)

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

Shovan

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

SkyNet

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

Elán

Elán Energy, Inc. is a wholly-owned subsidiary of the Company, formed in September 2010 to manage the Company's commercial HVAC and related operations.

R.L.P. Mechanical Contractors, Inc.

On October 22, 2010, the Company acquired R.L.P. Mechanical Contractors Inc., a Texas corporation ("RLP") and placed it in its Élan subsidiary, making RLP Élan's first subsidiary. The Company acquired RLP from Healthcare of Today, Inc., the Company's majority shareholder ("Healthcare"), in exchange for 1,120,000 (56,000,000 shares pre-split) shares of Company common stock.

RLP is a full service mechanical contractor specializing in hospital renovations. The Company designs and installs medical gas, air handling, and plumbing & piping systems in the Dallas-Fort Worth metro area. RLP is the first of several planned acquisitions in the energy contracting field, each targeted to broaden AEGY's abilities and market reach.

Xnergy, Inc.

On October 4, 2010, the Company entered into an agreement with Healthcare of Today, Inc., the Company's majority shareholder ("Healthcare"), to acquire Xnergy, Inc., a California corporation, ("Xnergy"). Xnergy specializes in turn-key energy conservation design-build and maintenance solutions for a number of industries including Biotech, High Tech, Medical Device Manufacturing, Pharmaceutical and Semi-Conductor Industries. Xnergy, a leader in the alternative energy field, and has over 80 MW of interconnect experience.

Xnergy analyzes a client facility's energy profile and determines the optimal systems, equipment, technology, Energy Conservation Measures, and strategies for the facility's use. Xnergy offers energy auditing and LEED consulting, and is at the forefront of the ever-changing sustainability and green-build movement. Drawing from over 20 years of construction experience, Xnergy provides a single source for project management, execution, and maintenance of energy and green-building projects.

Alternative Energy Partners, Inc.
(A Development Stage Company)
Notes to Consolidated Financial Statements
October 31, 2010
(Unaudited)

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

Xnergy has been responsible for a number of high-profile projects including a major expansion for Abbott Laboratories, energy retrofit for the City Hall of Encinitas, commissioning of cogeneration plants for the Naval Medical Center, San Diego, and laboratory construction for The Scripps Research Institute, facility refurbishment for Johnson and Johnson, and mechanical systems for the Gemological Institute of America. Xnergy is currently engaged with the John Wayne Airport Terminal Expansion Cogeneration Plant project.

The acquisition of Xnergy was closed on November 26, 2010, and accordingly, its results of operations are not reflected in the financial statements included in this Report.

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 2010 and 2009 included a 100% valuation allowance for deferred taxes 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 October 31, 2010 and July 31, 2010, 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 October 31, 2010 and July 31, 2010, respectively, there were no balances that exceeded the federally insured limit.

Alternative Energy Partners, Inc.
(A Development Stage Company)
Notes to Consolidated Financial Statements
October 31, 2010
(Unaudited)

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

Earnings per Share

In accordance with accounting guidance now codified as FASB 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 October 31, 2010, is equivalent since the Company has had continuing losses. The Company also has no common stock equivalents.

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.

Fixed Assets

Fixed assets are stated at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the asset are capitalized.

Depreciation is computed for financial statement purposes on the straight-line method at rates adequate to amortize the cost of property and equipment over their estimated useful lives.

For federal income tax purposes, recovery capital costs for property and equipment is made using accelerated methods of cost recovery over statutory recovery periods.

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.

Alternative Energy Partners, Inc.
(A Development Stage Company)
Notes to Consolidated Financial Statements
October 31, 2010
(Unaudited)

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

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.

Revenue Recognition

Revenue is recognized based on the percentage-of-completion method and, therefore, take into account the profit earned to date on contracts not yet completed.

The amount considered earned under this method is that portion of the total contract price the contractor has the right to bill, based on that portion of the contract work actually completed. It is not related to the progress billings to customers.

The amount of earnings recognized at statement date is that portion of the total contract price that the cost expended bears to the anticipated final total cost, based on management’s current estimates of cost to complete the project.

Contract cost includes all direct labor and benefits, material installed in the project, subcontract costs, and allocations of indirect construction cost.

Amounts earned on specific jobs in excess of billings are treated as a current asset and billings in excess of earnings are treated as a current liability.

Receivables

Accounts receivable are due 30 days after the issuance of the invoice. The Company provides an allowance for doubtful collections which is based on a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. The Company believes no allowance for doubtful accounts is necessary at October 31, 2010.

Segment Information

During the quarters ended October 31, 2010 and 2009, 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.

Reclassifications

Certain amounts from the prior period financial statements have been reclassified to conform to current period presentation.

Alternative Energy Partners, Inc.
(A Development Stage Company)
Notes to Consolidated Financial Statements
October 31, 2010
(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 October 31, 2010, and July 31, 2010, 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. There were no recently issued accounting pronouncements during the quarter impacting the company’s business.

Note 3 Going Concern

As reflected in the accompanying financial statements, the Company has a net loss of $1,609,697, net cash used in operations of $106,976 for the three months ended October 31, 2010; and stockholders’ deficit of $1,776,618 at October 31, 2010. Consulting agreements, described under “Contractual Obligations” section, paid with company stock represents $1,485,000 of the $1,609,697 net loss for the three months ended October 31, 2010.

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.

Alternative Energy Partners, Inc.
(A Development Stage Company)
Notes to Consolidated Financial Statements
October 31, 2010
(Unaudited)

Note 3 Going Concern (continued)

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 Notes 6 and 7, 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 quarter ended April 30, 2010, the Company recorded two separate loans payable to an affiliate, McDowell, LLC, totaling $12,500, and both remained payable as of October 31, 2010. 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. There is no indication in the corporate records of the basis or consideration for the two notes and the Company is investigating the basis on which the notes were executed by Mr. Stapleton. As of October 31, 2010, accrued interest payable was $675. On December 3, 2010, Mr. Stapleton, as Managing Member of McDowell, LLC, issued a written demand for payment of the notes.

At October 31, 2010, the Company has a related party receivable from HOTI, its parent company, of $10,081 for cash advances given to HOTI. The advances are non interest bearing and due upon demand.

Note 5 Lease Agreement

On August 15, 2009, the Company entered into an operating lease for office space. This lease expires on August 15, 2014 and the Company has an option to extend the lease for an additional 3 years at the end of the 5th year. On September 25, 2009, the Company paid a $9,000 security deposit associated with the execution of this lease.

Note 6 Acquisitions

On August 19, 2010, the Company acquired all of the outstanding shares of SkyNet Energy, Inc. (“SkyNet”), in exchange for 600,000 (30,000,000 shares pre-split) common shares, and SkyNet is now a wholly-owned subsidiary. SkyNet’s purchase price of $2,100,000 determined by the fair value of shares trading on an open market, was allocated to goodwill as there were no assets or liabilities acquired.

On October 22, 2010, the Company also acquired all of the outstanding shares of RLP Mechanical Contractors, Inc. (“RLP”), in exchange for 1,120,000 (56,000,000 shares pre-split) common shares, and RLP is now a wholly-owned subsidiary. Financial statements for RLP are contained in Part II (Other Information) of this Report and in a Form 8-K Report filed on November 1, 2010. The purchase price of $5,040,000 determined by the fair value of shares trading on an open market, was allocated as follows:

Cash	$ 144,000
Contracts Receivable	760,000

Other Current Assets	1,500,600
Fixed Assets	596,000
Accounts Payable	(76,000)
Payroll Liabilities	(28,000)
Sales Tax Payable	(8,000)
Loans Payable	(26,000)
Goodwill	2,177,400
	$5,040,000

Alternative Energy Partners, Inc.
(A Development Stage Company)
Notes to Consolidated Financial Statements
October 31, 2010
(Unaudited)

Note 7 Stockholders' Equity (Deficit)

On November 23, 2010, the Company executed a 1:50 reverse stock split. The financials have been retroactively restated.

On August 5, 2010, the Company filed a Form S-8 registration statement registering 330,000 (16,500,000 shares pre-split) shares of common stock issued to certain advisers and consultants.

On September 28, 2010, the Company issued 222,220 (11,111,000 shares pre- split) shares to Ambrose & Keith, LLC as partial payment of a commitment fee under the Share Purchase Agreement. As this agreement relates to work to be performed at a later date, and the fact that Ambrose & Keith, LLC have not earned any amounts under the agreement, the transaction was recorded as deferred equity in the Consolidated Statement of Changes in Stockholders' Equity.

On October 22, 2010, the Company issued 1,120,000 (56,000,000 shares pre-split) shares of common stock for the acquisition of R.L.P. Mechanical Contractors, Inc.

On October 27, 2010, the Company issued 600,000 (30,000,000 shares pre-split) shares for the completion of the acquisition of SkyNet Energy, Inc.

As a result of these transactions, there were 7,840,636 (392,031,820 shares pre-split) common shares outstanding at October 31, 2010.

Note 8 Subsequent Events

On October 4, 2010, the Company entered into an agreement to acquire Xnergy, Inc., an alternative energy company based in Carlsbad, California.

On November 23, 2010, the Company enacted a 1:50 reverse stock split, as a result of which our outstanding common shares were reduced to 7,840,636 shares and our authorized common shares were reduced by the same ratio, to 10 million shares. All share information in the accompanying financial statements has been retroactively restated to reflect the split.

On November 26, 2010, the Company completed the acquisition of Xnergy, Inc. and issued 2,000,000 shares of common stock and agreed to issue 5,000,000 shares of voting convertible preferred stock having a total vote equal to 51 percent of all shares entitled to vote.

On December 7, 2010, the Company agreed to issue 600,000 shares of common stock for services rendered or to be rendered under 4 consulting agreements and registered the shares under an S-8 registration statement filed and effective on December 7, 2010. Actual issuance of shares will be executed upon agreement of the Board of Directors to increase authorized share capital.

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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 6 - 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 a 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. Subsequent to the end of the current fiscal year, we continued our business development by the formation of Élan Energy Corporation, a subsidiary in which we will administer the mechanical contracting companies we intend to acquire, and by the acquisitions of SkyNet Energy Systems, Inc. a Nevada corporation in the business of financing and establishing domestic companies’ renewable energy projects in Central and Eastern Europe, R.L.P. Mechanical Contractors, Inc., a mechanical contracting corporation doing business primarily in the Dallas-Fort Worth, Texas area, and Xnergy, Inc., an alternative energy company based in Carlsbad, California. See, Subsequent Events.

On November 26, 2010, we completed a 1 for 50 reverse split by reducing the number of shares of common stock outstanding to 10 million shares, so, as a result, the total equivalent number of shares outstanding at October 31, 2010 is 7,840,636, of which Healthcare of Today, Inc. is 3,209,624. The subsequent reverse split and its effects have been retroactively reflected in the financial statements included in this Report. As a result of acquisitions and share exchange transactions at October 31, 2010, Healthcare of Today, Inc. held 160,481,217 shares of the Company out of the total 392,031,820 shares outstanding, or 41% in pre-split share amounts.

Current Business of the Company

We are 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.

ENERGY PRODUCTION:

1. SUNARIAS CORPORATION

Sunarias Corporation provides on-site solar thermal energy production. Sunarias embodies the AEGY philosophy that technologies we provide to consumers be both established and affordable.

The solar thermal space conditioning products that Sunarias will deliver to the market are exciting and offer excellent simple paybacks for every system installed. Sunarias offers an engineered customized solution for the combination of these innovative, efficient solar collectors and absorption or adsorption chillers for each application.

Solar energy is not a new concept. However, recent advancements in solar energy collectors have advanced solar thermal technology significantly. Further improving on efficiency, Sunarias uses a trough design that is very affordable to produce, stacks for efficient shipping, is light weight, strong enough to withstand strong winds, tracks the sun for optimum productivity and is easy to clean to maintain efficiency. Sunarias is able to capitalize upon these developments by marketing advanced solar technology options to the consumer.

The uniqueness of the Sunarias proposition is the marriage of two current, successful technologies. (this has been done in Europe, but is new for the American market). Solar collectors will be married to an absorption chiller, which requires little electricity. The chiller that Sunarias will use is commercially available through multiple manufacturers. In keeping with our commitment to increased efficiency and lower cost, Sunarias will explore developing new technologies to reduce cost, improve productivity, increase efficiency, lower maintenance costs, improve life, and make smaller systems, thereby tapping into the residential market.

Ultimately, by combining these technologies, Sunarias will be able to present the commercial market with an affordable system for conditioning spaces; cooling and heating using very little electricity. In order to best implement these systems into structures, Sunarias will offer a team of engineers experienced in evaluating facilities. Sunarias has the expertise to design a solar thermal heating and cooling system that will serve clients for many years to come. To accomplish this, Sunarias evaluates the architectural structure of a client's facility as well as their energy needs for the next two decades. This lays the foundation for determining the specifications or "right" system to use, which Sunarias then provides.

Sunarias systems are appropriate for a number of markets including government, educational, healthcare, residential, and hospitality. Sunarias has launched its Sunarias Healthcare Alternative Energy Program, a marketing program targeting the needs of the healthcare sector, which has been repeatedly identified by the government and other entities as a significant power consumer. Sunarias has recently entered into an agreement to build its first plant at Promise Hospital in Paramount, CA. Promise Hospital is one of the largest freestanding specialty hospitals in the United

States. Sunarias will design and install the solar thermal collectors on the roof, placing the chillers on the ground near the utility main. Sunarias will be able to replace possibly 200 tons of package units which are very inefficient.

To best source its components and control the vertical chain for its systems, the Sunarias business model includes the acquisition of a number of heating, ventilation and air conditioning (HVAC) companies. The companies Sunarias will seek to acquire are those strategically located in large metropolitan areas where high summer heat is significant and utility costs are high and going up. The intent is to find larger companies that have a strong commercial base, dedicated and strategic executive team, and are service rich operations. Sunarias will then take advantage of the large commercial customer base to introduce, supply and service the solar thermal space conditioning products.

In keeping with its business model of offering complete service to clients, Sunarias complements its system installations with monitoring services. To that end, Sunarias intends to acquire a security installation and monitoring company that will allow close surveillance of the installed systems and manage the monthly billing of each or its customers.

Sunarias systems are appealing to the consumer market for a number of reasons including: ability to decrease energy costs; low maintenance; requiring no up-front capital costs (Sunarias provides costs of equipment installation and maintenance); reducing a business’s environmental footprint; offering a risk-free proposition (buildings remain connected to traditional utilities should a need arise).

2. 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.

SHOVON, LLC

We signed an acquisition agreement on July 6, 2010 with Healthcare of Today, Inc. our majority shareholder, to acquire Shovon, LLC, a California limited liability company, for 1,500,000 (75,000,000 shares pre-split) shares of our common stock. Healthcare of Today, Inc. had acquired Shovon, LLC from its previous owners for a total of 416,667 shares of its stock, valued in the acquisition agreement at $5,000,000 which we valued at $1,875. We closed on the acquisition of Shovon, LLC in July, 2010. Shovon LLC specializes in advanced control systems. Shovon's leading edge hardware technology provides users with web-based, internet remote control capabilities for monitoring and controlling high power electrical devices in commercial offices, industrial plants, hospitals, schools and residences from anywhere in the world.

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.

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.

3. SECURITY AND MONITORING

In order to optimize performance, AEGY, where applicable, will provide security for its energy systems. For example, Sunarias' solar thermal systems are complemented by 24-7 monitoring. 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.

4. 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.

5. FUEL CELL ENERGY PRODUCTION

Alternative Energy Partners' fifth 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.

6. 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 have entered into an acquisition agreement to acquire SkyNet from Healthcare of Today, Inc. for 600,000 (30,000,000 shares pre-split) shares of our common stock. 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. We expect to complete the acquisition of SkyNet in August, 2010. 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™ 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.

On October 22, 2010 the Company acquired RLP Mechanical Contractors, Inc from its shareholders. The Company issued 1,120,000 shares (56,000,000 pre-split) at $4.50 ($0.09 pre-split) a share for $4,896,000 which reflects the receipt of $144,000 cash. The consideration was allocated as follows:

Cash	$ 144,000
Contracts Receivable	760,000
Other Current Assets	1,500,600
Fixed Assets	596,000
Accounts Payable	(76,000)
Payroll Liabilities	(28,000)
Sales Tax Payable	(8,000)
Loans Payable	(26,000)
Goodwill	2,177,400
	$ 5,040,000

On October 27, 2010, the company acquired SkyNet for 600,000 shares (30,000,000 pre-split) at $3.50 ($0.07 pre-split) a share for $2,100,000. All of the consideration was allocated to goodwill.

7. HVAC IMPLEMENTATION AND MANAGEMENT

ELÁN ENERGY, INC. is a wholly-owned subsidiary of the Company, formed in September 2010 to manage our commercial HVAC and related operations. Gary Reed, our Chairman, also serves as CEO of Elán Energy.

R.L.P. Mechanical Contractors, Inc., a commercial HVAC company based in the Dallas/Fort Worth area, was acquired by the Company in October, 2010 and is a wholly-owned subsidiary of Elán Energy.

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.

Our Product

Sunarias intends to provide owners of commercial buildings with its proprietary advanced solar thermal energy production. Sunarias' products involve solar thermal heating and cooling combining its creation of a controller developed specifically for this process and its custom high output collector.

Once we begin successful operations, we will carefully monitor the operating parameters of every step in the process, adjusting flows, rates, temperatures, pressures, and times as needed — always for optimal performance. The system would report back to a central monitoring station several times per second. Our staff would then use our software to analyze, record, and report the performance of every system on our network. If a system falls outside required operation, we would immediately dispatch professionals to diagnose and repair.

The following sets forth the major benefits of advanced solar thermal energy production (solar power):

- Solar power is a renewable energy.
- Operating costs for all of our customers will be lower than energy costs from traditional utilities.
- Our customers will benefit in meeting the energy reduction mandates of CA AB32.
- Our energy production occurs during peak demand periods thereby reducing grid loading.
- Solar power is pollution-free during use.

Production end-wastes are manageable using existing recycling technologies. Sunarias' chillers use non hazardous materials as refrigerants. This is a newer technology and exciting improvements are constantly underway. We not only follow new innovations in the market we explore creative opportunities that lead innovation.

Competitive Advantages

The Company believes there are several competitive advantages with the Sunarias system over competitive systems. Sunarias expects to produce its systems for less than the competition and specific technology allows these systems to better monitor, report, test, calibrate and communicate system parameters continuously. As designed, the system technology is capable of evaluating multiple sources of energy such as heat pumps, boilers, gas fired chillers, conventional chillers, and the solar thermal energy collection combined with the absorption chiller.

At this point however, we cannot provide any assurance or guarantee that we will be successful and capitalize upon the believed competitive advantages described above.

Competition

Our competition represents other companies offering similar solar thermal energy production systems.

There can be no assurance that Sunarias will ever be able to compete with any of the competitors described herein. In addition, there may be other competitors the Company is unaware of at this time that would also impede or prevent the company's success.

SHOVON, LLC

Plan of Operation

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™ 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.

RLP MECHANICAL CONTRACTORS, INC.

Plan of Operation

RLP is a commercial mechanical contractor specializing in hospitals and hospital systems for HVAC, piping, plumbing, boilers, chillers and medical gas systems. The company focuses on hospital retrofits and hospital expansion.

Our Product

RLP offers a specific niche for hospital construction in the HVAC, piping, plumbing, boilers, chillers, and medical gas systems market. In each of these specific trade areas RLP has certified supervisors to quality check the company's work performed to insure the specifications and customer's expectation of quality have been satisfied.

Competitive Advantages

RLP is known in the hospital construction market as a quality contractor. General contractors often include the company on their bids as a subcontractor without going out for competitive bids on the job. RLP has an industry following based on their years of performance in the hospital systems industry.

Competition

RLP's competition represents other companies offering similar contractor services for hospital and hospital systems.

Employees

As of October 31, 2010, Gary Reed was our President and CEO.

Collectively, the Company has a total of 25 employees.

We also are pursuing acquisitions of other alternative energy products in the areas of solar and biodiesel.

Results of Operations for the Three Months Ended October 31, 2010

For the three months ended October 31, 2010 the company had revenues of $5,002. Since inception, the Company has incurred cumulative net losses of $1,776,618. For the three months ended October 31, 2010 and 2009, the Company had net losses of $1,609,697 and $64,185, respectively. Our activities have been attributed primarily to start up, business development, and financing activities. Consulting agreements, described under "Contractual Obligations" section, paid with company stock represents $1,485,000 of the $1,609,697 net loss for the three months ended October 31, 2010.

For the three months ended October 31, 2010 and 2009, we incurred operating expenses of $1,611,720 and $64,185, respectively, resulting primarily from consulting services and professional fees. The increases relate primarily to consulting expenses.

Liquidity and Capital Resources

To date, we have financed our operations from funds raised from private investment and publicly registered shares. During the quarter ended April 30, 2010, we entered into loan payable agreements with an affiliate, receiving $12,500 in proceeds. These loans are due on demand and accrue interest at 8 percent annually. As of October 31, 2010, we had cash on hand of $98,073.

As of October 31, 2010 and 2009, we had stockholders' deficits of $1,776,618 and $166,921. During the three months ended October 31, 2010 and 2009, we used cash from operations of $106,976 and $64,593, respectively. These conditions raise substantial doubt about our ability to continue as a going concern.

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. We believe that the acquisition of R.L.P Mechanical Contractors and the later acquisition of Xnergy, Inc. also will provide sufficient cash flow to cover our operating requirements.

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 has contractual obligation with Ambrose & Keith Fund LLC, to provide $1,000,000 for finance charges related to a securities purchase agreement. This is in addition to the 222,220 ($4.50/share) shares that have already been issued to cover the first $1,000,000 per the agreement.

The Company has consulting agreements with companies for various advisement services. A total of 330,000 shares ($4.50/share) have been issued during the quarter ended October 31, 2010 to cover these consulting agreements, totaling $1,485,000.

The Company also has entered into a consulting agreement with CFOs to Go, Inc., a wholly-owned subsidiary of Healthcare of Today International, Inc. 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, Inc. provides similar services for Elán Energy Corp. and its subsidiaries for the sum of $7,500 per month commending November 1, 2010. CFOs to Go also provides contract principal accounting officer and general counsel services to the Company under its agreement.

Item 3. Quantitative and Qualitative Disclosures About Market

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 a 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 acquired RLP Mechanical Contractors, Inc. on October 22, 2010 and it is still evaluating the impact of the acquisition on internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Neither the Company nor any of our officers or directors are involved in any litigation either as plaintiffs or defendants and we have no knowledge of any 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 October 31, 2010, we issued 27,611,000 shares for services and 86,000,000 shares for acquisitions. At the three months ended October 31, 2010, we had 392,031,820 shares outstanding. After the quarter ending October 31, 2010, we affected a 1:50 stock split by reducing the total authorized shares of common stock to 10 million shares and making the equivalent total shares outstanding equal to 7,840,637. This stock split has been retroactively applied to the consolidated financial statements.

Subsequent to the quarter ended October 31, 2010, we have issued or agreed to issue 2,000,000 shares of common stock and 5,000,000 shares of preferred stock for acquisitions and 600,000 shares of common stock for services at a registration price of $1.77 per share. Issuance of a portion of the acquisition shares will be deferred until the Articles of Incorporation of the Company have been amended to increase the number of common shares authorized and to authorize the issuance of the preferred shares.

Item 3. Defaults Upon Senior Securities

There were no defaults since we have no debt and no 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.

On October 1, 2010, our Board of Directors approved the entry into an Acquisition Agreement to acquire all of the outstanding shares of RLP Mechanical Contractors, Inc. (RLP), as a result of which RLP would become a wholly-owned subsidiary. Closing of the acquisition occurred on October 22, 2010 with the issue of 1,120,000 shares (56,000,000 shares pre-split) of our common stock, and RLP is now a wholly-owned subsidiary of Elán Energy Corp., our subsidiary.

RLP’s financial results from the date of acquisition (October 22, 2010) through October 31, 2010 are included in the Company’s financial statements included in this Report.

RLP’s unaudited financial statements for the three months ended October 31, 2010, 2009, and from its Inception through October 31, 2010 are included in the Form 8-K Report filed on November 1, 2010 and are copied below. Audited financial statements for R.L.P will be field as an amendment to the Form 8-K filed on November 1, 2010 within 71 days of that filing, or on or before January 11, 2011.

RLP Mechanical Contractors, Inc.
Balance Sheet
October 31, 2010

(Unaudited)

	October 31, 2010 (Unaudited)	July 31, 2010 (Unaudited)
Assets		
Current Assets		
Cash	$ 97,234	$ 255,279
Contracts Receivable	762,179	581,221
Other Current Assets	620	620
Total Current Assets	860,033	837,120
Fixed Assets		
Fixed Assets (Net)	441,948	445,700
Total Fixed Assets	441,948	445,700
Total Assets	1,301,981	1,282,820
Liabilities & Stockholders' Equity		
Current Liabilities		
Accounts Payable	70,884	81,049
Payroll Liabilities	11,730	33,022
Sales Tax Payable	8,609	-
Loans Payable	26,284	43,034
Total Current Liabilities	117,506	157,105
Stockholder's Equity (Deficit)		
Common Stock	1,000	1,000
Dividend Distributions	(6,128,040)	(6,068,040)
Retained Earnings	7,192,755	5,858,436
Net Income	118,760	1,334,319
Total Equity	1,184,475	1,125,715
Total Liabilities and Stockholders' Equity	$ 1,301,981	$ 1,282,820

RLP Mechanical Contractors, Inc.
Statement of Operations
(Unaudited)

	For the Three Months Ended October 31,		From Inception (01/01/93) to October 31, 2010
	2010	2009	
Revenues	$1,015,760	$1,517,525	$54,006,400
Cost of Sales	277,658	727,581	25,152,549
Gross Profit	738,103	789,944	28,853,851
General & Administrative			
Professional Fees	46,912	9,030	312,258
Salaries and Wages	416,040	338,100	15,725,296
Other general and administrative	156,391	137,193	5,504,625
Total Expenses	619,343	484,322	21,542,179
Net Income (Deficit)	$118,760	$305,621	$7,311,673

RLP Mechanical Contractors, Inc.
Statements of Cash Flows
October 31, 2010
(Unaudited)

	For the Three Months Ended October 31		From Inception (01/01/93) to October 31, 2010
	2010	2009	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$118,760	$305,621	$7,311,673
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	6,185	6,185	608,145
Increase in accounts receivable	(180,958)	(202,513)	(762,179)
Increase (decrease) in accounts payable	(10,165)	28,642	70,726
Increase (decrease) in payroll liabilities	(13,737)	(152)	11,730
Increase (decrease) in accrued liabilities	1,054	(1,039)	7,989
Net Cash Provided by (Used in) Operating Activities	(78,862)	136,745	7,248,083

CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase in assets	(2,433)	(77,516)	(1,050,093)
Net Cash Used in Investing Activities	(2,433)	(77,516)	(1,050,093)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in loans payable	(16,750)	-	26,284
Capital stock	-	-	1,000
Dividends distributed	(60,000)	-	(6,128,040)
Net Cash Used in Financing Activities	(76,750)	-	(6,100,756)
Net Increase in Cash	(158,045)	59,229	97,234
Cash and cash equivalents, beginning of period	255,279	156,816	-
Cash and cash equivalents, end of period	$97,234	$216,045	$97,234

Item 6. Exhibits

Exhibit No.	Description of Exhibit
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32.2	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

SIGNATURE

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

Alternative Energy Partners, Inc.

Date: December 20, 2010

/s/ Gary Reed
Gary Reed
Chairman

/s/ John Burke
John Burke
Principal Accounting Officer