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

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** For the quarterly period ended September 30, 2003

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** For the transition period from _____ to _____

Commission File Number: 333-19584

POWERCOLD CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization)

23-2582701

(I.R.S. Employer Identification No.)

115 CANFIELD ROAD, LA VERNIA, TEXAS

(Address of principal executive offices)

78121

(Zip Code)

(830) 779-5213

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ **Yes** ☐ **No**

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ **No** ☒

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. ☐ **Yes** ☐ **No**

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. **Common Stock, par value \$0.001 – 21,233,180 shares outstanding at September 30, 2003.**

SEC 2334 (3-03) **Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

POWERCOLD CORPORATION AND SUBSIDIARIES
FORM 10Q
SEPTEMBER 30, 2003

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POWERCOLD CORPORATION AND SUBSIDIARIES
FORM 10Q
September 30, 2003

PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

POWERCOLD CORPORATION
CONSOLIDATED BALANCE SHEETS

	September 2003 Unaudited	December 31, 2002	2001
ASSETS			
CURRENT ASSETS			
Cash	\$ 805,804	\$ 93,372	\$ 290,174
Trade accounts receivable, net of allowance	3,809,014	296,179	173,769
Receivables from related parties	-	-	1,686
Inventory	161,578	180,433	241,853
Prepaid expenses	30,000	3,875	22,500
Total Current Assets	<u>4,806,396</u>	<u>573,859</u>	<u>729,982</u>
OTHER ASSETS			
Property and equipment, net	125,411	132,622	41,113
Patent rights and related technology, net	466,040	526,716	382,108
Goodwill, net	-	16,866	16,866
Chiller technology	860,000	400,000	-
Securities available for sale	19,317	38,800	970,000
Deposits and prepaid rent	97,532	6,336	9,645
Total Other Assets	<u>1,568,300</u>	<u>1,121,340</u>	<u>1,419,732</u>
Net assets from discontinued operations	-	-	689,810
TOTAL ASSETS	<u>\$ 6,374,696</u>	<u>\$ 1,695,199</u>	<u>\$ 2,839,524</u>
LIABILITIES AND STOCKHOLDER' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 3,111,975	\$ 345,899	\$ 232,204
Commissions and royalty payable	21,007	55,067	55,067
Advance from shareholder	92,236	196,760	-
Note payable	34,014	34,014	36,329
Current portion of capital lease payable	2,726	3,321	3,018
Total Current Liabilities	<u>3,261,958</u>	<u>635,061</u>	<u>326,618</u>
CAPITAL LEASE PAYABLE, net of current portion	-	600	5,413
COMMITMENTS AND CONTINGENCIES	128,332	277,903	168,300
STOCKHOLDERS' EQUITY			
Convertible preferred stock, Series A, \$0.001 par value: 5,000,000 shares authorized, 0 shares issued and outstanding	-	-	-
Common stock, \$0.001 par value: 200,000,000 share authorized, 21,233,180, 18,442,066 and 16,027,882 share issued and outstanding, respectively	21,234	18,442	16,027
Additional paid-in capital	16,266,319	13,644,779	10,210,665
Stock options and warrants	504,998	504,998	471,980
Accumulated deficit	(13,827,462)	(13,425,384)	(9,329,479)
Accumulated other comprehensive income	19,317	38,800	970,000
Total Stockholder's Equity	<u>2,984,406</u>	<u>781,635</u>	<u>2,339,193</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 6,374,696</u>	<u>\$ 1,695,199</u>	<u>\$ 2,839,524</u>

See accompanying condensed notes.

POWERCOLD CORPORATION
CONSOLIDATED STATEMENTS OF
OPERATIONS AND COMPREHENSIVE LOSS

	For the Three Months Ended September 30,		
	2003	2002	2001
	Unaudited	Unaudited	Unaudited
REVENUES			
Product Sales	\$ 2,139,794	\$ 435,201	\$ 305,527
Services	-	25,258	67,478
Total Revenues	2,139,794	460,459	373,005
COST OF REVENUES	1,355,750	334,349	279,203
GROSS PROFIT	784,044	126,110	93,802
OPERATING EXPENSES			
Sales, marketing and advertising	182,707	166,211	67,519
General and administrative	522,555	813,063	329,655
Depreciation and amortization	24,985	18,930	24,048
Total Operating Expenses	730,247	998,204	421,222
INCOME (LOSS) FROM OPERATIONS	53,797	(872,094)	(327,420)
OTHER INCOME (EXPENSES)			
Royalty income	-	-	-
Interest income	944	-	1,367
Inventory impairment	-	(143,742)	-
Interest and financing expense	(1,121)	(2,764)	(2,124)
Gain on closure of segment	233,139	-	-
Total Other Income (Expense)	232,962	(146,506)	(757)
INCOME (LOSS) BEFORE INCOME TAX	286,759	(1,018,600)	(328,177)
INCOME TAX EXPENSES	-	-	-
INCOME (LOSS) FROM CONTINUING OPERATIONS	286,759	(1,018,600)	(328,177)
LOSS FROM DISCONTINUED OPERATIONS	-	-	(14,281)
NET INCOME (LOSS)	286,759	(1,018,600)	(342,458)
OTHER COMPREHENSIVE INCOME (LOSS)	-	(212,400)	(388,000)
Unrealized gain (loss) on investments	-	(212,400)	(388,000)
COMPREHENSIVE INCOME (LOSS)	\$ 286,759	\$ (1,231,000)	\$ (730,458)
NET INCOME (LOSS) PER COMMON SHARE, BASIC AND DILUTED, CONTINUING OPERATIONS	0.01	(0.08)	(0.05)
BASIC AND DILUTED, DISCONTINUED OPERATIONS	-	-	nil
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	19,812,437	16,281,220	13,560,305

See accompanying condensed notes.

POWERCOLD CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the Nine Months Ended September 30,		
	2003	2002	2001
	Unaudited	Unaudited	Unaudited
REVENUES			
Product Sales	5,319,604	\$ 1,238,490	\$ 661,772
Services	53,750	68,459	135,331
Total Revenues	5,373,354	1,306,949	797,103
COST OF REVENUES	4,033,600	945,358	521,004
GROSS PROFIT	1,339,754	361,591	276,099
OPERATING EXPENSES			
Sales, marketing and advertising	500,164	473,292	241,472
General and administrative	1,594,923	2,183,807	1,267,727
Depreciation and amortization	74,955	63,105	70,749
Total Operating Expenses	2,170,042	2,720,204	1,579,948
LOSS FROM OPERATIONS	(830,288)	(2,358,613)	(1,303,849)
OTHER INCOME (EXPENSES)			
Royalty income	-	-	44,785
Interest income	1,063	-	-
Inventory impairment	-	(143,742)	-
Interest and financing expense	(2,316)	(4,649)	(53,290)
Gain from closure of a segment	233,139	-	-
Other Income	196,324	-	-
Total Other Income (Expense)	428,210	(148,391)	(8,505)
LOSS BEFORE INCOME TAX	(402,078)	(2,507,004)	(1,312,354)
INCOME TAX EXPENSES	-	-	-
LOSS FROM CONTINUING OPERATIONS	(402,078)	(2,507,004)	(1,312,354)
GAIN (LOSS) FROM DISCONTINUED OPERATIONS	-	(667,723)	(65,540)
NET LOSS	(402,078)	(3,174,727)	(1,377,894)
OTHER COMPREHENSIVE INCOME (LOSS)	(19,483)	(581,000)	1,067,000
Unrealized gain (loss) on investments			
COMPREHENSIVE LOSS	\$ (421,561)	\$ (3,755,727)	\$ (310,894)
NET LOSS PER COMMON SHARE,			
BASIC AND DILUTED, CONTINUING OPERATIONS	(0.02)	(0.23)	(0.02)
BASIC AND DILUTED, DISCONTINUED OPERATIONS	nil	(0.04)	nil
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	19,338,856	16,268,893	13,259,614

See accompanying condensed notes.

POWERCOLD CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Stock Options and Warrants	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Number of Shares	Amount					
Balance, January 1, 2001	12,669,383	\$ 12,669	\$ 8,243,227	\$ (7,001,077)	\$ -	\$ -	\$ 1,254,819
Common stock issued for service at \$0.59 per share	42,500	43	24,958	-	-	-	25,001
Common stock issued for consulting service at \$0.50 per share	230,000	230	114,770	-	-	-	115,000
Common stock issued for conversion of debt at \$0.56 per share	372,081	372	207,128	-	-	-	207,500
Common stock issued for prepayment of rent at \$0.50 per share	45,000	45	22,455	-	-	-	22,500
Common stock issued as interest and financing expense at \$0.50 per share	240,419	240	122,010	-	-	-	122,250
Common stock issued for compensation at \$.050 per share	113,000	113	56,387	-	-	-	56,500
Common stock issued for payment of accounts payable at \$0.75 per share	35,000	35	26,383	-	-	-	26,418
Common stock issued for acquisition of PSI at \$2.19 per share	50,000	50	108,450	-	66,500	-	175,000
Common stock: 2,144,820 shares issued with 603,083 attached warrants for cash at \$0.86 per share and 85,679 shares valued at \$1.73 per share less total issuing cost of \$296,142	2,230,499	2,230	1,284,898	-	405,480	-	1,692,608
Unrealized gain on investments	-	-	-	-	-	970,000	970,000
Net loss, year ended December 31, 2001	-	-	-	(2,328,402)	-	-	(2,328,402)
Balance, January 1, 2002	16,027,882	16,027	10,210,666	(9,329,479)	471,980	970,000	2,339,194

See accompanying condensed notes.

POWERCOLD CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Additional	Accumulated	Stock	Accumulated	Total
	Number of	Amount	Paid-in	Deficit	Options	Other	Stockholders'
	Shares		Capital		and	Comprehensive	Equity
					Warrants	Income	
Common stock issued for cash at and average of \$1.54 per share less \$4,642 for cost of issuance	1,658,666	1,660	2,520,492	-	39,975	-	2,562,127
Common stock issued for compensation at \$0.58 per share	82,562	83	47,672	-	-	-	47,755
Common stock issued for services at \$1.05 per share	440,956	441	462,309	-	-	-	462,750
Warrants exercised at \$1.00 per share	32,000	32	62,341	-	(30,373)	-	32,000
Common stock rescinded for failure to perform	(50,000)	(50)	50	-	-	-	-
Common stock and options rescinded for acquisition of PSI	(50,000)	(50)	(108,450)	-	(66,500)	-	(175,000)
Common stock and options issued for the acquisition of Applied Building Technology, Inc. at \$1.50 per share	300,000	300	449,700	-	41,416	-	491,416
Common stock options issued under the acquisition agreement for Ultimate Comfort Systems	-	-	-	-	48,500	-	48,500
Unrealized loss on investments	-	-	-	-	-	(931,200)	(931,200)
Net loss, year ended December 31, 2002	-	-	-	(4,095,905)	-	-	(4,095,905)
Balance, January 1, 2003	<u>18,442,066</u>	<u>18,443</u>	<u>13,644,780</u>	<u>(13,425,384)</u>	<u>504,998</u>	<u>38,800</u>	<u>781,637</u>
Exercise of options for cash at and average of \$0.50 per share	300,000	300	149,700	-	-	-	150,000
Common stock issued for cash at an average of \$0.93 per share less \$4,642 for cost of issuance	300,000	300	274,700	-	-	-	275,000
Common stock issued for services at \$0.75 per share	160,000	160	119,840	-	-	-	120,000
Common stock issued for cash at \$1.11 per share and services valued at \$ 42, 000	455,384	455	503,075	-	-	-	503,530
Common stock issued for cash at an average of \$1.00 per share and services valued at \$25,800	1,575,800	1,576	1,574,224	-	-	-	1,575,800
Unrealized loss on investments	-	-	-	-	-	(19,483)	(19,483)
Net loss, September 30, 2003 (unaudited)	-	-	-	(402,078)	-	-	(402,078)
Balance September 30, 2003 (unaudited)	<u>21,233,250</u>	<u>\$ 21,234</u>	<u>\$ 16,266,319</u>	<u>\$ (13,827,462)</u>	<u>\$ 504,998</u>	<u>\$ 19,317</u>	<u>\$ 2,984,406</u>

See accompanying condensed notes.

POWERCOLD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30,		
	2003	2002	2001
	Unaudited	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (402,078)	\$ (3,174,677)	\$ (1,377,894)
Discontinued operations	-	667,673	65,540
	<u>(402,078)</u>	<u>(2,507,004)</u>	<u>(1,312,354)</u>
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	74,955	63,105	70,749
Forgiveness of debt	(196,324)	-	-
Bad debt expense	-	194,155	-
Impairment of goodwill	16,866	-	-
Impairment of inventory	-	143,742	-
Issuance of common stock for services	42,000	378,750	234,000
Issuance of common stock for compensation	145,800	30,000	-
Issuance of common stock for interest and financing	-	-	54,000
Settlement of commitments and contingencies	-	(18,480)	-
(Increase) decrease in assets:			
Accounts receivable	(3,512,835)	(466,578)	(214,676)
Receivable from related party	-	(1,686)	-
Inventories	(53,145)	(66,384)	27,454
Prepaid expenses	2,802	16,750	92,215
Refundable income taxes	-	-	-
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	2,766,076	276,019	30,805
Accounts payable, related party	-	-	(8,736)
Deferred revenue	-	-	29,426
Commissions payable	(34,060)	-	13,282
Net cash used in operating activities	<u>(1,149,943)</u>	<u>(1,957,611)</u>	<u>(983,835)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits	(91,196)	3,309	(1,970)
Purchase of property and equipment	(5,416)	(7,234)	(15,810)
Chiller license and technology	-	(400,000)	-
Acquisition of subsidiary	-	(65,000)	-
Investment in discontinued operations	-	18,248	(22,697)
Net cash provided by (used in) investing activities	<u>(96,612)</u>	<u>(450,677)</u>	<u>(40,477)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on capital lease	(1,195)	(3,604)	(1,582)
Proceeds from issuance of shares under private placement	2,287,078	2,131,162	1,012,500
Repayment of borrowings	-	(2,315)	(25,000)
Proceeds from borrowing	-	-	165,000
Proceeds from advance from affiliate	30,000	-	192,500
Repayment of short-term borrowings, affiliate	(134,554)	-	(246,268)
Cost of issuance of shares under private placement	-	-	(36,000)
Financing activities provided by closed segment	(222,342)	-	-
Net cash provided by financing activities	<u>1,958,987</u>	<u>2,125,243</u>	<u>1,061,150</u>
Net increase (decrease) in cash	712,432	(283,045)	36,838
Cash at beginning of year	<u>93,372</u>	<u>290,174</u>	<u>106,864</u>
Cash at end of period	<u>\$ 805,804</u>	<u>\$ 7,129</u>	<u>\$ 143,702</u>

See accompanying condensed notes.

POWERCOLD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30,		
	2003 Unaudited	2002 Unaudited	2001 Unaudited
	-	-	
SUPPLEMENTAL CASH FLOW INFORMATION			
Interest paid	\$ 2,316	\$ 3,738	17,850
Income taxes paid	\$ -	\$ -	-
NON-CASH TRANSACTIONS:			
Unrealized gain (loss) on securities available for sale	\$ (19,483)	\$ (581,000)	-
Issuance of common stock as prepayment for consulting services	\$ -	\$ -	15,000
Issuance of common stock for prepaid services and compensation	\$ 187,800	\$ 408,750	234,000
Issuance of common stock for payment of accounts payable	\$ -	\$ -	26,418
Issuance of common stock for payment of interest and financing expenses	\$ -	\$ -	54,000
Issuance of common stock as stock offering costs	\$ -	\$ -	69,625
Issuance of common stock for prepaid rent	\$ -	\$ -	22,500
Issuance of stock for satisfaction of notes payable	\$ -	\$ -	100,000
Issuance of stock for accrued wages	\$ -	\$ -	25,000
Issuance of common stock for acquisition	\$ -	\$ 200,000	-
Stock rescinded in disposition	\$ -	\$ (175,000)	-
Inventory exchanged for chiller technology	\$ 460,000	\$ -	-
Commissions, accounts payable and commitments and contingencies forgiven	\$ (196,324)	\$ -	-

See accompanying condensed notes.

**POWERCOLD CORPORATION
CONDENSED NOTES TO CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 1 –BASIS OF PRESENTATION

The foregoing unaudited consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q as promulgated by the Securities and Exchange Commission. Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. These unaudited consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the period ended December 31, 2002. In the opinion of management, the unaudited consolidated interim financial statements furnished herein include all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim period presented.

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions that could have a material effect on the reported amounts of the Company's financial position and results of operations.

Operating results for the nine-month ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003.

GOING CONCERN UNCERTAINTY

These financial statements have been prepared on a going concern basis, which contemplated the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred recurring losses and at December 31, 2002 had an accumulated deficit of \$13,425,384. For the three months and nine months ended September 30, 2003, the Company had a net profit of \$286,759 and a net loss of (\$421,561) respectively. These factors, among others, indicate that the Company may be unable to continue as a going concern for a reasonable period of time. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is contingent upon its ability to obtain additional financing, and to generate revenue and cash flow to meet its obligations on a timely basis.

NOTE 2 – THE COMPANY

PowerCold Corporation, formerly International Cryogenic Systems Corporation, ("the Company"), was incorporated on October 7, 1987 in the State of Nevada. PowerCold is a solution provider of energy efficient products for the refrigeration, air conditioning and power industries. The Company operates across many market sectors, from large industrial food processors to small commercial air conditioning systems. The Company develops and markets proprietary equipment to achieve significant electric

POWERCOLD CORPORATION
CONDENSED NOTES TO CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 2 – THE COMPANY (CONTINUED)

power cost savings for commercial and industrial firms. PowerCold's energy efficient and environmentally safe products are designed to reduce power costs for air conditioning, refrigeration and on-site building power.

The Company derives its revenues from three principal product line applications. The first is a line of evaporative condensers and heat exchange systems for the HVAC and refrigeration industry. The second is the marketing of unique chiller systems for the HVAC and refrigeration industry. The third is proprietary applications for the HVAC industry, including, patented four pipe integrated piping system for large commercial buildings and turnkey HVAC systems for light commercial national chain store applications.

Effective August 1, 2002, PowerCold Corporation acquired 100% of the assets of Applied Building Technology, Inc. ("ABT"), a St. Petersburg, Florida based supplier of complete standardized heating, ventilation and air conditioning packages for standard-sized commercial buildings. ABT's assets were transferred into PowerCold's wholly owned subsidiary, Ultimate Comfort Systems.

On December 1, 2001, Powercold acquired all of the common stock of Power Sources, Inc., (hereinafter "PSI"), a newly formed entity engaged in the development and marketing of cogeneration systems technology. During the year ended December 31, 2002, the Company disposed of PSI.

On December 1, 2000, the Company acquired the assets of Ultimate Comfort Systems, Inc., including its technology rights, patent rights (U.S. Patent No. 5,183,102), and license agreement for integrated piping technology for a heating and air conditioning system. This acquisition gave the Company exclusive, non-transferable United States transfer rights to the aforementioned technology and all related assets. This technology was then placed into a newly formed, wholly owned subsidiary of the Company, Ultimate Comfort Systems.

The Company formed Alturdyne Energy Systems, Inc. in September 1999 to support the natural gas engine driven water chiller business. Subsequent to its formation, the entity has been essentially dormant. It was dissolved in September 2002.

On May 18, 1998, the Company incorporated a wholly owned subsidiary, Channel Freeze Technologies, Inc., ("CFTI") to acquire intellectual property rights of Channel Ice Technologies. During the year ended December 31, 2002, the Company disposed of CFTI.

On August 4, 1995, the Company acquired Nauticon, Inc., including its related technology and assets for 900,000 shares and 300,000 options (expired July 31, 2000) of the Company's stock. The assets currently include U.S. Patent No. 5,501,269 issued on March 26, 1996, and entitled Condenser Unit, and U.S. Patent No. 5,787,722 issued August 4, 1998, and entitled Heat Exchange Unit. During the year ended December 31, 2002, Nauticon's assets, liabilities and operations were absorbed into PowerCold Products, Inc., the Company's wholly owned subsidiary.

On December 28, 1992, the Company acquired the patent rights (U.S. Patent No. 5,501,269) and related engineering and technology to a process of quick-freezing food products, and cleaning and treating various

**POWERCOLD CORPORATION
CONDENSED NOTES TO CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2003**

NOTE 2 – THE COMPANY (CONTINUED)

nonfood products. This process is accomplished by using a circulating cryogenic liquid in a closed pressurized vessel system. 2,414,083 shares of the Company's common stock was issued for the patent acquisition. Two directors of the Company were also directors of the company selling the patent rights.

The financial statements for prior periods have been restated for the disposition of CFTI and PSI.

NOTE 3—FORGIVENESS OF DEBT

During the quarter ended June 30, 2003 the Company reduced its accounts payable by \$196,324, and commission expense by \$41,205, which were recorded in the second quarter 2003 financial statements as forgiveness of debt. This accounts payable debt was originally incurred prior to 1996, by one of the former subsidiaries of the Company. The Company has made every effort to contact the creditors of its former subsidiary, in order to establish payment plans. The amount recorded as forgiveness of debt represents the amount owing to creditors who could not be located, or did not respond to the Company's inquiries. If the Company is contacted by any of the creditors of its former subsidiary, regarding legitimate amounts payable, the Company will reinstate the liability at that time. Since the Company has made every effort to locate the creditors, and has been unsuccessful in this effort, the chances that any of these amounts will ever become payable is remote, and therefore they are not being recorded as contingencies in the accompanying financial statements.

NOTE 4 – ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

During the nine months ended September 30, 2003, the Company experienced a major increase in sales. This increase resulted in increases in accounts receivable, due to the granting of credit on sales and accounts payable, due to the increase in cost of goods sold. The accounts receivable recorded in the accompanying financial statements are considered, by management, to be substantially collectible, and no allowance for doubtful accounts has been recorded.

NOTE 5 – COMMON STOCK

During the nine months ended September 30, 2003 the company issue 2,791,184 shares of common stock. 2,555,384 shares of common stock for cash of \$2,436,075 and 235,800 shares of common stock for services valued at \$187,800.

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

Forward looking statements made herein are based on current expectations of the Company that involves a number of risks and uncertainties and should not be considered as guarantees of future performance. These statements are made under the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. The factors that could cause actual results to differ materially include; interruptions or cancellation of existing contracts, impact of competitive products and pricing, product demand and market acceptance risks, the presence of competitors with greater financial resources than the Company, product development and commercialization risks and an inability to arrange additional debt or equity financing.

GENERAL FINANCIAL ACTIVITY

PowerCold Corporation operations include three wholly owned subsidiary companies with respective operating divisions: PowerCold Products, Inc., supports all research and development, engineering and manufacturing for all "Cold" related products, and includes Technicold Services, Inc. (combined with the operations of PowerCold Products in the third quarter), a division that provides engineering consulting services to the air condition, refrigeration and power industry. PowerCold ComfortAir Solutions, Inc. (previously named Ultimate Comfort Systems, Inc.), supports unique, proprietary applications for heating, ventilating and air conditioning systems (HVAC), and includes two operating divisions, Applied Building Technology, which supports related design and engineering, and PowerCold Energy Systems, which supports all "Power" related products. PowerCold International, Ltd., a new operating subsidiary company, effective July 1, 2003, markets all company products and system applications worldwide through various alliances and marketing agencies.

PowerCold Products, Inc. – designs and supports a proprietary product line of patented evaporative condensers and heat exchange systems for the heating, ventilation and air condition (HVAC) and refrigeration industry. PowerCold Products supports the Company's Nauticon® and EV Chill™ product lines by engineering design and packaging its products. PowerCold Products also supports custom refrigeration systems by engineering, designing and packaging special customer orders.

The Nauticon® patented products are innovative in design, use new material technology and have a low operating cost. They are used for evaporative condensers, fluid coolers, sub-coolers commercial and industrial refrigeration system components and custom refrigeration products for commercial and industrial use. Nauticon® products can reduce power cost in the air condition and refrigeration industry by up to 40%. The reduction in electrical demand through the use of the Nauticon® units benefit the local electric utilities through lower power demand on high peak load days. PowerCold® has continued to invest and improve the Nauticon® product line over the last two years. During 2002 the Nauticon® product line was greatly expanded with the addition of new products ranging from a single 40-ton evaporative condenser to a single 100-ton unit. The company filed for another patent (third Nauticon patent) on the new 5Ft unit.

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The Chiller line of products includes: EV-Chill™: water chillers, namely, water chilling and refrigeration systems utilizing water evaporative condensers for commercial and industrial use; EV-Cool™: air conditioning units utilizing evaporative condensers for commercial and industrial use; EV-Dry™: dehumidification system utilizing evaporative fluid coolers to cool warm dry air for commercial and industrial use; EV-Frig™: refrigeration condensing units utilizing evaporative condensers for commercial and industrial use.

PowerCold ComfortAir Solutions, Inc. - On December 1, 2000, the Company acquired the technology rights, patent rights, and license agreement for integrated piping technology for a heating and air conditioning system. This technology was then placed into a newly formed wholly owned subsidiary of the Company, previously called Ultimate Comfort Systems, Inc. This acquisition gave the Company exclusive, non-transferable United States transfer rights to the technology and all related assets. During 2001 and 2002 the Company invested over \$750,000 supporting engineering and marketing programs for major hotel projects. The company expects that PowerCold ComfortAir Solutions will generate major growth in revenue and profits for this unique proprietary application, which save up to 40% in energy costs.

Applied Building Technology - In August 2002, the Company acquired all the assets of Applied Building Technology, a supplier of complete standardized heating, ventilation and air conditioning packages for standard-sized commercial buildings. This new acquisition gives the Company a major entrée into the vast market for small commercial HVAC systems for national chain accounts. Increasing power costs and new clean air regulations have forced corporations with chain store operations to focus on energy savings and cleaner air.

The company has recently introduced two new applications to support the national chain store business: The BreezeMaster™ system, designed for use by large chain retail and fast food stores, is a closed loop cooler that prevents moisture buildup that can lead to legionella and other respiratory diseases associated with standard evaporative condensers. This is a critical application for the high volume 10 to 30 ton commercial rooftop unit market where small footprint, weight and height are an issue. The other application is a new proprietary DesertMaster™ total energy fresh air system. The system uses cool or warm exhaust air being circulated out of a building to cool or heat incoming outside fresh air. The desiccant section is then used to remove the moisture from all the public spaces, 24 hours per day seven days per week. The DesertMaster is highly energy efficient, eliminating the need for approximately 20% of additional air conditioning equipment.

PowerCold Energy Systems, Inc. - The Company originally formed Alturdyne Energy Systems to support its natural gas engine driven chillers and its rotary engine business. The name was changed to PowerCold Energy Systems in November 2002. The Company signed a letter of intent in March 2002 to acquire Alturdyne, Inc., a privately owned company that produces natural gas engine driven chillers and custom generator packages. In September 2002, the Company withdrew its acquisition offer and acquired an exclusive license from Alturdyne to package, market, develop and use technology and licensed intellectual property for natural gas engine driven chillers and the natural gas rotary engine gen-set for a period not to exceed ten years. The Company paid Alturdyne \$400,000 as a prepayment against the first \$8,000,000 in royalty payments as part of an exclusive license.

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The industry is demanding self-powered units for combined heat and power (CHP). The technology and intellectual property licenses granted to us by Alturdyne significantly enhance our ability to offer customers complete packaged solutions for their HVAC and power generation needs. Alturdyne's engine driven chillers include standard and custom packaging of natural gas, electric and diesel-fueled engine driven chillers used for HVAC system applications. The licenses for rotary engine generator sets include a family of Wankel and Mazda type rotary internal combustion multi-rotor engines used for pumps, generator, compressors, and auxiliary power units and applications.

PowerCold International Ltd. – The Company was incorporated as a new operating subsidiary effective July 1, 2003. PowerCold International markets all company products and system applications worldwide through various alliances and marketing agencies. Agents and alliances are being organized in various countries worldwide to market and support the company's products and application systems. Two alliances include: Shun Cheong Electrical Engineering Co., Ltd., Hong Kong, and Industrias Polaris S. A., Monterrey, Mexico.

The Company recently received formal Certificate of Registrations from The U.S. Patent and Trademark Office for both PowerCold® and Nauticon®. The Company recently applied for Registered trademarks for BreezeMaster™ and DesertMaster™. PowerCold patent filings now include four patents and three patents pending.

RESULTS OF OPERATIONS:

The Company's Consolidated Statement of Operations for the three and nine months ended September 30, 2003 compared to the three and nine months ended September 30, 2002:

Total Revenue for the three-month period ended September 30, 2003 increased 364% to \$2,139,794 from \$460,459 for the same quarter the prior year, and for the nine-month period ended September 30, 2003 increased 311% to \$5,373,354 from \$1,306,949 for the same period the prior year. Third quarter 2003 revenue of \$2,139,794 slightly exceeded second quarter 2003 revenue of \$2,138,976, an increase of 0.04%.

Operating Profit for the three-month period ended September 30, 2003 increased to \$53,797 from an operating loss of (\$872,094) for the same quarter the prior year. While for the nine-month period ended September 30, 2003 the loss from operations decreased to (\$830,288) from an operating loss of (\$2,358,613) for the same prior year period.

Net Operating Losses from continuing operations included one-time charges of \$180,575 and a one-time forgiveness of debt of \$237,529. Recorded in the second quarter. During the third quarter a one-time gain of \$233,139 was realized on the combination of Technicold Services into PowerCold Products. It is expected that quarterly operating losses will continue to decline and profits develop as revenue increases and operating expenses are controlled at current levels. PowerCold ComfortAir Solutions third quarter 2003 net profit increased 71.81% to \$280,282 at 15.78% of revenue compared to \$163,135 at 7.97% of revenue for the second quarter 2003.

Net Profit for the three-month period ended September 30, 2003 increased to \$286,759 from a loss of (\$1,231,000) for the same quarter the prior year, and the loss for the nine-month period ended September 30, 2003 decreased 83% to (\$421,561) from (\$3,755,727) for the same prior year period.

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Net Profit Per Share for the three-month period ended September 30, 2003 increased to \$0.01 from a loss of (\$0.08) for the comparable prior year quarter, and for the nine-month period ended September 30, 2003 decreased to (\$0.02) from (\$0.23) for the same period in the prior year. Net profit per share was based on weighted average number of shares of 19,812,437 for the three month period ended September 30, 2003.

At the end of third quarter order backlog was \$4.5 million. Management forecasts significant orders for the fourth quarter of 2003. PowerCold ComfortAir Solutions continues to receive frequent new inquiries from large national account companies requesting the redesign of their standard HVAC plans with the more energy efficient PowerCold system. PowerCold ComfortAir Solutions design bid proposal backlog is growing about \$10 million per quarter and currently exceeds \$30 million. PowerCold ComfortAir Solutions market for commercial HVAC systems for national chain store accounts has expanded to (9) nine chains for engineering design for new and retrofit stores. Nauticon sales and backlog continue to grow, as demand for evaporative condensers continue to expand worldwide. PowerCold International has generated new sales orders overseas and has generated over \$3 million in proposals for the Nauticon® product line.

Profit margins will continue to improve as sales and revenue volume increases. The Company is establishing manufacturing relations in Mexico, whereas material and direct labor operating cost is expected to substantially decrease providing greater operating gross margins. PowerCold ComfortAir Solutions' operating profit has exceeded each respective quarter, and its operating profits are expected to continually increase hereafter.

Operating expenses were \$268,000 lower and gross profits were \$658,000 higher for the third quarter compared to the prior year. Profits from continuing operations increased to \$286,759 from a loss of (\$1,018,600) from the prior year because of higher revenues, tighter management controls relating to general and administrative expenses and aggressive cost reduction. PowerCold ComfortAir Solutions third quarter operating expenses increased from the second quarter 2003 due to the addition of new employees and increased selling activities.

The Company's Consolidated Balance Sheet as of the third quarter ended September 30, 2003 compared to year ending December 31, 2002.

Total current assets increased to \$4,806,396 for the third quarter ended September 30, 2003 compared to \$573,859 for the year ending December 31, 2002. Total assets increased to \$6,374,696 for the third quarter ended September 30, 2003 compared to \$1,695,199 for the year ending December 31, 2002. Total liabilities increased to \$3,390,290 for the third quarter ended September 30, 2003 compared to \$913,564 for the year ending December 31, 2002. Total stockholders' equity increased to \$2,984,406 for the third quarter ended September 30, 2003 compared to \$781,635 for the year ending December 31, 2002.

The increase in assets and liabilities was mainly due to the rise of accounts receivable and accounts payable at the end of the quarter. The reduction in the second quarter commitments and contingencies to \$128,332 from \$277,903 is from old outstanding accounts payable from previous subsidiary companies.

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During the nine months ended September 30, 2003, the Company experienced a major increase in sales. This increase resulted in increases in accounts receivable, due to the granting of credit on sales and accounts payable, due to the increase in cost of goods sold. The accounts receivable recorded in the accompanying financial statements are considered, by management, to be substantially collectible, and no allowance for doubtful accounts has been recorded

During the quarter ended September 30, 2003 the company issued 455,384 shares of common stock for warrants receiving \$503,776 in cash and \$42,000 for services rendered.

Liquidity and Capital Resources: At September 30, 2003, the Company's working capital increased to \$1,544,438 from a negative position at December 31, 2002. The financial condition of the corporation continued to improve during the third quarter. Inventory movement increased slightly but controlled, as the demand for product increased. Purchasing agreements with suppliers, coupled with the use of common parts throughout the product lines should allow a continued controlled reduction in inventory levels and product cost reduction.

Status of Operations: Management intends to continue to utilize and develop the intangible assets of the Company. At September 30, 2003, intangible assets comprised less than 20% of the Company's assets. The recovery of these intangible assets is dependent upon achieving profitable operations. It is Management's opinion that the Company's cash flow generated from current intangible assets is not impaired, and that recovery of its intangible assets, upon which profitable operations will be based, will occur. Management believes that its working capital is not totally sufficient to support its continued growth plans for 2004, and may need to seek additional funding and/or a line of credit to support the Company's major growth projections.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The company, at the present time, has no exposure to market risk sensitive instruments entered into for trading purposes and instruments related to interest rate risk, foreign currency exchange rate risk, commodity price risk, and other relevant market risks, such as equity price risk.

ITEM 4. CONTROLS AND PROCEDURES

QUARTERLY EVALUATION OF THE COMPANY'S DISCLOSURE CONTROLS AND INTERNAL CONTROLS.

Within the 90 days prior to the date of this Quarterly Report on Form 10-Q, the Company evaluated the effectiveness of the design and operation of its "disclosure controls and procedures" (Disclosure Controls), and its "internal controls and procedures for financial reporting" (Internal Controls). This evaluation (the Controls Evaluation) was done under the supervision and with the participation of management, including our Chief Executive Officer (CEO). Rules adopted by the SEC require that in this section of the Quarterly Report we present the conclusions of the CEO about the effectiveness of our Disclosure Controls and Internal Controls based on and as of the date of the Controls Evaluation.

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CEO CERTIFICATIONS.

Appearing immediately following the Signatures section of this Quarterly Report there are two separate forms of "Certifications" of the CEO. The second form of Certification is required in accord with Section 302 of the Sarbanes-Oxley Act of 2002 (the Section 302 Certification). This section of the Quarterly Report, which you are currently reading is the information concerning the Controls Evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS.

Disclosure Controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 (Exchange Act), such as this Quarterly Report, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's (SEC) rules and forms. Disclosure Controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the CEO, as appropriate to allow timely decisions regarding required disclosure. Internal Controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized; (2) our assets are safeguarded against unauthorized or improper use; and (3) our transactions are properly recorded and reported, all to permit the preparation of our financial statements in conformity with generally accepted accounting principles.

LIMITATIONS ON THE EFFECTIVENESS OF CONTROLS.

The Company's management, including the CEO, does not expect that our Disclosure Controls or our Internal Controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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SCOPE OF THE CONTROLS EVALUATION.

The CEO evaluation of our Disclosure Controls and our Internal Controls included a review of the controls' objectives and design, the controls' implementation by the Company and the effect of the controls on the information generated for use in this Quarterly Report. In the course of the Controls Evaluation, we sought to identify data errors, controls problems or acts of fraud and to confirm that appropriate corrective action, including process improvements, were being undertaken. This type of evaluation will be done on a quarterly basis so that the conclusions concerning controls effectiveness can be reported in our Quarterly Reports on Form 10-Q and Annual Report on Form 10-K. Our Internal Controls are also evaluated on an ongoing basis by our independent auditors in connection with their audit and review activities. The overall goals of these various evaluation activities are to monitor our Disclosure Controls and our Internal Controls and to make modifications as necessary; our intent in this regard is that the Disclosure Controls and the Internal Controls will be maintained as dynamic systems that change (including with improvements and corrections) as conditions warrant.

Among other matters, we sought in our evaluation to determine whether there were any "significant deficiencies" or "material weaknesses" in the Company's Internal Controls, or whether the Company had identified any acts of fraud involving personnel who have a significant role in the Company's Internal Controls. This information was important both for the Controls Evaluation generally and because items 5 and 6 in the Section 302 Certifications of the CEO require that the CEO disclose that information to our Board's Audit Committee and to our independent auditors and to report on related matters in this section of the Quarterly Report. In the professional auditing literature, "significant deficiencies" are referred to as "reportable conditions"; these are control issues that could have a significant adverse effect on the ability to record, process, summarize and report financial data in the financial statements. A "material weakness" is defined in the auditing literature as a particularly serious reportable condition where the internal control does not reduce to a relatively low level the risk that misstatements caused by error or fraud may occur in amounts that would be material in relation to the financial statements and not be detected within a timely period by employees in the normal course of performing their assigned functions. We also sought to deal with other controls matters in the Controls Evaluation, and in each case if a problem was identified, we considered what revision, improvement and/or correction to make in accord with our on-going procedures.

In accord with SEC requirements, the CEO notes that, since the date of the Controls Evaluation to the date of this Quarterly Report, there have been no significant changes in Internal Controls or in other factors that could significantly affect Internal Controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

CONCLUSIONS.

Based upon the Controls Evaluation, our CEO has concluded that, subject to the limitations noted above, our Disclosure Controls are effective to ensure that material information relating to PowerCold Corporation, Inc. and its subsidiaries is made known to management, including the CEO, particularly during the period when our periodic reports are being prepared, and that our Internal Controls are effective to provide reasonable assurance that our financial statements are fairly presented in conformity with generally accepted accounting principles

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities.

None.

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit 31.1 – Certification required by Rule 13a-14(a) or Rule 15d-14(a).

Exhibit 32.1 – Certification required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.

(b) Reports on Form 8K. – The company filed no reports on Form 8K during the period covered by this report.

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SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

POWERCOLD CORPORATION

/S/ Francis L. Simola
Francis L. Simola
President and CEO

Date: November 13, 2003

INDEX TO EXHIBITS

Exhibit 31.1 – Certification required by Rule 13a-14(a) or Rule 15d-14(a).

Exhibit 32.1 – Certification Required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Francis L. Simola, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PowerCold Corporation, Inc.;
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 small business issuer as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and 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 small business 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 control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ Francis L. Simola
Francis L. Simola
Date: November 13, 2003

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of PowerCold Corporation (the “Company”) on Form 10-Q for the period ended September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Frank Simola , President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Francis L. Simola

Francis L. Simola, President and CEO
Date: November 13, 2003