SP Acquisition Holdings, Inc.
Form 10-Q
August 14, 2008

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2008

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 001-33711

SP ACQUISITION HOLDINGS, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**20-8523583**
(State or other jurisdiction of Incorporation or organization)	*(I.R.S. Employer Identification Number)*
590 MADISON AVENUE, 32nd FLOOR NEW YORK, NY	**10022**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number including area code: (212) 520-2300

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 o

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 definition of “accelerated filer,” “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act). (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer x

Smaller reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes x No o

There were 54,112,000 shares of the Registrant’s Common Stock, par value $.001, outstanding on August 13, 2008.

SP ACQUISITION HOLDINGS, INC.

FORM 10-Q

Quarter ended June 30, 2008

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report, and the information incorporated by reference in it, include “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”). Our forward-looking statements include, but are not limited to, statements regarding our or our management’s expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipates,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predicts,” “project,” “should,” “wou expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this report may include, for example, statements about our:

- ability to complete our initial business combination;
- success in retaining or recruiting, or changes required in, our officers, key employees or directors following our initial business combination;
- officers and directors allocating their time to other businesses and potentially having conflicts of interest with our business or in approving our initial business combination, as a result of which they would then receive expense reimbursements;
- potential ability to obtain additional financing to complete a business combination;
- ability of our officers and directors to generate a number of potential investment opportunities;
- potential change in control if we acquire one or more target businesses for stock;
- our public securities’ potential liquidity and trading; listing or delisting of our securities from the American Stock Exchange or the ability to have our securities listed on the American Stock Exchange following our initial business combination;
- use of proceeds not held in the trust account or available to us from interest income on the trust account balance; or
- financial performance.

The forward-looking statements contained or incorporated by reference in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors.” Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

References in this report to “we,” “us” or “our company” refer to SP Acquisition Holdings, Inc. References to “public stockholders” refer to purchasers of our securities by persons other than our founders in, or subsequent to, our initial public offering.

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PART 1. FINANCIAL INFORMATION

SP ACQUISITION HOLDINGS, INC.
(a corporation in the development stage)
CONDENSED BALANCE SHEETS

		June 30, 2008 (Unaudited)		December 31, 2007
Current Assets:				
Cash and cash equivalents	$	2,643,895	$	1,317,688
Trust account, interest available for working capital and taxes:				
Cash and cash equivalents held in trust account, interest available for working capital and taxes		105,567		989,183
Accrued interest receivable		157,214		469,705
Total trust account, interest available for working capital and taxes		262,781		1,458,888
Accounts receivable other		—		26,323
Prepaid expenses		103,507		108,024
Total current assets		3,010,183		2,910,923
Deferred tax assets - non current		—		125,406
Total current assets		3,010,183		3,036,329
Non current assets				
Trust account, restricted				
Cash and cash equivalents held in trust account		425,909,120		425,909,120
Accrued interest receivable		370,117		—
Trust account, restricted		426,279,237		425,909,120
Total Assets	$	429,289,420	$	428,945,449
Current Liabilities:				
Accounts payable	$	10,669	$	449,194
Note payable to affiliate		—		250,000
Advances payable to affiliate		1,504		26,818
Interest payable to affiliate		—		9,435
Accrued expenses		100,685		96,915
Taxes payable		186,375		808,278
Other payables - deferred underwriters' fee		17,315,840		17,315,840
Total Current Liabilities		17,615,073		18,956,480
Common stock, subject to possible conversion, 12,986,879 shares at conversion value:		127,772,726		127,772,726
Deferred interest, attributable to common stock subject to possible conversion		111,035		—
Commitments and Contingencies:		—		—
Stockholders' Equity:				
Preferred stock, $.001 par value; 1,000,000 authorized, none issued		—		—

Common stock, $.001 par value, 200,000,000 shares authorized; 41,125,121 shares issued and outstanding (excluding 12,986,879 shares subject to possible conversion)		41,125		41,125
Additional paid-in capital		280,597,790		280,708,825
Retained earnings accumulated during the development stage		3,151,671		1,466,293
Total Stockholders' Equity		283,790,586		282,216,243
Total Liabilities and Stockholders' Equity	$	429,289,420	$	428,945,449

The accompanying notes are an integral part of these condensed financial statements.

SP ACQUISITION HOLDINGS, INC.
(a corporation in the development stage)

CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30, 2008	For the Three Months Ended June 30, 2007	For the Six Months Ended June 30, 2008	For the Period from February 14, 2007 (inception) to June 30, 2007	For the Period from February 14, 2007 (inception) to June 30, 2008
Formation and operating costs	$ 301,765	$ 132	$ 499,229	$ 25,568	$ 763,602
Loss from operations	(301,765)	(132)	(499,229)	(25,568)	(763,602)
Interest income - Trust	1,700,797	—	4,341,829	—	7,286,222
Interest income - other	11,950	—	25,427	—	31,507
Interest expense	(3,021)	(3,185)	(6,146)	(3,185)	(15,581)
Income (loss) before tax	1,407,961	(3,317)	3,861,881	(28,753)	6,538,546
Provision for income taxes	(698,507)	—	(2,176,503)	—	(3,386,875)
Net income (loss)	709,454	(3,317)	1,685,378	(28,753)	3,151,671
Deferred interest, attributable to common stock subject to possible conversion	231,809	—	(111,035)	—	(111,035)
Net income (loss) attributable to common stock	$ 941,263	$ (3,317)	$ 1,574,343	$ (28,753)	$ 3,040,636
Net income (loss) attributable to common stock per common share, basic and diluted	$ 0.02	$ (0.00)	$ 0.04	$ 0.00	
Weighted average number of common shares outstanding - excluding shares subject to possible conversion, basic and diluted	41,125,121	10,000,000	41,125,121	10,000,000	

The accompanying notes are an integral part of these condensed financial statements.

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SP ACQUISITION HOLDINGS, INC.
(a corporation in the development stage)

CONDENSED STATEMENTS OF CASH FLOWS

	For the Six Months ended June 30, 2008 (unaudited)	For the Period from February 14, 2007 (inception) to June 30, 2007	For the Period from February 14, 2007 (inception) to June 30, 2008 (unaudited)
Cash flows from operating activities:			
Net Income (loss)	$ 1,685,378	$ (28,753)	$ 3,151,671
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Deferred tax asset and valuation allowance	125,406	—	—
Changes in asset and liability accounts:			
Accrued interest receivable	(57,626)	—	(527,331)
Other receivable	26,323	—	—
Prepaid expenses	4,517	—	(103,507)
Accounts payable	(438,525)	—	10,669
Advances payable to affiliate	(25,314)	26,818	1,504
Interest payable to affiliate	(9,435)	3,185	—
Accrued expenses	3,770	(1,250)	100,685
Income taxes payable	(621,903)	—	186,375
Net cash generated in operating activities	692,591	—	2,820,066
Cash flows from investing activities:			
Cash and cash equivalents held in trust account, interest available for working capital and taxes	883,616	—	(105,567)
Trust account restricted	—	—	(425,909,120)
Net cash provided by (used in) investing activities	883,616	—	(426,014,687)
Cash flows from financing activities:			
Proceeds from issuance of founder's units	—	25,000	25,000
Proceeds from issuance of additional founder's warrants	—	—	7,000,000
Proceeds from note payable to affiliate	—	250,000	250,000
Repayment of note payable to affiliate	(250,000)	—	(250,000)
Proceeds from initial public offering	—	—	432,896,000
Payment of offering costs	—	(76,915)	(14,082,484)
Net cash provided by (used in) financing activities	(250,000)	198,085	425,838,516
Net increase in cash	1,326,207	198,085	2,643,895
Cash at the beginning of the period	1,317,688	—	—
Cash at the end of the period	$ 2,643,895	$ 198,085	$ 2,643,895
Supplemental disclosure of non-cash financing activities:			
Deferred offering costs	$ —	$ 372,456	$ —
Accrual of deferred underwriters' discount	$ —	$ —	$ 17,315,840

Cash payments for federal, state and local income taxes	$	2,673,000	$	—$	3,200,500

The accompanying notes are an integral part of these condensed financial statements.

SP ACQUISITION HOLDINGS, INC.
(a corporation in the development stage)
STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock Shares		Common Stock Amount		Additional Paid-in Capital		Retained Earnings Accumulated During the Development Stage		Total Stockholders' Equity
Proceeds from founder's units issued on March 22, 2007	11,500,000	$	11,500	$	13,500	$	-	$	25,000
Proceeds from issuance of 40,000,000 units, net of underwriters' commissions and offering expenses of $29,030,049 on October 16, 2007	40,000,000		40,000		370,929,951		—		370,969,951
Net proceeds subject to possible conversion of 11,999,999 shares	(11,999,999)		(12,000)		(118,187,990)		—		(118,199,990)
Proceeds from issuance of 7,000,000 warrants on October 16, 2007	—		—		7,000,000		—		7,000,000
Proceeds from issuance of 3,289,600 units, net of underwriters' commissions and offering expenses of $2,368,275 on October 31, 2007	3,289,600		3,290		30,524,435		—		30,527,725
Net proceeds subject to possible conversion of 986,880 shares	(986,880)		(987)		(9,571,749)		—		(9,572,736)
Common stock forfeited by founders on October 31, 2007	(677,600)		(678)		678		—		—
Net income	—		—		—		1,466,293		1,466,293
Balances at December 31, 2007	41,125,121		41,125		280,708,825		1,466,293		282,216,243
Deferred interest, attributable to common stock subject to possible conversion	—		—		(111,035)		—		(111,035)
Net income attributable to common stockholders (unaudited)	—		—		—		1,685,378		1,685,378
Balances at June 30, 2008 (unaudited)	41,125,121	$	41,125	$	280,597,790	$	3,151,671	$	283,790,586

The accompanying notes are an integral part of these condensed financial statements.

SP ACQUISITION HOLDINGS, INC.
(a corporation in the development stage)

NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE A — DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS AND INTERIM FINANCIAL INFORMATION

SP Acquisition Holdings, Inc. (a corporation in the development stage) (the "Company") was incorporated in Delaware on February 14, 2007. The Company was formed to acquire one or more businesses or assets through a merger, capital stock exchange, asset acquisition, stock purchase or other similar business combination ("Business Combination"). The Company has neither engaged in any operations nor generated revenue to date. The Company will not generate any operating revenues until after the completion of its initial business combination. Since the completion of its initial public offering, the Company generates non-operating income in the form of interest income on cash and cash equivalents.

The Company is considered to be in the development stage as defined in Statement of Financial Accounting Standards ("SFAS") No. 7, "Accounting and Reporting By Development Stage Enterprises," and is subject to the risks associated with activities of development stage companies.

The Company was initially formed and capitalized through the sale of founder's units to a related entity, SP Acq LLC (See Note D).

The registration statement for the Company's initial public offering ("Offering") was declared effective October 10, 2007. The Company consummated the Offering on October 16, 2007 and recorded proceeds of $370,969,951, net of the underwriters' discount of $28,000,000 and offering costs of $1,030,049. Simultaneously with the consummation of the Offering, the Company consummated the private sale of 7,000,000 warrants to SP Acq LLC at a price of $1 per warrant (an aggregate purchase price of $7,000,000) (see Note D).

On October 31, 2007, the underwriters exercised a portion and terminated the balance of their over allotment option granted in connection with the initial public offering and consummated the purchase of an additional 3,289,600 units at a price of $10.00 per unit, for gross proceeds of $32,896,000 or net proceeds of $30,527,725, net of the underwriters' fee of $2,302,720 and offering costs of $65,555.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Offering, although substantially all of the net proceeds of the Offering are intended to be generally applied toward consummating a Business Combination. Furthermore, there is no assurance that the Company will be able to successfully effect a Business Combination.

A total of $425,909,120 (or approximately $9.84 per share), including $371,000,000 of the net proceeds from the Offering, $7,000,000 from the sale of warrants to the founding shareholders (see Note D), $30,593,280 of net proceeds of the over allotment issuance and $17,315,840 of deferred underwriting discounts and commissions, has been placed in a trust account at JPMorgan Chase Bank, N.A., with Continental Stock Transfer & Trust Company as trustee (the "Trust") which is to be invested in United States "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. Except for up to $3,500,000 of Trust interest income to be released to the Company to fund expenses relating to investigating and selecting a target business and other working capital requirements, and any additional amounts needed to pay income taxes on the Trust earnings, the proceeds held in the Trust will not be released from the Trust until the earlier of the

completion of the Company's Business Combination or the liquidation of the Company. As of June 30, 2008, the balance in the Trust account was $426,014,687 (which includes $105,567 of funds to be transferred to the operating account for the payment of taxes) and interest receivable on trust assets was $527,331 of which $157,214 will be transferred to the operating account for the payment of taxes. The $262,781 has been classified on the June 30, 2008 unaudited balance sheet as cash and cash equivalents held in trust account, interest available for working capital and taxes. Through June 30, 2008, the Trust has released $3,500,000 of interest income to the Company. Through June 30, 2008, the Company had paid a total of $3,200,500 in taxes, of which $3,153,324 has been reimbursed by the Trust and the balance was funded from working capital. The Company intends to seek reimbursement of the balance of the taxes from the Trust.

The placing of funds in the Trust may not protect those funds from third party claims against the Company. Although the Company will seek to have all vendors and service providers (which would include any third parties we engaged to assist us in any way in connection with our search for a target business) and prospective target businesses execute agreements with the Company waiving any right, title, interest or claim of any kind in or to any monies held in the Trust, there is no guarantee that they will execute such agreements.

SP Acq LLC has agreed that it will be liable to the Company if and to the extent claims by third parties reduce the amounts in the trust account available for payment to our stockholders in the event of a liquidation and the claims are made by a vendor for services rendered, or products sold, to us, or by a prospective target business. A “vendor” refers to a third party that enters into an agreement with us to provide goods or services to us. However, the agreement entered into by SP Acq LLC specifically provides for two exceptions to the indemnity given: there will be no liability (1) as to any claimed amounts owed to a third party who executed a legally enforceable waiver, or (2) as to any claims under our indemnity of the underwriters of our initial public offering against certain liabilities, including liabilities under the Securities Act. Furthermore, there could be claims from parties other than vendors, third parties with which we entered into a contractual relationship or target businesses that would not be covered by the indemnity from SP Acq LLC, such as shareholders and other claimants who are not parties in contract with us who file a claim for damages against us.

The Company, after signing a definitive agreement for the acquisition of a target business, will submit such transaction for stockholder approval. In the event that 30% or more of the outstanding stock (excluding, for this purpose, those shares of common stock issued prior to the Offering) vote against the Business Combination and exercise their conversion rights described below, the Business Combination will not be consummated. Public stockholders voting against a Business Combination will be entitled to convert their stock into a pro rata share of the Trust (including the additional 4% of the gross proceeds payable to the underwriters upon the Company’s consummation of a Business Combination), including any interest earned (net of taxes payable and the amount distributed to the Company to fund its working capital requirements) on their pro rata share, if the Business Combination is approved and consummated. However, voting against the Business Combination alone will not result in election to exercise a stockholder’s conversion rights. A stockholder must also affirmatively exercise such conversion rights at or prior to the time the Business Combination is voted upon by the stockholders. All of the Company’s stockholders prior to the Offering, and all of the officers and directors of the Company have agreed to vote all of the shares of the Company stock held by them in accordance with the vote of the majority in interest of all other stockholders of the Company.

In the event the Company does not consummate a Business Combination on or before October 10, 2009, the proceeds held in the Trust, including the unpaid portion of the underwriters’ commission (See Note D) will be distributed to the Company’s public stockholders (excluding SP Acq LLC, Steel Partners II, L.P. and Anthony Bergamo, Ronald LaBow, Howard M. Lorber, Leonard Toboroff and S. Nicholas Walker, each a director of the Company), to the extent of their pre-Offering stock holdings.

These unaudited interim condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The operating results for the interim periods presented are not necessarily indicative of the results to be expected for any other interim period or for the full year.

These unaudited interim condensed financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2007 Annual Report on Form 10-K, filed on March 26, 2008. The accounting policies used in preparing these unaudited condensed financial statements are consistent with those described in the audited financial statements included in the Company's December 31, 2007 Form 10-K.

NOTE B — BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Development Stage Company:

The Company complies with the reporting requirements of SFAS No. 7, "Accounting and Reporting by Development Stage Enterprises."

As indicated in the accompanying unaudited interim condensed financial statements, the Company has incurred substantial organizational, legal, accounting and offering costs in the pursuit of its financing plans and expects to incur additional costs in pursuit of its acquisition plans. As of June 30, 2008, the Company had cash on hand of $2,643,895 as well as $426,014,687 of cash and cash equivalents in the Trust. Under terms of the investment management trust agreement, up to $3,500,000 of interest may be released to the Company in such amounts and such intervals as we request, subject to availability. At June 30, 2008, $3,500,000 of Trust interest has been released to the Company. Management has reviewed its cash requirements as of June 30, 2008 and believes that its cash on hand, along with the funds available to it from the interest income from the Trust is sufficient to cover its expenses for the next twelve months.

As discussed in Note D, the note with Steel Partners Ltd. has a due date of December 31, 2007. Steel Partners Ltd. has confirmed on May 7, 2008 that the note is not in default and that the payment may be made on or before December 31, 2008. On June 27, 2008, the note was paid in full.

There is no assurance that the Company's plan to complete a Business Combination will be successful.

2. Cash and cash equivalents:

The Company considers investments with a maturity of three months or less when purchased to be cash equivalents.

3. Common Stock and Unit Dividends:

Each share of common stock has one vote. As discussed in Note F, on August 8, 2007, the Company declared a unit dividend of 0.15 units for each unit outstanding and on September 4, 2007 declared a unit dividend of one third of a unit for each unit outstanding. All of the unit holders agreed to transfer their units due them with respect to these dividends to SP Acq LLC. Such stock dividends are presented as if they were stock splits and presented retroactively each period presented. All unit amounts outstanding reflect such dividends, except for weighted average shares outstanding as discussed in Note B-4.

4. Net Income (loss) Per Common Share:

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share". In accordance with SFAS No. 128, earnings per common share amounts ("Basic EPS") is computed by dividing earnings by the weighted average number of common shares outstanding for the period. Common shares subject to possible conversion of 12,986,879 shares have been excluded from the calculation of basic earnings per share since such shares, if redeemed, only participate in their pro rata shares of the trust earnings. Such earnings are deducted from earnings available to common stockholders. Earnings per common share amounts, assuming dilution ("Diluted EPS"), gives effect to dilutive options, warrants and other potential common stock outstanding during the period. SFAS

No. 128 requires the presentation of both Basic EPS and Diluted EPS on the face of the statements of operations. The effect of the 61,112,000 outstanding Warrants issued in connection with the Public Offering and the Private Placement described in Note A has not been considered in diluted earnings per share calculation since the exercise of the Warrants are contingent upon the occurrence of future events, and therefore, not includable in the calculation of diluted earning per share in accordance with SFAS 128.

5. Reclassification:

The Company reclassified certain prior period amounts to conform to the current period's presentation. The Company reclassified amounts held in trust from current assets to long-term assets with the exception of amounts held in trust that are available for current operations of the Company. These classifications have no effect on the results reported for the year ended December 31, 2007.

6. Concentration of Credit Risk:

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which at times, exceeds the Federal Depository Insurance coverage of $100,000 and the Securities Investor Protection Corporation insures balances up to $500,000. As of June 30, 2008, the Company had $429,258,581 in cash and cash equivalents which exceeded Federally insured limits. Management believes the risk of loss to be minimal

7. Fair Value of Financial Instruments:

The fair value of the Company's assets and liabilities, which qualify as financial instruments under SFAS No. 107, "Disclosure About Fair Value of Financial Instruments," approximate the carrying amounts represented in the balance sheet because of their short term maturities.

8. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Trust Account-Restricted:

The Company considers the restricted portion of the funds held in the Trust Account to be a non-current asset. A current asset is one that is reasonably expected to be used to pay current liabilities, such as accounts payable or short-term debt or to pay current operating expenses, or will be used to acquire other current assets. Since the acquisition of a business is principally considered to be for long-term purpose, with long-term assets such as property and tangibles typically being a major part of the acquired assets, the Company has reported the funds anticipated to be used in the acquisition as a non-current asset.

As discussed in Note A, the Trust Account is invested in T Bills with a 30 day maturity as of June 30, 2008 and December 31, 2007, respectively.

10. Income tax:

The Company complies with SFAS 109, "Accounting for Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

On February 14, 2007, the Company adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition.

11. Share-based compensation:

The Company accounts for stock options and warrants using the fair value recognition provisions of SFAS No.123 (Revised 2004), " Share-Based Payment ", ("SFAS 123(R)"). SFAS 123(R) addresses all forms of share based compensation awards including shares issued under employment stock purchase plans, stock options, restricted stock and stock appreciation rights. Under SFAS 123 (R), share based payment awards will be measured at fair value on the awards grant date, based on estimated number of awards that are expected to vest and will be reflected as compensation expense in the financial statements.

12. Recent Accounting Pronouncements:

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurements, and requires new disclosures of assets and liabilities measured at fair value based on their level in the hierarchy. This statement applies under other accounting pronouncements that require or permit fair value measurements. In February 2008, the FASB issued Staff Positions (FSPs) No. 157-1 and No. 157-2, which, respectively, remove leasing transactions from the scope of SFAS No. 157 and defer its effective date for one year relative to certain nonfinancial assets and liabilities. As a result, the application of the definition of fair value and related disclosures of SFAS No. 157 (as impacted by these two FSPs) was effective for the Company beginning January 1, 2008 on a prospective basis with respect to fair value measurements of (a) nonfinancial assets and liabilities that are recognized or disclosed at fair value in the Company's financial statements on a recurring basis (at least annually) and (b) all financial assets and liabilities. This adoption did not have a material impact on the Company's results of operations or financial condition. The remaining aspects of SFAS No. 157 for which the effective date was deferred under FSP No. 157-2 was adopted effective January 1, 2008. Areas impacted by the deferral relate to nonfinancial assets and liabilities that are measured at fair value, but are recognized or disclosed at fair value on a nonrecurring basis. This deferral applies to such items as nonfinancial assets and liabilities initially measured at fair value in a business combination (but not measured at fair value in subsequent periods) or nonfinancial long-lived asset groups measured at fair value for an impairment assessment. The effects of these remaining aspects of SFAS No. 157 are to be applied to fair value measurements prospectively beginning January 1, 2009.

In February 2007, the FASB issued FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115" ("SFAS No. 159"). SFAS 159 creates a "fair value option" under which an entity may elect to record certain financial assets or liabilities at fair value upon their initial recognition. Subsequent changes in fair value would be recognized in earnings as those changes occur. The

election of the fair value option would be made on a contract-by-contract basis and would need to be supported by concurrent documentation or a preexisting documented policy. SFAS 159 requires an entity to separately disclose the fair value of these items on the balance sheet or in the footnotes to the financial statements and to provide information that would allow the financial statement user to understand the impact on earnings from changes in the fair value. The Company adopted SFAS 159 effective January 1, 2008 and has elected not to record any assets for the "fair value option" at this time.

In December 2007, the FASB issued Statement No. 141 (revised 2007), "Business Combinations," ("SFAS 141(R)"). SFAS 141(R) retains the fundamental requirements of SFAS 141 that the acquisition method of accounting (which SFAS 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. SFAS 141(R) establishes principles and requirements for recognizing and measuring identifiable assets and goodwill acquired, liabilities assumed, and any noncontrolling interest in an acquisition, at their fair value as of the acquisition date. SFAS 141(R) also requires an acquirer to recognize assets acquired and liabilities assumed arising from contractual contingencies as of the acquisition date, measured at their acquisition-date fair values. Additionally, SFAS 141(R) will require that acquisition-related costs in a business combination be expensed as incurred, except for costs incurred to issue debt and equity securities. This statement applies prospectively to business combinations effective with the Company's first fiscal quarter of 2009. Early adoption is not permitted. SFAS 141(R) would have an impact on accounting for any business acquired after the effective date of this pronouncement.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. It is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles". The adoption of this statement is not expected to have a material effect on the Company's financial position, statement of operations or cash flows.

Management does not believe that any other recently issued, but not yet effective accounting standards if currently adopted would have a material effect on the financial statements.

NOTE C — INITIAL PUBLIC OFFERING

On October 16, 2007 the Company sold to the public an aggregate of 40,000,000 units at a price of $10.00. Each unit consists of one share of the Company's common stock, $0.001 par value, and one redeemable common stock purchase warrant. On October 31, 2007, the underwriters exercised a portion and cancelled the balance of their over-allotment option granted in connection with the Offering and consummated the sale of an additional 3,289,600 units at a price of $10.00.

The Company has incurred an underwriters' fee of 7% of the gross offering proceeds in connection with the completion of the Offering and the over-allotment. Of this fee, $12,000,000 and $986,880 were paid at the closing of the Offering and over-allotment on October 16, 2007 and October 31, 2007, respectively, and $17,315,840 is held in the Trust and will be paid to the underwriters in connection with the consummation of a Business Combination. As of June 30, 2008 and December 31, 2007, respectively, the remaining underwriting commitment of $17,315,840 is included as Other Payables - deferred underwriters' fee.

NOTE D — RELATED PARTY TRANSACTIONS

SP Acq LLC purchased 11,500,000 of the Company's founder's units, each consisting of one common share and one warrant to purchase a common share, for a price of $25,000 in a private placement. The units are identical to those sold in the Offering, except that SP Acq LLC, Steel Partners II, L.P., and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker agreed to vote their founder's shares in the same manner as a majority of the public stockholders who vote at the special or annual meeting called for the purpose of approving the Company's Business Combination. As a result, they will not be able to exercise conversion rights with respect to the founder's shares if the Company's Business Combination is approved by a majority of its public stockholders. The founder's shares included therein will not participate with the common stock included in the units sold in the Offering in any liquidating distribution. The founder's units, including the founder's shares and initial founder's warrants may not be sold or transferred until at least

one year after the completion of a Business Combination.

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The founder's units included up to 1,500,000 units that were subject to forfeiture by SP Acq LLC to the extent that the underwriters' over-allotment option was not exercised or was exercised in part such that the holders of the Company's founder's units would collectively own 20% of the Company's units after consummation of the Offering and exercise or expiration of the over-allotment option (assuming none of the holders of our founder's units purchase units in the Offering). On October 31, 2007, in connection with the partial exercise of the over-allotment option, 677,600 founder's units were forfeited to the Company and cancelled.

The Company has issued warrants to purchase 11,500,000 common shares at $7.50 per share as part of the founder's units in connection with its initial capitalization on March 22, 2007 ("initial founder's warrants"). On October 31, 2007, in connection with the partial exercise of the underwriters' over-allotment option, 677,600 initial founder's warrants were forfeited to the Company and cancelled.

Additionally, pursuant to the Director's Purchase Agreement dated as of June 25, 2007, SP Acq LLC has sold a total of 500,000 founder's units to certain directors of the Company.

SP Acq LLC, pursuant to an agreement dated March 22, 2007, also sold to its affiliate Steel Partners II, L.P. a portion of its founder's units, with the final number of units to be determined based on the number of units sold in the Offering once the underwriters' over-allotment option was exercised or expired. As of October 16, 2007 upon the closing of the Offering, Steel Partners II, L.P. owned 662,791 founder's units. On October 31, 2007, the underwriters exercised a portion of their over-allotment option and SP Acq LLC sold an additional 6,197 of its founders units to Steel Partners II, L.P., bringing Steel Partners II, L.P. ownership to 668,988 units.

On March 28, 2007 the Company issued a $250,000 unsecured promissory note to Steel Partners, Ltd., an affiliate of SP Acq LLC and the Company. This note bears interest at a rate of 5% per annum, is unsecured and principal and interest payments were due on December 31, 2007. Interest payable of $15,581 has been accrued on this note through June 27, 2008, at which time the note and accrued interest were repaid in full.

Advances payable of $1,504 and $26,818 at June 30, 2008 and December 31, 2007, respectively, relate to certain costs paid by Steel Partners, Ltd. on behalf of the Company. The Company intends to repay such advances and thus such amounts are reflected as a liability to affiliate. None of the officers and directors of the Company received compensation for their services to the Company.

The Company presently occupies office space provided by Steel Partners, Ltd. Steel Partners, Ltd. has agreed that, until the acquisition of a target business by the Company, it will make such office space, as well as certain office, administrative and secretarial services, available to the Company, as may be required by the Company from time to time. The Company has agreed to pay Steel Partners, Ltd. $10,000 per month for such services. Services commenced on October 16, 2007. The Company has incurred and paid $60,000 and $25,000 for such services through June 30, 2008 and December 31, 2007, respectively.

SP Acq LLC purchased, in a private placement on October 16, 2007, 7,000,000 additional founder's warrants at a price of $1 per warrant (an aggregate purchase price of $7,000,000) directly from the Company and not as part of the Offering. The purchase price of these additional founder's warrants has been determined by the Company to be the fair value of such warrants as of the October 16, 2007 purchase date. An aggregate of 500,000 additional founder's warrants were sold by SP Acq LLC to certain directors.

In addition, Steel Partners II, L.P., has entered into an agreement with the Company requiring it to purchase 3,000,000 units ("co-investment units") at a price of $10 per unit (an aggregate price of $30,000,000) from the Company in a private placement that will occur immediately prior to the Company's consummation of a Business Combination. These private placement units will be identical to the units sold in the Offering. It has also agreed that these units will not be sold, transferred, or assigned until at least one year after the completion of the Business Combination. In the

event that Steel Partners II, L.P. does not purchase the co-investment units, SP Acq LLC, Steel Partners II, L.P. and the directors who purchased founder's units have agreed to surrender and forfeit its founder's units and additional founder's warrants to the Company, provided however that such surrender and forfeiture will not be required if SP Acq LLC purchases the co-investment units. In such event, Steel Partners II, L.P. has agreed to transfer its founder's units to SP Acq LLC. None of the co-investment units have been issued by the Company as of June 30, 2008 or December 31, 2007.

NOTE E — PREFERRED STOCK

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors. No shares have been issued as of June 30, 2008 or December 31, 2007.

NOTE F — UNIT DIVIDENDS

Effective August 8, 2007, the Board of Directors of the Company declared a unit dividend to the holders of record. The dividend consisted of 0.15 units for each outstanding share of common stock and totaled 1,125,000 units. Effective September 4, 2007, the Board of Directors of the Company declared a unit dividend to the holders of record. The dividend consisted of one third of a unit for each outstanding share of common stock and totaled 2,875,000 units. All of the unit holders agreed to transfer their units due them with respect to these dividends to SP Acq LLC.

NOTE G — WARRANTS

The following table presents warrants outstanding:

	June 30, 2008	December 31, 2007
Initial Founder's Warrants	10,822,400	10,822,400
Additional Founder's Warrants	7,000,000	7,000,000
Public Warrants	43,289,600	43,289,600
Total	61,112,000	61,112,000

Initial founder's warrants are not redeemable while held by SP Acq LLC or its permitted transferees and the exercisability of initial founder's warrants are subject to certain additional restrictions. Each initial founder's warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of $7.50 only in the event that the last sale price of the common stock is at least $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after a Business Combination. If the Company is unable to deliver registered shares of common stock to the holder upon exercise of the warrants during the exercise period, there will be no cash settlement of the warrants and the warrants will expire worthless.

Additional founder's warrants entitle the holder to purchase from the Company one share of common stock at an exercise price of $7.50 for each warrant commencing on the completion of a Business Combination with a target business, and expire five years from the date of the prospectus. SP Acq LLC has also agreed that the warrants purchased by it will not be sold or transferred until after the completion of a Business Combination, and will be non-redeemable so long as they are held by the Company's founders or their permitted transferees. Additionally, pursuant to the Director's Purchase Agreement dated as of June 25, 2007, SP Acq LLC sold 500,000 of such initial founder's warrants to certain directors on October 16, 2007.

Public warrants entitle the holder to purchase from the Company one share of common stock for each warrant at an exercise price of $7.50 commencing on the later of (a) one year from the date of the final prospectus for the Offering or (b) the completion of a Business Combination with a target business, and will expire five years from the date of the prospectus. The warrants are redeemable at the option of the Company at a price of $0.01 per warrant upon 30 days prior notice after the warrants become exercisable, only in the event that the last sale price of the common stock is at least $14.25 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given. If the Company is unable to deliver registered shares of common stock to the holder upon exercise of the warrants during the exercise period, there will be no cash settlement of the warrants and the warrants will expire worthless.

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As disclosed in Note D, the initial founder's warrants and additional founder's warrants have certain restrictions and may be surrendered or forfeited under certain circumstances.

Pursuant to a registration rights agreement between the Company and SP Acq LLC, Steel Partners II, L.P. and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker, the holders of our founder's units, founder's shares and initial founder's warrants and shares issuable upon exercise thereof will be entitled to certain registration rights at any time commencing three months prior to the date that they are no longer subject to transfer restrictions.

NOTE H — TAXES ON INCOME

Deferred tax assets reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the amounts used for income tax purposes. During the six-months ended June 30, 2008, the Company recorded a full valuation allowance for its deferred tax assets, as the Company determined that it no longer met the more likely than not realization criteria of FAS 109.

The Company has paid a total of $3,200,500 since inception in estimated tax payments for federal, New York State and City income taxes.

The difference between the provision for income taxes and the amounts computed by applying the federal statutory income taxes to the income before tax is due to state and local taxes, and due to the increase in the deferred tax valuation allowance.

NOTE I — ADJUSTMENTS RELATED TO PRIOR INTERIM PERIOD

During the quarter ended June 30, 2008, the Company identified an accounting error in its accretion calculation which overstated the deferred interest, net of taxes, attributable to common stock subject to possible conversion by approximately $343,000 on our condensed financial statements for the three months ended March 31, 2008. Had these adjustments been reflected in the quarter ended March 31, 2008, the deferred interest, net of taxes, attributable to common stock subject to possible conversion would have been decreased by approximately $343,000 and net income attributable to common stock would have been increased by approximately $343,000. There was no impact on the net income/(loss). The effect of the adjustment, as corrected in the condensed financial statements for the three and six months ended June 30, 2008, was to decrease the deferred interest, net of taxes, attributable to common stock subject to possible conversion and increase the net income attributable to common stockholders for the three and six months ended June 30, 2008 by approximately $343,000. The adjustments did not have an impact on earnings per share in either the quarter ended March 31, 2008 or June 30, 2008 or for the six months ended June, 30, 2008. Management believes the impact of the adjustment is not material to the condensed financial statements taken as a whole based upon management's quantitative and qualitative assessment. It was deemed that a restatement of the previously filed March 31, 2008 report on Form 10-Q was not necessary.

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

Forward Looking Statements

All statements other than statements of historical fact included in this Form 10-Q including, without limitation, statements under “Management's Discussion and Analysis of Financial Condition and Results of Operations” regarding our financial position, business strategy and the plans and objectives of management for future operation, are “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the “Security Act”) and Section 21E of the Securities Exchange Act of 1934. When used in this Form 10-Q, words such as "anticipate," "believe," "plan," "expect," "future," "intend" and similar expressions, as they relate to us or our management, identify forward looking statements. Such forward looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those contemplated by the forward looking statements as a result of certain factors detailed in our filings with the Securities and Exchange Commission. All subsequent written or oral forward looking statements attributable to us or persons acting on our behalf are qualified in their entirety by this paragraph.

Overview

We are a blank check company organized under the laws of the State of Delaware on February 14, 2007. We were formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses or assets. We consummated our initial public offering on October 16, 2007. We are currently in the process of evaluating and identifying targets for a business combination. We intend to utilize cash from our initial public offering, our capital stock, debt or a combination of cash, capital stock and debt, in effecting a business combination. The issuance of additional shares of our capital stock:

- may significantly reduce the equity interest of our stockholders;
- will likely cause a change in control if a substantial number of our shares of common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and may also result in the resignation or removal of one or more of our current officers and directors; and
- may adversely affect prevailing market prices for our common stock.

Similarly, if we issue debt securities, it could result in:

- default and foreclosure on our assets if our operating revenues after a business combination were insufficient to pay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we have made all principal and interest payments when due if the debt security contained covenants that require the maintenance of certain financial ratios or reserves and any such covenant were breached without a waiver or renegotiation of that covenant; and
- our immediate payment of all principal and accrued interest, if any, if the debt security were payable on demand; and our inability to obtain additional financing, if necessary, if the debt security contained covenants restricting our ability to do so.

Results of Operations and Known Trends Or Future Events

We have neither engaged in any operations nor generated any revenues to date. We will not generate any operating revenues until after completion of our initial business combination, at the earliest. We will continue to generate non-operating income in the form of interest income on cash and cash equivalents. Net income for the three months ended June 30, 2008 was $709,454, which consisted of $1,712,747 in interest income, partially offset by $301,765 in operating expenses, $3,021 in interest expense and $698,507 in taxes on income. Net loss for the three months ended June 30, 2007 was $3,317, which consisted of formation and related costs. Net loss for the period from February 14, 2007 (inception) to June 30, 2007 was $28,753, which consisted of formation and related costs. Net income for the period from February 14, 2007 (inception) through June 30, 2008 was $3,151,671, which consisted of $7,317,729 in interest income partially offset by $763,602 in formation and operating expenses, $15,581 in interest expense and $3,386,875 in taxes on income. Through June 30, 2008, we did not engage in any significant operations. Our entire activity from inception through June 30, 2008 was to prepare for our initial public offering and begin the identification of and negotiations with a suitable business combination candidate.

The trustee of the trust account will pay any taxes resulting from interest accrued on the funds held in the trust account out of the funds held in the trust account. In addition, we will incur expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

Off-Balance Sheet Arrangements

We have never entered into any off-balance sheet financing arrangements and have never established any special purpose entities. We have not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

Contractual Obligations

We do not have any long term debt, capital lease obligations, operating lease obligations, purchase obligations or other long term liabilities.

Liquidity and Capital Resources

The net proceeds from (i) the sale of the units in our initial public offering (including the underwriters' over-allotment option), after deducting offering expenses of approximately $1,095,604 and underwriting discounts and commissions of approximately $30,302,720, together (ii) with $7,000,000 from SP Acq LLC's investment in the additional founder's warrants, were approximately $408,497,676. We expect that most of the proceeds held in the trust account will be used as consideration to pay the sellers of a target business or businesses with which we ultimately complete our initial business combination. We expect to use substantially all of the net proceeds of our initial public offering not in the trust account to pay expenses in locating and acquiring a target business, including identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating our initial business combination. To the extent that our capital stock or debt financing is used in whole or in part as consideration to effect our initial business combination, any proceeds held in the trust account as well as any other net proceeds not expended will be used to finance the operations of the target business.

We do not believe we will need additional financing in order to meet the expenditures required for operating our business prior to our initial business combination. However, we will rely on interest earned of up to $3,500,000 on the trust account to fund such expenditures and, to the extent that the interest earned is below our expectation, we may have insufficient funds available to operate our business prior to our initial business combination. Moreover, in addition to the co-investment we may need to obtain additional financing to consummate our initial business combination. We may also need additional financing because we may become obligated to convert into cash a

significant number of shares of public stockholders voting against our initial business combination, in which case we may issue additional securities or incur debt in connection with such business combination. Following our initial business combination, if cash on hand is insufficient, we may need to obtain additional financing in order to meet our obligations.

Critical Accounting Policies

The Company's significant accounting policies are more fully described in Note B to the condensed financial statements. However, certain accounting policies are particularly important to the portrayal of financial position and results of operations and require the application of significant judgments by management. As a result, the unaudited interim condensed financial statements are subject to an inherent degree of uncertainty. In applying those policies, management used its judgment to determine the appropriate assumptions to be used in determination of certain estimates. During the six months ended June 30, 2008, the Company recorded a full valuation allowance for its deferred tax assets, as the Company determined that it no longer met the more likely than not realization criteria of FAS 109. These estimates are based on the Company's historical experience, terms of existing contracts, observance of trends in the industry and information available from outside sources, as appropriate.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Sensitivity

As of June 30, 2008, our efforts were limited to organizational activities and activities relating to our initial public offering. Since our initial public offering, we have been identifying possible acquisition candidates. We have neither engaged in any operations nor generated any revenues other than interest income.

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices and/or equity prices. $418,909,120 of the net Offering proceeds, including $17,315,840 of the proceeds attributable to the underwriters' deferred fees from the Offering, as well as $7,000,000 of the proceeds of the private placement of 7,000,000 additional founders warrants were placed in a trust account at JPMorgan Chase Bank, N.A., maintained by Continental Stock Transfer & Trust Company, acting as trustee. As of June 30, 2008, the balance in the trust account was $426,014,687 (which includes $105,567 of funds to be transferred to the operating account for the payment of taxes) and interest receivable on the trust account of $527,331 of which $157,214 will be transferred to the operating account for the payment of taxes. The proceeds held in trust have only been invested in U.S. Government securities having a maturity of 90 days or less or in money market funds which invest principally in either short term securities issued or guaranteed by the United States or having the highest rating from recognized credit rating agency or tax exempt municipal bonds issued by government entities located within the United States or otherwise meeting the conditions under Rule 2a-7 under the Investment Company Act. Thus, we are currently subject to market risk primarily through the effect of changes in interest rates on short-term government securities and other highly rated money-market instruments. As of June 30, 2008, the effective annualized interest rate payable on our investment was approximately 1.8%. Assuming no other changes to our holdings at June 30, 2008, a 1% decrease in the underlying interest rate payable on our investment as of June 30, 2008 would result in a decrease of approximately $ 1.0 million in the interest earned in our investment for the following 90-day period, and a corresponding decrease in our net increase in stockholders' equity resulting from operations, if any, for that period. We do not believe that the effect of other changes, such as foreign exchange rates, commodity prices and/or equity prices currently pose significant market risk for us.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in company reports filed or submitted under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Operating Officer and Secretary.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Operating Officer and Secretary carried out an evaluation of the effectiveness of the design and operation of our disclosure controls as of June 30, 2008. Based on their evaluation, they concluded that our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15 (e) under the Exchange Act) were effective.

Our internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and our Chief Operating Officer and Secretary and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles (United States). Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets, provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with generally accepted accounting principles (United States), and that our receipts and expenditures are being made only in accordance with the authorization of our board of directors and management, and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use of disposition of our assets that could have a material effect on our financial statements.

During the most recently completed fiscal quarter, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting other than the Company engaged an outside accounting firm to assist management in the financial reporting process.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially form those in this report are any of the risks described in our December 31, 2007 Form 10-K filed with the SEC. Any of these factors could result in significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations.

As of August 13, 2008 there have been no material changes to the risk factors disclosed in our December 31, 2007 Form 10-K, filed with the SEC, except we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

An index of exhibits filed as part of this Report is on page 23.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SP Acquisition Holdings, Inc.

By: /s/ Warren G. Lichtenstein

Warren G. Lichtenstein
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

SP Acquisition Holdings, Inc.

By: /s/ Jack L. Howard

Jack L. Howard
Chief Operating Officer and Secretary
(Principal Financial Officer and Principal Accounting Officer)

Dated: August 14, 2008

EXHIBIT INDEX

Exhibit Number	Description
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a -14 and 15d-14 of the Securities Exchange Act of 1934.
31.2	Certification of Principal Financial and Principal Accounting Officer, pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Principal Financial and Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002