AMP Holding Inc.
Form 10-Q/A
August 20, 2013

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

FORM 10-Q / A

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

or

o 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: 000-53704

AMP HOLDING INC.
(Exact name of registrant as specified in its charter)

Nevada	26-1394771
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

100 Commerce Drive, Loveland, Ohio 45140
(Address of principal executive offices) (Zip Code)

513-360-4704
Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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 x No

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 No x

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 the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o	Smaller reporting company x

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.

Common Stock, $0.001 par value per share	80,579,175
(Class)	(Outstanding at August 20 , 2013)

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

AMP Holding Inc. and Subsidiaries
(A Development Stage Company)
Consolidated Balance Sheets
June 30, 2013 and December 31, 2012

Assets	June 30, 2013 (Unaudited)	December 31, 2012
Current assets:		
Cash and cash equivalents	$ 146,344	$ 39,819
Inventory	441,002	41,002
Prepaid expenses and deposits	57,801	13,025
	645,147	93,846
Property, plant and equipment:		
Land	300,000	-
Buildings	3,800,000	-
Leasehold improvements	19,225	19,225
Software	27,721	27,721
Equipment	670,120	170,120
Vehicles and prototypes	164,959	164,959
	4,982,025	382,025
Less accumulated depreciation	371,842	255,178
	4,610,183	126,847
	$ 5,255,330	$ 220,693
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 1,345,308	$ 1,253,228
Accounts payable, related parties	351,350	336,556
Customer deposits	380,000	60,000
Shareholder advances	558,000	558,000
Current portion of long-term debt	392,355	230,756
	3,027,013	2,438,540
Long-term debt	2,409,598	362,186
Commitments and contingencies	-	-
Stockholders' equity (deficit):		
Series A preferred stock, par value of $.001 per share 75,000,000 shares shares authorized, 0 shares issued and outstanding at March 31, 2013 and December 31, 2012	-	-

Common stock, par value of $.001 per share 250,000,000 shares authorized,				
80,527,113 shares issued and outstanding at June 30, 2013 and				
55,955,463 shares issued and outstanding at December 31, 2012		80,527		55,955
Additional paid-in capital		19,936,311		14,956,547
Stock based compensation		4,919,250		3,778,723
Accumulated deficit during the development stage		(25,117,369)		(21,371,258)
		(181,281)		(2,580,033)
	$	5,255,330	$	220,693

See accompanying notes to consolidated financial statements.

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AMP Holding Inc. and Subsidiaries
(A Development Stage Company)
Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2013 and 2012
and for the Period From Inception,
February 20, 2007 to June 30, 2013

	Three Months Ended June 30, 2013 (Unaudited)	Three Months Ended June 30, 2012 (Unaudited)	Six Months Ended June 30, 2013 (Unaudited)	Six Months Ended June 30, 2012 (Unaudited)	Since Date of Inception, February 20, 2007 to June 30, 2013 (Unaudited)
Sales	$-	$222,098	$-	$222,098	$602,840
Expenses:					
Payroll and payroll taxes	391,693	398,223	731,860	949,145	8,058,706
Employee benefits	40,136	42,243	69,439	86,860	722,682
Stock based compensation	810,411	66,894	1,140,527	219,926	4,936,990
Batteries and motors and supplies	72,084	130,220	225,816	123,507	2,961,372
Legal and professional	135,803	42,520	284,732	154,158	2,425,486
Advertising	7,028	23,276	41,763	58,418	1,308,143
Consulting	349,700	12,289	675,171	74,468	1,778,576
Travel and entertainment	28,373	19,169	45,232	48,906	529,936
Rent	36,694	38,625	76,388	76,972	528,386
Insurance	27,253	20,426	65,103	37,753	450,722
Vehicles, development and testing	2,700	-	35,600	57,786	357,801
Depreciation	101,493	16,682	116,664	32,885	409,671
Interest and bank fees	75,356	61,402	103,995	85,871	361,322
Engineering, temporary labor	2,457	-	4,309	870	255,595
Facilities, repairs & maintenance	45,755	6,673	79,395	12,715	283,978
Utilities	31,226	8,514	44,975	18,863	179,930
Loss on sale of assets	-	-	-	-	27,544
Other	4,242	6,969	5,142	15,754	143,369
	2,162,404	894,125	3,746,111	2,054,857	25,720,209
Net loss during the development stage	$(2,162,404)	$(672,027)	$(3,746,111)	$(1,832,759)	$(25,117,369)
Basic and diluted loss per share	$(0.03)	$(0.02)	$(0.05)	$(0.05)	$(0.87)
Weighted average number of common shares outstanding	78,504,998	38,912,165	69,418,138	38,838,960	28,786,243

See accompanying notes to consolidated financial statements.

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AMP Holding Inc. and Subsidiaries
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit)
From Inception, February 20, 2007
to June 30, 2013

	Common Stock Number of Shares	Common Stock Amount	Series A Preferred Stock Number of Shares	Series A Preferred Stock Amount	Additional Paid-in Capital	Stock Based Compensation	Accumulated Deficit During the Development Stage	Total Stockholders' Equity (Deficit)
Beginning capital - inception	-	$-	-	$-	$-	$-	$-	$-
Issuance of common stock, and fulfillment of stock subscriptions receivable	7,210	900,000	-	-	-	-	-	900,000
Net loss from operations, period of inception, February 20, 2007 to December 31, 2007	-	-	-	-	-	-	(456,145)	(456,145)
	7,210	$900,000	-	$-	$-	$-	$(456,145)	$443,855
Issuance of common stock, and fulfillment of stock subscriptions receivable	4,305	875,000	-	-	-	-	-	875,000
March 10, 2008 stock dividend	62,720	-	-	-	-	-	-	-
Share based compensation for the year ended December 31, 2008	-	9,757	-	-	-	-	-	9,757
Net loss from operations for the year	-	-	-	-	-	-	(1,383,884)	(1,383,884)

ended December 31, 2008								
	74,235	$1,784,757	-	$-	$-	$-	$(1,840,029)	$(55,272)
January 1, 2009 stock re-pricing agreement	18,025	-						-
Issuance of common stock, and fulfillment								
of stock subscriptions receivable	168,210	753,511	-	-	49,989	-	-	803,500
Share based compensation to								
December 28, 2009	-	7,983	-	-	-	-	-	7,983
Shares issued out of stock option plan on								
December 31, 2009	3,220	-	-	-	-	-	-	-
Net effect of purchase accounting adjustments	17,508,759	(2,528,479)	-	-	2,528,479	-	-	-
Conversion of convertible notes	-	-	8,375	8	264,992	-	-	265,000
Net loss from operations for the year								
ended December 31, 2009	-	-	-	-	-	-	(1,524,923)	(1,524,923)
	17,772,449	$17,772	8,375	$8	$2,843,460	$-	$(3,364,952)	$(503,712)
Conversion of convertible note	29,750	30	-	-	9,970	-	-	10,000
Issuance of preferred stock, and fulfillment								
of stock subscriptions receivable	-	-	625	1	24,999	-	-	25,000
Issuance of common stock, and fulfillment								
of stock subscriptions receivable	9,808,566	9,809	-	-	3,682,530	-	-	3,692,339
	101,636	102	-	-	86,898	-	-	87,000

Conversion of account payable								
Share based compensation for the year ended December 31, 2010	-	-	-	-	-	1,436,979	-	1,436,979
Net loss from operations for the year ended December 31, 2010	-	-	-	-	-	-	(5,028,106)	(5,028,106)
	27,712,401	$27,713	9,000	$9	$6,647,857	$1,436,979	$(8,393,058)	$(280,500)
Issuance of common stock, and fulfillment of stock subscriptions receivable	9,912,447	9,911	-	-	5,404,830	-	-	5,414,741
Stock options and warrants exercised	38,692	39	-	-	12,236	-	-	12,275
Conversion of preferred stock to common stock	1,071,110	1,072	(9,000)	(9)	(1,063)	-	-	-
Share based compensation for the year ended December 31, 2011	-	-	-	-	-	2,002,891	-	2,002,891
Net loss from operations for the year ended December 31, 2011	-	-	-	-	-	-	(8,705,711)	(8,705,711)
	38,734,650	$38,735	-	$-	$12,063,860	$3,439,870	$(17,098,769)	$(1,556,304)
Issuance of detached warrants in connection with convertible debentures	-	-	-	-	91,493	-	-	91,493
Conversion of debentures and interest	10,227,070	10,227	-	-	2,035,187	-	-	2,045,414
Conversion of account payable	6,993,743	6,993	-	-	766,007	-	-	773,000

Share based compensation for the year ended December 31, 2012	-	-	-	-	-	338,853	-	338,853
Net loss from operations for the year ended December 31, 2012	-	-	-	-	-	-	(4,272,489)	(4,272,489)
	55,955,463	$55,955	-	$-	$14,956,547	$3,778,723	$(21,371,258)	$(2,580,033)
Issuance of common stock, and fulfillment of stock subscriptions receivable	21,408,125	21,408	-	-	4,279,192	-	-	4,300,600
Stock options and warrants exercised	18,764	19	-	-	1,142	-	-	1,161
Conversion of convertible note	500,000	500	-	-	99,500	-	-	100,000
Conversion of account payable	2,644,761	2,645	-	-	599,930	-	-	602,575
Share based compensation for the six months ended June 30, 2013	-	-	-	-	-	1,140,527	-	1,140,527
Net loss from operations for the six months ended June 30, 2013	-	-	-	-	-	-	(3,746,111)	(3,746,111)
	80,527,113	$80,527	-	$-	$19,936,311	$4,919,250	$(25,117,369)	$(181,281)

A vehicle with a fair market value of $30,400 and cash of $69,600 was accepted as consideration for issuance of common stock in February 2007.
A vehicle with a fair market value of $30,884 and cash of $69,116 was accepted as consideration for issuance of common stock in June 2007.
Consulting services valued at $50,000 were accepted as consideration for issuance of common stock in October 2008.
Consulting services valued at $87,000 were accepted as consideration for issuance of common stock in December 2010.
Consulting services valued at $60,000, $55,000, and $203,000 were accepted as consideration for issuance of common stock in March, October, and December 2012, respectively.

Investment Agreement fees valued at $375,000 were accepted as consideration for issuance of common stock in August 2012.
Legal services valued at $40,000, $15,000, and $25,000 were accepted as consideration for issuance of common stock in September, November, and December 2012, respectively.
Consulting services valued at $302,500, $126,000, and $119,075 were accepted as consideration for issuance of common stock in March, May, and June 2013, respectively.
Legal services valued at $40,000 and $15,000 were accepted as consideration for issuance of common stock in March and June 2013, respectively.

See accompanying notes to consolidated financial statements.

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AMP Holding Inc. and Susidiaries
(A Development Stage Company)
Consolidated Statements of Cash Flows
For the Three and Six Months Ended June 30, 2013 and 2012
and for the Period From Inception,
February 20, 2007 to June 30, 2013

	Three Months Ended		Six Months Ended		Since Date of Inception, February 20, 2007 to
	June 30, 2013 (Unaudited)	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)	June 30, 2012 (Unaudited)	June 30, 2013 (Unaudited)
Cash flows from operating activities:					
Net loss during the development stage	$(2,162,404)	$(672,027)	$(3,746,111)	$(1,832,759)	$(25,117,369)
Adjustments to reconcile net loss from operations to cash used by operations:					
Depreciation	101,493	16,682	116,664	32,885	409,671
Loss on sale of assets	-	-	-	-	27,544
Stock based compensation	810,411	66,894	1,140,527	219,926	4,936,990
Interest expense on convertible debentures	-	-	-	-	106,164
Amortized discount on convertible debentures	-	27,896	-	31,770	91,493
Legal, consulting and investment services	260,075	-	602,575	60,000	1,512,575
Effects of changes in operating assets and liabilities:					
Inventory	-	-	-	-	(41,002)
Prepaid expenses and deposits	(16,812)	-	(44,776)	11,875	(57,801)
Accounts payable	206,574	277,173	92,080	200,271	1,858,944
Accounts payable, related parties	32,221	19,316	14,794	82,264	351,350
Customer deposits	210,000	-	320,000	-	380,000
Net cash used by operations	(558,442)	(264,066)	(1,504,247)	(1,193,768)	(15,541,441)
Cash flows from investing activities:					
Initial purchase of AMP Trucks assets	-	-	(5,000,000)	-	(5,000,000)
Capital expenditures	-	(28,753)	-	(28,753)	(376,650)
Proceeds on sale of assets	-	-	-	-	38,900
Net cash used by investing activities	-	(28,753)	(5,000,000)	(28,753)	(5,337,750)
Cash flows from financing activities:					
Proceeds from debentures	-	539,250	-	1,439,250	1,939,250
Proceeds from notes payable	-	-	100,000	-	260,000
Payments on notes payable	-	-	-	-	(150,000)
Proceeds from long-term debt	-	-	2,250,000	-	2,300,000

Payments on long-term debt	(23,850)	(1,610)	(40,989)	(3,206)	(60,047)
Shareholder advances, net of repayments	-	(262,000)	-	(269,000)	558,000
Issuance of common and preferred stock	616,761	-	4,301,761	-	16,178,332
Net cash provided by financing activities	592,911	275,640	6,610,772	1,167,044	21,025,535
Change in cash and cash equivalents	34,469	(17,179)	106,525	(55,477)	146,344
Cash and cash equivalents at inception, February 20, 2007					-
Cash and cash equivalents at December 31, 2011				89,488	
Cash and cash equivalents at March 31, 2012		51,190			
Cash and cash equivalents at June 30, 2012		$34,011		$34,011	
Cash and cash equivalents at December 31, 2012			39,819		
Cash and cash equivalents at March 31, 2013	111,875				
Cash and cash equivalents at June 30, 2013	$146,344		$146,344		$146,344

Supplemental disclosure of non-cash activities:
Vehicles valued at $61,284 were contributed as consideration for issuance of common stock in February 2007.
Consulting services valued at $50,000 were accepted as consideration for issuance of common stock in October 2008.
During March 2010 a note payable of $10,000 was converted to 29,750 shares of common stock.
A vehicle valued at $33,427 was acquired through bank financing in September 2010.
Consulting services valued at $87,000 were accepted as consideration for issuance of common stock in December 2010.
Equipment valued at $14,937 was acquired through debt financing in December 2011.
Consulting services valued at $60,000, $55,000, and $203,000 were accepted as consideration for issuance of common stock in March, October, and December 2012, respectively.
Detachable warrants associated with convertible debentures valued at $91,493 were recorded as increases to additional paid-in capital from January to August 2012.
Investment Agreement fees valued at $375,000 were accepted as consideration for issuance of common stock in August 2012.
Legal services valued at $40,000, $15,000, and $25,000 were accepted as consideration for issuance of common stock in September, November, and December 2012, respectively.
During November 2012 debentures for $1,939,250 and interest of $106,164 were converted to 10,227,070 shares of common stock.
During December 2012 accounts payable of $513,636 were converted to notes payable.
During February 2013 a note payable of $100,000 was converted to 500,000 shares of common stock.
Consulting services valued at $302,500, $126,000, and $119,075 were accepted as consideration for issuance of common stock in March, May, and June 2013, respectively.

Legal services valued at $40,000 and $15,000 were accepted as consideration for issuance of common stock in March and June 2013, respectively.

See accompanying notes to consolidated financial statements.

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AMP Holding Inc. and Subsidiaries
(A Development Stage Company)
Notes to Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2013 and 2012
and for the Period From Inception,
February 20, 2007 to June 30, 2013
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINICPLES

The following accounting principles and practices are set forth to facilitate the understanding of data presented in the financial statements:

Nature of operations
AMP Holding Inc., formerly known as Title Starts Online, Inc. (the Company), incorporated in the State of Nevada in 2007 with $3,100 of capital from the issuance of common shares to the founding shareholder. On August 11, 2008 the Company received a Notice of Effectiveness from the U.S. Securities and Exchange Commission, and on September 18, 2008, the Company closed a public offering in which it accepted subscriptions for an aggregate of 200,000 shares of its common stock, raising $50,000 less offering costs of $46,234. With this limited capital the Company did not commence operations and remained a "shell company" (as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended).

On December 28, 2009, the Company entered into and closed a Share Exchange Agreement with the Shareholders of Advanced Mechanical Products, Inc. (n/k/a AMP Electric Vehicles, Inc.) (AMP) pursuant to which the Company acquired 100% of the outstanding securities of AMP in exchange for 14,890,904 shares of the Company's common stock. Considering that, following the merger, the AMP Shareholders control the majority of the outstanding voting common stock of the Company, and effectively succeeded the Company's otherwise minimal operations to those that are AMP. AMP is considered the accounting acquirer in this reverse-merger transaction. A reverse-merger transaction is considered and accounted for as a capital transaction in substance; it is equivalent to the issuance of AMP securities for net monetary assets of the Company, which are deminimus, accompanied by a recapitalization. Accordingly, goodwill or other intangible assets have not been recognized in connection with this reverse merger transaction. AMP is the surviving entity and the historical financials following the reverse merger transaction will be those of AMP. The Company was a shell company immediately prior to the acquisition of AMP pursuant to the terms of the Share Exchange Agreement. As a result of such acquisition, the Company operations are now focused on the design, marketing and sale of modified vehicles with an all-electric power train and battery systems. Consequently, we believe that acquisition has caused the Company to cease to be a shell company as it now has operations. The Company formally changed its name to AMP Holding Inc. on May 24, 2010.

Since the acquisition, the Company has devoted the majority of its resources to the development of an all-electric drive system capable of moving heavy large vehicles ranging from full size SUV's up to and including Medium Duty Commercial trucks. Additionally, in February, 2013 AMP Holding Inc. formed a new wholly owned subsidiary, AMP Trucks Inc., an Indiana corporation. On March 13, 2013 AMP Trucks Inc. closed on the acquisition of an asset purchase of Workhorse Custom Chassis, LLC. The assets included in this transaction include: The Workhorse brand, access to the dealer network of 440 dealers nationwide, intellectual property, and all physical assets which include the approximately 250,000 sq. ft. of facilities on 48 acres of land in Union City, Indiana. This acquisition allows AMP Holding Inc. the position as a medium duty OEM capable of producing new chassis with electric, propane, compressed natural gas, and hybrid configurations, as well as gasoline drive systems. Revenues since the inception of the Company, February 20, 2007, through the date of these financial statements have not been significant and consist of customer vehicle conversions and sales of converted experimental vehicles.

Development stage company

Based on the Company's business plan, it is a development stage company since planned principal operations resulting in revenue have not fully commenced. Accordingly, the Company presents its financial statements in conformity with the accounting principles generally accepted in the United States of America that apply to developing enterprises. As a development stage enterprise, the Company discloses its retained earnings (or deficit accumulated) during the development stage and the cumulative statements of operations and cash flows from commencement of development stage to the current balance sheet date. The development stage began in 2007 when the Company was organized.

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AMP Holding Inc. and Subsidiaries
(A Development Stage Company)

Notes to Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2013 and 2012
and for the Period From Inception,
February 20, 2007 to June 30, 2013
(Unaudited)

Basis of presentation

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company has limited revenues and has negative working capital and stockholders' deficits. During 2012 and 2013 the lack of liquidity delayed the Company from paying its employees their full salaries. Employee layoffs have occurred and additional layoffs are considered as a means of conserving cash. These conditions raise substantial doubt about the ability of the Company to continue as a going concern.

In view of these matters, continuation as a going concern is dependent upon the continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financial requirements, raise additional capital, and the success of its future operations. The financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should the Company not continue as a going concern.

The Company has continued to raise capital. Management believes the proceeds from these offerings, future offerings, and the Company's anticipated revenue provides an opportunity to continue as a going concern. If additional funding is required, the Company plans to obtain working capital from either debt or equity financing from the sale of common, preferred stock, and/or convertible debentures. Obtaining such working capital is not assured.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Certain reclassifications were made to the prior year financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operation or stockholders' equity (deficit).

Financial instruments

The carrying amounts of financial instruments including cash, accounts receivable, inventory, cash overdraft, accounts payable and short-term debt approximate fair value because of the relatively short maturity of these instruments.

Inventory

Inventory is stated at the lower of cost or market.

Property and depreciation

Property and equipment is recorded at cost. Major renewals and improvements are capitalized while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed. When property and equipment is retired or otherwise disposed of, a gain or loss is realized for the difference between the net book value of the asset and the proceeds realized thereon. Depreciation is calculated using the straight-line method, based upon the following estimated useful lives:

Buildings: 15 - 30 years

Leasehold improvements: 7 years
Software: 3 - 6 years
Equipment: 5 years
Vehicles and prototypes: 3 - 5 years

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and for the Period From Inception,
February 20, 2007 to June 30, 2013
(Unaudited)

Capital stock
On April 22, 2010 the directors of the Company approved a forward stock split of the common stock of the Company on a 14:1 basis. On May 12, 2010 the stockholders of the Company voted to approve the amendment of the certificate of incorporation resulting in a decrease of the number of shares of Common stock. The Company filed a 14c definitive information statement with the Securities and Exchange Commission and mailed the same to its shareholders. Management filed the certificate of amendment decreasing the authorized shares of common stock with the State of Nevada on September 8, 2010.

The capital stock of the Company is as follows:

Preferred Stock - The Company has authorized 75,000,000 shares of preferred stock with a par value of $.001 per share. These shares may be issued in series with such rights and preferences as may be determined by the Board of Directors. The Series A Stock is convertible, at any time at the option of the holder, into common shares of the Company based on a conversion price of $0.336 per share. The holders of the Series A Stock are not entitled to convert the Series A Stock and receive shares of common stock such that the number of shares of common stock held by them in the aggregate and their affiliates after such conversion or exercise does not exceed 4.99% of the then issued and outstanding shares of common stock. The Series A Stock has voting rights on an as converted basis, does not pay dividends, and does not provide any liquidation rights.

Common Stock - The Company has authorized 250,000,000 shares of common stock with a par value of $.001 per share.

Revenue recognition / customer deposits
It is the Company's policy that revenues will be recognized in accordance with SEC Staff Bulletin (SAB) No. 104, "Revenue Recognition". Under SAB 104, product revenues (or service revenues) are recognized when persuasive evidence of an arrangement exists, delivery has occurred (or service has been performed), the sales price is fixed and determinable, and collectability is reasonably assured. Customer deposits include monies from customers to reserve a production slot for conversion of an OEM power train to the AMP all electric power train. The final retail price and delivery date are yet to be determined. Customer deposits are subject to a full refund at the request of the customer.

Advertising
Advertising and public relation costs are charged to operations when incurred. Advertising and public relation expense was approximately $7,028 and $23,276 for the three months ended June 30, 2013 and 2012, respectively, $41,763 and $58,418 for the six months ended June 30, 2013 and 2012, respectively, and $1,308,143 for the period from inception to June 30, 2013 consisting primarily of consulting fees and travel and related expenses for attendance at car shows and industry expositions.

Income taxes
With the consent of its shareholders, at the date of inception, AMP elected under the Internal Revenue Code to be taxed as an S corporation. Since shareholders of an S corporation are taxed on their proportionate share of the

Company's taxable income, an S corporation is generally not subject to either federal or state income taxes at the corporate level. On December 28, 2009 pursuant to the merger transaction the Company revoked its election to be taxed as an S-corporation.

As no taxable income has occurred from the date of this merger to June 30, 2013 cumulative deferred tax assets of approximately $5,712,000 are fully reserved, and no provision or liability for federal or state income taxes has been included in the financial statements. Net operating losses of approximately $3,600,000 are available for carryover to be used against taxable income generated through 2030, net operating losses of approximately $6,700,000 are available for carryover to be used against taxable income generated through 2031, net operating losses of approximately $3,900,000 are available for carryover to be used against taxable income generated through 2032, and net operating losses of approximately $2,600,000 are available for carryover to be used against taxable income generated through 2033. The Company had not filed income tax returns during its period as a shell company.

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Uncertain tax positions

The Company adopted the provisions of Accounting for Uncertainty in Income Taxes. Those provisions clarify the accounting and recognition for income tax positions taken or expected to be taken in the Company's income tax returns. The Company's income tax filings are subject to audit by various taxing authorities. The years of filings open to these authorities and available for audit are 2010 - 2012. The Company's policy with regard to interest and penalties is to recognize interest through interest expense and penalties through other expense. No interest or penalties with regard to income tax filings were incurred in 2013 or 2012, or since the period of inception, February 20, 2007. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

Research and development costs

The Company expenses research and development costs as they are incurred. Research and development expense incurred was approximately $486,000 and $535,000 for the three months ended June 30, 2013, and 2012, respectively, and $981,000 and $1,176,000 for the six months ended June 30, 2013 and 2012, respectively and $12,672,000 for the period from inception to June 30, 2013, consisting of payroll, payroll taxes, consulting, motors, batteries, supplies, parts and small tools.

Basic and diluted loss per share

Basic loss per share is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. For all periods, all of the Company's common stock equivalents were excluded from the calculation of diluted loss per common share because they were anti-dilutive, due to the Company's net losses.

Stock based compensation

The Company accounts for its stock based compensation in accordance with "Share-Based Payments" (codified in FASB ASC Topic 718 and 505). The Company recognizes in its statement of operations the grant-date fair value of stock options and warrants issued to employees and non-employees. The fair value is estimated on the date of grant using a lattice-based valuation model that uses assumptions concerning expected volatility, expected term, and the expected risk-free rate of return. For the awards granted, the expected volatility was estimated by management as 50% based on a range of forecasted results. The expected term of the awards granted was assumed to be the contract life of the option or warrant (one, two, three, five or ten years as determined in the specific arrangement). The risk-free rate of return was based on market yields in effect on the date of each grant for United States Treasury debt securities with a maturity equal to the expected term of the award.

Related party transactions

Certain stockholders and stockholder family members have advanced funds or performed services for the Company. These services are believed to be at market rates for similar services from non-related parties. Related party accounts payable are segregated in the balance sheet. An experimental vehicle was sold to a stockholder in 2012 for $50,000 and in 2010 for $25,000, which also approximates the selling price to non-related parties.

Subsequent events

The Company evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements.

On July 1, 2013, the Company settled outstanding invoices for legal services totaling $10,000 by issuing 27,062 shares of common stock at a cost basis of $0.3695 per share.

On July 31, 2013, 25,000 shares of common stock were issued at a cost basis of $0.4005 per share to compensate a sales and marketing consultant for services performed during July.

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On August 15, 2013, with an effective date of August 7, 2013, the Company entered into an Employment Agreement with Julio C. Rodriguez to become Chief Financial Officer (CFO). As part of his compensation package Mr. Rodriguez received stock options for 300,000 shares vesting over a two year period.

2. ACQUISITION

On March 13, 2013 the Company acquired the operating assets of Workhorse Custom Chassis, LLC, an unrelated company located in Union City, Indiana. The following summarizes the consideration paid, and the components of the purchase price and the related allocation of assets acquired and liabilities assumed.

Consideration	
Cash at closing	$2,750,000
Secured debenture	2,250,000
	$5,000,000
Assets acquired	
Inventory	$400,000
Equipment	500,000
Land	300,000
Buildings	3,800,000
	$5,000,000

Valuation methods used for the identifiable assets acquired in the acquisition make use of fair value measurements based on unobservable inputs and reliance on management's assumptions that similar market participants would use in pricing the assets. As such, the fair value measurements represent a Level 3 input.

3. LONG-TERM DEBT

Long-term debt consists of the following:	June 30, 2013	December 31, 2012
Secured debenture payable to Workhorse Custom Chassis, LLC, due March 2016 plus interest at 10%. The debenture is secured by the real estate and related assets of the plant located in Union City, Indiana with a net book value of $4,911,667 at June 30, 2013	$ 2,250,000	$ -
Note payable, Bank due in monthly installments of $635 including interest at 5.04% with the final payment due August 2015. The note is secured by equipment with a net book value of $14,489 at June 30, 2013	15,386	18,761

Note payable, vendor due in monthly installments of $439 including interest at 8.00% with the final payment due December 2014. The note is secured by equipment with a net book value of $10,206 at June 30, 2013		7,431		10,545
Note payable to the City of Loveland, due in annual installments of $10,241 including interest with the final payment due October 2016. Interest rate amended to 8.00%. The note is unsecured and contains restrictions on the use of proceeds.		50,000		50,000
Note payable, vendor due in monthly installments of $5,000 for the first half of 2013, escalating to final payment of $43,736 in March 2014. Note is noninterest bearing and is unsecured.		258,736		281,236
Note payable, vendor due in monthly installments of $2,000 plus interest at 4% for the first half of 2013, escalating to final payment of $18,461 plus interest at 4% in December 2014. Note is unsecured.		220,400		232,400
		2,801,953		592,942
Less current portion		392,355		230,756
Long term debt	$	2,409,598	$	362,186

Aggregate maturities of long-term debt are as follows:

2013	$188,084
2014	338,883
2015	14,822
2016	2,260,164
	$2,801,953

The note payable to the City of Loveland contains job creation incentives whereby each annual payment may be forgiven by the City upon the Company meeting minimum job creation benchmarks. This loan agreement amended the incentives to 30 full time employees within the City of Loveland with payroll totaling $135,000 by October 31, 2013 and 40 employees with payroll totaling $175,000 by July 31, 2014, continuing with an average of 40 employees with payroll totaling $175,000 thereafter. The proceeds from this loan were to be used for qualified disbursements only, and the Company has been notified it did not meet the requirements for qualified disbursements and for forgiveness of the 2012 principal and interest payment, which is past due. In 2013 the Company made payments to an escrow account totaling $22,900.

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4. CONVERTIBLE DEBENTURES

From January 6, 2012 through August 3, 2012, the Company entered into Securities Purchase Agreements and Security Agreements with several accredited investors (the “2012 Investors”) providing for the sale by the Company to the 2012 Investors of Secured Convertible Debentures in the aggregate amount of $1,939,250 (the "2012 Notes"). The Company received the proceeds in connection with these financings between January 6, 2012 and August 3, 2012. Further a shareholder, director and officer converted secured and unsecured loans provided to the Company from September 30, 2011 to June 5, 2012 in the aggregate amount of $389,250 into the 2012 Notes and 2012 Warrants. The 2012 Notes were to mature one year from their respective effective dates (the "Maturity Dates") and interest associated with the 2012 Notes was 10% per annum, payable on the Maturity Dates. In November 2012, the Company entered into a Note and Warrant Amendment and Conversion Agreement whereby the holders and the 2012 Investors converted all principal and interest under the 2012 Notes into 10,227,070 shares of common stock. Further, the exercise price of the 2012 Warrants was reduced to $0.25 per share.

In addition to the 2012 Notes, the 2012 Investors also received common stock purchase warrants (the “2012 Warrants”) to acquire 1,939,250 shares of common stock of the Company. The 2012 Warrants are exercisable for three years at an exercise price of $0.50 per share, reduced to $0.25 per share as noted above. The value of the detachable 2012 Warrants was determined using a lattice-based valuation model that used an expected volatility, estimated by management as 50% based on a range of forecasted results, and an expected risk-free rate of return, based on market yields in effect on the grant dates for United States Treasury debt securities with a three year maturity. The $91,493 value of the detachable 2012 Warrants was recorded as an increase in additional paid-in capital and a discount against the 2012 Notes. The discount on the 2012 notes was amortized as interest expense during the period that the 2012 Notes were outstanding. Amortization charged to the Statement of Operations is $91,493 for the year ended December 31, 2012.

The 2012 Notes and the 2012 Warrants carry standard anti-dilution provisions but in no event may the conversion price be reduced below $0.25. Further, the 2012 Investors will have the right to participate in the next financing on a pro-rata basis up to $1,000,000.

5. SHAREHOLDER AND RELATED PARTY ADVANCES

On November 30, 2009, a shareholder, director and officer of the company advanced $43,000 to the Company for working capital needs. In consideration of such advance, the Company issued a promissory note with interest at 3% per annum due November 1, 2011. The maturity date for this note was extended to November 30, 2013.

In addition, on September 30, 2011, October 31, 2011, May 30, 2012, May 31, 2012 and June 5, 2012 the same shareholder advanced $62,000, $200,000, $12,250, $15,000 and $100,000, respectively, to the Company for working capital needs. In consideration of these advances, the Company issued promissory notes with interest rates from 6% to 10% per annum due September 30, 2012. On June 30, 2012, these secured and unsecured loans in the aggregate amount of $389,250 were converted into the 2012 notes and 2012 warrants.

In 2012 this shareholder also advanced $33,600 to the Company for working capital needs, of which $18,600 was repaid during 2012. In consideration of the $15,000 remaining advance, the Company issued a promissory note with interest at 10% per annum due October 5, 2013.

During 2012 shareholders and related parties advanced $500,000 to the Company for working capital needs. In consideration of such advances, the Company issued promissory notes with interest at 10% per annum due October 16, 2013. The notes are unsecured and require the Company to designate part of the proceeds of financing in excess of $2,000,000 to be used for repayment of these notes. The Company is in violation of this covenant in 2013 as financing in excess of $2,000,000 has occurred but repayment of these notes has not occurred.

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6. LEASE OBLIGATIONS

On October 1, 2011 the Company began leasing operating facilities under an agreement expiring on September 30, 2018. Future minimum monthly lease payments under the agreement are currently $12,231 and increase 3% in October of each year. Prepaid expenses and deposits include a security deposit equal to $12,275. Aggregate maturities of lease obligations are as follows:

2013	$74,488
2014	152,312
2015	156,881
2016	161,588
2017	166,436
2018	127,614
	$839,319

The Company also leased office space for approximately $1,000 per month on a month to month agreement through May 2012 and two apartments for approximately $2,200 per month on month to month agreements through January 2012. Prior to October 2011 the Company leased operating facilities under terms of an operating type lease with monthly payments of $8,500. Prior to December 2009 the Company leased office/warehouse space under terms of an operating type lease with monthly payments of $1,650. Total rent expense under these operating type leases for the three months ended June 30, 2013 and 2012 was $36,694 and $38,625, respectively, $76,388 and $76,972, for the six months ended June 30, 2013 and 2012, respectively, and $528,386 for the period from inception to June 30, 2013.

7. STOCK BASED COMPENSATION

Options to directors, officers and employees
The Company maintains, as adopted by the board of directors, the 2013 Incentive Stock Plan, the 2012 Incentive Stock Plan, the 2011 Incentive Stock Plan and the 2010 Stock Incentive Plan (the plans) providing for the issuance of up to 11,000,000 options to employees, officers, directors or consultants of the Company. Incentive stock options granted under the plans may only be granted with an exercise price of not less than fair market value of the Company's common stock on the date of grant (110% of fair market value for incentive stock options granted to principal stockholders). Non-qualified stock options granted under the plans may only be granted with an exercise price of not less than 85% of the fair market value of the Company's common stock on the date of grant. Awards under the plans may be either vested or unvested options. The unvested options vest ratably over two years for options with a five or three year term and after one year for options with a two year term.

In addition to the plans, the Company has granted, on various dates, stock options to directors, officers and employees to purchase common stock of the Company. The terms, exercise prices and vesting of these awards vary.

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The following table summarizes option activity for directors, officers and employees:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Grant Date Fair Value per Share	Weighted Average Remaining Exercise Term in Months
Outstanding at January 1, 2010	-	$ -	$ -	-
Granted	4,940,000	0.56	0.33	81
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2010	4,940,000	$ 0.56	$ 0.33	77
Exercisable at December 31, 2010	1,854,625	$ 0.53	$ 0.32	75
Granted	3,425,000	0.63	0.28	54
Exercised	(29,750)	0.41	0.26	40
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2011	8,335,250	$ 0.59	$ 0.31	58
Exercisable at December 31, 2011	4,588,875	$ 0.57	$ 0.31	60
Granted	2,025,000	0.13	0.05	40
Exercised	-	-	-	-
Forfeited	(1,315,375)	0.61	0.27	40
Expired	(1,314,375)	0.55	0.29	51
Outstanding at December 31, 2012	7,730,500	$ 0.48	$ 0.25	44
Exercisable at December 31, 2012	6,080,000	$ 0.54	$ 0.29	46
Granted	1,100,000	0.29	0.13	60
Exercised	(21,126)	0.11	0.04	29
Forfeited	-	-	-	-
Expired	(308,500)	0.68	0.19	1
Outstanding at June 30, 2013	8,500,874	$ 0.44	$ 0.23	42
Exercisable at June 30, 2013	6,266,937	$ 0.53	$ 0.29	41

The Company recorded $476,226, $325,673, $855,246, $588,201 and $2,263,086 compensation expense for stock options to directors, officers and employees for the six months ended June 30, 2013, for the years ended 2012, 2011, and 2010, and for the period from inception (February 20, 2007) to June 30, 2013, respectively. As of June 30, 2013, unrecognized compensation expense of $192,620 is related to non-vested options granted to directors, officers and employees which is anticipated to be recognized over the next 44 months, commensurate with the vesting schedules.

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Options to consultants

The Company has also granted, on various dates, stock options to purchase common stock of the Company to consultants for services previously provided to the Company. The terms, exercise prices and vesting of these awards vary.

The following table summarizes option activity for consultants:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Grant Date Fair Value per Share	Weighted Average Remaining Exercise Term in Months
Outstanding at January 1, 2010	-	$ -	$ -	-
Granted	810,000	0.67	0.23	36
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2010	810,000	$ 0.67	$ 0.23	32
Exercisable at December 31, 2010	380,000	$ 0.63	$ 0.22	31
Granted	70,000	0.59	0.18	31
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2011	880,000	$ 0.66	$ 0.23	20
Exercisable at December 31, 2011	755,000	$ 0.64	$ 0.22	20
Granted	150,000	0.11	0.04	36
Exercised	-	-	-	-
Forfeited	(30,000)	0.76	0.25	9
Expired	(340,000)	0.83	0.28	8
Outstanding at December 31, 2012	660,000	$ 0.45	$ 0.15	14
Exercisable at December 31, 2012	561,000	$ 0.50	$ 0.17	10
Granted	250,000	0.25	0.12	60
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	(10,000)	0.70	0.20	-
Outstanding at June 30, 2013	900,000	$ 0.39	$ 0.14	22
Exercisable at June 30, 2013	715,750	$ 0.44	$ 0.16	16

The Company recorded $116,932, $(70,171), $83,265, $82,900 and $212,926 compensation expense for stock options to consultants for the six months ended June 30, 2013, for the years ended 2012, 2011, 2010, and for the period from inception (February 20, 2007) to June 30, 2013, respectively. As of June 30, 2013, unrecognized compensation expense of $13,861 is related to non-vested options granted to consultants which is anticipated to be recognized over the next 46 months, commensurate with the vesting schedules.

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Warrants to accredited investors

From December 2010 through December 2011, common stock sold by the Company included common stock purchase warrants to acquire shares of common stock of the Company. For each ten shares sold, each investor received a warrant to purchase five shares of common stock for a period of two years at an exercise price of $0.80 per share. In November 2012, the purchase warrants were modified to change the exercise period from two years to three years. The $112 cost of this modification is included in stock based compensation expense for the year ended December 31, 2012.

From January 2012 through August 2012, the 2012 Investors received 2012 Warrants to acquire common stock of the Company. The 2012 Warrants are exercisable for three years at an exercise price of $0.50. In November 2012, the Company entered into a Note and Warrant Amendment and Conversion Agreement whereby the holders and the 2012 Investors converted all principal and interest under the 2012 Notes into shares of common stock. Further, the exercise price of the 2012 Warrants was reduced to $0.25 per share. The $20,795 cost of the reduction in the exercise price for accredited investors is included in stock based compensation expense for the year ended December 31, 2012.

From January 2013 through May 2013, investors received warrants to acquire common stock of the Company that are exercisable for three years at an exercise price of $0.40.

During June 2013, investors received warrants to acquire common stock of the Company that are exercisable for three years at an exercise price of $0.64.

The above securities were offered and sold to the investors in private placement transactions made in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933 (the “Securities Act”) and/or Rule 506 promulgated under the Securities Act. The investors are accredited investors as defined in Rule 501 of Regulation D promulgated under the Securities Act.

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The following table summarizes warrant activity for accredited investors:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Grant Date Fair Value per Share	Weighted Average Remaining Exercise Term in Months
Outstanding at January 1, 2010	-	$ -	$ -	-
Granted	785,001	0.80	0.11	24
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2010	785,001	$ 0.80	$ 0.11	24
Exercisable at December 31, 2010	785,001	$ 0.80	$ 0.11	24
Granted	4,956,224	0.80	0.11	24
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2011	5,741,225	$ 0.80	$ 0.11	17
Exercisable at December 31, 2011	5,741,225	$ 0.80	$ 0.11	17
Granted	1,450,000	0.50	0.06	36
Modified warrants prior to modifications	(7,191,225)	0.74	0.10	10
Modified warrants afte modifications	7,191,225	0.69	0.10	20
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2012	7,191,225	$ 0.69	$ 0.10	19
Exercisable at December 31, 2012	7,191,225	$ 0.69	$ 0.10	19
Granted	10,954,063	0.40	0.05	36
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at June 30, 2013	18,145,288	$ 0.52	$ 0.07	25
Exercisable at June 30, 2013	18,145,288	$ 0.52	$ 0.07	25

The Company recorded $537,489, $20,907, $546,824, $86,350 and $1,191,570 compensation expense for stock warrants to accredited investors for the six months ended June 30, 2013, for the years ended 2012, 2011, 2010, and for the period from inception (February 20, 2007) to June 30, 2013, respectively. There is no unrecognized compensation expense for these warrants because they are fully vested at date of grant.

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Warrants to placement agent and consultants

Through December 2011, the Company compensated the placement agent for assisting in the sale of the Company's securities by paying the placement agent commissions and issuing the placement agent common stock purchase warrants to purchase shares of the Company's common stock. The warrants have a five year term and various exercise prices.

The Company has also granted, on various dates, stock warrants to purchase common stock of the Company to consultants for services previously provided to the Company. The terms, exercise prices and vesting of these awards vary.

The following table summarizes warrant activity for the placement agent and consultants:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Grant Date Fair Value per Share	Weighted Average Remaining Exercise Term in Months
Outstanding at January 1, 2010	614,680	$ 0.39	$ 0.18	60
Granted	3,103,304	0.64	0.21	57
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2010	3,717,984	$ 0.60	$ 0.21	52
Exercisable at December 31, 2010	2,617,984	$ 0.61	$ 0.19	51
Granted	887,910	0.60	0.27	60
Exercised	(44,638)	0.40	0.18	39
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2011	4,561,256	$ 0.60	$ 0.22	43
Exercisable at December 31, 2011	4,081,256	$ 0.59	$ 0.21	42
Granted	28,334	0.60	0.24	60
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2012	4,589,590	$ 0.60	$ 0.22	31
Exercisable at December 31, 2012	4,339,590	$ 0.59	$ 0.21	31
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	(125,000)	0.40	0.14	-
Outstanding at June 30, 2013	4,464,590	$ 0.60	$ 0.22	25

Exercisable at June 30, 2013	4,214,590	$	0.60	$	0.22	25

The Company recorded $0, $64,936, $373,876, $497,528 and $936,340 compensation expense for stock warrants to the placement agent and consultants for the six months ended June 30, 2013, for the years ended 2012, 2011, 2010, and for the period from inception (February 20, 2007) to June 30, 2013, respectively. As of June 30, 2013, unrecognized compensation expense of $82,500 is related to non-vested warrants granted to consultants which is anticipated to be recognized over the next 26 months, commensurate with the vesting schedules. There is no unrecognized compensation expense for the placement agent warrants because they are fully vested at date of grant.

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Warrants to directors and officers

In December 2010 and May 2011, the Company issued to certain directors and officers common stock purchase warrants to acquire shares of common stock at an exercise price of $2.00 per share for a period of five years. In November 2011, under the terms of a Promissory Note issued to a director and officer, common stock purchase warrants were issued to acquire 100,000 shares of common stock at an exercise price of $0.50 per share for a period of one year. In May 2012, a director and officer received 100,000 2012 Warrants to acquire common stock of the Company at an exercise price of $0.50 for a period of three years. In June 2012, a director and officer converted secured and unsecured loans provided to the Company from September 2011 to June 2012 in the aggregate amount of $389,250 into 2012 Notes and 2012 Warrants. In November 2012, the Company entered into a Note and Warrant Amendment and Conversion Agreement whereby the holders and 2012 Investors converted all principal and interest under the 2012 Notes into shares of common stock. Further, the exercise price of the 2012 Warrants was reduced to $0.25 per share. The $7,388 cost of the reduction in the exercise price is included in stock based compensation expense for the year ended December 31, 2012.

The following table summarizes warrant activity for directors and officers:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Grant Date Fair Value per Share	Weighted Average Remaining Exercise Term in Months
Outstanding at January 1, 2010	-	$ -	$ -	-
Granted	1,400,000	2.00	0.13	60
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2010	1,400,000	$ 2.00	$ 0.13	59
Exercisable at December 31, 2010	1,400,000	$ 2.00	$ 0.13	59
Granted	1,600,000	1.91	0.09	