AETHER HOLDINGS INC
Form 4
November 03, 2006

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
OROS DAVID S

(Last) (First) (Middle)

C/O NEXCEN BRANDS, INC., 1330 AVENUE OF THE AMERICAS, 40TH FLOOR

(Street)

NEW YORK, NY 10019

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
AETHER HOLDINGS INC [NEXC]

3. Date of Earliest Transaction (Month/Day/Year)
10/31/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying	8

Security (Instr. 3)	or Exercise Price of Derivative Security		any (Month/Day/Year)	Code (Instr. 8)		Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		(Month/Day/Year)		Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
stock options	$ 6.77	10/31/2006		A		25,000		10/31/2007	10/31/2016	common stock	25,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
OROS DAVID S C/O NEXCEN BRANDS, INC. 1330 AVENUE OF THE AMERICAS, 40TH FLOOR NEW YORK, NY 10019	X			

Signatures

/s/ David S. Oros	11/03/2006
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Statements of Operations

5

Statements of Cash Flows

6

Statements of Stockholders' Deficit

7

Notes to Financial Statements

8

Item 2. Management's Discussion and Analysis and Plan of Operation

15

Item 3. Controls and Procedures

21

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

22

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

22

Item 3. Defaults Upon Senior Securities

22

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

22

Item 5. Other Information

22

Item 6. Exhibits

23

Signatures

24

Note Regarding Forward-looking Statements

This Form 10-QSB for the quarter ended June 30, 2007, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including statements regarding, among other items, our growth strategies, anticipated trends in our business and our future results of operation, market conditions in the research and development industry and the impact of governmental regulation. These forward-looking statements are based largely on our expectations and are subject to a number of risks and uncertainties, many of which are beyond our control. Actual results could differ materially from these forward-looking statements as a result of, among other things:

- Our ability to raise capital;
- Our ability to estimate future expenditures;
- Our ability to sell our products;
- Our ability to retain and attract experienced and knowledgeable personnel; and
- Our ability to compete in the renewable energy industry

In addition, the words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” and similar expressior they relate to us, our business or our management, are intended to identify forward-looking statements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Form 10-QSB. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this Form 10-QSB may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

3

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Trulite, Inc. (a Development Stage Company)
Balance Sheets

		June 30, 2007		December 31, 2006 Audited
ASSETS				
Current assets:				
Cash and cash equivalents	$	493,447	$	275,957
Prepaid expenses and other current assets		6,898		13,372
Total current assets		500,345		289,329
Property and equipment, net		66,304		50,079
Patent application fees		19,843		19,843
Total assets	$	586,492	$	359,251
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable and accrued expenses	$	433,077	$	239,544
Due to affiliates		487,131		62,363
Notes payable		2,815,979		1,250,000
Total current liabilities		3,736,187		1,551,907
Commitments and contingencies				
Stockholders' deficit:				
8% Cumulative Convertible, Series A Preferred Stock; $0.0001 par value, 1,500,000 shares authorized, 0 shares issued and outstanding as of June 30, 2007 and December 31, 2006.		-		-
Common Stock; $0.0001 par value, 50,000,000 and 20,000,000 shares authorized, 11,885,591 and 11,785,491 shares issued and outstanding as of June 30, 2007 and December 31, 2006, respectively.		1,188		1,178
Additional paid-in-capital		9,920,723		9,537,425
Deficit accumulated during the development stage		(13,071,606)		(10,731,259)
Total stockholders' deficit		(3,149,695)		(1,192,656)
Total liabilities and stockholders' deficit	$	586,492	$	359,251

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

Trulite, Inc. (a Development Stage Company)
Statements of Operations

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006	Period From Inception (July 15, 2004) Through June 30, 2007
Sales	$ -	$ -	$ -	$ 8,333	$ 26,750
Cost of sales	-	-	-	5,912	18,778
GROSS PROFIT	-	-	-	2,421	7,972
Operating expenses:					
Research and development	536,900	289,632	994,516	448,167	3,367,568
Depreciation	6,388	2,721	12,030	5,441	34,841
General and administrative	693,025	1,230,111	1,124,866	1,450,923	3,860,566
TOTAL OPERATING EXPENSES	1,236,313	1,522,464	2,131,412	1,904,531	7,262,975
LOSS FROM OPERATIONS	(1,236,313)	(1,522,464)	(2,131,412)	(1,902,110)	(7,255,003)
Other income (expense):					
Interest expense	(60,408)	-	(105,877)	(59)	(136,266)
Interest income	162	2,735	1,823	3,206	12,946
Other	-	-	-	-	(4,411)
TOTAL OTHER INCOME (EXPENSE)	(60,246)	2,735	(104,054)	3,147	(127,731)
LOSS BEFORE INCOME TAXES	(1,296,559)	(1,519,729)	(2,235,466)	(1,898,963)	(7,382,734)
Income taxes	-	-	-	-	-
NET LOSS	(1,296,559)	(1,519,729)	(2,235,466)	(1,898,963)	$ (7,382,734)
Preferred stock dividends	-	(10,180)	-	(39,275)	
Deemed dividend on conversion of preferred stock to common stock	-	(1,586,150)	-	(1,586,150)	
Deemed dividend on warrant extension	-	-	(104,881)	-	

NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (1,296,559)	$ (3,116,059)	$ (2,340,347)	$ (3,524,388)
NET LOSS PER COMMON SHARE				
Basic and diluted	$ (0.11)	$ (0.16)	$ (0.19)	$ (0.29)
Preferred and deemed dividends	-	(0.17)	(0.01)	(0.25)
Attributable to common stockholders	$ (0.11)	$ (0.34)	$ (0.20)	$ (0.55)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	11,791,086	9,236,879	11,788,304	6,449,674
Diluted	11,791,086	9,236,879	11,788,304	6,449,674

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

5

Trulite, Inc. (a Development Stage Company)
Statements of Cash Flows

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006	Period From Inception (July 15, 2004) Through June 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (2,235,466)	$ (1,898,963)	$ (7,382,734)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	12,030	5,441	34,841
Amortization of discount on convertible debt issuance	1,279	-	1,279
Common stock issued for consulting services	75,000	285,000	360,000
Common stock issued for management fees	-	-	133,840
Stock-based compensation expense	68,039	431,787	579,196
Warrants issued for consulting services	-	162,155	162,155
Write-off of research and development expenses	-	-	606,798
Changes in operating assets and liabilities:			
Due to/from affiliate	424,768	(3,310)	487,131
Accounts receivable	-	16,667	-
Patent application fees	-	-	(19,843)
Prepaid expenses and other current assets	6,474	(28,657)	(433)
Grants receivable	-	-	850
Accounts payable and accrued expenses	193,533	142,938	424,968
Net cash used in operating activities	(1,454,343)	(886,942)	(4,611,952)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	(28,255)	(11,414)	(94,689)
Net cash used in investing activities	(28,255)	(11,414)	(94,689)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock	88	1,000,000	1,000,088
Issuance of preferred stock	-	-	1,250,000
Issuance of notes payable	1,700,000	-	2,950,000
Net cash provided by financing activities	1,700,088	1,000,000	5,200,088
NET INCREASE IN CASH AND CASH EQUIVALENTS	217,490	101,644	493,447
CASH AND CASH EQUIVALENTS, beginning of period	275,957	235,982	-
CASH AND CASH EQUIVALENTS, end of period	$ 493,447	$ 337,626	$ 493,447
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Common stock issued for consulting services	$ 75,000	$ 285,000	$ 360,000
Common stock issued for management fees	$ -	$ -	$ 133,840
Warrants issued for consulting services	$ -	$ 162,155	$ 162,155

Common stock options issued for compensation	$	68,039	$	431,787	$	579,196
Preferred stock issued for acquisition	$	-	$	-	$	20,000
Common stock issued for acquisition	$	-	$	-	$	592,460
Cash paid for interest	$	-	$	-	$	28,897

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

6

Trulite, Inc. (a Development Stage Company)
Statements of Stockholders' Deficit
For the Periods From Inception (July 15, 2004) Through June 30, 2007

	8% Cumulative Convertible Series A Preferred Stock		Common Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Cash issuances:							
July 28, 2004; issuance of preferred stock at $1.00 per share	100,000	$ 10	-	$ -	$ 99,990	$ -	$ 100,000
November 5, 2004; issuance of preferred stock at $1.00 per share	190,000	19	-	-	189,981	-	190,000
November 12, 2004; issuance of preferred stock at $1.00 per share	10,000	1	-	-	9,999	-	10,000
Non-cash issuances:							
July 22, 2004; preferred stock issued in the acquisition of Trulite Technology, LC based on fair value of stock issued of $1.00 per share	20,000	2	-	-	19,998	-	20,000
July 22, 2004; common stock issued in the acquisition of Trulite Technology, LC based on fair value of stock issued of $0.20 per share (post April 2005 split)	-	-	2,962,300	296	592,164	-	592,460
July 28, 2004; common stock issued for management services based on fair value of stock issued of $0.20							

per share (post April 2005 split)	-	-	343,850	34	68,736	-	68,770
Accretion of dividends	-	6,624	-	-	(6,624)	-	-
Net loss	-	-	-	-	-	(878,022)	(878,022)
Balance, December 31, 2004	320,000	6,656	3,306,150	330	974,244	(878,022)	103,208
Cash issuances:							
February 1, 2005; issuance of preferred stock, at $1.00 per share	200,000	20	-	-	199,980	-	200,000
June 1, 2005; issuance of preferred stock at $0.80 per share	934,725	93	-	-	749,907	-	750,000
Non-cash issuances:							
January 28, 2005; common stock issued for management services							
based on fair value of stock issued of $0.20 per share (post April 2005 split)	-	-	325,350	33	65,037	-	65,070
Accretion of dividends	-	84,074	-	-	(84,074)	-	-
Net loss	-	-	-	-	-	(825,952)	(825,952)
Balance, December 31, 2005	1,454,725	90,843	3,631,500	363	1,905,094	(1,703,974)	292,326
Cash issuances:							
April 13, 2006; issuance of common stock and warrants	-	-	1,000,000	100	999,900	-	1,000,000
Non-cash issuances:							
April 26, 2006; common stock issued							

for consulting services based on fair value of stock issued of $0.95 per share	-	-	300,000	30	284,970	-	285,000
April 26, 2006; warrants to purchase common stock issued for consulting services based on fair value of warrants issued	-	-	-	-	162,155	-	162,155
Accretion of dividends	-	39,275	-	-	(39,275)	-	-
May 2, 2006; accretion of preferred stock for deemed dividend on conversion of accrued dividends to common stock	-	161,388	-	-	(161,388)	-	-
May 2, 2006; accretion of preferred stock for deemed dividend on conversion to common stock	-	1,424,762	-	-	(978,494)	(446,268)	-
May 2, 2006; conversion of preferred stock to common stock	(1,454,725)	(1,716,268)	6,853,991	685	6,853,306	(5,137,723)	-
Stock-based compensation	-	-	-	-	511,157	-	511,157
Net loss	-	-	-	-	-	(3,443,294)	(3,443,294)
Balance, December 31, 2006	-	-	11,785,491	1,178	9,537,425	(10,731,259)	(1,192,656)
Cash issuances:							
April 1, 2007; issuance of common stock	-	-	100	-	88	-	88
Non-cash issuances:							

June 26, 2007; common stock issued for consulting services based on fair value of stock issued of $1.00 per share	-	-	100,000	10	74,990	-	75,000
February, 22, 2007; deemed dividend on warrant extension	-	-	-	-	104,881	(104,881)	-
June 26, 2007; warrants issued with convertible debt	-	-	-	-	135,300	-	135,300
Stock-based compensation	-	-	-	-	68,039	-	68,039
Net Loss	-	-	-	-	-	(2,235,466)	(2,235,466)
Balance, June 30, 2007	-	$ -	11,885,591	1,188	$ 9,920,723	$ (13,071,606)	$ (3,149,695)

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

7

Trulite, Inc. (a Development Stage Company)
Notes to Financial Statements
As of and for the Period from Inception (July 15, 2004) Through June 30, 2007

NOTE 1 - Basis of Presentation

The unaudited financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim reporting, and in the opinion of management reflect all adjustments , including those of a normal recurring nature, that are necessary for a fair presentation of financial position and results of operations for the interim periods presented. As permitted under those requirements, certain footnotes or other financial information that are normally required by accounting principles generally accepted in the United States of America have been condensed or omitted. As used herein, the terms "Trulite," "the Company," "we," "our" and "us" refer to Trulite, Inc.

For further information, refer to the financial statements and footnotes included in our Annual Report on Form 10-KSB for the year ended December 31, 2006. Interim results are not necessarily indicative of results to be expected for the full fiscal year ending December 31, 2007.

The Company from inception (July 15, 2004) through June 30, 2007, did not have significant revenues. The Company has no significant operating history as of June 30, 2007. The accompanying financial statements have been prepared assuming the Company will continue as a going concern. From inception (July 15, 2004) through June 30, 2007, management has raised additional equity and debt financing to fund operations and to provide additional working capital. However, there is no assurance that future such financing will be in amounts sufficient to meet the Company's needs.

Reclassifications

Certain reclassifications have been made to conform prior period amounts to the current period presentation. These reclassifications had no effect on net loss or stockholders deficit.

New Accounting Pronouncements:

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value and applies to other accounting pronouncements that require or permit fair value measurements and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting SFAS No. 157 on its financial statements.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities," which permits the choice to measure certain financial assets and liabilities at their fair value at specified election dates. The new standard is effective for the Company on January 1, 2008, unless early adoption is elected. The Company does not expect the new standard to have a material impact on its financial position or results of operation.

NOTE 2 - Stock-Based Compensation

The Company has granted options to purchase common stock to employees, consultants and outside directors under the Trulite, Inc. Stock Option Plan, as amended and restated (the "Plan"). A total of 3,213,002 shares are reserved for issuance and, as of June 30, 2007, 392,226 shares remained available for grant under the Plan.

For the three and six month period ended June 30, 2007, total stock-based compensation expense recognized was $30,828 and $68,039, respectively. Stock-based compensation expense related to the three and six month period ended June 30, 2006 was $431,787. The total unrecognized compensation cost at June 30, 2007, relating to non-vested share-based compensation arrangements granted under the Plan, was $682,377. That cost is expected to be recognized over four years, with a weighted average period of 3.4 years.

8

Trulite, Inc. (a Development Stage Company)
Notes to Financial Statements
As of and for the Period from Inception (July 15, 2004) Through June 30, 2007

NOTE 2 - Stock-Based Compensation (Continued)

During the three and six month period ended June 30, 2007, the Company granted options to purchase 375,916 shares of common stock under the plan. The exercise price of the options was $1.00 per common share, and the estimated fair value of a share of common stock on the date of grant was $1.00. The options vest over a weighted average period of 3.5 years and have a contractual life of seven years. The fair value of these options was based upon the weighted average assumptions noted below:

Risk free rate		5.07%
Expected life (in years)		4.7
Expected volatility		64%
Expected dividends		-
Fair value	$	0.57

The Company estimates the fair value of stock options under SFAS No. 123R at the date of grant using a Black-Scholes-Merton valuation model. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected term (estimated period of time outstanding) of option grants is based on the “simplified” method of estimating expected term for “plain vanilla” options allowed by SEC Staff Accounting Bulletin No. 107, and varies based on the vesting period and contractual term of the option. Expected volatility has historically been based on an evaluation of similar companies’ trading activity. The Company has not issued any cash dividends on its common stock.

The following summary presents information regarding outstanding options as of June 30, 2007, and the changes during the six months then ended:

	Shares Under Options		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term		Aggregate Intrinsic Value
Outstanding at January 1, 2007	2,447,060	$	0.94			
Granted	375,916		1.00			
Exercised	-		-			
Forfeited/Cancelled	(2,300)		0.88			
Outstanding at June 30, 2007	2,820,676		0.94	5.0 years	$	152,754
Vested or expected to vest at June 30, 2007	2,684,512		0.94			151,577
Exercisable at June 30, 2007	1,459,032	$	0.91	3.8 years	$	140,984

NOTE 3 - Property and Equipment

Property and Equipment consists of the following:

		June 30, 2007		December 31, 2006
Office and other equipment	$	75,623	$	59,249

Manufacturing equipment		15,450		9,491
Test equipment		10,072		4,150
Total fixed assets		101,145		72,890
Accumulated depreciation		(34,841)		(22,811)
Property and equipment, net	$	66,304	$	50,079

9

Trulite, Inc. (a Development Stage Company)
Notes to Financial Statements
As of and for the Period from Inception (July 15, 2004) Through June 30, 2007

NOTE 4 - Accounts Payable and Accrued liabilities

		June 30, 2007		December 31, 2006
Accounts payable	$	273,239	$	134,905
Accrued expenses		159,838		104,639
	$	433,077	$	239,544

NOTE 5 - Income taxes

Since inception, the Company has incurred net operating losses and, accordingly, no provision for current income taxes has been recorded in these financial statements. In addition, no benefit for income taxes has been recorded in respect of the net deferred tax assets as management believes it is more likely than not that the deferred tax assets will not be fully realizable. Accordingly, the Company has provided for a full valuation allowance against its net deferred tax assets at June 30, 2007 and December 31, 2006.

In June 2006, the FASB issued FASB Interpretation No.48, “Accounting for Uncertainty in Income Taxes-an interpretation of SFAS No.109”. The interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

The Company adopted the provisions of FIN 48 on January 1, 2007. After application of the provisions of FIN 48, it was not necessary for the Company to recognize any liability for unrecognized tax benefits or adjustment to the balance of retained earnings as of January 1, 2007. The Company’s policy is to classify interest and penalties related to unrecognized tax benefits in income tax expense. As of January 1, 2007, the Company had no accrued interest and penalties related to unrecognized tax benefits. As of January 1, 2007, after the implementation of FIN 48, the Company’s unrecognized tax benefits were $0. The amount, if recognized, that would affect the effective tax rate is $0.

The Company files an income tax return in the U.S. federal jurisdiction. For federal tax purposes, the Company’s 2004 through 2006 tax years remain open for examination by the tax authorities under the normal three year statute of limitations. The adoption of FIN 48 on January 1, 2007 did not have a material effect on the Company’s results of operations or financial condition.

NOTE 6 - Research and Development Costs

Expenditures for research activities relating to product development and improvement are charged to expense as incurred. For the three and six month period ended June 30, 2007, research and development costs were $536,900 and $994,516, respectively. For the three and six month period ended June 30, 2006, research and development costs were $289,632 and $448,167, respectively.

10

Trulite, Inc. (a Development Stage Company)
Notes to Financial Statements
As of and for the Period from Inception (July 15, 2004) Through June 30, 2007

NOTE 7 - Notes Payable

On February 6, 2007, the Company incurred indebtedness of $600,000 pursuant to the terms of two promissory notes. The Company borrowed $240,000 from Contango Venture Capital Corporation, LLC (“CVCC”), which beneficially owns approximately 17.0% of the Company’s common stock, and $360,000 from Standard Renewable Energy Group, LLC (“SREG”), which owns NewPoint Energy Solutions, LP (“NewPoint”), the owner of approximately 45.2% of the Company’s common stock. Both promissory notes bear interest at a rate of 11.25% until August 6, 2007, at which time the rate will become the prime rate plus 3%. Both notes mature on October 31, 2007, and may be prepaid by the Company at any time without penalty.

On May 30 and May 31, 2007, the Company incurred indebtedness of $240,000 and $360,000, respectively, pursuant to the terms of two promissory notes. The Company borrowed $360,000 from SREG. The Company borrowed $240,000 from CVCC. Both promissory notes bear interest at a rate of 11.25% until October 22, 2007, at which time the rate will become the prime rate plus 3%. Both notes mature on February 19, 2008, and may be prepaid by the Company at any time without penalty.

On June 26, 2007, the Company pursuant to the terms of a Note and Warrant Purchase Agreement dated June 26, 2007 (the “Purchase Agreement”), sold a total of 6.66 units (“Units”), each Unit comprising (i) a convertible promissory note (a “Note”), in the original principal amount of $75,000, and (ii) a warrant (a “Warrant”), to purchase 100,000 shares of the Company's common stock at a price of $1.00 per share. The Company sold a total of $500,000 in principal amount of Notes and Warrants to purchase a total of 666,666 shares of Common Stock for total proceeds of $500,000.

Each Note bears interest at a rate of 15% per annum. Principal and accrued but unpaid interest on each Note are payable in full on June 26, 2008. Amounts outstanding under each Note may be prepaid without penalty. The unpaid principal balance due under each Note, together with any accrued but unpaid interest, may be converted into unregistered shares of Common Stock at a conversion price of $0.75 per share. Each Warrant is exercisable until June 26, 2010, at an exercise price of $1.00 per share and has a cashless exercise feature.

In accordance with the guidelines of APB No. 14, “Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants,” the proceeds were allocated to the Warrants and to the Notes based on the relative fair values of the two instruments at the date of issuance. The fair value of the Warrants was determined using Black-Scholes pricing model, assuming a risk-free interest rate of 4.63%, a volatility factor 63%, dividend yields of 0% and a contractual life of three years. Of the $500,000 of proceeds received from the issuance, $135,300 was recorded to additional paid-in capital to recognize the issuance of the Warrants and as a discount to the face amount of the Notes of $500,000. The discount will be amortized to interest expense through the date of maturity, June 26, 2008. The convertible feature contained in the Notes was not a beneficial conversion feature in accordance with EITF 98-5, “Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios,” and thus no portion of the proceeds was allocated to the conversion feature of the Notes.

On July 30, 2007, the Company entered into an Amendment to Promissory Notes (which was effective as of June 29, 2007), by and between the Company and SREG. The amendment extended the maturity of four promissory notes with an aggregate principal balance of $960,000 until December 31, 2007. In consideration for the extension, the Company agreed to a change in the adjusted interest rate payable under each note from the Prime Rate plus three percent to the Prime Rate plus four percent. As amended, the promissory notes will maintain a fixed interest rate of 11.25% through the date of the interest rate change date that is specific to each note, at which point the rate will increase to the amended rate of the prime rate plus four percent.

11

Explanation of Responses:

Trulite, Inc. (a Development Stage Company)
Notes to Financial Statements
As of and for the Period from Inception (July 15, 2004) Through June 30, 2007

NOTE 7 - Notes Payable (Continued)

On July 30, 2007, the Company entered into an Amendment to Promissory Notes (which was effective as of June 29, 2007), by and between the Company and CVCC, which extended the maturity of three promissory notes with an aggregate principal balance of $765,000 until December 31, 2007. In consideration for the extension, the Company agreed to a change in the adjusted interest rate payable under each note from the Prime Rate plus three percent to the Prime Rate plus four percent. As amended, the promissory notes will maintain a fixed interest rate of 11.25% through the date of the interest rate change date that is specific to each note, at which point the rate will increase to the amended rate of the prime rate plus four percent.

On July 30, 2007, the Company entered into an Amendment to Promissory Note (which was effective as of June 29, 2007), by and between the Company and Standard Renewable Energy, LP, which extended the maturity of a promissory note with a principal balance of $125,000 until December 31, 2007. In consideration for the extension, the Company agreed to a change in the interest rate from the Prime Rate plus three percent to the Prime Rate plus four percent.

On July 30, 2007, the Company entered into a Second Amendment to Subscription Agreement (which was effective as of June 29, 2007), by and between the Company, on the one hand, and SREG, Standard Renewable Energy, LP and CVCC on the other hand (the "Amended Subscription Agreements"). The original agreements dated April 5, 2007 and the first amendment to the original agreements dated April 24, 2007, entered into by and between SREG, Standard Renewable Energy, LP, and CVCC allowed the exchange of the Company's outstanding promissory notes aggregating $1,850,000 on April 24, 2007, plus accrued and unpaid interest through the date of conversion for shares of the Company's common stock. Under the Amended Subscription Agreements, the Company and the holder of the notes agreed that on the first business day following the date on which the Company first has outstanding 14,485,491 shares of common stock, the Company will issue to the holder of the notes a number of shares of common stock determined by multiplying 2 times the quotient of (x) the aggregate principal balance of and accrued but unpaid interest on the notes as of the close of business on the day before such issuance divided by (y) the lesser of (i) $1.00 or (ii) the average closing sale price for the Company's common stock as quoted on the Over the Counter Bulletin Board for the ten trading days immediately preceding the date the Company has outstanding 14,485,491 shares of common stock outstanding. The Amended Subscription Agreements expire December 31, 2007.

NOTE 8 - Stockholders' Equity

On February 22, 2007, the Company's Board of Directors agreed to extend the term of warrants, until April 13, 2008, that were issued April 2006 in connection with the issuance of common stock for cash consideration of $1.00 per share. These warrants entitled the holders to purchase an additional 1,000,000 shares of common stock of the Company at an exercise price of $1.50 per common share that were originally set to expire on April 13, 2007. A difference of $104,881 in the fair value of these warrants after modification, when compared to their fair value immediately prior to the modification, was recorded as a deemed dividend in the first quarter of 2007.

On May 4, 2007, the Company amended its certificate of incorporation to increase the authorized capital stock of the Company from 21,500,000 shares to 51,500,000 shares of capital stock, consisting of 50,000,000 shares of common stock and 1,500,000 shares of preferred stock.

A consultant provided services to the Company in connection with the consummation of the transactions contemplated by the Purchase Agreement, including providing advice regarding the terms of the Notes and Warrants and identifying potential investors. The Company agreed to issue 100,000 shares of common stock, as compensation for such services, and recognized $75,000 as a component of general and administrative expenses, the estimated fair value of the shares issued.

12

Trulite, Inc. (a Development Stage Company)
Notes to Financial Statements
As of and for the Period from Inception (July 15, 2004) Through June 30, 2007

NOTE 9 - Commitments and Related Party Transactions

Leases

Rent expense for the three and six month period ended June 30, 2007, was $8,847 and $14,634, respectively. Rent expense for the three and six month period ended June 30, 2006 was 9,839 and $12,754, respectively. Rent expense is included in general and administrative expenses in the accompanying statements of operations.

Interest

For the six month period ended June 30, 2007, the Company incurred interest expense of $53,738, $42,970, and $7,070 related to outstanding promissory notes with SREG, CVCC and Standard Renewable Energy, LP, a wholly owned subsidiary of SREG, respectively. No promissory notes were outstanding during the six month period ended June 30, 2006.

Due to affiliates

As of June 30, 2007, amounts due to affiliates consisted of accrued interest of $104,705 to SREG, Standard Renewable Energy, LP, and CVCC, $68,000 of short-term working capital advances from SREG, and $314,426 due to SREG for management and administrative services. Due to affiliates consisted of $62,363 due to SREG for general and administrative expenses as of December 31, 2006.

During the three and six month period ended June 30, 2007, SREG billed the Company $155,115 and $252,063 for management and administrative services.

Other

The Company had employment agreements with certain employees that expire during 2007, under which the committed obligations totaled $100,000 at June 30, 2007.

Trulite, Inc. (a Development Stage Company)
Notes to Financial Statements
As of and for the Period from Inception (July 15, 2004) Through June 30, 2007

NOTE 10 - Net Loss Per Share

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Numerator:				
Net loss	$ (1,296,559)	$ (1,519,729)	$ (2,235,466)	$ (1,898,963)
Increases to Net Loss:				
Preferred stock dividends	-	(10,180)	-	(39,275)
Deemed dividend on conversion of preferred stock to common stock	-	(1,586,150)	-	(1,586,150)
Deemed dividend on warrant extension	-	-	(104,881)	-
Net loss attributable to common stockholders	$ (1,296,559)	$ (3,116,059)	$ (2,340,347)	$ (3,524,388)
Denominator				
Basic earnings per share - weighted average common shares outstanding	11,791,086	9,236,879	11,788,304	6,449,674
Weighted-average dilutive effect of stock-based awards and common stock issuable upon conversion of preferred stock, net of assumed repurchase of treasury stock	-	-	-	-
Fully-diluted earnings per share - weighted average common shares outstanding	11,791,086	9,236,879	11,788,304	6,449,674
Net loss per common share				
Basic and diluted	$ (0.11)	$ (0.16)	$ (0.19)	$ (0.29)
Preferred and deemed dividends	-	(0.17)	(0.01)	(0.25)
Attributable to common stockholders	$ (0.11)	$ (0.34)	$ (0.20)	$ (0.55)

Basic and diluted net loss per share for the three and six month period ended June 30, 2007 and 2006 are the same since the effect of all common stock equivalents are anti-dilutive to the Company's net loss in accordance with Statement of Financial Accounting Standards No. 128, *Earnings per Share*.

The following weighted average securities are not included in the computation of diluted loss per share as their effect would have been anti-dilutive:

Anti-dilutive securities

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	**2006**	**2007**	**2006**
Common stock options	2,553,619	1,647,154	2,490,579	1,072,498
Common stock warrants	1,436,630	1,125,275	1,418,416	565,746
8% cumulative convertible				
series A preferred stock	-	511,552	-	980,533
Convertible debt (if-converted)	3,704,021	-	1,862,242	-

14

Item 2. Management's Discussion and Analysis and Plan of Operation

The following Management’s Discussion and Analysis and Plan of Operation highlights the principal factors that have affected the Company’s financial condition and results of operations as well as the Company’s liquidity and capital resources for the periods described and should be read in conjunction with our unaudited financial statements for the three and six months ended June 30, 2007, with their explanatory notes included as part of this Form 10-QSB, and our Management’s Discussion and Analysis and Plan of Operation for the twelve months ended December 31, 2006 included in our Form 10-KSB.

Overview and Plan of Operation

Trulite is engaged in the development, production, sourcing, marketing and selling of portable, semi-portable and stationary products, components and systems that can generate power for use in off-grid applications requiring power up to 1 KW. These products, components and systems include hydrogen fuel cells, photovoltaic solar panels, wind micro-turbines, batteries, charge controllers and inverters. Solar panels and on-site wind micro-turbines provide intermittent power that frequently must be stored to meet requirements when the panels are not producing. The Trulite fuel cells can provide power when the solar panels or wind turbines are not operating for extended and consistent power availability.

The Company recently announced the development of its new KH4 product. This hydrogen fuel cell generator can produce 150 watts of continuous power and up to 200 watts of peak power. The integrated advanced technology lithium ion battery can provide immediate power if the fuel cell is being used as a back-up for grid power. The system can manage the integration of power from solar panels and on-site wind micro-turbines together with power from the fuel cell to optimize the power available to meet the needs of the application. The KH4 uses dry sodium borohydride as the hydrogen source. The two 400 watt-hour fuel cartridges that are standard with the KH4 can provide over seven hours of run time with the unit operating at 60% of capacity. In the proper storage conditions, the fuel cartridges can be stored indefinitely before use. The Company has two patents that have issued and several patents pending for the technology involved in the KH4 and other products.

Trulite has recently expanded its product offering to include smaller photovoltaic solar power systems and small on-site wind micro-turbines power systems. These products will be offered in the marketplace prior to the new KH4 product being available in production quantities but will be able to work in conjunction with the KH4. Trulite believes that its off-grid products have application in several markets where electrical power is needed. The products can be used to recharge batteries such as those used in power tools on construction sites. Power can be provided in emergency situations where grid power is not available in the home or small business to recharge batteries, to power lights and small refrigerators and to power or recharge electronics. Power can also be provided for remote monitoring for security, industrial and other applications. The products can also be used for recreational activities where grid power is not readily available such as camping, boating, fishing and hunting. Off-grid power is also useful for remote displays and for traffic control applications. The Trulite products can also be used to recharge UPS battery back-up systems for computers where extended run times may be needed. Portable back-up power for batteries in cars, trucks, boats and RV’s also provides market opportunities.

The Company is a development stage company and, as such, has not had any meaningful revenues and has accumulated a deficit since its inception on July 15, 2004. From July 15, 2004 through December 31, 2004, the Company had $1,750 in sales. For the years ended December 31, 2005 and 2006, the Company had revenue of $16,667 and $8,333, respectively. For the six months ended June 30, 2007, the Company had no sales. We estimate that we will begin to have commercially viable products resulting from the ongoing research and development and product development by the second quarter 2008. Research and development expenditures will be made to further enhance the performance of the hydrogen fuel sources, to develop the electronics that control the process to generate electricity, to improve the performance of the fuel cells and other components, to increase the electrical output of the products and to test the performance and reliability of the products. Since our inception, we have spent $3,367,568 in research and development, including $994,516 in the six month period end June 30, 2007, and anticipate that we will spend at least $2.0 million for research and development during the next twelve months. We also anticipate spending approximately $4.0 million for general and administrative costs and capital expenditures through the second quarter of 2008.

15

We will have ongoing research and development expenditures for the foreseeable future as products are developed for new applications and markets. The timing, amount and success of the research and development and manufacturing estimates are dependent on a number of factors that are difficult to project, including but not limited to the availability of qualified people, the success of the technologies under development, the cost to implement technologies, the cost of the product, the requirements of the marketplace, regulatory requirements, the availability of funds, and other factors.

We do not currently have sufficient capital to fully execute our business plan and we anticipate the need to raise additional capital to develop, promote, and distribute our product. Historically, our activities have been funded through a combination of common and preferred stock issuances and loans from existing investors and third parties. Additional funding may be raised through public or private, equity or debt financings. Additional funding may not be available under favorable terms, if at all. If adequate funds are not available, we may be required to curtail operations significantly or to obtain funds on terms not as favorable as we would hope.

Results of Operations

The following table summarizes our results of operations for the three and six month period ended June 30, 2007 and 2006:

	Three Months Ended June 30, 2007	2006	Six Months Ended June 30, 2007	2006
Sales	$ -	$ -	$ -	$ 8,333
Cost of sales	-	-	-	5,912
GROSS PROFIT	-	-	-	2,421
Operating expenses:				
Research and development	536,900	289,632	994,516	448,167
Depreciation	6,388	2,721	12,030	5,441
General and administrative	693,025	1,230,111	1,124,866	1,450,923
TOTAL OPERATING EXPENSES	1,236,313	1,522,464	2,131,412	1,904,531
LOSS FROM OPERATIONS	(1,236,313)	(1,522,464)	(2,131,412)	(1,902,110)
Other income (expense):				
Interest expense	(60,408)	-	(105,877)	(59)
Interest income	162	2,735	1,823	3,206
TOTAL OTHER INCOME (EXPENSE)	(60,246)	2,735	(104,054)	3,147
LOSS BEFORE INCOME TAXES	(1,296,559)	(1,519,729)	(2,235,466)	(1,898,963)
Income taxes	-	-	-	-
NET LOSS	$ (1,296,559)	$ (1,519,729)	$ (2,235,466)	$ (1,898,963)

Revenues

For the three and six months ended June 30, 2007, revenues totaled zero versus zero and $8,333 for the same periods ended June 30, 2006, respectively.

16

Gross profit

For the three and six months ended June 30, 2007, the Company had no gross profit versus zero and $2,421 for the same periods ended June 30, 2006, respectively.

Operating expenses

For the three month period ended June 30, 2007, as compared to the three month period ended June 30, 2006, operating expenses decreased by $286,151. Research and development increased during this period by $247,268, while general and administrative expenses decreased by $537,086. The increase in research and development during the three month period ended June 30, 2007 was due to a scale up of research and development of the KH-4 150-watt power system. The decrease in general and administrative expense during the three month period ended June 30, 2007 was the result of a decrease in stock compensation expense of $400,959 and a decrease in consulting fees of $418,564, both partially offset by an increase of $84,761 in management and administrative services provided by SREG, and an increase in insurance, marketing, and other professional fees of $197,676.

The primary decrease in consulting fees were due to 300,000 shares of common stock and 400,000 warrants to purchase the Company’s common stock that were issued during the second quarter of 2006 as consideration for consulting services in connection with two agreements for investment banking services.

The increase in insurance, marketing, and other professional fees is primarily related to the increased sales team to market the KH-4 150-watt power system, as well as additional expenses related to legal and other professional fees incurred as a result of the regulatory requirements of the Securities and Exchange Commission.

Operating expenses were $2,131,412 and $1,904,531 for the six month period ended June 30, 2007 and 2006, respectively. Research and development expenses increased to $994,516 for the six month period ended June 30, 2007, as compared to $448,167 for the corresponding prior year period. The increase in research and development during the six month period ended June 30, 2007 was due to a scale up of research and development of the KH-4 150-watt power system. General and administrative costs decreased $326,057 to $1,124,866 for the six month period ended June 30, 2007, as compared to $1,450,923 for the corresponding prior year period. The decrease was the result of a decrease in stock compensation expense of $363,748 and a decrease in consulting fees of $316,560, both partially offset by an increase of $135,131 in management and administrative services provided by SREG, and an increase in insurance, marketing and other professional fees of $219,120.

Depreciation expense increased $3,667 and $6,589 for the three and six month period ended June 30, 2007, compared to the corresponding prior year period. This increase was due to additions of equipment purchased for research and development.

Loss from Operations

Operating losses were $1,236,313 and $2,131,412 for the three and six month period ended June 30, 2007, respectively, as compared to operating losses of $1,522,464 and $1,902,110 for the three and six month period ended June 30, 2006, respectively, due to the changes in operating expenses as noted above.

Other Income (Expense)

Other income (expense) for the three and six month period ended June 30, 2007, totaled a loss of $60,246 and $104,054, respectively, and a decrease from the $2,735 and $3,147 of other income for the three and six month period ended June 30, 2006, respectively, due to interest expense on outstanding borrowings.

17

Net Loss

Net loss for the three and six month period ended June 30, 2007, was $1,296,559 and $2,235,466, respectively, as compared to $1,519,729 and $1,898,963, respectively, for the three and six month period ended June 30, 2006. The change in net loss was primarily due to increased operating expenses as noted above.

Cash position and sources and uses of cash

Our cash position at June 30, 2007 was $493,447 as compared to $275,957 at December 31, 2006.

Our operating activities for the six month period ended June 30, 2007 used cash in the amount of $1,454,343, as compared to $886,942 used in the six month period ended June 30, 2006. Cash used in operating activities for the six month period ended June 30, 2007 and 2006 reflected a net loss of $2,235,466 and $1,898,963, respectively. Non-cash charges were greater by $727,663 for the six month period ended June 30, 2006 primarily due to common stock options and warrants that were issued during this period for compensation and consulting services.

The Company used $28,255 and $11,414 in investing activities for the purchase of property and equipment for the six month period ended June 30, 2007 and 2006, respectively.

The Company had cash inflows from financing activities of $1,700,088 for the six month period ended June 30, 2007, compared with $1,000,000 during the six month period ended June 30, 2006. For the six month period ended June 30, 2007, the Company's financing was primarily through a combination of convertible debt and warrants, whereas during the same period in 2006, the Company's financing was through issuance of common stock.

On February 6, 2007, the Company incurred indebtedness of $600,000 pursuant to the terms of two promissory notes. The Company borrowed $240,000 from CVCC and $360,000 from SREG. Both promissory notes bear interest at a rate of 11.25% until August 6, 2007, at which time the rate will become the prime rate plus 3%. Both notes mature on October 31, 2007, and may be prepaid by the Company at any time without penalty.

On May 30 and May 31, 2007, the Company incurred indebtedness of $240,000 and $360,000, respectively, pursuant to the terms of two promissory notes (the "Promissory Notes"). The Company borrowed $360,000 from Standard Renewable Energy Group, LLC, ("SREG"), which owns NewPoint Energy Solutions, LP ("NewPoint"), and is the owner of approximately 45.2% of the Company's common stock. The Company borrowed $240,000 from Contango Venture Capital Corporation, LLC ("CVCC") which beneficially owns approximately 17.0% of the Company's common stock. Both promissory notes bear interest at a rate of 11.25% until October 22, 2007, at which time the rate will become the prime rate plus 3%. Both promissory notes mature on February 19, 2008, and may be prepaid by the Company at any time without penalty.

On June 26, 2007, the Company pursuant to the terms of a Note and Warrant Purchase Agreement dated June 26, 2007 (the "Purchase Agreement"), sold a total of 6.66 units ("Units"), each Unit comprising (i) a convertible promissory note (a "Note"), in the original principal amount of $75,000, and (ii) a warrant (a "Warrant"), to purchase 100,000 shares of the Company's common stock, $0.0001 par value ("Common Stock") at a price of $1.00 per share. The Company sold a total of $500,000 in principal amount of Notes and Warrants to purchase a total of 666,666 shares of Common Stock for total proceeds of $500,000.

Each Note bears interest at a rate of 15% per annum. Principal and accrued but unpaid interest on each Note are payable in full on June 26, 2008. Amounts outstanding under each Note may be prepaid without penalty. The unpaid principal balance due under each Note, together with any accrued but unpaid interest, may be converted into unregistered shares of Common Stock at a conversion price of $0.75 per share. Each Warrant is exercisable until June 26, 2010, at an exercise price of $1.00 per share and has a cashless exercise feature.

18

Explanation of Responses:

On July 30, 2007, the Company entered into an Amendment to Promissory Notes (which was effective as of June 29, 2007), by and between the Company and SREG. The amendment extended the maturity of four promissory notes with an aggregate principal balance of $960,000 until December 31, 2007. In consideration for the extension, the Company agreed to a change in the adjusted interest rate payable under each note from the Prime Rate plus three percent to the Prime Rate plus four percent. As amended, the promissory notes will maintain a fixed interest rate of 11.25% through the date of the interest rate change date that is specific to each note, at which point the rate will increase to the amended rate of the prime rate plus four percent.

On July 30, 2007, the Company entered into an Amendment to Promissory Notes (which was effective as of June 29, 2007), by and between the Company and CVCC, which extended the maturity of three promissory notes with an aggregate principal balance of $765,000 until December 31, 2007. In consideration for the extension, the Company agreed to a change in the adjusted interest rate payable under each note from the Prime Rate plus three percent to the Prime Rate plus four percent. As amended, the promissory notes will maintain a fixed interest rate of 11.25% through the date of the interest rate change date that is specific to each note, at which point the rate will increase to the amended rate of the prime rate plus four percent.

On July 30, 2007, the Company entered into an Amendment to Promissory Note (which was effective as of June 29, 2007), by and between the Company and Standard Renewable Energy, LP, which extended the maturity of a promissory note with a principal balance of $125,000 until December 31, 2007. In consideration for the extension, the Company agreed to a change in the interest rate from the Prime Rate plus three percent to the Prime Rate plus four percent.

On July 30, 2007, the Company entered into a Second Amendment to Subscription Agreement (which was effective as of June 29, 2007), by and between SREG, Standard Renewable Energy, LP and CVCC (the “Amended Subscription Agreements”). The original agreements dated April 5, 2007 and the first amendment to the original agreements dated April 24, 2007, entered into by and between SREG, Standard Renewable Energy, LP, and CVCC allowed the exchange of all of the Company’s outstanding promissory notes aggregating $1,850,000, plus accrued and unpaid interest through the date of conversion for shares of the Company’s common stock. The Amended Subscription Agreements allow for the conversion of $1,850,000 of outstanding promissory notes plus accrued and unpaid interest through the date of conversion. Under the Amended Subscription Agreements, the Company and the holder of the notes agreed that on the first business day following the date on which the Company first has outstanding 14,485,491 shares of common stock, the Company will issue to the holder of the notes a number of shares of common stock determined by multiplying 2 times the quotient of (x) the aggregate principal balance of and accrued but unpaid interest on the notes as of the close of business on the day before such issuance divided by (y) the lesser of (i) $1.00 or (ii) the average closing sale price for the Company’s common stock as quoted on the Over the Counter Bulletin Board for the ten trading days immediately preceding the date the Company has outstanding 14,485,491 shares of common stock outstanding. The Amended Subscription Agreements expire December 31, 2007.

Capital Resources Going Forward

Our intended plan of operations for the next twelve months, is to manufacture, sell and distribute limited quantities of our KH-3X and KH-4 product, as well smaller photovoltaic solar power systems and small on-site wind micro-turbines power systems. In the past, the Company primarily used funds derived from the private placement of its securities to fund its operations.

Cash on hand as of June 30, 2007, and cash generated by operations in conjunction with our working capital, will not be sufficient to continue our business for the next twelve months. We continually review our overall capital and funding needs, taking into account current business needs, as well as the Company’s future goals and requirements. Based on our business strategy, we believe we will need to increase our available capital through the sale of additional securities.

19

Should our costs and expenses prove to be greater than we currently anticipate, or should we change our current business plan in a manner that will increase or accelerate our anticipated costs and expenses, the depletion of our working capital would be accelerated. To the extent it becomes necessary to raise additional cash in the future as our cash on hand and working capital resources are depleted, we intend to raise additional capital through the sale of additional equity securities, public or private sale of debt or equity securities, debt financing or short term loans, or a combination of these options. We currently do not have a binding commitment for, or readily available sources of, additional financing. We cannot give any assurance that we will be able to secure the additional cash or working capital that we may require to continue our operations under such circumstances or that it will be on terms that would not hinder our ability to execute our business strategy.

Our anticipated costs are estimates based upon our current business plan. Our actual costs could vary materially from these estimates. Further, we could change our current business plans, which may also result in a change in our anticipated costs.

Off Balance Sheet Arrangements

There are no guarantees, commitments, lease and debt agreements or other agreements that would trigger adverse changes in our credit rating, earnings, or cash flows, including requirements to perform under stand by agreements.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America.

Impairment of Long Lived Assets

On an ongoing basis, we evaluate our estimates and impairment of long lived assets. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates, including those for the above described items.

The Company reviews the recoverability of its long-lived assets, such as property and equipment, when events or changes in circumstances occur that indicate the carrying value of the asset or asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future pre-tax cash flows (undiscounted) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value.

Revenue Recognition

Although at this stage in our development we have had no significant revenues we consider revenue recognition a critical accounting policy as it affects the timing of earnings recognition. We recognize revenues on delivery and to date our operations have not involved any uncertainty of accounting treatment, subjective judgment or estimates over revenue recognition.

Item 3. Controls and Procedures

Evaluation of disclosure controls and procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules, regulations and related forms, and that such information is accumulated and communicated to our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Within the 90 days prior to the filing date of this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective.

Changes in internal controls.

There have been no significant changes in our internal controls or in other factors that could significantly affect these controls and procedures subsequent to the date we completed our evaluation. Therefore, no corrective actions were taken.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings. None.

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.

The annual meeting of stockholders was held on May 23, 2007, at 1401 McKinney, Suite 1900, Houston Texas. An election of directors was held, with each of the directors below being elected and receiving the number of votes opposite their name, and with such directors subsequently constituting the entire board of directors of the Company.

	Number of Shares Voted For	Number of Shares Withheld
Jonathan H. Godshall	6,541,627	0
William Jackson Berger	6,541,627	0
Richard K. Hoesterey	6,541,627	0
General Randolph W. House	6,541,627	0
John Sifonis	6,541,627	0
John D. White	6,541,627	0
W. Kyle Willis	6,541,627	0

Additionally, the following resolutions were submitted to the Stockholders at the meeting, each being approved and receiving the number of votes opposite their description.

		Number of Shares	
Proposal	**Voted For**	Voted Against	**Abstaining**
Amendment of the Company's Certificate of Incorporation	6,541,627	0	0
Approval of the Company's Amended and Restated Stock Option Plan	6,541,627	0	0

Item 5. Other Information. None.

22

Item 6. Exhibits.

(a) Exhibits required by Item 601 of Regulation S-B.

3.7	Certificate of Amendment to the Certificate of Incorporation of Trulite, Inc.
10.72(3)	Promissory Note, dated May 30, 2007, made by Trulite, Inc., in favor of Contango Venture Capital Corporation.
10.73(3)	Promissory Note, dated May 31, 2007, made by Trulite, Inc., in favor of Standard Renewable Energy Group, LLC.
10.74(1)	Form of Convertible Promissory Note
10.75(1)	Form of Warrant
10.76(1)	Note and Warrant Purchase Agreement dated June 26, 2007
10.75(2)	Amendment to Promissory Note dated June 29, 2007, made by Trulite in favor of Standard Renewable Energy Group, LLC
10.76(2)	Amendment to Promissory Note dated June 29, 2007, made by Trulite in favor of Contango Venture Capital Corporation
10.77(2)	Amendment to Promissory Note dated June 29, 2007, made by Trulite in favor of Standard Renewable Energy, LP
10.78(2)	Second Amendment to Subscription Agreement dated June 29, 2007, made by Trulite in favor of Standard Renewable Energy Group, LLC
10.79(2)	Second Amendment to Subscription Agreement dated June 29, 2007, made by Trulite in favor of Contango Venture Capital Corporation
10.80(2)	Second Amendment to Subscription Agreement dated June 29, 2007, made by Trulite in favor of Standard Renewable Energy, LP
10.81(2)	Agreement, dated July 10, 2007 between Trulite, Inc. and HPC Capital Management
31.1	Certification of the Company’s Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant’s Quarterly Report on Form 10-QSB for the quarter ended June 30, 2007.
31.2	Certification of the Company’s Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant’s Quarterly Report on Form 10-QSB for the quarter ended June 30, 2007.
32.1	Certification of the Company’s 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 of the Company's Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Previously filed as an exhibit to the Company's Form 8-K dated June 29, 2007, and incorporated herein by reference

(2) Previously filed as an exhibit to the Company's Form 8-K dated July 30, 2007, and incorporated herein by reference

(3) Previously filed as an exhibit to the Company's Form 8-K dated May 30, 2007, and incorporated herein by reference

23

SIGNATURES

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

Dated: August 10, 2007	Trulite, Inc.
	By: /s/ Jonathan Godshall
	Jonathan Godshall President (Principal Executive Officer)
	By: /s/ G. Wade Stubblefield
	G. Wade Stubblefield Chief Financial Officer (Principal Financial and Accounting Officer)

24