LIVEWIRE ERGOGENICS INC.
Form 10-Q
August 19, 2013

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013
OR

[ ] TRANSITION REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to _____________

LIVEWIRE ERGOGENICS INC.
(Exact name of registrant as specified in its charter)

Nevada	000-54588	26-1212244
(State or other jurisdiction of incorporation or organization)	(Commission file no.)	(IRS Employee Identification No.)

1747 S. Douglass Road, Unit C
Anaheim, CA 92806
(Current Address of Principal Executive Offices)

Phone number: (714) 940-0155
(Issuer Telephone Number)

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, as amended (the "Exchange Act") during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2of the Exchange Act). Check one:

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [ ] Smaller Reporting Company [X]

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

The number of shares of Common Stock of the issuer outstanding as of August 8, 2013 was 75,939,033.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

LiveWire Ergogenics, Inc.
Condensed Consolidated Balance Sheets

	June 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$-	$2,110
Accounts receivable, net	15,888	4,475
Inventory, net	79,134	46,897
Prepaid and other current assets	930	930
Total current assets	95,952	54,412
Property and equipment, net	10,738	14,535
Total assets	$106,690	$68,947
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Cash overdraft	$1,919	$-
Accounts payable and accrued expenses	181,800	128,909
Accounts payable - related party	704,508	543,553
Notes payable	205,826	162,380
Convertible debentures, net	238,037	6,636
Derivative liability	216,912	70,977
Advances from stockholders	37,224	47,521
Total liabilities	1,586,226	959,976
STOCKHOLDERS' DEFICIT		
Preferred stock, $.0001 par value, 10,000,000 shares authorized, 0 shares issued and outstanding at June 30, 2013 and December 31, 2012	-	-
Common stock, $.0001 par value, 100,000,000 shares authorized, 70,960,139 and 68,460,139 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively	7,095	6,846
Subscription receivable	(45,000)	(45,000)
Common stock to be issued	5	5
Additional paid-in-capital	2,027,149	1,832,115
Accumulated deficit	(3,468,785)	(2,684,995)
Total stockholders' deficit	(1,479,536)	(891,029)

Total liabilities and stockholders' deficit	$106,690	$68,947

The accompanying notes to the unaudited condensed consolidated financial statements are an integral part of these statements.

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LiveWire Ergogenics, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	For the six months ended June 30, 2013	For the six months ended June 30, 2012	For the three months ended June 30, 2013	For the three months ended June 30, 2012
Income				
Sales	$55,278	$109,146	37,490	65,018
Cost of goods sold	31,247	78,023	22,950	31,981
Gross Profit	24,031	31,123	14,540	33,037
Operating Expenses				
Selling costs	16,488	57,633	2,737	34,874
General and administrative costs	649,634	721,862	416,469	499,259
Depreciation	3,797	2,405	1,899	1,898
Total Operating Expenses	669,919	781,900	421,105	536,031
Loss from operations	(645,888)	(750,777)	(406,565)	(502,994)
Other Expenses (Income)				
Gain on change in fair value of derivative liability	(65,544)	-	(22,777)	-
Amortization of debt discount	191,367	-	111,947	-
Interest expense	12,078	529	7,178	200
Net Loss Before Provision for Income Taxes	$(783,789)	$(751,306)	$(502,913)	$(503,194)
Income Tax	-	-	-	-
Net Loss	(783,789)	$(751,306)	$(502,913)	$(503,194)
Basic and diluted loss per share	$(0.01)	$(0.01)	$(0.01)	$(0.01)
Weighted average shares outstanding - basic and diluted	69,288,868	50,986,129	70,108,491	53,645,767

The accompanying notes to the unaudited condensed consolidated financial statements are an integral part of these statements.

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LiveWire Ergogenics, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months ended June 30, 2013	2012
Cash Flows From Operating Activities:		
Net loss	$(783,789)	$(751,306)
Adjustments to reconcile net loss to net cash		
used in operating activities:		
Depreciation	3,797	2,405
Change in fair value of derivative liability	(65,544)	-
Amortization of debt discount	191,367	-
Common stock issued for services	124,750	258,650
Bad debt expense	4,515	-
Change in operating assets and liabilities:		
Accounts receivable	(15,928)	(26,180)
Inventory	(32,238)	(45,464)
Prepaid and other assets	-	11,250
Accounts payable	52,892	49,357
Accounts payable - related parties	251,000	113,866
Net cash used in operating activities	(269,178)	(387,422)
Cash Flows From Investing Activities		
Purchase of equipment	-	(16,700)
Sale of equipment	-	3,558
Net cash used in investing activities	-	(13,142)
Cash Flows From Financing Activities		
Cash overdraft	1,919	2,110
Proceeds from notes payable	31,500	52,100
Proceeds from convertible notes payable	232,000	-
Advance from stockholders	39,946	-
Repayment of advances to stockholders	(10,297)	-
Repayment of shareholder loans	(22,000)	
Repayment of note payable	(6,000)	(10,000)
Proceeds from subscription receivable	-	9,000
Share issued for cash	-	315,900
Net cash provided by financing activities	267,068	369,110
Net Decrease in Cash	(2,110)	(31,454)
Cash at Beginning of Period	2,110	31,454
Cash at End of Period	$-	$-
Supplemental Disclosure of Cash Flow Information		

Cash paid for interest	$-	$-
Cash paid for income taxes	$-	$-
Non Cash Investing anf Financing Activities		
Shares issued for accounts payable	$-	$(7,625)
Shares issued for accounts payable - related parties	$-	$(395,341)
Shares issued for accrued salaries	$-	$(209,448)
Shares issued for payment of notes payable	$-	$(25,000)
Conversion of accounts payable - related party to convertible note payable	$90,045	$-
Beneficial conversion feature on convertible notes	$282,012	$-

The accompanying notes to the unaudited condensed consolidated financial statements are an integral part of these statements.

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LiveWire Ergogenics Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013
(UNAUDITED)

NOTE 1 – BASIS OF PRESENTATION AND NATURE OF OPERATIONS

The Company

LiveWire MC2, LLC (“LVWR”) was organized under the laws of the State of California on January 7, 2008 as a limited liability company. LVWR was formed for the purpose of developing and marketing consumable energy supplements. LVWR adopted December 31 as the fiscal year end.

On June 30, 2011, LVWR, together with its members, entered into a purchase agreement (the “Purchase Agreement”), for a share exchange with SF Blu Vu, Inc., (“SF Blu”), a public Nevada shell corporation. SF Blu Vu Inc. was formed in Nevada on October 9, 2007 under the name Semper Flowers, Inc. On May 15, 2009 the Company changed its name to SF Blu Vu, Inc. The Purchase Agreement was ultimately completed on August 31, 2011. Under the terms of the purchase agreement (the “Purchase Agreement”), SF Blu issued 36,000,000 (30,000,000 shares pre stock split of 1 additional share for every five shares held) of their common shares for 100% of the members’ interest in LVWR. Subsequent to the Purchase Agreement, the members of LVWR owned 60% of common shares of SF Blu, effectively obtaining operational and management control of SF Blu. For accounting purposes, the transaction has been accounted for as a reverse acquisition under the purchase method of business combinations, and accordingly the transaction has been treated as a recapitalization of LVWR, the accounting acquirer in this transaction, with SF Blu (the shell) as the legal acquirer.

Subsequent to the Purchase Agreement the financial statements presented are those of LVWR, as if the Purchase Agreement had been in effect retroactively for all periods presented. Immediately following completion of the Purchase Agreement, LVWR and their stockholders had effective control of SF Blu even though SF Blu had acquired LVWR. For accounting purposes, LVWR will be deemed to be the accounting acquirer in the transaction and, consequently, the transaction will be treated as a recapitalization of LVWR i.e., a capital transaction involving the issuance of shares by SF Blu for the members’ interest in LVWR. Accordingly, the assets, liabilities and results of operations of LVWR, became the historical financial statements of SF Blu at the closing of the Purchase Agreement, and SF Blu’s assets, liabilities and results of operations have been consolidated with those of LVWR commencing as of August 31, 2011, the date the Purchase Agreement closed. SF Blu is considered the accounting acquiree, or legal acquiror, in this transaction. No step-up in basis or intangible assets or goodwill will be recorded in this transaction. As this transaction is being accounted for as a reverse acquisition, all direct costs of the transaction have been charged to additional paid-in capital. All professional fees and other costs associated with transaction have been charged to additional paid-in-capital.

Subsequent to the Purchase Agreement being completed, SF Blu as the legal acquiror and surviving company, together with their controlling stockholders from LVWR changed the name of SF Blu to LiveWire Ergogenics, Inc. (“LiveWire”) on September 20, 2011. Hereafter, SF Blu, LVWR, or LiveWire are referred to as the “Company”, unless specific reference is made to an individual entity.

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NOTE 1 – BASIS OF PRESENTATION AND NATURE OF OPERATIONS (CONTINUED)

In contemplation, and in connection with the Purchase Agreement, the Company’s directors on July 19, 2011 adopted resolutions determining the Designations, Rights and Preferences of the Series A Preferred Stock (“Series A”) consisting of One Million (1,000,000) shares. The Series A is senior to the common stock and all other shares of Preferred Stock that may be later authorized. Each outstanding share of Series A has One Thousand (1,000) votes on all matters submitted to the stockholders and votes with the common stock on all matters. The Series A shares vote separately as a class has the right to elect three persons to serve on the board of directors. The shares of Series A (i) do not have a liquidation preference; (ii) do not accrue, earn, or participate in any dividends; (iii) are not subject to redemption by the Corporation; and (iv) each share of Series A has one thousand (1,000) votes per share and votes with the common stock on all matters. As such, the Series A has voting control of the Company and may use its majority control to affect the interests of the Company’s common stockholders.

After December 31, 2012, each outstanding share of Series A may be converted, at the option of the owner, into fifty (50) shares of the Company's common stock; provided however, that no conversion shall be permitted unless (i) the Company's common stock is quoted for public trading in the United States or other international securities market and (ii) the Company's market capitalization (i.e., the number of issued and outstanding shares of common stock multiplied by the daily closing price) has exceeded Fifty Million Dollars ($50,000,000) for 90 consecutive trading days. These provisions, if executed by the holders of the Series A, may significantly dilute the Company’s common stockholders after December 31, 2012.

On July 19, 2011, the Company issued 1,000,000 shares of the newly created Series A to Weed & Co. LLP, (“Weed & Co”) or its designee, in exchange for a $100,000 reduction of the outstanding accounts payable, being the equivalent of One Cent ($0.1) per share of Series A. Weed & Co., had provided legal services to SF Blu as a shell prior to the Purchase Agreement, and to the Company subsequent to the Purchase Agreement. Subsequent to the issuance of the Series A, Weed & Co assigned the Series A to a third party. On July 21, 2011 in connection with this Series A issuance, a Contingent Option Agreement (“Contingent Option”) was entered into between the two primary members of LVWR and the holder of the issued Series A. Under the terms of this Contingent Option the holder of the Series A is not allowed to transfer, sell or borrow against the Series A shares. Under the Contingent Option the two members of LVWR could purchase the issued Series A under the following circumstances:

- Provided that LVWR becomes a subsidiary of a public entity any time prior to December 31, 2012, the two members of LVWR could purchase the Series A for $400,000.
- Provided that LVWR becomes a subsidiary of a public entity, and that entity has not secured an investment of $350,000 prior to December 31, 2011 or March 31, 2012, the two members of LVWR could purchase the Series A for $2.
- Provided that LVWR becomes a subsidiary of a public entity, and that entity has not secured an investment of $600,000 prior to June 30, 2012, the two members of LVWR could purchase the Series A for $2.
- Provided that LVWR becomes a subsidiary of a public entity, and that entity has not secured an investment of $850,000 prior to December 31, 2012, the two members of LVWR could purchase the Series A for $2.

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NOTE 1 – BASIS OF PRESENTATION AND NATURE OF OPERATIONS (CONTINUED)

- Provided that LVWR becomes a subsidiary of a public entity, and that entity reports cumulative gross revenue of $600,000 by June 30, 2012, the two members of LVWR could purchase the Series A for $2.
- Provided that LVWR becomes a subsidiary of a public entity, and that entity reports cumulative gross revenue of $1,500,000 by December 31, 2012, the two members of LVWR could purchase the Series A for $2.
- Provided that LVWR becomes a subsidiary of a public entity, and that entity secures funding in excess of $200,000 through the efforts of the two members, then the two members of LVWR could purchase the Series A for $2.

Based on the above noted terms of the Contingent Option the Company accounted for the issued Series A, similar to that of the 36,000,000 (30,000,000 shares pre stock split of 1 additional share for every five shares held) shares of common stock issued with the Purchase Agreement, as the terms of the Contingent Option are effectively made to ensure that the Series A, and any benefit there under, would ultimately reside with the LVWR members. Accordingly, the Series A are treated as having been issued by the accounting acquirer, or LVWR, since inception for all periods presented.

In March 2012, Bill Hodson and Brad Nichols exercised their rights under the Contingent Option Agreement dated July 21, 2011 with Rick Darnell. Based upon the Agreement and fulfillment of contingencies in the Agreement, Bill Hodson and Brad Nichols each acquired 500,000 shares of the Series A from Rick Darnell for $2.00.

On December 4, 2012, the Company reached an agreement with the holders of the Company's Series A Preferred Stock to surrender and cancel all outstanding shares of the Company's Series A Preferred Stock. A copy of the Acknowledgement of Surrender and Cancelation of the Series A Preferred Stock is attached as Exhibit 4.4 to the Form 8-k filed on December 4, 2012. The surrender and cancelation of the Series A Preferred Stock improves the Company's capital structure because it eliminated the super voting provisions and conversion features that, if exercised by the holders, might dilute the common stockholders of the Company.

Interim Financial Statements

These unaudited condensed consolidated financial statements as of and for the three and six months ended June 30, 2013 and 2012 reflect all adjustments which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the periods presented in accordance with the accounting principles generally accepted in the United States of America. All adjustments are of a normal recurring nature.

These interim unaudited condensed consolidated financial statements should be read in conjunction with LVWR's financial statements and notes thereto for the years ended December 31, 2012 and 2011 included in the Company's Form 10-K filed with the United States Securities and Exchange Commission on April 16, 2013. The Company assumes that the users of the interim financial information herein have read, or have access to, the audited consolidated financial statements for the preceding period, and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The results of operations for the three and six month period ended June 30, 2013 are not necessarily indicative of results for the entire year ending December 31, 2013.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Advertising

Advertising is expensed as incurred and is included in selling costs on the accompanying statements of operations. Advertising and marketing expense for the six months ended June 30, 2013 and 2012 was approximately $16,500 and $57,600, respectively and for the three months ended June 30, 2013 and 2012 was approximately $2,500 and $34,600, respectively.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts. The Company maintains allowances for doubtful accounts for estimated losses. The Company reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, a customer’s historical payment history, its current credit-worthiness and current economic trends. Accounts are written off after exhaustive efforts at collection. At June 30, 2013 and December 31, 2012, the Company has established, based on a review of its outstanding balances, an allowance for doubtful accounts in the amount of $28,098 and $23,583, respectively.

Basis of Accounting

These unaudited condensed consolidated financial statements have been prepared using the basis of accounting generally accepted in the United States of America for interim financial statements and with Form 10-Q and article 8 of the Regulation S-X of the United States Securities and Exchange Commission (“SEC”). Under this basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Cash and Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less and money market accounts to be cash equivalents. There were no cash equivalents at June 30, 2013 and December 31, 2012.

Use of Estimates

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

Derivative Liabilities

The Company assessed the classification of its derivative financial instruments as of June 30, 2013, which consist of convertible instruments and rights to shares of the Company’s common stock, and determined that such derivatives meet the criteria for liability classification under ASC 815.

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory is stated at the lower of cost or market value using the FIFO method. Inventory consists primarily of finished goods and packaging materials and production supplies, i.e., packaged consumable energy supplements, manufactured under contract, and the wrappers and containers they are sold in. A periodic inventory system is maintained by 100% count. Inventory is replaced periodically to maintain the optimum stock on hand available for immediate shipment.

Fair Value of Financial Instruments

Effective January 1, 2008, the Company adopted FASB ASC 820-Fair Value Measurements and Disclosures, or ASC 820, for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company's financial position or operating results, but did expand certain disclosures.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company did not have any Level 2 or Level 3 assets or liabilities as of June 30, 2013, with the exception of its convertible notes payable. The carrying amounts of these liabilities at June 30, 2013 approximate their respective fair value based on the Company's incremental borrowing rate.

Cash is considered to be highly liquid and easily tradable as of June 30, 2013 and therefore classified as Level 1 within our fair value hierarchy.

In addition, FASB ASC 825-10-25 Fair Value Option, or ASC 825-10-25, was effective for January 1, 2008. ASC 825-10-25 expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. The Company did not elect the fair value options for any of its qualifying financial instruments.

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with professional standards for "Accounting for Derivative Instruments and Hedging Activities".

Professional standards generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. Professional standards also provide an exception to this rule when the host instrument is deemed to be conventional as defined under professional standards as "The Meaning of "Conventional Convertible Debt Instrument".

The Company accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with professional standards when "Accounting for Convertible Securities with Beneficial Conversion Features," as those professional standards pertain to "Certain Convertible Instruments." Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note.

ASC 815-40 provides that, among other things, generally, if an event is not within the entity's control could or require net cash settlement, then the contract shall be classified as an asset or a liability.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Prior to the Purchase Agreement LVWR was taxed as a limited liability company, which is a ‘pass through entity’ for tax purposes. Taxable income flowed through to its members, and income taxes were not levied at the company level. Subsequent to the reverse merger LVWR became a subsidiary of the SF Blu and is taxed at the Company’s marginal corporate rate. The Company accounts for income taxes under the provisions of ASC Section 740-10-30, which is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in their financial statements or tax returns.

Stock Based Compensation

The Company accounts for the grant of stock options and restricted stock awards in accordance with ASC 718, “Compensation-Stock Compensation.” ASC 718 requires companies to recognize in the statement of operations the grant-date fair value of stock options and other equity based compensation.

Recognition of Revenue

Sales are recorded at the time title of goods sold passes to customers, which based on shipping terms which generally occurs when the product is shipped to the customer and collectability is reasonably assured. Based on prior experience, the Company reasonably estimates its sales returns and warranty reserves. Sales are presented net of discounts and allowances. Discounts and allowances are determined when a sale is negotiated. The Company does not grant price adjustments after a sale is complete. The Company warrants its products sold on the internet with a right of exchange by means of an approved Return Merchandise Authorization (RMA). Returns of unused merchandise are similarly authorized. Warranty and return policy for product sold through retail distribution channels is negotiated with each customer.

The Company’s revenue is primarily derived from sales of their consumable energy supplement products through distributors who distribute their products to retailers. The Company also sells their products directly to consumers; this is normally done through internet sales. This portion of their sales is minimal.

Shipping costs

Shipping costs are included in cost of goods sold and totaled approximately $5,800 and $13,800 for the six months ended June 30, 2013 and 2012, respectively and $2,900 and $4,800 for the three months ended June 30, 2013 and 2012, respectively.

Earnings (loss) per common share

The Company utilizes the guidance per FASB Codification “ASC 260 "Earnings Per Share". Basic earnings per share is calculated on the weighted effect of all common shares issued and outstanding, and is calculated by dividing net income available to common stockholders by the weighted average shares outstanding during the period. Diluted earnings per share, which is calculated by dividing net income available to common stockholders by the weighted average number of common shares used in the basic earnings per share calculation, plus the number of common shares that would be issued assuming conversion of all potentially dilutive securities outstanding, is not presented separately as it is anti-dilutive. Such securities, shown below, presented on a common share equivalent basis and outstanding as of June 30, 2013 and 2012 have been excluded from the per share computations:

For the Six Months

	Ended June 30, 2013	2012
Convertible Notes Payable	21,417,407	-
Warrants	5,805,002	-
Series A Preferred Stock	-	50,000,000

Long Lived Assets

The Company follows Accounting Standards Codification subtopic 360-10, Property, Plant and Equipment ("ASC 360-10"). ASC 360-10 requires those long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset. ASC 360-10 also requires assets to be disposed of be reported at the lower of the carrying amount or the fair value less costs to sell.

Reclassification

Certain reclassifications have been made to conform the prior period data to the current presentation. These reclassifications had no effect on reported net loss.

Recent Accounting Pronouncements

A variety of accounting standards have been issued or proposed by FASB that do not require adoption until a future date. We regularly review all new pronouncements that have been issued since the filing of our Form 10-K for the year ended December 31, 2012 to determine their impact, if any, on our consolidated financial statements. The Company does not expect the adoption of any of these standards to have a material impact once adopted.

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NOTE 3 – GOING CONCERN

The Company's unaudited condensed consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has a net loss of $783,789 for the six months ended June 30, 2013, and has an accumulated deficit of $3,468,785 as of June 30, 2013. The Company has not yet established an adequate ongoing source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease development of operations.

In order to continue as a going concern, develop a reliable source of revenues, and achieve a profitable level of operations the Company will need, among other things, additional capital resources. Management's plans to continue as a going concern include raising additional capital through increased sales of product and by sale of common shares. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 4 – PROPERTY AND EQUIPMENT

	June 30, 2013 (Unaudited)	December 31, 2012
Equipment (Automobiles)	$ 26,338	$ 26,338
Accumulated depreciation	(15,600)	(11,803)
Total	$ 10,738	$ 14,535

Equipment is stated at cost less accumulated depreciation and depreciated using straight line methods over the estimated useful lives of the related assets ranging from three to five years. Maintenance and repairs are expensed currently. The cost of normal maintenance and repairs is charged to operations as incurred. Major overhaul that extends the useful life of existing assets is capitalized. When equipment is retired or disposed, the costs and related accumulated depreciation are eliminated and the resulting profit or loss is recognized in income.

Depreciation expense amounted to $3,797 and $2,405 for the six months ended June 30, 2013 and 2012, respectively and $1,899 and $1,898 for the three months ended June 30, 2013 and 2012, respectively. During the year ended December 31, 2012, the Company sold equipment worth $3,558 for cash of $8,500 and recorded a gain on sale of equipment of $4,942.

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NOTE 5 – INVENTORY

The Company outsources the manufacturing of their consumable energy supplements. The wife of the Company's CEO owns approximately 8% of this food outsource producer. The Company believes that they are a minor customer of this outsource producer and that production terms with this outsourcer are conducted on an arms-length basis.

	June 30, 2013 (Unaudited)	December 31, 2012
Finished Goods	$ 1,006	$ 620
Packaging materials and production supplies	98,762	66,911
	99,768	67,531
Reserve on inventory	(20,634)	(20,634)
	$ 79,134	$ 46,897

NOTE 6 – RELATED PARTY TRANSACTIONS AND LOANS FROM STOCKHOLDERS

During the six months ended June 30, 2013, the Company incurred $6,000 in legal fees payable to a related party Weed & Co, LLP. This company is controlled by Richard Weed, an officer of the Company.

The Company incurred $1,500 during the six months ended June 30, 2013, payable to Richard Weed for his services to SF Blu as an officer.

Included in accounts payable – related parties as of June 30, 2013 and December 31, 2012, the Company has accrued $7,500 and $90,045, respectively related to legal fees payable to a related party Richard Weed and Weed & Co.

$90,045 in accounts payable - related parties due to Richard Weed and Weed & Co. was converted in to a convertible note payable during the quarter ended March 31, 2013.

On January 31, 2013, Richard O. Weed resigned as a Director of LiveWire Ergogenics, Inc. and resigned as Corporate Secretary. Mr. Weed's resignation was not because of any disagreements with management or the board concerning the Registrant's accounting practices, policies, or procedures.

Included in accounts payable – related parties as of June 30, 2013 and December 31, 2012 is $236,341, payable to an entity owned by the controlling shareholders of the Company. The related entity provides marketing and product development costs and general and administrative expenses to the Company.

Included in accounts payable – related parties as of June 30, 2013 and December 31, 2012, the Company has accrued approximately $461,000 and $217,000 of deferred salary under two employment agreements entered into with the Company's CEO and the Company's President in conjunction with the Purchase Agreement.

As of June 30, 2013 and December 31, 2012 the Company, CEO and President advanced $60,346 and $42,400, respectively. These advanced loans are unsecured, due upon demand and bear no interest and included under notes payable.

Stockholders advance loans to the Company from time to time to provide financing for operations.

June 30,

	2013 (Unaudited)	December 31, 2012
Advances from stockholders	$ 37,224	$ 47,521

Advances from stockholders carry no interest, have no terms of repayment or maturity, and are payable on demand.

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NOTE 7 – COMMITMENTS AND CONTINGENCIES

Employment Agreements

On July 20, 2011 the Company entered into two employment agreements. The agreements have a five year term and may be terminated upon mutual agreement. The salary associated with each of the agreements is $260,000 annually, A portion of which will be paid in cash and a portion of which will be deferred until the Company achieves certain levels of sales and or enters into a merger, purchase or sale agreement and or if the Company is sold.

During the year ended December 31, 2012, a total of $209,448, due under these employment agreements, were converted into 1,256,688 (1,047,240 shares pre stock split of 1 additional share for every five shares held) shares of the Company's common stock and Class A warrants to purchase 1,256,688 (1,047,240 Class A warrants pre stock split of 1 additional share for every five shares held) shares of the Company's common stock at $1 per shares. These warrants expire on January 31, 2016.

Litigation

The Company is subject to certain legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity.

NOTE 8 – NOTES PAYABLE

On February 8, 2013, the Company entered into a non-interest bearing unsecured $3,500 note payable that is payable on demand.

On February 22, 2013, the Company entered into a non-interest bearing unsecured $6,000 note payable that is payable on demand.

On March 19, 2013, the Company entered into a non-interest bearing unsecured $2,000 note payable that is payable on demand.

On April 1, 2013, the Company entered into two non-interest bearing unsecured $10,000, each notes payable that are payable on demand.

As of June 30, 2013 and December 31, 2012 the Company, CEO and President advanced $60,346 and $42,400, respectively. These advanced loans are unsecured, due upon demand and bear no interest.

As of June 30, 2013 and December 31, 2012, the Company had accrued interest of $23,423 and $19,853 respectively, related to notes payable.

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NOTE 9 – CONVERTIBLE NOTES PAYABLE

At June 30, 2013 and December 31, 2012 convertible debentures consisted of the following:

	June 30, 2013 (unaudited)	December 31, 2012
Convertible notes payable	$ 382,045	$ 60,000
Unamortized debt discount	(144,008)	(53,364)
Total	$ 238,037	$ 6,636

Note issued on November 14, 2012:

On November 14, 2012, the Company entered into an agreement with a third party non-affiliate to a 6% interest bearing convertible debentures for $20,000 due on demand, with the conversion features commencing immediately. The loan is convertible at 50% of the lowest closing bid price during the five days immediately prior to the date of the conversion notice. In connection with this debenture, the Company recorded a $20,000 discount on debt, related to the beneficial conversion feature of the note to be amortized over the life of the note or until the note is converted or repaid. As of June 30, 2013 this note has not been converted.

The Company identified embedded derivatives related to the Convertible Promissory Note entered into on November 14, 2012. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $23,440 of the embedded derivative. The fair value of the embedded derivative was determined using the Black Scholes Model based on the following assumptions:

Dividend yield:	-0-%
Volatility	135.43%
Risk free rate:	0.15%

The initial fair value of the embedded debt derivative of $23,440 was allocated as a debt discount up to the proceeds of the note ($20,000) with remained ($3,440) charged to operations during the year ended December 31, 2012 as loss on derivative liability.

During the three and six months ended June 30, 2013, the Company amortized debt discount of $4,778 and $14,778 to current period operations as an expense, respectively.

The fair value of the described embedded derivative of $20,000 at June 30, 2013 was determined using the Black Scholes Model with the following assumptions:

Dividend yield:	-0-%
Volatility	130.93%
Risk free rate:	0.04%

At June 30, 2013, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $2,429 for the six months ended June 30, 2013.

Notes issued on December 21, 2012:

On December 21, 2012, the Company entered into agreements with two third party non-affiliates to two 6% interest bearing convertible debentures for $40,000 due on September 30, 2013, with the conversion features commencing on or before the loan maturity date. The loans are convertible at 20% of the lowest closing bid price during the five days immediately prior to the date of the conversion notice. In connection with these debentures, the Company recorded a $40,000 discount on debt, related to the beneficial conversion feature of the notes to be amortized over the life of the notes or until the notes are converted or repaid. As of June 30, 2013 these notes have not been converted.

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NOTE 9 – CONVERTIBLE NOTES PAYABLE (continued)

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into on December 21, 2012. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $48,678 of the embedded derivatives. The fair value of the embedded derivative was determined using the Black Scholes Model based on the following assumptions:

Dividend yield:	-0-%
Volatility	494.09%
Risk free rate:	0.14%

The initial fair value of the embedded debt derivative of $48,678 was allocated as a debt discount up to the proceeds of the note ($40,000) with remained ($8,678) charged operations during the year ended December 31, 2012 as loss on derivative liability.

During the three and six months ended June 30, 2013, the Company amortized debt discount of $12,862 and $25,582 to current period operations as an expense, respectively.

The fair value of the described embedded derivative of $17,232 at June 30, 2013 was determined using the Black Scholes Model with the following assumptions:

Dividend yield:	-0-%
Volatility	130.93%
Risk free rate:	0.11%

At June 30, 2013, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $31,317 for the six months ended June 30, 2013.

Notes issued on January 8, 2013:

On January 8, 2013 the Company entered three agreements with third party non-affiliates to 6% interest bearing convertible debentures totaling $50,000 due on July 31, 2013, with the conversion features commencing immediately. The loans are convertible at 40% of the lowest closing price during the five days immediately prior to the date of the conversion notice. In connection with this debenture, the Company recorded a $43,185 discount on debt, related to the beneficial conversion features of the notes to be amortized over the lives of the notes or until the notes are converted or repaid. As of June 30, 2013 these notes have not been converted.

The Company identified embedded derivatives related to the Convertible Promissory Notes entered into on January 8, 2013. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Notes and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Notes, the Company determined a fair value of $43,185 of the embedded derivative. The fair value of the embedded derivative was determined using the Black Scholes Model based on the following assumptions:

Dividend yield:	-0-%

Volatility	120.66%
Risk free rate:	0.14%

The initial fair value of the embedded debt derivative of $43,185 was allocated as a debt discount.

During the three and six months ended June 30, 2013, the Company amortized debt discount of $19,264 and $36,622 to current period operations as an expense, respectively.

The fair value of the described embedded derivatives of $34,357 at June 30, 2013 was determined using the Black Scholes Model with the following assumptions:

Dividend yield:	-0-%
Volatility	130.92%
Risk free rate:	0.11%

At June 30, 2013, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $8,828 for the six months ended June 30, 2013.

NOTE 9 – CONVERTIBLE NOTES PAYABLE (continued)

Note issued on January 23, 2013:

On January 23, 2013, the Company entered into an agreement with a third party non-affiliate to a 6% interest bearing convertible debentures for $25,000 due on July 31, 2013, with the conversion features commencing immediately. The loan is convertible at 40% of the lowest closing bid price during the five days immediately prior to the date of the conversion notice. In connection with this debenture, the Company recorded a $21,258 discount on debt, related to the beneficial conversion feature of the note to be amortized over the life of the note or until the note is converted or repaid. As of June 30, 2013 this note has not been converted.

The Company identified embedded derivatives related to the Convertible Promissory Note entered into on January 23, 2013. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $21,258 of the embedded derivative. The fair value of the embedded derivative was determined using the Black Scholes Model based on the following assumptions:

Dividend yield:	-0-%
Volatility	120.66%
Risk free rate:	0.14%

The initial fair value of the embedded debt derivative of $21,258 was allocated as a debt discount.

During the three and six months ended June 30, 2013, the Company amortized debt discount of $10,235 and $17,771 to current period operations as an expense, respectively.

The fair value of the described embedded derivative of $17,178 at June 30, 2013 was determined using the Black Scholes Model with the following assumptions:

Dividend yield:	-0-%
Volatility	130.93%
Risk free rate:	0.11%

At June 30, 2013, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $4,080 for the six months ended June 30, 2013.

Note issued on January 25, 2013:

On January 25, 2013, the Company entered into an agreement with a third party non-affiliate to a 6% interest bearing convertible debentures for $25,000 due on July 31, 2013, with the conversion features commencing immediately. The loan is convertible at 40% of the lowest closing bid price during the five days immediately prior to the date of the conversion notice. In connection with this debenture, the Company recorded a $21,212 discount on debt, related to the beneficial conversion feature of the note to be amortized over the life of the note or until the note is converted or repaid. As of June 30, 2013 this note has not been converted.

The Company identified embedded derivatives related to the Convertible Promissory Note entered into on January 25, 2013. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $21,212 of the embedded derivative. The fair value of the embedded derivative was determined using the Black Scholes Model based on the following assumptions:

Dividend yield:	-0-%
Volatility	120.66%
Risk free rate:	0.14%

The initial fair value of the embedded debt derivative of $21,212 was allocated as a debt discount.

During the three and six months ended June 30, 2013, the Company amortized debt discount of $10,323 and $17,696 to current period operations as an expense, respectively.

The fair value of the described embedded derivative of $17,178 at June 30, 2013 was determined using the Black Scholes Model with the following assumptions:

Dividend yield:	-0-%
Volatility	130.93%
Risk free rate:	0.11%

At June 30, 2013, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $4,034 for the six months ended June 30, 2013.

NOTE 9 – CONVERTIBLE NOTES PAYABLE (continued)

Note issued on February 1, 2013:

On February 1, 2013, the Company entered into an agreement with a related party for conversion of accounts payable to a 6% interest bearing convertible debentures for $90,045 due on July 31, 2013, with the conversion features commencing immediately. The loan is convertible at 40% of the lowest closing bid price during the five days immediately prior to the date of the conversion notice. In connection with this debenture, the Company recorded a $75,824 discount on debt, related to the beneficial conversion feature of the note to be amortized over the life of the note or until the note is converted or repaid. As of June 30, 2013 this note has not been converted.

The Company identified embedded derivatives related to the Convertible Promissory Note entered into on February 1, 2013. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $75,824 of the embedded derivative. The fair value of the embedded derivative was determined using the Black Scholes Model based on the following assumptions:

Dividend yield:	-0-%
Volatility	120.66%
Risk free rate:	0.14%

The initial fair value of the embedded debt derivative of $75,824 was allocated as a debt discount.

During the three and six months ended June 30, 2013, the Company amortized debt discount of $38,333 and $62,765 to current period operations as an expense, respectively.

The fair value of the described embedded derivative of $61,873 at June 30, 2013 was determined using the Black Scholes Model with the following assumptions:

Dividend yield:	-0-%
Volatility	130.93%
Risk free rate:	0.11%

At June 30, 2013, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $13,952 for the six months ended June 30, 2013.

Note issued on May 15, 2013:

On May 15, 2013, the Company entered into an agreement with a third party non-affiliate to a 12% interest bearing convertible debentures for $50,000 due on demand, with the conversion features commencing immediately. The loan is convertible at lower of $0.07 or 60% of the lowest trade prices in the 25 trading days previous to the conversion. In connection with this debenture, the Company recorded a $50,000 discount on debt, related to the beneficial conversion feature of the note to be amortized over the life of the note or until the note is converted or repaid. As of June 30, 2013 this note has not been converted.

The Company identified embedded derivatives related to the Convertible Promissory Note entered into on May 15, 2013. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value of $51,240 of the embedded derivative. The fair value of the embedded derivative was determined using the Black Scholes Model based on the following assumptions:

Dividend yield:	-0-%
Volatility	130.93%
Risk free rate:	0.15%

The initial fair value of the embedded debt derivative of $51,240 was allocated as a debt discount up to the proceeds of the note ($50,000) with remained ($1,240) charged operations during the three and six months ended June 30, 2013 as loss on derivative liability.

During the three and six months ended June 30, 2013, the Company amortized debt discount of $6,301 to current period operations as an expense.

The fair value of the described embedded derivative of $49,582 at June 30, 2013 was determined using the Black Scholes Model with the following assumptions:

Dividend yield:	-0-%
Volatility	130.93%
Risk free rate:	0.15%

At June 30, 2013, the Company adjusted the recorded fair value of the derivative liability to market resulting in non-cash, non-operating gain of $1,658 for the six months ended June 30, 2013.

Note issued on April 29, 2013:

On April 29, 2013, the Company entered into an agreement with a third party non-affiliate to a 6% interest bearing convertible debentures for $5,000 due on April 29, 2014, along with redemption premium of 110% of principal amount and conversion features commencing immediately. The loan is convertible at $0.03 per share. In connection with this debenture, the Company recorded a $333 discount on debt, related to the beneficial conversion feature of the note to be amortized over the life of the note or until the note is converted or repaid. As of June 30, 2013 this note has not been converted.

During the three and six months ended June 30, 2013, the Company amortized debt discount of $70 to current period operations as an expense.

Note issued on May 7, 2013:

On May 7, 2013, the Company entered into an agreement with a third party non-affiliate to a 6% interest bearing convertible debentures for $12,000 due on May 6, 2014, along with redemption premium of 110% of principal amount and conversion features commencing immediately. The loan is convertible at $0.03 per share. In connection with this debenture, the Company recorded a $12,000 discount on debt, related to the beneficial conversion feature of the note to be amortized over the life of the note or until the note is converted or repaid. As of June 30, 2013 this note has not been converted.

During the three and six months ended June 30, 2013, the Company amortized debt discount of $1,780 to current period operations as an expense.

Note issued on May 10, 2013:

On May 10, 2013, the Company entered into an agreement with a third party non-affiliate to a 8% interest bearing convertible debentures for $53,000 due on February 13, 2014, with conversion features commencing after 180 days following the date of this note. The loan is convertible at 58% of average of the lowest three trading prices for the common stock during the ten trading day prior to the conversion date. In connection with this debenture, the Company recorded a $53,000 discount on debt, related to the beneficial conversion feature of the note to be amortized over the life of the note or until the note is converted or repaid. As of June 30, 2013 this note has not been converted.

During the three and six months ended June 30, 2013, the Company amortized debt discount of $7,459 to current period operations as an expense.

Note issued on May 23, 2013:

On May 23, 2013, the Company entered into an agreement with a third party non-affiliate to a 6% interest bearing convertible debentures for $12,000 due on May 22, 2014, along with redemption premium of 110% of principal amount and conversion features commencing immediately. The loan is convertible at $0.03 per share. In connection with this debenture, the Company recorded a $5,200 discount on debt, related to the beneficial conversion feature of the note to be amortized over the life of the note or until the note is converted or repaid. As of June 30, 2013 this note has not been converted.

During the three and six months ended June 30, 2013, the Company amortized debt discount of $543 to current period operations as an expense.

NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed is determined based on the lowest level input that is significant to the fair value measurement.

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NOTE 10 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Items recorded or measured at fair value on a recurring basis in the accompanying unaudited condensed consolidated financial statements consisted of the following items as of June 30, 2013:

		Fair Value Measurements at June 30, 2013 using:		
	June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities:				
Debt Derivative liabilities	$ 216,912	-	-	$ 216,912

The debt derivative liabilities is measured at fair value using quoted market prices and estimated volatility factors based on historical prices for the Company's common stock and are classified within Level 3 of the valuation hierarchy.

The following table provides a summary of changes in fair value of the Company's Level 3 financial liabilities as of June 30, 2013:

	Debt Derivative Liability
Balance, December 31, 2012	$ 70,977
Initial fair value of debt derivatives at note issuances	211,479
Mark-to-market at June 30, 2013	
-Embedded debt derivatives	(65,544)
Balance, June 30, 2013	$ 216,912
Net gain for the period included in earnings relating to the liabilities held at June 30, 2013	$ (65,544)
Non- cash interest (expenses) included in change in derivative liability	$ -

Level 3 Liabilities are comprised of bifurcated convertible debt features on convertible notes.

NOTE 11 – STOCKHOLDERS' DEFICIT

Common Stock

As a result of the reverse merger, the shares of the Company outstanding prior to the closing of the Purchase Agreement are treated as having been issued as of that date, whereas the shares issued in connection with the purchase Agreement are treated as having been issued since inception for all periods presented.

On May 1, 2013, the Company issued 2,500,000 shares (valued at $124,750) of the Company's common stock as compensation to an attorney for legal fees.

Stock Dividend

On December 13, 2012, LiveWire Ergogenics, Inc. announced that its Board of Directors has declared a dividend payable to stockholders of record on January 18, 2013 (“Record Date”).

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NOTE 11 – STOCKHOLDERS' DEFICIT (continued)

The dividend is equal to 20% of the share price at the market close on the Record Date. The dividend is payable in common stock. Each stockholder's dividend will be calculated based on the number of shares owned on the Record Date by the stockholder. The new shares will be issued following the Record Date. The number of shares will equal one (1) share for each five (5) shares owned by the stockholder on the Record Date, rounded upwards to the next whole share.

As stated in ASC 505-20 - Stock Dividend and Stock Split and per paragraph 25-3, since the issuance of additional shares on account of 1:5 stock dividend (1 share for every 5 shares held) is at least 20% or 25% (in this case 20%) of the number of previously outstanding shares, the transaction should be accounted for as a "Stock Split" instead of "Stock Dividend".

All references in the accompanying unaudited condensed consolidated financial statements and notes thereto have been retroactively restated to reflect the December 13, 2012 stock dividend in substance as a stock split.

As of June 30, 2013 and December 31, 2012, the Company had 70,960,139 and 68,460,139 shares of its common stock issued and outstanding, respectively.

2013

Warrants

The following table summarizes the changes in warrants outstanding and related prices for the shares of the Company's common stock issued to shareholders at June 30, 2013:

	Warrants Outstanding			Warrants Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise price	Number Exercisable	Weighted Average Exercise Price
$ 1.00	5,805,002	2.59	$ 1.00	5,805,002	$ 1.00

Transactions involving the Company's warrant issuance are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2011	-	$
Issued	5,805,002	1.00
Exercised	—	—
Expired	-	-
Outstanding at December 31, 2012	5,805,002	$ 1.00
Issued	-	-
Exercised	—	—
Expired	-	-
Outstanding at June 30, 2013	5,805,002	$ 1.00

During the year ended December 31, 2012, the Company issued 5,805,002 warrants with an exercise price of $1 vesting over 5 years and expiring January 31, 2016. The fair value (as determined and described below) of $21,652 is charged ratably over the vesting term of the warrants.

Significant assumptions:

	6.30%
Risk-free interest rate at grant date	-8.50%
Expected stock price volatility	103.96%
Expected dividend payout	—
Expected option life-years	(a)

(a) – All warrants issued expire on January 31, 2016. The remaining life of the warrants is 2.59 years.

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NOTE 11 – STOCKHOLDERS DEFICIT (continued)
Subscription Receivable

The Company issued 216,000 (180,000 shares pre stock split of 1 share for every five shares held) shares (valued at $54,000) for the year ended December 31, 2012 of the Company's restricted common stock. In April 2012, $9,000 was paid and the balance at December 31, 2012 is $45,000. These shares were not issued as of June 30, 2013.

Common Stock to be Issued

The Company will issue 50,400 (42,000 shares pre stock split of 1 share for every five shares held) shares (valued at $12,600) for the year ended December 31, 2012 of the Company's restricted common stock. A cash payment of $12,600 was made on May 9, 2012. These shares were not issued as of June 30, 2013. Subsequently, on July 16, 2013, the Company issued these shares (see note 13).

NOTE 12 - CONCENTRATIONS

The following table sets forth information as to each customer that accounted for 10% or more of the Company's revenues for the six months ended June 30, 2013 and 2012. At June 30, 2013, four customers accounted for 63% of the Company's total revenue. At June 30, 2012, three customers accounted for 64% of the Company's total revenue.

Customer	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
A	21%	-
B	15%	-
C	14%	
D	13%	
E	-	42%
F	-	11%
G	-	11%

For the six months ended June 30, 2013 the Company had one supplier who accounted for approximately $40,000 of their purchases used for production or approximately 81% of total purchases for the six months then ended. For the six months ended June 30, 2012 the Company had two main suppliers who accounted for approximately $84,000 of their purchases used for production or approximately 77% of total purchases for the six months then ended.

NOTE 13 - SUBSEQUENT EVENTS

The Company evaluated subsequent events through the date the unaudited condensed consolidated financial statements were available to be issued as follows:

On July 10, 2013 the Company issued 2,628,494 shares of common stock as a result of converting four short term notes totaling $54,980.

On July 16, 2013, the Company issued 1,530,000 shares of common stock to two consultants valued at $39,627 ($0.0259 per share) for services rendered charged to operations during the six months ended June 30, 2013.

On July 16, 2013, the Company issued 770,000 shares of common stock to two individuals valued at $19,943 ($0.0259 per share) pursuant to their endorsement agreements charged to operations during the six months ended June

30, 2013.

On July 16, 2013, the Company issued 50,400 shares of common stock pursuant to a common stock subscription dated May 9, 2012.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion and analysis should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes included elsewhere in this report. It contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements.

Factors that could cause or contribute to such differences include, but are not limited to, market prices for natural gas and oil, economic and competitive conditions, capital expenditures and other uncertainties, as well as those factors discussed below, all of which are difficult to predict and which expressly qualify all subsequent oral and written forward-looking statements attributable to us or persons acting on our behalf. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We do not have any intention or obligation to update forward-looking statements included in this report after the date of this report, except as required by law.

INTRODUCTION

The following discussion and analysis summarizes the significant factors affecting: (i) our plan of operations for the six and three months ended June 30, 2013. This discussion and analysis should be read in conjunction with our consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2012.

EXECUTIVE SUMMARY

We are engaged in the sale and marketing of energy chew products. Our product delivers a blend of ingredients that provides an energy boost similar to a large cup of coffee, but is about the size of a Starburst candy. The product is not a gum; it dissolves quickly and is an alternative to drinks or shots.

Results of Operations

The financial information with respect to the six and three months ended June 30, 2013 and 2012 that is discussed below is unaudited. In the opinion of management, such information contains all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of the results for such periods. The results of operations for interim periods are not necessarily indicative of the results of operations for the full fiscal years.

Company Overview for the six months ended June 30, 2013 and 2012

During the six months ended June 30, 2013, we incurred a net loss of $783,789. During the six months ended June 30, 2012, we incurred a net loss of $751,306. The increase is primarily attributable to an increase of $191,367 in amortization costs, offset with gain on change in fair value of derivative liability of $65,544 as compared to $0 in 2012.

Comparison of the results of operations for the six months ended June 30, 2013 and 2012

Sales. During the six months ended June 30, 2013, sales of our products amounted to $55,278, as compared to $109,146, in the corresponding 2012 period. The decrease is primarily attributable to focusing on the education of new brokers and distributors signed on in the fourth quarter of 2012. The new distributors and brokers require approximately a six month lead time to get educated properly on the product, set appointments and engage in sales calls. The company also introduced a new 4-pack packaging option in the first quarter and has been sending samples with updated sales information to all sales channels. The company is confident the newly signed brokers and additional packaging options will result in increased revenue in the coming quarters.

Costs and Expenses

Cost of goods sold. For the six months ended June 30, 2013, cost of goods sold was $31,247 compared to $78,023 for the six months ended June 30, 2012. The reduction in revenue had a direct effect on the cost of sales for the six month period ended June 30, 2013

Gross profit. For the six months ended June 30, 2013, our gross profit was $24,031 (43% of revenue) compared to a gross profit of $31,123 (29% of revenue) for the six months ended June 30, 2012. The increase in our gross profit relates to the streamlining of manufacturing and production as well as the Company's concentration on bulk sales which requires less packaging and in turn increases gross profit.

General and Administrative. During the six months ended June 30, 2013, general and administrative expenses amounted to $649,634, as compared to $721,862 in the corresponding 2012 period. The decrease in general and administrative expenses resulted from approximately $260,000 charged to stock based compensation in 2012 compared to approximately $60,000 in the corresponding period in 2013.

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Selling Costs. During the six months ended June 30, 2013 and 2012, selling costs amounted to $16,488 and $57,633, respectively. The decrease in selling costs is attributed to developing packaging and sales materials for all sales channels as well as a reduction in advertising and promotions while collateral material was being finalized.

Depreciation. During the six months ended June 30, 2013 and 2012, depreciation expense amounted to $3,797 and $2,405, respectively. The increase in depreciation expense in 2013 resulted from purchase of equipment of $16,700 in 2012.

Financing expenses. During the six months ended June 30, 2013 and 2012, finance expenses were $12,078 and $529, respectively. The primary increase is due to incurred increase in borrowings.

Gain on change in fair value of derivative liability. As described in our accompanying unaudited condensed consolidated financial statements, we issued convertible notes with certain conversion features that have certain reset provisions. All of which, we are required to bifurcate from the host financial instrument and mark to market each reporting period. We recorded the initial fair value of the reset provision as a liability with an offset to equity or debt discount and subsequently mark to market the reset provision liability at each reporting cycle.

For the six months ended June 30, 2013, we recorded a gain of $65,544 in change in fair value of the derivative liability including initial non-cash interest as compared to $nil for the same period in the previous year. Also, the Company amortized beneficial conversion feature expense on convertible notes of $191,367 during the six months ended June 30, 2013 as compared to $nil for the same period in the previous year.

Company Overview for the three months ended June 30, 2013 and 2012

During the three months ended June 30, 2013, we incurred a net loss of $502,913. During the three months ended June 30, 2012, we incurred a net loss of $503,194.

Comparison of the results of operations for the three months ended June 30, 2013 and 2012

Sales. During the three months ended June 30, 2013, sales of our products amounted to $37,490, as compared to $65,018, in the corresponding 2012 period. The decrease is primarily attributable to focusing on the education of new brokers and distributors signed on in the fourth quarter of 2012. The new distributors and brokers require approximately a six month lead time to get educated properly on the product, set appointments and engage in sales calls. The company also introduced a new 4-pack packaging option in the first quarter and has been sending samples with updated sales information to all sales channels. The company is confident the newly signed brokers and additional packaging options will result in increased revenue in the coming quarters.

Costs and Expenses

Cost of goods sold. For the three months ended June 30, 2013, cost of goods sold was $22,950 compared to $31,981 for the three months ended June 30, 2012. The reduction in revenue had a direct effect on the cost of sales for the three month period ended June 30, 2013.

Gross profit. For the three months ended June 30, 2013, our gross profit was $14,540 (39% of revenue) compared to a gross profit of $33,037 (51% of revenue) for the three months ended June 30, 2012.
The decrease in our gross profit relates to an adjustment to cost of sales due to a decrease to the inventory reserve made in the three month period ended June 30, 2013.

General and Administrative. During the three months ended June 30, 2013, general and administrative expenses amounted to $416,469, as compared to $499,259 in the corresponding 2012 period. The decrease in general and administrative expenses resulted from approximately $260,000 charged to stock based compensation in 2012 compared to approximately $60,000 in the corresponding period in 2013.

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Selling Costs. During the three months ended June 30, 2013 and 2012, selling costs amounted to $2,737 and $34,874, respectively. The decrease in selling costs is attributed to developing packaging and sales materials for all sales channels as well as a reduction in advertising and promotions while collateral material was being finalized.

Depreciation. During the three months ended June 30, 2013 and 2012, depreciation expense amounted to $1,899 and $1,898, respectively.

Financing expenses. During the three months ended June 30, 2013 and 2012, finance expenses were $7,178 and $200, respectively. The primary increase is due to incurred increase in borrowings.

Gain on change in fair value of derivative liability. As described in our accompanying unaudited condensed consolidated financial statements, we issued convertible notes with certain conversion features that have certain reset provisions. All of which, we are required to bifurcate from the host financial instrument and mark to market each reporting period. We recorded the initial fair value of the reset provision as a liability with an offset to equity or debt discount and subsequently mark to market the reset provision liability at each reporting cycle.

For the three months ended June 30, 2013, we recorded a gain of $22,777 in change in fair value of the derivative liability including initial non-cash interest as compared to $nil for the same period in the previous year. Also, the Company amortized beneficial conversion feature expense on convertible notes of $111,947 during the three months ended June 30, 2013 as compared to $nil for the same period in the previous year.

Going Concern

We have an accumulated deficit of $3,468,785 and our current liabilities exceeded our current assets by $1,490,274 as of June 30, 2013. We may require additional funding to sustain our operations and satisfy our contractual obligations for our planned operations. Our ability to establish the Company as a going concern is may be dependent upon our ability to obtain additional funding in order to finance our planned operations.

Plan of Operations

For the remainder of fiscal 2013, we will focus on attempting to continue increase our revenue through the sale of our products which we hope to achieve through increased market penetration.

Liquidity and Capital Resources

During the six months ended June 30, 2013, our cash flows from operations were not sufficient for us to meet our operating commitments. Our cash flows from operations continue to be, and are expected to continue to be, insufficient to meet our operating commitments throughout the remainder of the fiscal year ending December 31, 2013.

Working Capital. As of June 30, 2013, we had a working capital deficit of $1,490,274 and cash of $0, while at December 31, 2012 we had a working capital deficit of $905,564 and cash of $2,110. The increase in our working capital deficit is primarily attributable to the increase in convertible notes payable, notes payable and derivative liability.

Cash Flow. Net cash used in or provided by operating, investing and financing activities for the six months ended June 30, 2013 and 2012 were as follows:

Six Months Ended

	June 30, 2013	June 30, 2012
Net cash used in operating activities	$ (269,178)	$ (387,422)
Net cash used in investing activities	$ -	$ (13,142)
Net cash provided by financing activities	$ 267,068	$ 369,110

Net Cash Used in Operating Activities. The changes in net cash used in operating activities are attributable to our net loss adjusted for non-cash charges as presented in the consolidated statements of cash flows and changes in working capital as discussed above.

Net Cash Provided by Financing Activities. Net cash provided by financing activities relates primarily to cash received from issuance and payment of our notes payable as well as advances from a Company officer.

Off-Balance Sheet Arrangements

We do not have off-balance sheet arrangements.

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Critical Accounting Policies and Estimates

Our unaudited condensed consolidated financial statements have been prepared by management in accordance with U.S. GAAP.

Inflation

The effect of inflation on the Company's revenue and operating results was not significant.

Recently Issued Accounting Pronouncements

The Company has evaluated recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA and the SEC and we have not identified any that would have a material impact on the Company’s financial position, or statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our Principal Executive Officer and Principal Accounting Officer have carried out an evaluation of the effectiveness of our disclosure, controls and procedures. Based upon that evaluation, our Principal Executive Officer and Principal Accounting Officer concluded that as of the end of the period covered by this report, our disclosures, controls and procedures are not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. During the most recently completed six months ended June 30, 2013, there has been no significant change in the Company’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

We do not have an independent body to oversee our internal control over financial reporting and lack segregation of duties due to the limited nature and resources of the Company.

In light of these material weaknesses, we performed additional analysis and procedures in order to conclude that our financial statements included in this report were fairly stated in accordance with accounting principles generally accepted in the United States. Accordingly, we believe that despite our material weaknesses, our financial statements included in this report are fairly stated, in all material respects, in accordance with United States generally accepted accounting principles.

We plan to rectify these weaknesses by implementing an independent board of directors and hiring additional accounting personnel once we have additional resources to do so. We have also hired a new financial consultant who possesses additional financial reporting experience to assist the Company in future fillings.

Changes in Internal Control over Financial Reporting

Our management, with the participation the Principal Executive Officer and Principal Accounting Officer performed an evaluation as to whether any change in our internal controls over financial reporting occurred during the six months ended June 30, 2013. Based on that evaluation, the Company's Principal Executive Officer and Principal Accounting Officer concluded that no change occurred in the Company's internal control over financial reporting during the six months ended June 30, 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

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PART II-OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS.

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

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

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibits
31.1	Section 302 Certification of Principal Executive Officer+
31.2	Section 302 Certification of Principal Financial Officer+
32.1	Section 906 Certification of Principal Executive Officer and Principal Financial Officer +
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Calculation Linkbase Document *
101.LAB	XBRL Taxonomy Labels Linkbase Document *
101.PRE	XBRL Taxonomy Presentation Linkbase Document *
101.DEF	XBRL Definition Linkbase Document *

+filed herewith
* submitted herewith

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SIGNATURES

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

LIVEWIRE ERGOGENICS, INC.

August 19, 2013	By:	/s/ Bill Hodson Bill Hodson Chief Executive Officer, Treasurer, Principal Accounting Officer