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ENERGY POWER SYSTEMS LTD

Form 6-K

March 03, 2003

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

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934

For the month of February, 2003

Commission File Number 0-29586

EnerNorth industries inc.  
(FORMERLY: ENERGY POWER SYSTEMS LIMITED)

-----  
(Address of Principal executive offices)

2 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 1L6, Canada

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(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports  
under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F   
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Indicate by check mark if the registrant is submitting the Form 6-K in paper as  
permitted by Regulation S-T Rule 101(b)(7):

Yes  No   
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Indicate by check mark whether the registrant by furnishing the information  
contained in this Form is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes  No   
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If "Yes" is marked, indicate below the file number assigned to the registrant  
in connection with Rule 12g3-2(b):

82- \_\_\_\_\_

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.

EnerNorth industries inc.  
(formerly: Energy Power Systems Limited)

Date: February 28, 2003  
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By: \_\_\_\_\_ "Sandra J. Hall" \_\_\_\_\_  
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Sandra J. Hall,  
President, Secretary & Director

EnerNorth Industries Inc.  
(Formerly Energy Power Systems Limited)

Consolidated Financial Statements  
December 31, 2002  
(Unaudited)  
(Expressed in Canadian Dollars)

ENERNORTH INDUSTRIES INC.  
CONSOLIDATED BALANCE SHEET  
(EXPRESSED IN CANADIAN DOLLARS)

	DECEMBER 31, 2002	JUNE 30, 2002
	(UNAUDITED)	(AUDITED)
ASSETS		
CURRENT		
Cash	\$ 5,903,964	\$ 5,610,621
Marketable securities	167,038	283,800
Receivables	6,316,190	5,218,201
Due from co-venturer	1,120,215	159,110
Inventories and work in progress	1,143,075	2,652,816
Prepaid expenses	113,563	59,618
Future income tax asset	61,473	61,473
<b>TOTAL CURRENT ASSETS</b>	<b>14,825,518</b>	<b>14,045,639</b>
Oil and gas interests (net of accumulated depletion)	4,317,712	4,400,078
Capital assets (net of accumulated amortization)	2,756,022	2,834,859
Investment	3,500,000	3,500,000
Future income tax asset	533,527	533,527

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	\$ 25,932,779	\$ 25,314,103
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Bank indebtedness	\$ 1,978,601	\$ 1,462,766
Accounts payable and accrued liabilities	3,396,786	4,022,114
Due to shareholders	315,000	628,346
Current portion of long-term debt	185,925	185,925
Future income tax liability	432,490	432,490
-----	-----	-----
TOTAL CURRENT LIABILITIES	6,308,802	6,731,641
-----	-----	-----
Long-term debt	406,296	501,670
Future income tax liability	22,110	22,110
-----	-----	-----
TOTAL LIABILITIES	6,737,208	7,255,421
-----	-----	-----
SHAREHOLDERS' EQUITY		
Capital stock	43,339,877	42,096,732
Deficit	(24,144,306)	(24,038,050)
-----	-----	-----
TOTAL SHAREHOLDERS' EQUITY	\$ 19,195,571	\$ 18,058,682
-----	-----	-----
	\$ 25,932,779	\$ 25,314,103
	=====	=====

The accompanying notes to the financial statements are an integral part of these financial statements

ENERNORTH INDUSTRIES INC.  
CONSOLIDATED STATEMENT OF OPERATIONS  
(UNAUDITED)  
(EXPRESSED IN CANADIAN DOLLARS)

	FOR THE SIX MONTH PERIOD ENDING DECEMBER 31		FOR THE MONTH ENDING
	2002	2001	2002
-----	-----	-----	-----
Sales	\$ 15,023,874	\$ 14,351,432	\$ 4,561,000
Cost of sales (including amortization and depletion of \$208,189; 2002 - \$125,669)	13,079,915	12,473,356	3,904,080
-----	-----	-----	-----
Gross profit	1,943,959	1,878,076	656,919
-----	-----	-----	-----
Administrative expenses	2,006,852	1,210,579	1,110,130

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Amortization of goodwill	-	130,629	
Amortization of capital assets	40,327	81,639	23,144
Interest and bank charges	79,639	42,576	39,433
Interest on long-term debt	25,203	32,471	13,733
	-----	-----	-----
	2,152,021	1,497,894	1,186,453
	-----	-----	-----
Earnings (loss) before the following	(208,062)	380,182	(529,543)
Write down of inactive capital assets	-	(231,251)	
Other income	101,806	11,704	101,806
	-----	-----	-----
NET EARNINGS (LOSS)	(\$106,256)	\$ 160,635	(\$427,733)
Deficit, beginning of period	(24,038,050)	(20,849,848)	(23,716,573)
Deficit, end of period	(\$24,144,306)	(\$20,689,213)	(\$24,144,306)
	=====	=====	=====
NET EARNINGS (LOSS) PER COMMON SHARE			
Net earnings (loss) per share	(\$0.01)	\$ 0.02	(\$0.01)
Weighted average common shares outstanding (thousands)	12,083	7,120	12,083
FULLY DILUTED NET EARNINGS (LOSS) PER COMMON SHARE			
Net earnings (loss) per share	antidilutive	\$ 0.02	antidilutive
Weighted average fully diluted common shares outstanding (thousands)	na	7,883	na

The accompanying notes to the financial statements are an integral part of these financial statements

ENERNORTH INDUSTRIES INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)  
(EXPRESSED IN CANADIAN DOLLARS)

FOR THE SIX MONTH PERIOD ENDING DECEMBER 31		FOR THE THREE MONTH PERIOD ENDING DECEMBER 31	
2002	2001	2002	2001
-----	-----	-----	-----

OPERATING ACTIVITIES

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Net earnings (loss)	(\$106,256)	\$ 160,635	(\$427,734)	(\$249,3
Adjustments to reconcile net earnings to net cash provided by operating activities				
Amortization of goodwill	-	130,629	-	65,3
Amortization and depletion	248,516	207,308	113,718	105,9
Gain on sale of capital assets	-	(8,254)	-	(8,2
Write down of marketable securities	-	83,181	-	83,1
Gain on sale of marketable securities	(60,195)	-	(60,195)	
Write down of inactive capital assets	-	231,251	-	231,2
Future income taxes, net	-	(749)	-	
-----				
	82,065	804,001	(374,211)	228,0
Net change in non-cash working capital				
Receivables	(1,097,989)	(2,210,696)	5,482,254	(1,720,8
Inventories and work in progress	1,509,741	(862,198)	(161,696)	120,2
Prepaid expenses	(53,945)	(38,193)	(60,450)	(3,1
Accounts payable and accrued liabilities	(625,328)	960,792	(4,528,679)	703,9
-----				
CASH USED IN OPERATIONS	(185,456)	(1,346,294)	357,218	(671,7
-----				
FINANCING ACTIVITIES				
Bank indebtedness	515,835	79,086	(247,837)	(507,5
Long term debt, net	(95,374)	(113,761)	(47,797)	(61,2
Repayment to shareholders	(313,346)	(333,515)	-	(333,6
Issue of common shares	1,243,145	5,978,611	1,243,145	5,155,3
-----				
CASH PROVIDED BY FINANCING ACITIVITIES	1,350,260	5,610,421	947,511	4,252,8
-----				
INVESTING ACTIVITIES				
Purchase of capital assets	(49,010)	(88,990)	(22,983)	(61,2
Proceeds from sale of capital assets	-	12,000	-	12,0
Oil and gas interests	(38,305)	(1,009,139)	48,817	(893,2
Due from co-venturer	(961,103)	(348,669)	(36,271)	(73,5
Marketable securities	176,957	(225,888)	177,392	(67,4
-----				
CASH USED IN INVESTING ACTIVITIES	(871,461)	(1,660,686)	166,955	(1,083,4
-----				
NET INCREASE IN CASH	293,343	2,603,441	1,471,684	2,497,7
Cash, beginning of period	5,610,621	1,242,621	4,432,280	1,348,3
-----				
CASH, END OF PERIOD	\$ 5,903,964	\$ 3,846,062	\$ 5,903,964	\$ 3,846,0
=====				
CASH, END OF PERIOD CONSISTS OF:				
Cash	\$ 3,177,573	\$ 3,846,062	\$ 3,177,573	\$ 3,846,0
Cash equivalents	\$ 2,726,391	-	\$ 2,726,391	

The accompanying notes to the financial statements are an integral part of these financial statements

ENERNORTH INDUSTRIES INC.  
CONSOLIDATED STATEMENT OF SEGMENTED INFORMATION  
(UNAUDITED) (EXPRESSED IN CANADIAN DOLLARS)

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FOR THE SIX MONTHS ENDING DECEMBER 31, 2002

	Industrial & Offshore	Oil & Gas	Corporate	Total
Revenue	14,759,060	264,814	-	15,023,874
Interest expense	101,949	-	2,893	104,842
Amortization and depletion	127,845	120,671	-	248,516
Net earnings (loss)	599,412	(26,657)	(679,011)	(106,256)
Capital assets and oil and gas interests	2,815,436	4,317,712	-	7,133,148

FOR THE SIX MONTHS ENDING DECEMBER 31, 2001

	Industrial & Offshore	Oil & Gas	Corporate	Total
Revenue	14,099,725	251,707	-	14,351,432
Interest expense	70,762	-	4,285	75,047
Amortization and depletion	309,229	28,708	-	337,937
Net earnings (loss)	226,411	66,141	(131,917)	160,635
Capital assets and oil and gas interests	3,011,268	2,997,924	-	6,009,192

FOR THE THREE MONTH PERIOD ENDING DECEMBER 31, 2002

	Industrial & Offshore	Oil & Gas	Corporate	Total
Revenue	4,452,743	108,257	-	4,561,000
Interest expense	52,048	-	1,120	53,168

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Amortization and depletion	66,996	46,722	-	113
Net earnings (loss)	(90,091)	(4,896)	(332,747)	(427)

FOR THE THREE MONTH PERIOD ENDING DECEMBER 31, 2001

	Industrial & Offshore	Oil & Gas	Corporate	Total
Revenue	8,697,501	113,370	-	8,810
Interest expense	21,321	-	4,285	25
Amortization and depletion	156,872	14,354	-	171
Net earnings (loss)	(97,027)	28,212	(180,569)	(249)

The accompanying notes to the financial statements are an integral part of these financial statements

ENERNORTH INDUSTRIES INC.  
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDING DECEMBER 31, 2002

(EXPRESSED IN CANADIAN DOLLARS)

### 1. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared by management following the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended June 30, 2002. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements together with notes for the year ended June 30, 2002. The unaudited consolidated financial results for the six month period ending December 31, 2002 and 2001 include the accounts of the Company and its wholly owned subsidiary M&M Engineering Limited, a Newfoundland and Labrador company, and M&M's wholly-owned subsidiary M&M Offshore Limited, a Newfoundland and Labrador company. Operating results for the six months ended December 31, 2002 are not indicative of the results that may be expected for the full year ending June 30, 2003.

### 2. SEGMENTED INFORMATION

The Company's operations are separated into two distinct segments; the Industrial & Offshore Division, consisting of the consolidated operations of M&M Engineering Limited, a wholly owned subsidiary, and the Oil & Gas Division

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performing oil and gas exploration and production. M&M is an industrial contracting company performing fabrication and installation of process piping, installation of production equipment, steel tank erection, specialized welding services and industrial maintenance. Results for the six month period and three month period ending December 31, 2002 and December 31, 2001 are presented in the Consolidated Statement of Segmented Information.

### 3. SUBSEQUENT EVENTS

Effective February 11, 2003 the Company filed Articles of Amendment changing its name from Energy Power Systems Limited to EnerNorth Industries Inc. and consolidating its common shares on the basis of one new common share for every three old common shares.

### 4. SHARE CAPITAL

#### (a) Authorized and Issued:

##### Authorized:

-----

Unlimited number of Common Shares, without par value  
 Unlimited number of Class A Preference Shares, Series I  
 Unlimited number of Class A Preference Shares, Series II

##### Issued

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Common shares

	#	Consideration
-----		
Balance, as at June 30, 2002	10,578,645	\$ 42,096,732
Issued pursuant to private placement	1,600,000	1,243,145
Balance, as at December 31, 2002	12,178,645	\$ 43,339,877
-----		

#### (b) Common share purchase warrants outstanding consist of the following:

EXERCISE PRICE	EXPIRY DATE	2002	2001
		#	#
\$8.00	March 9, 2002	-	222,917
\$9.60	October 4, 2002	-	96,000
US\$4.45	May 9, 2002	-	35,000
US\$4.45	May 16, 2002	-	35,000
US\$4.45	March 13, 2003	40,000	-
US\$0.60	December 20, 2004	1,600,000	-
		640,000	388,917
=====			

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(c) Common share purchase options outstanding consist of the following:

EXERCISE PRICE	EXPIRY DATE	HOLDER	2002 #	2001 #
1.50	February 6, 2005	Directors and employees	-	5,000
4.00	June 14, 2005	Directors and consultants	21,000	66,000
6.30	January 8, 2006	Directors and employees	274,000	322,500
			295,000	393,500

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CERTIFICATION

I, Sandra J. Hall, President, certify that:

1. I have reviewed the unaudited Interim Consolidated Financial Statements for the six-month period ended December 31, 2002 of EnerNorth Industries Inc. (formerly: Energy Power Systems Limited);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures and internal controls and procedures for financial reporting (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal controls and procedures for financial reporting, or caused such internal controls and procedures for financial reporting to be designed under their supervision, to provide reasonable assurances that the registrant's financial statements are fairly presented in conformity with generally accepted accounting principles;

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c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and internal controls and procedures for financial reporting as of the end of the period covered by this report ("Evaluation Date");

d) Presented in this report our conclusions about the effectiveness of the disclosure controls and procedures and internal controls and procedures for financial reporting based on our evaluation as of the Evaluation Date;

e) Disclosed to the registrant's audit committee of the board of directors (or persons fulfilling the equivalent function):

(i) All significant deficiencies and material weaknesses in the design or operation of internal controls and procedures for financial reporting which could adversely affect the registrant's ability to record, process, summarize and report financial information required to be disclosed by the registrant in the reports that it files or submits under the Act (15 U.S.C. 78a et seq.), within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms; and

(ii) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls and procedures for financial reporting; and

f) Indicated in this report any significant changes in the registrant's internal controls and procedures for financial reporting or in other factors that could significantly affect internal controls and procedures for financial reporting made during the period covered by this report, including any actions taken to correct significant deficiencies and material weaknesses in the registrant's internal controls and procedures for financial reporting.

Date: February 28, 2003  
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"Sandra J. Hall"  
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Sandra J. Hall  
President

CERTIFICATION

I, Scott T. Hargreaves, Chief Financial Officer, President, certify that:

1. I have reviewed the unaudited Interim Consolidated Financial Statements for the six-month period ended December 31, 2002 of EnerNorth Industries Inc. (formerly: Energy Power Systems Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures and internal controls and procedures for financial reporting (as defined in Exchange Act

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Rules 13a-14 and 15d-14) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal controls and procedures for financial reporting, or caused such internal controls and procedures for financial reporting to be designed under their supervision, to provide reasonable assurances that the registrant's financial statements are fairly presented in conformity with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and internal controls and procedures for financial reporting as of the end of the period covered by this report ("Evaluation Date");

d) Presented in this report our conclusions about the effectiveness of the disclosure controls and procedures and internal controls and procedures for financial reporting based on our evaluation as of the Evaluation Date;

e) Disclosed to the registrant's audit committee of the board of directors (or persons fulfilling the equivalent function):

(i) All significant deficiencies and material weaknesses in the design or operation of internal controls and procedures for financial reporting which could adversely affect the registrant's ability to record, process, summarize and report financial information required to be disclosed by the registrant in the reports that it files or submits under the Act (15 U.S.C. 78a et seq.), within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms; and

(ii) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls and procedures for financial reporting; and

f) Indicated in this report any significant changes in the registrant's internal controls and procedures for financial reporting or in other factors that could significantly affect internal controls and procedures for financial reporting made during the period covered by this report, including any actions taken to correct significant deficiencies and material weaknesses in the registrant's internal controls and procedures for financial reporting.

Date: February 28, 2003

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"Scott T. Hargreaves"

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Scott T. Hargreaves  
Chief Financial Officer

