

AMP Holding Inc.
Form 10-Q
November 19, 2013

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

FORM 10-Q

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

For the quarterly period ended September 30, 2013

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: 000-53704

AMP HOLDING INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

26-1394771
(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 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

Edgar Filing: AMP Holding Inc. - Form 10-Q

(§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

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
Non-accelerated filer

Accelerated filer
Smaller reporting company

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

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
(Class)

81,537,358
(Outstanding at November 19, 2013)

Table of Contents

TABLE OF CONTENTS

<u>PART I FINANCIAL INFORMATION</u>	3
<u>Item 1. Financial Statements</u>	3
<u>Consolidated Balance Sheets</u>	4
<u>Consolidated Statements of Operations</u>	5
<u>Consolidated Statements of Stockholders' Equity (Deficit)</u>	6
<u>Consolidated Statements of Cash Flows</u>	7
<u>Notes to Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	25
<u>Item 4. Controls and Procedures</u>	25
<u>PART II OTHER INFORMATION</u>	27
<u>Item 1. Legal Proceedings</u>	27
<u>Item 1A. Risk Factors</u>	27
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	32
<u>Item 3. Defaults Upon Senior Securities</u>	33
<u>Item 4. Mine Safety Disclosures</u>	33
<u>Item 5. Other Information</u>	33
<u>Item 6. Exhibits</u>	34
<u>SIGNATURES</u>	35

Table of Contents

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$7,463	\$39,819
Inventory	393,752	41,002
Prepaid expenses and deposits	93,904	13,025
	495,119	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	670,183	170,120
Vehicles and prototypes	164,959	164,959
	4,982,088	382,025
Less accumulated depreciation	473,333	255,178
	4,508,755	126,847
	\$5,003,874	\$220,693
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$1,409,632	\$1,253,228
Accounts payable, related parties	376,537	336,556
Customer deposits	202,500	60,000
Shareholder advances	1,213,000	558,000
Current portion of long-term debt	392,542	230,756
	3,594,211	2,438,540
Long-term debt	2,346,516	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 September 30, 2013		

Edgar Filing: AMP Holding Inc. - Form 10-Q

and December 31, 2012	-	-
Common stock, par value of \$.001 per share 250,000,000 shares authorized, 81,474,200 shares issued and outstanding at September 30, 2013 and 55,955,463 shares issued and outstanding at December 31, 2012	81,474	55,955
Additional paid-in capital	20,192,304	14,956,547
Stock based compensation	4,951,902	3,778,723
Accumulated deficit during the development stage	(26,162,533)	(21,371,258)
	(936,853)	(2,580,033)
	\$5,003,874	\$220,693

See accompanying notes to consolidated financial statements.

Table of Contents

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

	Three Months Ended		Nine Months Ended		Since Date of Inception, February 20, 2007 to
	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)	September 30, 2013 (Unaudited)
Sales	\$177,500	\$-	\$177,500	\$222,098	\$780,340
Expenses:					
Payroll and payroll taxes	422,809	461,399	1,154,669	1,410,544	8,481,515
Employee benefits	22,481	32,104	91,920	118,964	745,163
Stock based compensation	32,652	36,951	1,173,179	256,877	4,969,642
Batteries and motors and supplies	79,774	49,692	305,590	173,199	3,041,146
Legal and professional	57,877	471,320	342,609	625,478	2,483,363
Advertising	5,419	26,062	47,182	84,480	1,313,562
Consulting	219,347	(21,663)	894,518	52,805	1,997,923
Travel and entertainment	38,773	26,120	84,005	75,026	568,709
Rent	34,841	34,903	111,229	111,875	563,227
Insurance	44,412	45,275	109,515	83,028	495,134
Vehicles, development and testing	-	-	35,600	57,786	357,801
Depreciation	101,491	15,573	218,155	48,458	511,162
Interest and bank fees	75,034	70,493	179,029	156,364	436,356
Engineering, temporary labor	4,635	903	8,944	1,773	260,230
Facilities, repairs & maintenance	41,680	5,901	121,075	18,616	325,658
Utilities	37,956	7,296	82,931	26,159	217,886
Loss on sale of assets	-	14,452	-	14,452	27,544
Other	3,483	6,564	8,625	22,318	146,852
	1,222,664	1,283,345	4,968,775	3,338,202	26,942,873
Net loss during the development stage	\$(1,045,164)	\$(1,283,345)	\$(4,791,275)	\$(3,116,104)	\$(26,162,533)
Basic and diluted loss per share	\$(0.01)	\$(0.03)	\$(0.07)	\$(0.08)	\$(0.85)
Weighted average number of common					
shares outstanding	80,655,861	39,570,618	73,164,046	39,082,846	30,755,976

See accompanying notes to consolidated financial statements.

Table of Contents

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

	Common Stock		Series A Preferred Stock		Additional	Stock	Accumulated Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital	Based Compensation	During the Development Stage	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 ended December 31,	-	-	-	-	-	-	(1,383,884)	(1,383,884)

Edgar Filing: AMP Holding Inc. - Form 10-Q

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
Conversion of account payable	101,636	102	-	-	86,898	-	-	87,000

Edgar Filing: AMP Holding Inc. - Form 10-Q

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,	-	-	-	-	-	338,853	-	338,853

Edgar Filing: AMP Holding Inc. - Form 10-Q

2012								
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	3,591,848	3,592	-	-	855,923	-	-	859,515
Share based compensation for the nine months ended September 30, 2013	-	-	-	-	-	1,173,179	-	1,173,179
Net loss from operations for the nine months ended September 30, 2013	-	-	-	-	-	-	(4,791,275)	(4,791,275)
	81,474,200	\$81,474	-	\$-	\$20,192,304	\$4,951,902	\$(26,162,533)	\$(936,853)

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.

Edgar Filing: AMP Holding Inc. - Form 10-Q

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, \$119,075, \$11,750 and \$155,000 were accepted as consideration for issuance of common stock in March, May, June, July and September 2013, respectively.

Legal services valued at \$40,000, \$15,000, \$5,000 and \$5,000 were accepted as consideration for issuance of common stock in March, June, July and August 2013, respectively.

Rent for July, August, September 2013 and pre-paid rent for October, November, December 2013 valued at \$80,190 was accepted as consideration for issuance of common stock.

See accompanying notes to consolidated financial statements.

Table of Contents

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

	Three Months Ended		Nine Months Ended		Since Date of Inception, February 20, 2007 to
	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)	September 30, 2013 (Unaudited)
Cash flows from operating activities:					
Net loss during the development stage	\$(1,045,164)	\$(1,283,345)	\$(4,791,275)	\$(3,116,104)	\$(26,162,533)
Adjustments to reconcile net loss from operations to cash used by operations:					
Depreciation	101,491	15,573	218,155	48,458	511,162
Loss on sale of assets	-	14,452	-	14,452	27,544
Stock based compensation	32,652	36,951	1,173,179	256,877	4,969,642
Interest expense on convertible debentures	-	-	-	-	106,164
Amortized discount on convertible debentures	-	23,243	-	55,013	91,493
Rent and Legal, consulting and investment services	256,940	415,000	859,515	475,000	1,769,515
Effects of changes in operating assets and liabilities:					
Inventory	47,250	40,000	47,250	40,000	6,248
Prepaid expenses and deposits	(36,103)	26,310	(80,879)	38,185	(93,904)
Accounts payable	64,324	178,920	156,404	379,191	1,923,268
Accounts payable, related parties	25,187	15,668	39,981	97,932	376,537
Customer deposits	(177,500)	-	142,500	-	202,500
Net cash used by operations	(730,923)	(517,228)	(2,235,170)	(1,710,996)	(16,272,364)
Cash flows from investing activities:					
Initial purchase of AMP Trucks assets	-	-	(5,000,000)	-	(5,000,000)
Capital expenditures	(63)	-	(63)	(28,753)	(376,713)
Proceeds on sale of assets	-	-	-	-	38,900
Net cash used by investing activities	(63)	-	(5,000,063)	(28,753)	(5,337,813)
Cash flows from financing activities:					
Proceeds from debentures	-	500,000	-	1,939,250	1,939,250
Proceeds from notes payable	-	-	100,000	-	260,000

Edgar Filing: AMP Holding Inc. - Form 10-Q

Payments on notes payable	-	-	-	-	(150,000)
Proceeds from long-term debt	-	-	2,250,000	-	2,300,000
Payments on long-term debt	(62,895)	(1,635)	(103,884)	(4,841)	(122,942)
Shareholder advances, net of repayments	655,000		655,000	(269,000)	1,213,000
Issuance of common and preferred stock	-	-	4,301,761	-	16,178,332
Net cash provided by financing activities	592,105	498,365	7,202,877	1,665,409	21,617,640
Change in cash and cash equivalents	(138,881)	(18,863)	(32,356)	(74,340)	7,463
Cash and cash equivalents at inception, February 20, 2007					-
Cash and cash equivalents at December 31, 2011				89,488	
Cash and cash equivalents at June 30, 2012		34,011			
Cash and cash equivalents at September 30, 2012		\$ 15,148		\$ 15,148	
Cash and cash equivalents at December 31, 2012			39,819		
Cash and cash equivalents at June 30, 2013	146,344				
Cash and cash equivalents at September 30, 2013	\$ 7,463		\$ 7,463		\$ 7,463

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 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, \$119,075, \$11,750 and \$155,000 were accepted as consideration for issuance of common stock in March, May, June, July and September 2013, respectively.

Legal services valued at \$40,000, \$15,000, \$5,000 and \$5,000 were accepted as consideration for issuance of common stock in March, June, July and August 2013, respectively.

Rent in July, August and September 2013 and pre-paid rent for October, November and December 2013 valued at \$80,190 was accepted as consideration for issuance of common stock.

See accompanying notes to consolidated financial statements.

Table of Contents

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

Notes to Consolidated Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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 de minimus, 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.

Table of Contents

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

Notes to Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2013 and 2012
and for the Period From Inception,
February 20, 2007 to September 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

Table of Contents

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

Notes to Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2013 and 2012
and for the Period From Inception,
February 20, 2007 to September 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 \$5,419 and \$26,062 for the three months ended September 30, 2013 and 2012, respectively, and \$47,182 and \$84,480 for the nine months ended September 30, 2013 and 2012, respectively, and \$1,313,562 for the period from inception to September 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 September 30, 2013 cumulative deferred tax assets of approximately \$6,052,000 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 \$3,600,000 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.

Table of Contents

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

Notes to Consolidated Financial Statements

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

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 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.

Table of Contents

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

Notes to Consolidated Financial Statements

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

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.

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.

Table of ContentsAMP Holding Inc. and Subsidiaries
(A Development Stage Company)

Notes to Consolidated Financial Statements

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

3. LONG-TERM DEBT

Long-term debt consists of the following:	September 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 \$4,423,335 at September 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 \$12,818 at September 30, 2013	13,668	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 \$9,522 at September 30, 2013	6,254	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.	213,736	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		