

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: **March 31, 2013**

or

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

Commission File No. **000-53298**

**MYOS CORPORATION**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**90-0772394**

(I.R.S. Employer Identification No.)

**45 Horsehill Road, Suite 106 Cedar Knolls, NJ. 07927**

(Address of Principal Executive Offices)

**07927**

(Zip Code)

**(973) 509-0444**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  
 Non-accelerated filer

Accelerated filer  
 Smaller reporting company

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

As of May 14, 2013, the registrant had 111,371,282 shares of common stock outstanding.

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|   |           |
|---|-----------|
| <b>PART I-FINANCIAL INFORMATION</b>   | <b>2</b>  |
| Item 1. Financial Statements  |           |
| Consolidated Balance Sheets as of March 31, 2013 (unaudited) and December 31, 2012  | 2         |
| Consolidated Statements of Operations (unaudited) for the three months ended March 31, 2013 and 2012 and the period from inception (April 11, 2007) to March 31, 2013     | 3         |
| Consolidated Statements of Changes in Stockholders' Equity (unaudited) for the period from inception (April 11, 2007) to March 31, 2013                                   | 4         |
| Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2013 and 2012 and for the period from inception (April 11, 2007) to March 31, 2013 | 5 to 6    |
| Notes to Consolidated Financial Statements  | 7 to 21   |
| Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations   | 22        |
| Item 3. Quantitative and Qualitative Disclosures about Market Risk  | 25        |
| Item 4. Control and Procedures  | 25        |
| <b>PART II-OTHER INFORMATION</b>  |           |
| Item 1. Legal Proceedings   | 25        |
| Item 1A. Risk Factors   | 25        |
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds   | 25        |
| Item 3. Defaults Upon Senior Securities   | 26        |
| Item 4. Mine Safety Disclosures   | 26        |
| Item 5. Other Information   | 26        |
| Item 6. Exhibits  | 26        |
| <b>SIGNATURES</b>   | <b>27</b> |

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**PART 1-FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**MYOS CORPORATION AND SUBSIDIARY**  
**(a development stage company)**  
**CONSOLIDATED BALANCE SHEETS**

|   | <u>March 31,</u><br>2013<br>(Unaudited) | <u>December</u><br>31,<br>2012 |
|---|---|--------------------------------|
| <b>ASSETS</b>   |   |                                |
| Current assets  |   |                                |
| Cash  | \$ 3,166,238                            | \$ 3,979,662                   |
| Accounts receivable   | 159,415                                 | 201,579                        |
| Inventories   | 109,460                                 | 218,317                        |
| Prepaid expenses and other current assets   | 94,740                                  | 84,388                         |
| <b>Total current assets</b>   | <u>3,529,853</u>                        | <u>4,483,946</u>               |
| Fixed assets, net of accumulated depreciation   | 261,291                                 | 8,389                          |
| Intellectual property   | 2,000,000                               | 2,000,000                      |
| Intangible assets   | 37,692                                  | 36,440                         |
| <b>Total assets</b>   | <u>\$ 5,828,836</u>                     | <u>\$ 6,528,775</u>            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |   |                                |
| Current liabilities   |   |                                |
| Accounts payable and accrued expenses   | \$ 237,131                              | \$ 208,898                     |
| <b>Total current liabilities</b>  | 237,131                                 | 208,898                        |
| Derivatives liability   | 129,550                                 | 121,900                        |
| <b>Total liabilities</b>  | <u>366,681</u>                          | <u>330,798</u>                 |
| Stockholders' equity  |   |                                |
| Preferred stock, \$.001 par value; 25,000,000 shares authorized;<br>no shares issued and outstanding  | -                                       | -                              |
| Common stock, \$.001 par value, 300,000,000 shares authorized;<br>115,258,282 shares issued and outstanding at March 31, 2013<br>110,033,282 shares issued and outstanding at December 31, 2012 | 115,258                                 | 110,033                        |
| Additional paid-in capital  | 16,082,797                              | 15,733,650                     |
| Deficit accumulated during development stage  | (10,735,900)                            | (9,645,706)                    |
| <b>Total stockholders' equity</b>   | <u>5,462,155</u>                        | <u>6,197,977</u>               |
| <b>Total liabilities and stockholders' equity</b>   | <u>\$ 5,828,836</u>                     | <u>\$ 6,528,775</u>            |

The accompanying notes are an integral part of the financial statements

**MYOS CORPORATION AND SUBSIDIARY**  
**(a development stage company)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

|  | Three Months Ended March |                     | April 11,<br>2007<br>(Inception<br>Date) |
|--|--------------------------|---------------------|--|
|  | 31,                      |                     | to March 31,                             |
|  | 2013                     | 2012                | 2013                                     |
| Revenue  | \$ 277,374               | \$ 24,541           | \$ 1,288,576                             |
| Cost of sales  | 126,989                  | 8,556               | 1,039,955                                |
| Gross profit   | 150,385                  | 15,985              | 248,621                                  |
| General and administrative expenses  | 1,242,444                | 439,009             | 9,118,609                                |
| Loss from operations   | <u>(1,092,059)</u>       | <u>(423,024)</u>    | <u>(8,869,988)</u>                       |
| <b>OTHER INCOME (EXPENSE)</b>  |                          |                     |  |
| Interest income  | 1,865                    | -                   | 10,341                                   |
| Interest expense   | -                        | (23,748)            | (827,020)                                |
| Value of warrants in excess of the amount of additional paid-in capital received in the related private placement of restricted common stock | -                        | -                   | (2,405,303)                              |
| Change in fair value of warrants   | -                        | (18,079)            | 4,085,570                                |
| Impairment charge-intellectual property  | -                        | -                   | (2,662,000)                              |
| Amortization of deferred financing costs   | -                        | (34,000)            | (80,000)                                 |
| Gain on forgiveness of debt  | -                        | -                   | 12,500                                   |
|  | <u>1,865</u>             | <u>(75,827)</u>     | <u>(1,865,912)</u>                       |
| Net income(loss)   | <u>\$ (1,090,194)</u>    | <u>\$ (498,851)</u> | <u>\$ (10,735,900)</u>                   |
| Weighted average number of common shares outstanding, basic and diluted  | 114,767,449              | 71,495,865          |  |
| Basic and diluted net loss per share attributable to common stockholders   | <u>\$ (0.01)</u>         | <u>\$ (0.01)</u>    |  |

The accompanying notes are an integral part of the financial statements

**MYOS CORPORATION AND SUBSIDIARY**  
**(a development stage company)**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For the period from April 11, 2007 (date of inception) to March 31, 2013**  
**(Unaudited)**

|  | Common Stock       |                      | Additional<br>paid-in<br>capital | Deficit<br>accumulated<br>during<br>development<br>stage | Total<br>stockholders'<br>equity<br>(deficit) |
|--|--------------------|----------------------|----------------------------------|--|---|
|  | Shares             | Amount<br>\$.001 par |                                  |  |   |
| <b>Balance at April 11, 2007</b>   | -                  | \$ -                 | \$ -                             | \$ -   | \$ -  |
| Common stock issued for cash at \$0.0002 per share   | 28,000,000         | 28,000               | (23,000)                         |  | 5,000   |
| Common stock issued for cash at \$0.004 per share  | 21,000,000         | 21,000               | 54,000                           |  | 75,000  |
| Net loss   |                    |                      |                                  | (60,185)   | (60,185)                                      |
| <b>Balance at December 31, 2007</b>  | <b>49,000,000</b>  | <b>49,000</b>        | <b>31,000</b>                    | <b>(60,185)</b>  | <b>19,815</b>                                 |
| Net loss   |                    |                      |                                  | (17,928)   | (17,928)                                      |
| <b>Balance at December 31, 2008</b>  | <b>49,000,000</b>  | <b>49,000</b>        | <b>31,000</b>                    | <b>(78,113)</b>  | <b>1,887</b>                                  |
| Net loss   |                    |                      |                                  | (39,308)   | (39,308)                                      |
| <b>Balance at December 31, 2009</b>  | <b>49,000,000</b>  | <b>49,000</b>        | <b>31,000</b>                    | <b>(117,421)</b>   | <b>(37,421)</b>                               |
| Net loss   |                    |                      |                                  | (16,525)   | (16,525)                                      |
| <b>Balance at December 31, 2010</b>  | <b>49,000,000</b>  | <b>49,000</b>        | <b>31,000</b>                    | <b>(133,946)</b>   | <b>(53,946)</b>                               |
| Issuance of 7,024,000 shares of Common Stock to Peak Wellness, Inc. as part of the purchase price of intellectual property | 7,024,000          | 7,024                | 3,504,976                        |  | 3,512,000                                     |
| Fair value of shares transferred from existing stockholder to the CEO in connection with employment agreement              |                    |                      | 1,500,000                        |  | 1,500,000                                     |
| Proceeds from private placements of restricted common stock  | 8,334,997          | 8,335                | 2,472,165                        |  | 2,480,500                                     |
| Offering costs   |                    |                      | (45,000)                         |  | (45,000)                                      |
| Fair value of warrants issued to private placement investors   |                    |                      | (2,432,365)                      |  | (2,432,365)                                   |
| Shares issued for services   | 2,055,000          | 2,055                | 688,138                          |  | 690,193                                       |
| Vesting of options and shares issued to directors and advisory board members   |                    |                      | 360,402                          |  | 360,402                                       |
| Shares issued in connection with debt  | 400,000            | 400                  | 59,600                           |  | 60,000  |
| Net loss   |                    |                      |                                  | (5,597,300)  | (5,597,300)                                   |
| <b>Balance at December 31, 2011</b>  | <b>66,813,997</b>  | <b>66,814</b>        | <b>6,138,916</b>                 | <b>(5,731,246)</b>                                       | <b>474,484</b>                                |
| Proceeds from private placements of restricted common stock  | 34,430,000         | 34,430               | 6,855,560                        |  | 6,889,990                                     |
| Offering costs   |                    |                      | (178,800)                        |  | (178,800)                                     |
| Shares issued to COO   | 750,000            | 750                  | (750)                            |  | -   |
| Shares issued to employee  | 10,000             | 10                   | 2,690                            |  | 2,700   |
| Shares issued for services   | 3,423,395          | 3,423                | 451,154                          |  | 454,577                                       |
| Shares issued in debt conversions  | 2,885,550          | 2,885                | 1,343,254                        |  | 1,346,139                                     |
| Shares issued in exchange for warrants   | 1,603,673          | 1,604                | 750,579                          |  | 752,183                                       |
| Shares issued for exercise of warrants   | 116,667            | 117                  | 11,550                           |  | 11,667  |
| Vesting of options and shares issued to officers, directors and advisory board members                                     |                    |                      | 359,497                          |  | 359,497                                       |
| Net loss   |                    |                      |                                  | (3,914,460)  | (3,914,460)                                   |
| <b>Balance at December 31, 2012</b>  | <b>110,033,282</b> | <b>110,033</b>       | <b>15,733,650</b>                | <b>(9,645,706)</b>                                       | <b>6,197,977</b>                              |
| Shares issued to CEO   | 5,000,000          | 5,000                | (5,000)                          |  | -   |
| Shares issued for services   | 225,000            | 225                  | 24,775                           |  | 25,000  |
| Vesting of options and shares issued to officers, directors and advisory board members                                     |                    |                      | 329,372                          |  | 329,372                                       |
| Net loss   |                    |                      |                                  | (1,090,194)  | (1,090,194)                                   |
| <b>Balance at March 31, 2013</b>   | <b>115,258,282</b> | <b>\$ 115,258</b>    | <b>\$16,082,797</b>              | <b>\$(10,735,900)</b>                                    | <b>\$ 5,462,155</b>                           |

The accompanying notes are an integral part of the financial statements

**MYOS CORPORATION AND SUBSIDIARY**  
**(a development stage company)**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**(Unaudited)**

|   | Three Months Ended March |                   | April 11,<br>2007<br>(Inception<br>Date) |
|---|--------------------------|-------------------|--|
|   | 31,                      | 31,               | to March 31,                             |
|   | 2013                     | 2012              | 2013                                     |
| <b>Cash Flows from Operating Activities</b>                                 |                          |                   |  |
| Net loss  | \$ (1,090,194)           | \$ (498,851)      | \$(10,735,900)                           |
| Adjustments to reconcile net loss to net cash used in operating activities: |                          |                   |  |
| Depreciation  | 5,327                    | 212               | 6,776                                    |
| Amortization  | -                        | -                 | 80,000                                   |
| Stock based compensation  | 354,372                  | 74,516            | 3,701,741                                |
| Loss on debt conversion   | -                        | -                 | 760,566                                  |
| Impairment charges  | -                        | -                 | 2,662,000                                |
| Interest expense paid in stock  | -                        | -                 | 43,762                                   |
| Derivatives charges and credits   | 7,650                    | 21,439            | (1,535,883)                              |
| Changes in operating assets and liabilities                                 |                          |                   |  |
| (Increase) decrease in accounts receivable                                  | 42,164                   | 16,005            | (159,415)                                |
| (Increase) decrease in inventories  | 108,857                  | 8,555             | (109,460)                                |
| (Increase) in deferred financing cost                                       | -                        | 34,000            | -  |
| (Increase) decrease in prepaid expenses and other assets                    | (10,352)                 | (46,540)          | (51,921)                                 |
| Increase (decrease) in accounts payable and accrued expenses                | 28,233                   | (129,507)         | 148,940                                  |
| Net cash used in operating activities                                       | <u>(553,943)</u>         | <u>(520,171)</u>  | <u>(5,188,794)</u>                       |
| <b>Cash Flows from Investing Activities</b>                                 |                          |                   |  |
| Acquisition of intellectual property  | -                        | -                 | (450,000)                                |
| Acquisition of fixed assets   | (258,229)                | (1,224)           | (268,067)                                |
| Acquisition of intangible assets  | (1,252)                  | -                 | (37,692)                                 |
| Decrease in security deposits   | -                        | 10,000            | -  |
| Net cash used in investing activities                                       | <u>(259,481)</u>         | <u>8,776</u>      | <u>(755,759)</u>                         |
| <b>Cash Flows from Financing Activities</b>                                 |                          |                   |  |
| (Repayments to) advances from related parties                               | -                        | (53,139)          | 140,434                                  |
| Note borrowings   | -                        | -                 | 19,500                                   |
| Repayment of notes payable  | -                        | (350,000)         | (807,500)                                |
| Proceeds from (Repayments of) issuance of notes                             | -                        | -                 | 540,000                                  |
| Proceeds from issuance of stock to initial stockholders                     | -                        | -                 | 80,000                                   |
| Proceeds from exercise of warrants  | -                        | -                 | 11,667                                   |
| Proceeds from private placement of common stock                             | -                        | 1,025,000         | 9,350,490                                |
| Offering costs  | -                        | -                 | (223,800)                                |
| Net cash provided by financing activities                                   | <u>-</u>                 | <u>621,861</u>    | <u>9,110,791</u>                         |
| Net increase/(decrease) in cash   | (813,424)                | 110,466           | 3,166,238                                |
| Cash at beginning of the period   | 3,979,662                | 61,266            | -  |
| Cash at end of the period   | <u>\$ 3,166,238</u>      | <u>\$ 171,732</u> | <u>\$ 3,166,238</u>                      |

The accompanying notes are an integral part of the financial statements

**MYOS CORPORATION AND SUBSIDIARY**  
**(a development stage company)**  
**CONSOLIDATED STATEMENTS OF CASH FLOW (Continued)**  
**(Unaudited)**

|  | Three months ended March 31, |          | April 11,<br>2007<br>(Inception<br>Date)<br>to March 31, |
|--|------------------------------|----------|--|
|  | 2013                         | 2012     | 2013   |
| <b>Supplemental Disclosure of Cash Flow Information:</b>                       |                              |          |  |
| Total Cash paid for franchise taxes  | \$ 2,150                     | \$ 1,550 | \$ 5,528   |
| Total Cash paid for Interest   | \$ -                         | \$ -     | \$ 15,892  |
| <b>Supplemental Disclosure of Non-Cash Investing and Financing Activities:</b> |                              |          |  |
| Offering costs paid by stockholder   | \$ -                         | \$ -     | \$ 25,000  |
| Conversion of stockholder loan and interest into common stock                  | \$ -                         | \$ -     | \$ 549,487   |
| Conversion of stockholder loan into capital-no shares issued                   | \$ -                         | \$ -     | \$ 22,256  |
| Conversion of 8,018,330 warrants into 1,603,673 common shares                  | \$ -                         | \$ -     | \$ 766,932   |
| Note payable-insurance financing   | \$ -                         | \$ -     | \$ 42,500  |
| Note issued for accounts payable   | \$ -                         | \$ -     | \$ 7,500   |
| Acquisition of intellectual property through note payable                      | \$ -                         | \$ -     | \$ 700,000   |
| Financing costs through issuance of restricted common stock                    | \$ -                         | \$ -     | \$ 80,000  |

The accompanying notes are an integral part of the financial statements

## MYOS CORPORATION AND SUBSIDIARY

(a development stage company)

Notes to Consolidated Financial Statements

### NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Organization & Business Activities

MYOS Corporation, formerly known as Atlas Therapeutics Corporation (the "Company") was incorporated under the laws of the State of Nevada on April 11, 2007. On February 25, 2011, the Company entered into an agreement to purchase certain intellectual property from Peak Wellness, Inc. (the "Acquisition"). Since the Acquisition, the Company's business focus has been on the discovery, development and commercialization of nutritional supplements, functional foods, therapeutic products and other technologies aimed at maintaining or improving the health and performance of muscle tissue (see Note 8 – Intellectual Property Purchase Agreement). The Company has only realized revenues of \$1,288,576 through March 31, 2013 without fully implementing its plan of operations and therefore is still considered a development stage company.

#### Depreciation

The cost of property and equipment is depreciated over the estimated useful life of 3 to 7 years. Depreciation is computed using the straight-line method when assets are placed in service. Leasehold improvements are amortized over the lesser of the asset's useful life or the contractual remaining lease term including expected renewals.

#### Basis of Accounting and Principles of Consolidation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and include the accounts of the Company and its wholly-owned subsidiary, Atlas Acquisition Corp. (formed on February 23, 2011 to facilitate the purchase of the intellectual property discussed in Note 8). All material intercompany balances and transactions have been eliminated. These financial statements include all adjustments that, in the opinion of management, are necessary in order to make the financial statements not misleading.

#### Cash & Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be a cash equivalent.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues & expenses during the reporting period.

#### Fair Value of Indefinite-Lived Intangible Assets

The Company accounts for indefinite-lived intangible assets in accordance with ASC 350, *Intangibles-Goodwill and Other*. In accordance with ASC 350, indefinite-lived intangible assets are subject to an impairment analysis at least annually, and more frequently upon the occurrence of certain events. The impairment analysis is performed by comparing the fair value of the assets with the carrying value of the assets. Fair value is estimated as the discounted value of future revenues arising from the use of such assets. An impairment charge is recorded if the assets carrying value exceed the assets estimated fair value.

The Company's policy is to evaluate indefinite-lived intangible assets (e.g. the intellectual property) for possible impairment at least annually or whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. See Note 8 for information related to impairment charges recorded in 2011 for indefinite-lived intellectual property intangible assets.

The intellectual property carrying value as of March 31, 2013 and December 31, 2012 was \$2,000,000. Management performed their quarterly review of the intellectual property and determined no impairment existed and there was no change to the carrying value for the three months ended March 31, 2013.

#### Revenue Recognition

The Company recognizes revenue when products are shipped and collection is reasonably assured.



## Inventories

Inventory consist of the following:

|                 | March 31,<br>2013 | December 31,<br>2012 |
|-----------------|-------------------|----------------------|
| Raw materials   | \$ 108,061        | \$ 213,848           |
| Work in process | -                 | -                    |
| Finished goods  | 1,399             | 4,469                |
| Total Inventory | <u>\$ 109,460</u> | <u>\$ 218,317</u>    |

Inventories are stated at the lower of cost or market, with cost determined on a first in, first-out basis.

## Advertising

The Company charges the costs of advertising to expense as incurred. The Company incurred \$147,526 and \$1,000 of advertising and promotional costs for the three months ended March 31, 2013 and 2012 respectively, and \$742,088 since its inception. Pursuant to its distribution agreement with Maximum Human Performance ("MHP"), entered into on May 16, 2012, the Company has a co-operative advertising arrangement whereby the Company pays MHP a fee for each unit sold (See Note 10).

## Fixed Assets

Fixed assets consist of the following:

|                                | March 31,<br>2013 | December 31,<br>2012 |
|--------------------------------|-------------------|----------------------|
| Furniture and fixtures         | \$ 29,350         | \$ 3,024             |
| Computers and software         | 11,357            | 6,814                |
| Leasehold Improvements         | 227,360           | -                    |
| Total fixed assets             | 268,067           | 9,838                |
| Less accumulated depreciation  | (6,776)           | (1,449)              |
| Net book value of fixed assets | <u>\$ 261,291</u> | <u>\$ 8,389</u>      |

Repair and maintenance costs are expensed as incurred. Depreciation expense was \$5,327 and \$212 for the three months ended March 31, 2013 and 2012, respectively.

## Concentrations of Risk, Significant Distributor and Customer and Significant Supplier

The Company's maintains its bank accounts with a high credit quality financial institution and has never experienced any losses related to these bank accounts. From December 31, 2010 through December 31, 2012, all non-interest-bearing transaction accounts were fully insured by the FDIC, regardless of the balance of the account and the ownership capacity of the funds, and interest bearing accounts were insured up to \$250,000. Beginning 2013, insurance coverage reverted back to \$250,000 per depositor at each financial institution. The Company had two noninterest-bearing checking accounts and one interest-bearing savings account which totaled \$3,165,904 as of March 31, 2013. At March 31, 2013, the Company's uninsured cash balances totaled \$2,915,904.

Effective May 2012, MHP became the exclusive distributor and sole customer of the Company's MYO-X product and formula.

The Company currently relies on two overseas companies to produce the raw product for MYO-T12. The Company has been unable to identify any other supplier or suppliers of the raw product.

## Equity Based Compensation

The Company accounts for equity-based compensation under the provisions of ASC 718-10 Compensation - Stock Compensation and ASC 505-50 Equity Based Payments to Non-Employees. ASC 718 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. For stock options and restricted stock that do not vest immediately but which contain only a service vesting feature, we recognize compensation cost on the unvested shares and options on a straight-line basis over the remaining vesting period, net of any projected forfeitures

The Company uses the Black-Scholes option-pricing model as its method of valuation for share-based compensation. Our determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to our expected stock price volatility over the term of the awards, and certain other market variables such as the risk free interest rate.

Equity-based compensation expense for awards to employees and non-employees recognized was \$354,372 and \$74,516 for the three month periods ended March 31, 2013 and 2012, respectively.

### **Comprehensive Loss**

The Company had no items of other comprehensive income or expense for the three month periods ended March 31, 2013 and 2012. Accordingly, the Company's comprehensive loss and net loss are the same for all periods presented.

### **Segment Information**

ASC 280, "Disclosures about Segments of an Enterprise and Related Information", establishes standards for reporting information regarding operating segments in annual consolidated financial statements and requires selected information for those segments to be presented in financial reports issued to stockholders. It also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions how to allocate resources and assess performance. The Company operates in a single segment, internally reports the results of operations for that segment and the information disclosed herein materially represents all of the financial information related to the single operating segment.

### **Fair Value Measurement**

The Company adopted the provisions of ASC 820 "Fair Value Measurements and Disclosures" on January 1, 2009. ASC 820 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy. It does not require any new fair value measurements. It only applies to accounting pronouncements that already require or permit fair value measures, except for standards that relate to share-based payments.

Valuation techniques considered under ASC 820 techniques are based on observable and unobservable inputs. The ASC classifies these inputs into the following hierarchy:

*Level 1* inputs are observable inputs and use quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date and are deemed to be most reliable measure of fair value.

*Level 2* inputs are observable inputs and reflect assumptions that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Level 2 inputs includes 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical or similar assets or liabilities in markets that are not active, 3) observable inputs such as interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, credits risks, default rates, and 4) market-corroborated inputs.

*Level 3* inputs are unobservable inputs and reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available under the circumstances.

In October 2008, the FASB clarified the application of ASC 820 in determining the fair value of a financial asset when the market for that financial asset is not active.

The Company adopted the provisions of ASC 825, "The Fair Value Option for Financial Assets and Liabilities", on January 1, 2009. ASC 825 permits us to choose to measure certain financial assets and liabilities at fair value that are not currently required to be measured at fair value (the "Fair Value Option"). Election of the Fair Value Option is made on an instrument-by-instrument basis and is irrevocable. At the adoption date, unrealized gains and losses on financial assets and liabilities for which the Fair Value Option has been elected are reported as a cumulative adjustment to beginning retained earnings.

Our intangible assets are valued and tested for impairment using Level 3 inputs (see Note 8). In the process of the valuation of the intangible asset, we determined that the carrying cost exceeded the fair value at December 31, 2011 and we recorded an impairment charge and adjusted the balance of the asset to reflect the fair value. There were no impairment charges for any subsequent periods.

### **Basic and Diluted Income (Loss) per Share**

In accordance with ASC 260, Earnings Per Share, the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed in a manner similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. At March 31, 2013 and 2012, the Company's stock equivalents were anti-dilutive and excluded in the diluted loss per share computation. The aggregate number of potentially dilutive warrants and options outstanding at March 31, 2013 and 2012 were 9,956,000 and 9,534,997, respectively.

### **Income Taxes**

Income taxes are accounted for under the asset and liability method in accordance with ASC 740, Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial carrying amounts of existing assets and liabilities and their respective tax bases as well as operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance to the extent that the recoverability of the asset is unlikely to be recognized.

The Company follows ASC 740 rules governing uncertain tax positions, which provides guidance for recognition and measurement. This prescribes a threshold condition that a tax position must meet for any of the benefits of the uncertain tax position to be recognized in the financial statements. It also provides accounting guidance on recognition, classification and disclosure of these uncertain tax positions. The Company has no uncertain income tax positions.

Interest costs and penalties related to income taxes are classified as interest expense and selling, general and administrative costs, respectively, in the Company's financial statements. For the three months ended March 31, 2013 and 2012, the Company did not recognize any interest or penalty expense related to income taxes. The Company files income tax returns in the U.S. federal jurisdiction and states in which it does business.

### **NOTE 2 - PRIVATE PLACEMENTS OF RESTRICTED COMMON STOCK**

During April 2007, the Company sold 28,000,000 (after adjusting for the 1 to 14 split) shares of its common stock to its founders for cash proceeds of \$5,000. During December 2007, the company sold 21,000,000 (after adjusting for the 1 to 14 split) shares of its common stock in a private placement for cash proceeds of \$75,000.

From February 25 through July 12, 2011, the Company issued an aggregate of 8,134,997 shares of common stock and warrants to purchase 8,134,997 shares of common stock to certain accredited investors (the "Private Placements") with piggy-back registration rights. Each warrant had a three-year term and was exercisable at \$0.10 per share (due to the triggering of a down round full ratchet anti dilution provision). In June and September 2012, 8,018,330 of warrants were exchanged for 1,603,673 shares of the Company's common stock and 116,667 warrants were exercised for \$11,667.

On December 2, 2011, one accredited investor purchased 200,000 shares for gross proceeds of \$40,000 in a private placement. The subscription agreement contained a "Purchase Price Protection" provision that granted the investor additional shares in the event of a private placement during the 10 month period from the date of the investment at a price per share less than the investor's purchase price. The additional shares shall be issued for no additional payment such that the total per share price paid by this investor will equal the amount paid by investors in such later private placement. In April 2012, the Company issued an additional 200,000 shares to the investor as a result of the price protection provision.

During February and March 2012, the Company issued an aggregate of 10,250,000 shares of restricted common stock to certain accredited investors in a private placement and received aggregate gross proceeds of \$1,025,000. The securities are subject to piggyback registration rights.

In April 2012, the Company issued an aggregate of 1,000,000 shares of restricted common stock to one accredited investor in a private placement and received aggregate gross proceeds of \$100,000. The securities are subject to piggyback registration rights.

In June 2012, the Company issued an aggregate of 2,400,000 shares of restricted common stock to certain accredited investors in a private placement and received aggregate gross proceeds of \$600,000. The securities are subject to registration rights.

In July 2012, the Company issued an aggregate of 20,580,000 shares of restricted common stock to certain accredited investors in a private placement and received aggregate gross proceeds of \$5,144,990. The securities are subject to registration rights.

The Company received aggregate gross proceeds of \$9,350,490 from the private placements as follows:

| <b>Date</b>       | <b>Shares</b>     | <b>Gross Proceeds</b> | <b>Related Warrant Liability at Inception</b> | <b>Related Warrant Liability at March 31, 2013</b> |
|-------------------|-------------------|-----------------------|---|--|
| February 25, 2011 | 4,766,666         | \$ 1,430,000          | \$ 2,350,251                                  | \$ -   |
| May 31, 2011      | 1,409,999         | 423,000               | 1,186,859                                     | -  |
| June 27, 2011     | 1,874,999         | 562,500               | 1,243,838                                     | -  |
| July 12, 2011     | 83,333            | 25,000                | 57,742  | -  |
| December 2, 2011  | 200,000           | 40,000                | -   | -  |
| February 10, 2012 | 3,250,000         | 325,000               | -   | -  |
| February 14, 2012 | 4,000,000         | 400,000               | -   | -  |
| March 7, 2012     | 1,000,000         | 100,000               | -   | -  |
| March 15, 2012    | 1,750,000         | 175,000               | -   | -  |
| March 22, 2012    | 250,000           | 25,000                | -   | -  |
| April 9, 2012     | 1,000,000         | 100,000               | -   | -  |
| April 24, 2012    | * 200,000         | -                     | -   | -  |
| June 28, 2012     | 2,400,000         | 600,000               | -   | -  |
| July 6, 2012      | 20,580,000        | 5,144,990             | -   | -  |
|                   | <u>42,764,997</u> | <u>\$ 9,350,490</u>   | <u>\$ 4,838,690</u>                           | <u>\$ -</u>  |

\* Shares issued under price protection provision of subscription agreement as described above.

The warrants were subject to full ratchet anti-dilution protection if the Company sold shares or share-indexed financing instruments at less than the \$0.60 exercise price. Repricing events occurred twice while the warrants were issued, once to \$0.20 on December 2, 2011 and again to \$0.10 on February 10, 2012 as a result of private placements of restricted common stock. The warrants issued in this financing arrangement did not meet the conditions for equity classification and were required to be carried as a derivative liability, at fair value. Management estimated the fair value of the warrants on the inception dates, and subsequently at each reporting period, using the Black-Scholes option-pricing model, adjusted for dilution, because that technique embodies all of the assumptions (including volatility, expected terms, dilution and risk free rates) that are necessary to determine the fair value of freestanding warrants.

On June 27, 2012, holders of an aggregate of 7,529,999 warrants exchanged those warrants for 1,506,004 shares of common stock.

On September 24, 2012, holders of an aggregate of 488,331 warrants exchanged those warrants for 97,669 shares of common stock.

On September 24, 2012, a holder of 116,667 warrants exercised those warrants at \$0.10 a share and received 116,667 shares of common stock.

### **NOTE 3 - RECENT ACCOUNTING PRONOUNCEMENTS**

The Company does not believe that the adoption of any recently issued, but not yet effective, accounting standards will have a material effect on its financial position and results of operations.

### **NOTE 4 - ADVANCES, ACCOUNTS PAYABLE AND ACCRUED EXPENSES - RELATED PARTIES**

The aggregate balance due to all related parties for advances, accounts payable and accrued expenses was \$7,810 and \$NIL as of March 31, 2013 and December 31, 2012, respectively.

## **NOTE 5 - NOTES AND LOANS PAYABLE**

### **Convertible Notes Payable**

On November 29, 2011, the Company received aggregate proceeds of \$400,000 from two individuals (\$150,000 of which was from a director of the Company) on notes payable bearing interest at 18%, due on May 29, 2012 and convertible into common stock at the rate of \$0.20 per share or an adjusted lower rate determined by reference to a subsequent qualified financing. As additional consideration, the note holders were issued an aggregate of 400,000 shares of common stock valued at \$0.15 per share for an aggregate of \$60,000. The value of the shares issued were recorded as deferred financing costs and were amortized over the 6 month term of the notes. The unamortized balances were \$NIL and \$NIL at March 31, 2013 and December 31, 2012, respectively. Related amortization expense was \$NIL and \$34,000 for the three months ended March 31, 2013 and 2012, respectively.

On June 28, 2012, the aggregate principal of \$400,000 and the accrued interest of \$41,800 on the notes were converted into 2,209,000 shares of restricted common stock at \$0.20 per share, the value of which exceeded the principal and accrued interest by \$618,520 on the conversion date. The amounts recorded as interest expense for the three months ended March 31, 2013 and 2012 was \$NIL and \$18,000, respectively.

### **Notes Payable to Director**

A director loaned the Company \$99,500, of which \$60,000 was advanced on September 29, 2011 and was evidenced by an unsecured note payable which was due on October 29, 2011 bearing interest at 3%; \$10,000 was advanced in October 2011; \$10,000 was advanced in December 2011 for direct payment to a vendor and \$19,500 of which was advanced in January 2012 for direct payments to vendors. On June 28, 2012, the principal plus accrued interest on the loans and advances of \$1,961 (aggregate of \$101,461) were converted into 507,306 shares of common stock at \$0.20 per share, the value of which exceeded the principal and accrued interest by \$142,046 on the conversion date. This amount was recorded as interest expense in the second quarter of 2012. The amounts recorded as interest expense for the three months ended March 31, 2013 and 2012 was \$NIL and \$450, respectively.

### **Note Payable to Shareholders**

On June 15, 2012, a stockholder loaned the Company \$65,000, payable on July 15, 2012 without interest. The loan was repaid in July 2012.

On May 20, 2010, the Company issued a note for \$7,500 bearing interest at 5% in exchange for a shareholder's payment of \$7,500 on an open account payable balance. The note was due and payable upon demand. On September 20, 2012, the aggregate principal and accrued interest were converted into 30,000 shares of restricted common stock. The principal balance of the note was \$NIL and \$NIL at March 31, 2013 and December 31, 2012, respectively. Accrued interest payable on this note was \$NIL and \$NIL as of March 31, 2013 and December 31, 2012, respectively. The amounts recorded as interest expense for the three months ended March 31, 2013 and 2012 was \$NIL and \$188, respectively.

## **NOTE 6 - CAPITAL STOCK**

On February 12, 2010, the Company's articles of incorporation were amended to increase the number of authorized preferred shares to 25,000,000 and the number of authorized common shares to 300,000,000. The Company's 3,500,000 common shares outstanding were also forward split on a 14 shares for 1 basis with the result that 49,000,000 shares were issued and outstanding on that date. The accompanying financial statements reflect the forward stock split on a retroactive basis.

## **NOTE 7 - WARRANTS, OPTIONS, EQUITY INCENTIVE PLAN AND STOCK ISSUANCES**

### **Warrants**

During the year ended December 31, 2011, the Company issued a total of 8,284,997 warrants to purchase restricted common stock. Of those warrants, 8,134,997 were issued to private placement investors and included down round full ratchet anti-dilution provisions requiring periodic repricing if shares are later offered at lower prices. In June 2012 holders of 7,529,999 warrants received 1,506,004 shares of restricted common stock in exchange for those warrants. In September 2012, holders of 488,331 warrants received 97,669 shares of restricted common stock in exchange for such warrants and a holder of 116,667 warrants exercised such warrants at \$0.10/share and received 116,667 shares of restricted common stock. During the year ended December 31, 2012, no warrants were issued.

The following table summarizes the total warrants issued to private placement investors and consultants. During the three months ended March 31, 2013, no warrants were issued. Derivative charges were \$7,650 and \$21,439 for the three months ended March 31, 2013 and 2012, respectively. The number of warrants outstanding as of March 31, 2013 is 150,000.

| Grant Date            | Number of Warrants Issued | Number of Warrants Exchanged or Exercised | Number of Warrants Outstanding as of March 31, 2013 | Exercise Price Original/Repriced | Expiration Term in Years |
|-----------------------|---------------------------|---|---|----------------------------------|--------------------------|
| February 25, 2011 (A) | 4,766,666                 | 4,766,666                                 | -   | \$ 0.60 /\$0.10                  | -                        |
| May 31, 2011 (A)      | 1,409,999                 | 1,409,999                                 | -   | \$ 0.60/\$0.10                   | -                        |
| June 27, 2011 (A)     | 1,874,999                 | 1,874,999                                 | -   | \$ 0.60/\$0.10                   | -                        |
| June 27, 2011 (B)     | 100,000                   | -   | 100,000   | \$ 1.00                          | .24                      |
| July 12, 2011 (A)     | 83,333                    | 83,333                                    | -   | \$ 0.60/\$0.10                   | -                        |
| December 23, 2011 (B) | 50,000                    | -   | 50,000  | \$ 1.00                          | .74                      |

(A) Private placement warrants (these warrants were subject to down round full ratchet anti dilution provisions and the exercise price was adjusted to \$0.10 per share in February 2012)

(B) Sponsorship agreement, including put option - see Note 10

Activity in warrants for the year ended December 31, 2012 and the three months ended March 31, 2013 is summarized as follows:

|                                      | Shares Under Warrants | Weighted Average Exercise Price Original/Repriced |
|--------------------------------------|-----------------------|---|
| Balance at January 1, 2012           | 8,284,997             | \$ 0.61/\$0.10                                    |
| Warrants granted                     | -                     | -   |
| Warrants exercised                   | (116,667)             | -   |
| Warrants cancelled/exchanged/expired | (8,018,330)           | -   |
| Balance at December 31, 2012         | <u>150,000</u>        | \$ 1.00   |
| Warrants granted                     | -                     | -   |
| Warrants exercised                   | -                     | -   |
| Warrants cancelled/exchanged/expired | -                     | -   |
| Balance at March 31, 2013            | <u>150,000</u>        | \$ 1.00   |

The following table summarizes information about warrants outstanding and exercisable at March 31, 2013. As all warrants currently outstanding are fully and immediately vested at issuance, the information for both outstanding and exercisable are identical.

| Warrants Outstanding and Exercisable |                                      |   |
|--------------------------------------|--------------------------------------|---|
| Range of Exercise Price              | Warrants Outstanding and Exercisable | Weighted Average Remaining Contractual Life |
| \$1.00                               | 150,000                              | .40   |

The following table summarizes the assumptions used to value the warrants using the Black-Scholes option pricing model:

| Grant Date  | Number of Warrants Issued/ Outstanding | Stock Price on Measurement Date | Exercise Price | Expected Term | Expected Volatility | Dividend Yield | Risk Free Rate |
|-------------|--|---------------------------------|----------------|---------------|---------------------|----------------|----------------|
| (A)02/25/11 | 4,766,666                              | \$ 0.50                         | \$ 0.60        | 3.00          | 285.20%             | 0.00%          | 1.48%          |
| (A)05/31/11 | 1,409,999                              | \$ 0.85                         | \$ 0.60        | 3.00          | 208.89%             | 0.00%          | 0.79%          |
| (A)06/27/11 | 1,874,999                              | \$ 0.67                         | \$ 0.60        | 3.00          | 295.31%             | 0.00%          | 0.64%          |
| (A)07/12/11 | 83,333                                 | \$ 0.70                         | \$ 0.60        | 3.00          | 278.00%             | 0.00%          | 0.42%          |
| (B)06/27/11 | 100,000                                | \$ 0.67                         | \$ 1.00        | 2.00          | 213.59%             | 0.00%          | 0.41%          |
| (B)12/23/11 | 50,000                                 | \$ 0.09                         | \$ 1.00        | 2.00          | 209.00%             | 0.00%          | 0.28%          |

(A) Private placement warrants

(B) Sponsorship agreement, including put option - see Note 10

## Options

The Company has issued an aggregate of 1,500,000 options to purchase restricted common stock to certain directors and scientific advisory board members (see Note 10) prior to the adoption of the 2012 Equity Incentive Plan (the "Plan"). For options issued under the Equity Incentive Plan, see "Equity Incentive Plan" below.

Activity in stock options for each of the year ended December 31, 2012 and the three months ended March 31, 2013 is summarized as follows:

|                              | <b>Shares<br/>Under<br/>Options</b> | <b>Weighted<br/>Average<br/>Exercise Price</b> |
|------------------------------|-------------------------------------|--|
| Balance at January 1, 2012   | 1,250,000                           | \$ 0.61  |
| Options granted              | 250,000                             | \$ 0.14  |
| Options exercised            | -                                   | -  |
| Options cancelled/expired    | -                                   | -  |
| Balance at December 31, 2012 | 1,500,000                           | \$ 0.53  |
| Options granted              | -                                   | -  |
| Options exercised            | -                                   | -  |
| Options cancelled/expired    | -                                   | -  |
| Balance at March 31, 2013    | 1,500,000                           | \$ 0.53  |

At March 31, 2013, the weighted-average remaining term of the options was 8.51 years. As of March 31, 2013, the aggregate intrinsic value of outstanding and exercisable options was \$NIL. The aggregate intrinsic value was calculated by multiplying the number of outstanding and exercisable options by the amount by which the market price for our common stock at March 31, 2013 exceeded the exercise price for each option. The market price for our common stock at March 31, 2013 was \$0.14. The aggregate unvested cost of the options at March 31, 2013 was \$182,778.

As of March 31, 2013, 833,333 have vested and 666,667 remain unvested. The vesting terms range from 3 to 4 years and the vested options have a weighted average remaining term of 8.40 years and a weighted average exercise price of \$0.56 per share.

The following table summarizes the assumptions used to value the director/advisory board options using the Black-Scholes option pricing model:

| <b>Grant Date</b> | <b>Number of<br/>Options</b> | <b>Stock Price on<br/>Measurement<br/>Date</b> | <b>Exercise<br/>Price</b> | <b>Expected<br/>Term</b> | <b>Expected<br/>Volatility</b> | <b>Dividend<br/>Yield</b> | <b>Risk Free<br/>Rate</b> |
|-------------------|------------------------------|--|---------------------------|--------------------------|--------------------------------|---------------------------|---------------------------|
| 07/14/11          | 750,000                      | \$ 0.64  | \$ 0.64                   | 10.00                    | 287.00%                        | 0.00%                     | 2.98%                     |
| 07/26/11          | 250,000                      | \$ 0.69  | \$ 0.69                   | 10.00                    | 285.00%                        | 0.00%                     | 2.99%                     |
| 08/15/11          | 250,000                      | \$ 0.45  | \$ 0.45                   | 10.00                    | 284.00%                        | 0.00%                     | 2.29%                     |
| 05/24/12          | 250,000                      | \$ 0.14  | \$ 0.14                   | 10.00                    | 187.00%                        | 0.00%                     | 1.77%                     |

The following table summarizes information about the options outstanding and exercisable at March 31, 2013 by the directors and scientific advisory board members.

| Options Outstanding     |                     |   | Options Exercisable     |                     |   |
|-------------------------|---------------------|---|-------------------------|---------------------|---|
| Range of Exercise Price | Options Outstanding | Weighted Average Remaining Contractual Life | Range of Exercise Price | Options Exercisable | Weighted Average Remaining Contractual Life |
| \$ 0.64                 | 750,000             | 8.29  | \$ 0.64                 | 416,666             | 8.29  |
| \$ 0.69                 | 250,000             | 8.32  | \$ 0.69                 | 166,666             | 8.32  |
| \$ 0.45                 | 250,000             | 8.38  | \$ 0.45                 | 166,666             | 8.38  |
| \$ 0.14                 | 250,000             | 9.15  | \$ 0.14                 | 83,333              | 9.15  |

#### Equity Incentive Plan

On September 24, 2012, the Company's board of directors adopted the 2012 Equity Incentive Plan (the "Plan"), which was adopted by stockholders on November 20, 2012. The Company has reserved 10,000,000 shares of common stock under the Plan. As of March 31, 2013, options to purchase 8,306,000 shares of the Company's stock have been granted under the Plan. The Company believes that such awards better align the interests of its employees and directors with those of its shareholders.

| <u>Issued to</u>          | <u>Number of Options</u> | <u>Range of Exercise Price</u> | <u>Expiration Term in Years</u> |
|---------------------------|--------------------------|--------------------------------|---------------------------------|
| Employee                  | 2,000                    | \$ 0.20                        | 10                              |
| Consultants               | 702,000                  | \$ 0.20 to 0.25                | 10                              |
| Officers                  | 1,102,000                | \$ 0.20 to 0.25                | 10                              |
| Directors                 | 6,250,000                | \$ 0.20 to 0.35                | 10                              |
| Scientific Advisory Board | 250,000                  | \$ 0.25                        | 10                              |
| Total                     | <u>8,306,000</u>         |                                |                                 |

The fair value of each option award is estimated on the date of grant using a Black Scholes model that uses variables noted in the following table. Our determination of fair value is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to our expected stock price volatility over the term of the awards, and certain other market variables such as the risk free interest rate.

The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury 10-year note in effect at the time of the grant.

The following table summarizes the assumptions used to value the director/advisory board options using the Black-Scholes option pricing model:

| <u>Grant Date</u> | <u>Number of Options</u> | <u>Stock Price on Measurement Date</u> | <u>Exercise Price</u> | <u>Expected Term</u> | <u>Expected Volatility</u> | <u>Dividend Yield</u> | <u>Risk Free Rate</u> |
|-------------------|--------------------------|--|-----------------------|----------------------|----------------------------|-----------------------|-----------------------|
| 11/20/12          | 6,000                    | \$ 0.20                                | \$ 0.20               | 10.00                | 166.00%                    | 0.00%                 | 1.66%                 |
| 01/01/13          | 150,000                  | \$ 0.19                                | \$ 0.22               | 10.00                | 164.00%                    | 0.00%                 | 2.00%                 |
| 01/07/13          | 350,000                  | \$ 0.20                                | \$ 0.20               | 10.00                | 166.00%                    | 0.00%                 | 1.92%                 |
| 01/07/13          | 2,000,000                | \$ 0.20                                | \$ 0.25               | 10.00                | 166.00%                    | 0.00%                 | 1.92%                 |
| 02/07/13          | 5,000,000                | \$ 0.20                                | \$ 0.35               | 10.00                | 164.00%                    | 0.00%                 | 1.99%                 |
| 02/07/13          | 450,000                  | \$ 0.20                                | \$ 0.25               | 10.00                | 164.00%                    | 0.00%                 | 1.99%                 |
| 02/08/13          | 250,000                  | \$ 0.19                                | \$ 0.20               | 10.00                | 164.00%                    | 0.00%                 | 2.00%                 |
| 02/28/13          | 100,000                  | \$ 0.20                                | \$ 0.25               | 10.00                | 158.00%                    | 0.00%                 | 1.89%                 |



A summary of the option activity under the Plan during 2012 and during the three month period ended March 31, 2013, is presented below:

|                              | <b>Shares<br/>Under<br/>Options</b> | <b>Weighted<br/>Average<br/>Exercise Price</b> |
|------------------------------|-------------------------------------|--|
| Balance at January 1, 2012   | -                                   |  |
| Options granted              | 8,000                               | \$ 0.20  |
| Options exercised            | -                                   |  |
| Options cancelled/expired    | -                                   |  |
| Balance at December 31, 2012 | 8,000                               | \$ 0.20  |
| Options granted              | 8,300,000                           | \$ 0.31  |
| Options exercised            | -                                   |  |
| Options cancelled/expired    | (2,000)                             | \$ 0.20  |
| Balance at March 31, 2013    | <u>8,306,000</u>                    | <u>\$ 0.31</u>                                 |

At March 31, 2013, the weighted-average remaining term of the options was 9.84 years. As of March 31, 2013, the aggregate intrinsic value of outstanding and exercisable options was \$NIL. The aggregate intrinsic value was calculated by multiplying the number of outstanding and exercisable options by the amount by which the market price for our common stock at March 31, 2013 exceeded the exercise price for each option. The market price for our common stock at March 31, 2013 was \$0.14. The aggregate unvested cost of the options at March 31, 2013 was \$1,371,562.

The following table summarizes information about options outstanding and exercisable at March 31, 2013 that were granted under the Plan.

| <b>Options Outstanding</b>         |                                |  | <b>Options Exercisable</b>         |                                |  |
|------------------------------------|--------------------------------|--|------------------------------------|--------------------------------|--|
| <b>Range of<br/>Exercise Price</b> | <b>Options<br/>Outstanding</b> | <b>Weighted Average<br/>Remaining<br/>Contractual Life</b> | <b>Range of<br/>Exercise Price</b> | <b>Options<br/>Exercisable</b> | <b>Weighted Average<br/>Remaining<br/>Contractual Life</b> |
| \$ 0.20                            | 606,000                        | 9.81   | \$ 0.20                            | 159,333                        | 9.82   |
| \$ 0.22                            | 150,000                        | 9.78   | \$ 0.22                            | -                              | -  |
| \$ 0.25                            | 2,550,000                      | 9.80   | \$ 0.25                            | 333,332                        | 9.78   |
| \$ 0.35                            | 5,000,000                      | 9.86   | \$ 0.35                            | -                              | -  |

As of March 31, 2013, 492,665 have vested and 7,813,335 remain unvested. The vesting terms range from zero to 5 years and the vested options have a weighted average remaining term of 9.79 years and a weighted average exercise price of \$0.23 per share.

#### **Stock Issuances**

During the year ended December 31, 2012, the Company issued an aggregate of 4,183,395 shares of restricted common stock to consultants, a director, an employee and an officer for services provided to the Company. The shares issued were valued at trading prices on the date of issuance between \$0.07 and \$0.45 per share for an aggregate charge of \$457,279. The shares issued to our officer and director are subject to certain vesting requirements.

During the three months ended March 31, 2013, 225,000 shares of restricted common stock were issued to a director and consultant. All such shares were valued at trading prices on the date of issuance between \$0.19 and \$0.20 per share for an aggregate charge of \$29,117. Additionally, during the quarter, the Company issued 5,000,000 shares to an officer which were subsequently cancelled in April 2013, effective with his resignation (see Note 11).

## NOTE 8 – INTELLECTUAL PROPERTY PURCHASE AGREEMENT

On February 25, 2011, the Company, Atlas Acquisition Corp., a wholly-owned subsidiary of the Company formed in February 2011 (“Atlas Sub”), and Peak Wellness, Inc. (“Peak”), entered into and consummated an Intellectual Property Purchase Agreement (the “Purchase Agreement”), pursuant to which Atlas Sub purchased certain intellectual property assets from Peak (the “Acquisition”). Pursuant to the Purchase Agreement, the Company acquired from Peak all intellectual property pertaining to MYO-T12, a natural-myostatin inhibitor, including the formula and process for making MYO-T12, certain trademarks, trade secrets, patent applications and certain domain names. The aggregate consideration for MYO-T12 was \$4,662,000 paid in cash, a promissory note and shares of common stock. The contractually stated purchase price for the assets was \$1,150,000, of which \$450,000 was paid in cash and \$700,000 via the issuance of the promissory note. Additionally, the Company issued 7,024,000 shares of common stock with an aggregate fair value of \$3,512,000 to Peak as part of the purchase price of MYO-T12, representing 12% of the fully diluted voting common stock of the Company on the date of the Acquisition.

In connection with the Purchase Agreement, the Company issued a secured promissory note to Peak (the “Promissory Note”) in the amount of \$700,000 with interest accruing at an interest rate of 3% per annum. The Promissory Note was payable in two installments as follows: \$350,000 plus accrued interest was due within 180 days after the closing date of the Agreement (originally August 25, 2011 but extended to the earlier of November 30, 2011 or the closing of a certain financing and paid on November 29, 2011) and \$350,000 plus accrued interest was due on the first anniversary of the closing date of the Agreement and paid on February 21, 2012.

In connection with the Purchase Agreement and the Promissory Note, the Company entered into a security agreement with Peak to secure the payments due under the Promissory Note (the “Security Agreement”). Pursuant to the Security Agreement, the Company granted Peak a continuing security interest in the assets purchased from Peak. The Security Agreement also secured all of the Company’s obligations to Peak, whether related or unrelated to the Promissory Note. The security interest was released in February 2012 upon payment of the final installment of the Promissory Note. On the closing date of the Acquisition, new officers and a new director were appointed to serve the Company.

The Company completed its first annual impairment testing for indefinite-lived intangible assets after the fourth quarter of 2011. Based on (i) assessment of current and expected future economic conditions, (ii) trends, strategies and projected revenues from sales of MYO-T12 and (iii) assumptions similar to those that market participants would make in valuing the Company’s intangible assets, management determined that the carrying values of the intellectual property intangible assets exceeded its fair value. Accordingly, the Company recorded noncash impairment charges totaling \$2,662,000 in 2011, reducing the MYO-T12 intellectual property asset to its fair value of \$2,000,000.

The intellectual property carrying value as of March 31, 2013 and December 31, 2012 was \$2,000,000. Management performed their annual and quarterly review of the intellectual property and determined no impairment existed and there was no change to the carrying value for the year ended December 31, 2012 and the three months ended March 31, 2013, respectively.

## NOTE 9 - INCOME TAXES

Income tax expense for the three months ended March 31, 2013 and 2012 is shown as follows:

| <i>Three months ended March 31,</i> | <b>2013</b> | <b>2012</b> |
|-------------------------------------|-------------|-------------|
| Current                             | \$ 800      | \$ 1,550    |
| Deferred                            | -           | -           |
| Total                               | \$ 800      | \$ 1,550    |

The effects of temporary differences between the financial reporting and income tax bases of assets and liabilities which give rise to the deferred tax assets and liabilities are presented below:

|                                | <u>March 31,</u><br><u>2013</u> | <u>December</u><br><u>31,</u><br><u>2012</u> |
|--------------------------------|---------------------------------|--|
| Deferred tax assets:           |                                 |  |
| Goodwill                       | \$ 644,237                      | \$ 672,348                                   |
| Net operating losses           | 2,465,211                       | 2,133,004                                    |
| Other                          | <u>1,542</u>                    | <u>1,542</u>                                 |
| Total deferred tax assets      | 3,110,990                       | 2,806,894                                    |
| Valuation allowance            | <u>(3,106,838)</u>              | <u>(2,804,632)</u>                           |
| Total net deferred tax assets  | 4,152                           | 2,262  |
| Deferred tax liabilities:      |                                 |  |
| Depreciation                   | <u>(4,152)</u>                  | <u>(2,262)</u>                               |
| Total deferred tax liabilities | <u>(4,152)</u>                  | <u>(2,262)</u>                               |
| Net deferred tax asset         | <u>\$ -</u>                     | <u>\$ -</u>                                  |

The valuation allowance for the deferred tax asset increased by \$302,206 for the three months ended March 31, 2013.

The Company has net operating losses amounting to approximately \$6,291,000 that expire in various periods through 2032. The ultimate realization of the net operating losses is dependent upon future taxable income, if any, of the Company and may be limited in any one period by alternative minimum tax rules. Although management believes that the Company will have sufficient future taxable income to absorb the net operating loss carryovers before the expiration of the carryover period, the current global economic crisis imposes additional profitability risks that are beyond the Company's control. Accordingly, management has determined that a full valuation allowance of the deferred tax asset is appropriate at this time.

Internal Revenue Code Section 382 imposes limitations on the use of net operating loss carryovers when the stock ownership of one or more 5% shareholders (shareholders owning 5% or more of the Company's outstanding capital stock) has increased by more than 50 percentage points. Management intends to carefully monitor share ownership of 5% shareholders but cannot control the ownership changes occurring as a result of public trading of the Company's Common Stock. Accordingly, there is a risk of an ownership change beyond the control of the Company that could trigger a limitation of the use of the loss carryover.

The Company has no uncertain income tax positions.

The tax years ended December 31, 2007 through 2012 are open for examination by federal and state taxing authorities.

The statutory federal income tax rate and the effective rate are reconciled as follows:

|   | <u>March 31,</u><br><u>2013</u> | <u>March 31,</u><br><u>2012</u> |
|---|---------------------------------|---------------------------------|
| Statutory federal income tax rate       | 34.00%                          | 34.00%                          |
| State taxes, net of federal tax benefit | 5.94%                           | 5.94%                           |
| Valuation allowance                     | <u>(39.94)%</u>                 | <u>(39.94)%</u>                 |
| Net deferred tax asset                  | <u>-%</u>                       | <u>-%</u>                       |

## NOTE 10 - COMMITMENTS, CONTINGENCIES AND OTHER COMMENTS

### Distribution Agreement

On May 16, 2012, the Company entered into a distribution agreement (the "Agreement") with MHP, a company engaged in the development, marketing and distribution of nutritional and other therapies for the consumer. Pursuant to the Agreement, MHP will, on an exclusive basis, provide marketing, sales and distribution of MYO-T12, to be sold under the brand name MYO-X, in retail and other outlets. MHP agreed to pay the Company \$195,301 upon the execution of the Agreement, with such amount credited against inventory purchases. The Agreement also provides, upon termination of MHP's exclusivity rights, additional supply and payment rights to MHP (including a per-unit royalty in the low single digits). The term of the Agreement is one year, with an effective date for exclusivity beginning on September 29, 2012. In the event MHP achieves certain sales targets for MYO-X, the exclusivity provisions of the Agreement will be extended for an additional one or two years. The Agreement further provides for a co-operative advertising arrangement with MHP, whereby the Company is required to pay MHP a fee for each unit of MYO-X sold.

### Operating Lease

The Company leases its corporate offices under an operating lease expiring in July 2017. The Company has two options to renew such lease for a term of three years each with annual rent increases of 3%.

The future minimum lease payments under the non-cancelable operating lease in excess of one year at March 31, 2013 is as follows:

| Year Ending December 31, | Amount            |
|--------------------------|-------------------|
| 2013                     | \$ 27,649         |
| 2014                     | 59,434            |
| 2015                     | 65,095            |
| 2016                     | 67,163            |
| 2017                     | 39,623            |
| Total                    | <u>\$ 258,964</u> |

Rent expense for the three months ended March 31, 2013 and 2012 was \$15,431 and \$12,861, respectively.

### Employment Agreements

#### J.B. Bernstein:

On February 25, 2011, the Company entered into an employment agreement with J.B. Bernstein, pursuant to which Mr. Bernstein served as Chief Executive Officer of the Company. The employment agreement was amended effective as of March 1, 2011. On April 30, 2012, J.B. Bernstein resigned from his positions as President and Chief Executive Officer and as a member of the Company's board of directors. In connection with his resignation, Mr. Bernstein entered into a consulting agreement with the Company (the "Consulting Agreement"), pursuant to which Mr. Bernstein was entitled to a consulting fee of \$5,000 per month during the six-month term of the Consulting Agreement, which expired on October 31, 2012. The Consulting Agreement also included confidentiality and non-competition obligations and provisions for intellectual property assignments by Mr. Bernstein.

#### Carlton Colker MD, FACN:

On February 25, 2011, concurrent with the closing of the Acquisition, the Company entered into an employment agreement with Carlton Colker, MD, FACN, pursuant to which Dr. Colker agreed to serve as Chief Medical Officer and Executive Vice President of the Company. On June 14, 2012, Dr. Carlton Colker resigned from his positions as Chief Medical Officer and Executive Vice President. Simultaneously with his resignation, Dr. Colker agreed to serve on the Company's Scientific Advisory Board. In connection with his appointment to the Scientific Advisory Board, Dr. Colker entered into an advisory board agreement with the Company, pursuant to which the Company issued him 300,000 shares of common stock. The Agreement also includes standard confidentiality and non-competition obligations and provisions for intellectual property assignments by Dr. Colker.

**Glen R. Fleischer:**

On January 2, 2013, we entered into an employment agreement with Glen R. Fleischer pursuant to which Mr. Fleischer agreed to serve as our Chief Executive Officer and as a member of our board of directors.

Pursuant to the terms of the agreement, Mr. Fleischer would work for us on a full-time basis and receive an annual base salary of \$320,000. Mr. Fleischer was also entitled to an annual cash bonus in an amount up to 100% of his base salary, as determined by our board of directors in its sole discretion. In addition, Mr. Fleischer was granted 5,000,000 shares of our common stock, which shares were to vest in four equal semi-annual installments commencing on July 2, 2013. The term of the agreement was three years, and the agreement was to automatically renew for successive one-year periods, unless a notice of non-renewal was provided by either party at least sixty days prior to the expiration date of the term. On April 25, 2013, Mr. Fleischer resigned as our Chief Executive Officer and as a member of our board of directors.

**Peter A. Levy:**

On February 8, 2013, we entered into an amended and restated employment agreement with Peter Levy to continue to serve as our Chief Operating Officer and Executive Vice President. The agreement replaced Mr. Levy's existing employment agreement dated February 10, 2012. Pursuant to the terms of the agreement, Mr. Levy will continue to work as Chief Operating Officer and Executive Vice President on a full-time basis and receive an annual base salary of \$200,000. Mr. Levy may receive an annual cash bonus in an amount up to 100% of his base salary, as may be determined by the Board in its sole discretion. The 500,000 shares of common stock previously granted to Mr. Levy will vest in four equal semi-annual installments commencing on August 10, 2012. The term of the agreement is three years, and the agreement will automatically renew for successive one-year periods, unless a notice of non-renewal is provided by either party at least sixty days prior to the expiration date of the term.

In the event Mr. Levy's employment is terminated for cause (as defined in the agreement) or as a result of death or disability, or if Mr. Levy terminates his employment without good reason (as defined in the agreement), Mr. Levy will be entitled to receive any accrued and unpaid base salary and employee benefits up to the date of termination as well as retain any shares that have previously vested.

In the event Mr. Levy's employment is terminated for any reason other than cause, death or disability, or if Mr. Levy terminates his employment for good reason, he will be entitled to receive any accrued and unpaid base salary and employee benefits up to the date of termination as well as any vested shares. In addition, he will be entitled to receive his base salary for twelve months following the date of termination, a cash amount equal to the greater of (i) \$50,000 and (ii) the average of all annual cash bonuses received under the agreement, and payment of all COBRA premiums for twelve months following the date of termination.

In the event Mr. Levy's employment is terminated in connection with, or as a result of, a change of control (as defined in the agreement), or if Mr. Levy terminates his employment for good reason following a change in control, he will be entitled to receive any accrued and unpaid base salary and employee benefits up to the date of termination. In addition, he will be entitled to receive his base salary for twelve months following the date of termination, a cash amount equal to the greater of (i) \$50,000 and (ii) the average of all annual cash bonuses received under the agreement, and payment of all COBRA premiums for twelve months following the date of termination. Furthermore, all of his unvested shares will vest as of the date of the consummation of the change in control.

The agreement contains customary non-competition and non-solicitation provisions that extend to two years after termination of Mr. Levy's employment. Mr. Levy also agreed to customary terms regarding confidentiality and ownership of product ideas.

On April 21, 2013, Mr. Levy was appointed to the additional position of President of the Company and in such capacity will serve as the Company's Principal Executive Officer.

**Sponsorship Agreement**

On June 27, 2011, the Company entered into a one year agreement with a celebrity spokesperson pursuant to which the spokesperson agreed to perform certain services for the Company and granted the Company the worldwide right to use the spokesperson's name and approved image in various media. The agreement provided for cash compensation of \$150,000 in three equal installments of \$50,000, all of which was paid in 2011. Royalties at the rate of \$0.50 per unit sold are payable to the spokesperson for the term of the agreement and an additional 12 months thereafter. The agreement expired in June 2012.

The agreement also provided for the issuance of warrants to purchase 150,000 shares of common stock, 100,000 of which were issued upon signing of the agreement and 50,000 of which were issued in December 2011. The warrants have a term of two years with an exercise price of \$1.00 per share. The warrants further provide that in the event (a) the trading price of the common stock of the Company on its principal trading market does not exceed \$2.00 within two years of issuance and (b) the warrants were not exercised prior to such time, then the spokesperson shall have the right to sell any unexercised portion of the warrants to the Company in exchange for \$1.00 for each share of common stock underlying the unexercised portion of the warrants.

The 100,000 warrants issued upon execution of the agreement and the 50,000 warrants issued in December 2011 were valued at \$88,600 and \$48,050, respectively, using a Black-Scholes option pricing model and determining that the put option was the predominant feature of the instrument.

#### **Director Agreements**

##### **Dr. Louis Aronne:**

On July 14, 2011, the Company entered into two separate agreements with Dr. Louis Aronne to be a member of the Board of Directors and the Scientific Advisory Board. The director agreement provides for compensation in the form of 100,000 shares of restricted common stock vesting in five equal annual installments commencing on execution of the agreement and an option to purchase 250,000 shares of common stock at an exercise price of \$0.64 for 10 years vesting over a period of 3 years, the first installment of which vested immediately. Upon a Change of Control, the unvested shares and the option will vest immediately. The advisory board agreement has a term of 5 years and provides for the issuance of 500,000 shares vesting in five equal annual installments commencing July 14, 2012 and an option to purchase 500,000 shares at \$.64 per share vesting in four equal annual installments, and the first installment vested immediately upon the execution of the agreement. Upon a Change of Control, all unvested option shall immediately vest.

##### **Dr. Robert Hariri:**

On July 26, 2011, the Company entered into an agreement with Dr. Robert Hariri to be a member of the Board of Directors. The director agreement provides for 100,000 shares of restricted common stock vesting in five equal annual installments (the first installment of which vested immediately) and an option to purchase 250,000 shares of common stock at an exercise price of \$0.69 for 10 years vesting over a period of 3 years, the first installment of which vested immediately. Upon a Change of Control, the unvested shares and the option shall immediately vest.

##### **Dr. Peter Diamandis:**

On August 15, 2011, the Company entered into an agreement with Dr. Peter Diamandis to be a member of the Board of Directors. The director agreement provides for 100,000 shares of restricted common stock vesting in five equal annual installments (the first installment of which vested immediately) and an option to purchase 250,000 shares of common stock at an exercise price of \$0.45 for 10 years vesting over a period of 3 years, the first installment of which vested immediately. Upon a Change of Control, the unvested shares and the option shall immediately vest.

##### **Dr. Buzz Aldrin:**

On May 24, 2012, the Company entered into an agreement with Dr. Buzz Aldrin to be a member of the Board of Directors. The director agreement provides for 100,000 shares of restricted common stock vesting in five equal annual installments (the first installment of which vested immediately) and an option to purchase 250,000 shares of common stock at an exercise price of \$0.14 for 10 years vesting over a period of 3 years, the first installment of which vested immediately. Upon a Change of Control, the unvested shares and the option shall immediately vest.

##### **Dr. Sapna Srivastava:**

On February 6, 2013, the Company entered into an agreement with Dr. Sapna Srivastava to serve as a member of the Board of Directors. The director agreement provides for the issuance of 100,000 shares of restricted common stock, vesting in five equal annual installments (the first installment of which vested immediately) and an option to purchase 250,000 shares of common stock, issued under the Plan, at an exercise price of \$0.20 for 10 years vesting over a period of 3 years. The options are subject to the terms and provision of the Plan.

#### **NOTE 11 - SUBSEQUENT EVENTS**

##### **Glen R. Fleischer:**

On April 25, 2013, Mr. Fleischer resigned as our Chief Executive Officer and as a member of the Board of Directors. In connection with his resignation, Mr. Fleischer entered into a separation agreement and general release with the Company, which includes mutual release and customary confidentiality, non-competition and non-solicitation provisions. Additionally, the terms of this agreement provide for Mr. Fleischer to be paid his current annual base salary through April 19, 2013, five accrued but unused vacation days, all reasonable out-of-pocket business expenses, and the return to the Company of the 5,000,000 shares of our common stock previously issued to him.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*The following discussion should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the consolidated financial statements and related notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2012.*

*Certain statements in this section contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this report and not clearly historical in nature are forward-looking, and the words "may," "will," "should," "could," "would," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "intends," "potential," and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) generally are intended to identify forward-looking statements. Any statements in this report that are not historical facts are forward-looking statements. Actual results may differ materially from those projected or implied in any forward-looking statements. Such statements involve risks and uncertainties, including but not limited to those relating to product and customer demand, market acceptance of our products, the ability to create new products, the ability to achieve a sustainable profitable business, the effect of economic conditions, the ability to protect our intellectual property rights, competition from other providers and products, risks in product development, our ability to raise capital to fund continuing operations, and other factors discussed from time to time in the Company's Securities and Exchange Commission filings. The Company undertakes no obligation to update or revise any forward-looking statement for events or circumstances after the date on which such statement is made except as required by law.*

### **Overview**

We were incorporated in the State of Nevada on April 11, 2007. Prior to February 26, 2011, we did not have any operations and did not generate any revenues. Since February 26, 2011, our principal activities have been focused on the discovery, development and commercialization of nutritional supplements, functional foods, therapeutic products and other technologies aimed at maintaining or improving the health and performance of muscle tissue. In February 2011, we acquired our platform dietary supplement product called MYO-T12. We intend to develop a marketing and sales strategy to maximize revenues from MYO-T12 in a consumer base of body builder and fitness users as well as a broader target of wellness focused baby boomers. Additionally, we will evaluate the value of this product in the therapeutic markets, including the treatment of muscular-related conditions, including age-related muscle loss and sarcopenia.

### **Plan of Operation**

We are focused on the discovery, development and commercialization of nutritional supplements, functional foods, therapeutic products and other technologies aimed at maintaining or improving the health and performance of muscle tissue. Our initial core product is MYO-T12, a natural, temporary myostatin-inhibiting product. The vast majority of our sales are through our exclusive sales agreement with MHP (the "Agreement" - see note 10). Our plan of action over the next twelve months is to: (i) deepen the scientific understanding of the activity of MYO-T12, specifically as a natural and temporary modulator of the regulatory peptide myostatin, and to leverage this knowledge to strengthen and build our intellectual property, (ii) conduct research and development activities to evaluate myostatin modulation in a range of both wellness and disease states, (iii) identify other products and technologies which may broaden our portfolio and define a business development strategy to protect, enhance and accelerate the growth of our products, (iv) reduce the cost of manufacturing through process improvement, (v) identify contract manufacturing resources that can fully meet our future growth requirements, (vi) develop a differentiated and advantaged consumer positioning, brand name and iconography, and (vi) create a sales and marketing capability through alliances to maximize near-term and future revenues. We believe that existing wellness and therapeutic targets, such as myostatin, represent a rational entry point for additional drug discovery efforts and are evaluating a separate, concurrent objective in this area.

Our exclusive distribution agreement with MHP represents a significant shift away from our previous plan to market the product to the consumer as well as to other specialty retail distributors directly. Instead, we will co-brand our product under the MYO-X name and focus on conducting clinical trials of MYO-T12 to support our marketing claims as well as to enhance our intellectual property, to develop product improvements and new products, and to reduce the cost of the product by finding more efficient manufacturing processes and contract manufacturers.

We believe that the best use of any additional funding would be to pursue clinical studies and medical research to support differentiated and advantaged marketing claims, to build and enhance our competitive insulation via strategically based additional intellectual property, to develop product improvements and new products in consumer preferred dosage forms, and to establish a scientific foundation for therapeutic applications for our technology.

### **Three Months Ended March 31, 2013 compared to Three Months Ended March 31, 2012**

For the three months ended March 31, 2013, the Company generated gross revenues of \$313,520 (\$277,374 net of rebates) compared to gross revenues of \$24,541 (\$NIL rebates) for the three months ended March 31, 2012. The increase in revenues during the three months ended March 31, 2013 includes \$312,880 of gross sales to MHP with whom the Company did not have a relationship during the three months ended March 31, 2012. The Company sold 7,838 cans (300 grams/can) of its product during the three months ended March 31, 2013 compared to sales of 364 cans (300 grams/can) of its product during the three months ended March 31, 2012. Gross profit for the three months ended March 31, 2013 was \$150,385 compared to \$15,985 for the three months ended March 31, 2012. General and administrative expenses for the three months ended March 31, 2013 was \$1,242,444, compared to \$439,009 of general and administrative expenses for the three months ended March 31, 2012, mostly due to higher advertising, salary, consulting and research and development costs. The net loss for the three months ended March 31, 2013 was \$1,090,194 compared to a net loss of \$498,851 for the three months ended March 31, 2012.

Upon completion of our quarterly impairment testing for indefinite lived intangible assets after the first quarter of 2013, we determined that the carrying values of the intellectual property intangible assets did not exceed its fair value. As a result, no impairment existed and there was no change to the carrying amount of intellectual property for the three months ended March 31, 2013.

### **April 11, 2007 (Date of Inception) to March 31, 2013**

In the period from April 11, 2007 (inception) to March 31, 2013, we generated revenues of \$1,288,576 (including revenues to MHP of \$1,170,240) while incurring \$9,118,609 in general and administrative expenses. The cumulative net loss since inception is \$10,735,900 including net non-cash derivatives valuation adjustments of \$1,680,267 and intellectual property impairment charges of \$2,662,000. Upon completion of our annual impairment testing for indefinite-lived intangible assets after the fourth quarter of 2011, we determined that the carrying values of the intellectual property intangible assets exceeded its fair value and we recorded noncash impairment charges totaling \$2,662,000, reducing the carrying value of the asset to its fair value of \$2,000,000. Such revaluation did not affect our cash flow.

### **Liquidity and Capital Resources**

As of March 31, 2013, we had cash of \$3,166,238 and \$5,828,836 in total assets (which includes \$2,037,692 of intangible assets). For the three months ended March 31, 2013, we used cash of \$553,943 for operating activities. We believe will have sufficient funds for operations, inventory procurement and product development through March 31, 2014.

### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we consider material.

### **Critical Accounting Policies**

#### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, and disclosure of contingent liabilities at the date of the financial statements. Estimates are used for, but not limited to, the selection of the useful lives of property and equipment, provisions necessary for contingent liabilities, fair values, revenue recognition, taxes, budgeted costs and other similar charges. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

#### *Impact of Derivative Accounting*

As a result of recent financing transactions we have entered into, our financial statements are impacted by the accounting effect of the application of derivative accounting. ASC Topic 815 and ASC Topic 815-40 govern the accounting treatment for both freestanding and embedded derivative financial instruments in our financial statements. Generally, warrants, conversion features in debt, and similar terms that include "full-ratchet" or reset provisions, which mean that the exercise or conversion price adjusts to pricing in subsequent sales or issuances, no longer meet the definition of indexed to a company's own stock and are not an exemption for equity classification provided in ASC Topic 815-15. The amount of non-cash gains or losses we record is based upon the fair market value of our common stock on the measurement date. The fair value of certain warrants outstanding which have "full-ratchet" or reset provisions (whereby the exercise or conversion price adjusts to pricing in subsequent sales or issuances in certain instances) is based on judgment as to the expected future volatility of our common stock.



### *Long-lived Assets*

We apply the provisions of Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) No. 360, "Property, Plant and Equipment". ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value.

We test long-lived assets, including property, plant and equipment and other assets, for recoverability at least annually or more frequently upon the occurrence of an event or when circumstances indicate that the net carrying amount is greater than its fair value. Assets are grouped and evaluated at the lowest level for their identifiable cash flows that are largely independent of the cash flows of other groups of assets. We consider historical performance and future estimated results in our evaluation of potential impairment and then compare the carrying amount of the asset to the future estimated cash flows expected to result from the use of the asset. If the carrying amount of the asset exceeds estimated expected undiscounted future cash flows, we measure the amount of impairment by comparing the carrying amount of the asset to its fair value. The estimation of fair value is generally measured by discounting expected future cash flows at the rate we utilize to evaluate potential investments. We estimate fair value based on the information available in making the necessary estimates, judgments and projections.

### *Fair Value of Indefinite-Lived Intangible Assets*

Our policy is to evaluate indefinite-lived intangible assets for possible impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. An intangible asset with an indefinite life (the intellectual property) is evaluated for possible impairment by comparing the fair value of the asset with its carrying value. Fair value is estimated as the discounted value of future revenues arising from a trademark using a royalty rate that an independent party would pay for use of that trademark. An impairment charge is recorded if the trademark's carrying value exceeds its estimated fair value. An impairment charge is recorded if the carrying value of the goodwill exceeds its implied fair value. See Note 8 for information related to impairment charges recorded in 2011 for indefinite-lived intellectual property intangible assets.

### *Equity Based Compensation*

We account for equity-based compensation under the provisions of ASC 718-10 Compensation - Stock Compensation and ASC 505-50 Equity Based Payments to Non-Employees. ASC 718 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. For stock options and restricted stock that do not vest immediately but which contain only a service vesting feature, we recognize compensation cost on the unvested shares and options on a straight-line basis over the remaining vesting period, net of any projected forfeitures.

We use the Black-Scholes option-pricing model as our method of valuation for share-based compensation. Our determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to our expected stock price volatility over the term of the awards, and certain other market variables such as the risk free interest rate.

### *Income Taxes*

We account for income taxes using an asset and liability approach which allows for the recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before we are able to realize their benefits, or that future deductibility is uncertain.

We record a valuation allowance for deferred tax assets, if any, based on our estimates of future taxable income as well as tax planning strategies when it is more likely than not that a portion or all of its deferred tax assets will not be realized. If we are able to utilize more of our deferred tax assets than the net amount previously recorded when unanticipated events occur, an adjustment to deferred tax assets would increase our net income when those events occur.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are a smaller reporting company and therefore, we are not required to provide information required by this Item of Form 10-Q.

### **Item 4. Controls and Procedures.**

#### *Evaluation of Disclosure Controls and Procedures*

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that is designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedure include, without limitations, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

In accordance with Exchange Act Rules 13a-15 and 15d-15, an evaluation was completed by our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2013. Based on that evaluation, these officers concluded that our disclosure controls and procedures were effective in providing reasonable assurance that the information required to be disclosed in our reports filed or submitted under the Exchange Act for the quarter ended March 31, 2013 was recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms.

#### *Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II- OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

None.

### **ITEM 1A. RISK FACTORS.**

Factors that could cause our actual results to differ materially from those in this report are any of the risks described in our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the SEC. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations.

As of the date of this report, except as set forth below, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the SEC, except we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

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

None

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None

**ITEM 4. MINE SAFETY DISCLOSURES.**

None

**ITEM 5. OTHER INFORMATION.**

None

**ITEM 6. EXHIBITS**

| <b>No.</b> | <b>Description</b>   |
|------------|--|
| 10.1       | Employment Agreement, dated as of January 2, 2013, by and between Glen R. Fleischer and MYOS Corporation (incorporated by reference to Exhibit 10.1 in our Current Report on Form 8-K, filed on January 8, 2013)             |
| 10.2       | Amended and Restated Employment Agreement, dated as of February 8, 2013, by and between Peter Levy and the Company (incorporated by reference to Exhibit 10.1 in our Current Report on Form 8-K, filed on February 11, 2013) |
| 10.3       | Engagement Agreement, dated as of February 8, 2013, by and between DeFreitas and DelSanto, LLP and MYOS Corporation (filed herewith)   |
| 31.1       | Certification of Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                       |
| 31.2       | Certification of Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002                                       |
| 32.1       | Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  |
| 32.2       | Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  |
| 101.CAL    | XBRL Taxonomy Extension Calculation Linkbase Document  |
| *          |  |
| 101.SCH    | XBRL Taxonomy Extension Schema Document  |
| *          |  |
| 101.DEF    | XBRL Taxonomy Extension Definition Linkbase Document   |
| *          |  |
| 101.LAB    | XBRL Taxonomy Extension Labels Linkbase Document   |
| *          |  |
| 101.PRE    | XBRL Taxonomy Extension Presentation Linkbase Document   |
| *          |  |

\* XBRL (eXtensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

## 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 hereunto duly authorized.

Date: May 14, 2013

### MYOS CORPORATION

By: /s/ Carl DeFreitas

Name: Carl DeFreitas

Title: Chief Financial Officer



# DeFreitas & DelSanto, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

14 VER VALEN STREET, CLOSTER, N. J. 07624

CARL DEFREITAS, CFP, MBA, CPA (NJ)

TEL: (201) 784 – 0450

STEVEN DELSANTO, CPA (NY & NJ)

FAX: (201) 784 – 0316

May 12, 2013

Mr. Glen Fleischer  
Chief Executive Officer  
MYOS Corporation  
45 Horsehill Road  
Suite 106  
Cedar Knolls, NJ 07927

Dear Glen:

It is a pleasure and honor to be given the opportunity to provide accounting, tax and consulting services to MYOS Corporation ("the Company").

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

The parties have agreed that Carl DeFreitas will be appointed as the Company's Interim Chief Financial Officer.

These services will be provided by myself personally in my capacity as partner at DeFreitas & DelSanto, LLP and staff working under my direction and control. These services will not constitute the conduct of an audit under generally accepted auditing standards or PCAOB auditing standards.

The services covered by this agreement are as follows:

- Monthly accounting services: including updating quickbooks, bank reconciliations, creating sales invoices and purchase orders.
  - The preparation of monthly management or compiled reports (without disclosures) when requested by management.
  - Preparation of the annual corporate Federal and State tax returns.
  - Preparation of annual Form 1099s.
  - Preparation of the financial statements contained in the quarterly Form 10 - Qs and assistance with preparation of the remainder of the Form 10 - Q.
  - Preparation of the financial statements contained in the annual Form 10 - K and assistance with preparation of the remainder of the Form 10 - Q.
  - Responsibility for providing the public accounting firm of the company with the necessary schedules and documentation necessary in order for them to complete the annual audit.
  - Preparing the computations for the testing of the impairment of goodwill.
-

This engagement shall be effective for the one year period commencing February 1, 2013 and ending January 31, 2014. This agreement shall cover the monthly accounting for the period February 1, 2013 thru January 31, 2014 and shall include the Form 10 - K for 2012 and Form 10 - Qs the first three quarters of 2013.

Our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, we will inform you of any material errors that come to our attention and any fraud that comes to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential.

It is our policy to retain engagement documentation for a period of seven years, after which time we will commence the process of destroying the contents of our engagement files. To the extent we accumulate any of your original records during the engagement, those documents will be returned to you promptly upon completion of the engagement, and you will provide us with a receipt for the return of such records. The balance of our engagement file, which we will provide to you at the conclusion of the engagement, is our property, and we will provide copies of such documents at our discretion and if compensated for any time and costs associated with the effort.

Our fees for this service are estimated to be range from \$125,000.00 to \$175,000.00.

Payment for such services shall be as follows: commencing February 1, 2013 a payment for \$12,500 shall be made by the fifteenth day of the subsequent month and continue each month, which equates to \$150,000.00 on a annual basis.

Additionally, upon agreement by both parties, payment may be made partially in the company's stock.

Both parties agree that any additional services beyond the scope of this engagement, shall be billed separately.

In addition, you agree to reimburse us for out-of-pocket costs incurred in connection with the performance of our services; such as for travel related expenses, overnight mail, etc.

We reserve the right to suspend our services or to withdraw from this engagement in the event that the payment of our fees is deemed delinquent.

In the event that we are or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, and if such obligation is or may be a direct or indirect result of any inaccurate, incomplete, or misleading information that you provide to us during the course of this engagement (with or without your knowledge or intent), you agree to indemnify us, defend us (with counsel of our choosing), and hold us harmless as against such obligation.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our standard hourly rates, for the time we expend in connection with such response.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

This engagement letter is contractual in nature, is binding on both parties and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

**Hold Harmless**

Inasmuch as the Company has requested that Carl DeFreitas perform certain duties and functions as the Company's Chief Financial Officer, including the signing of SEC periodic reports and certifications, it is understood that the relationship that DeFreitas & DelSantp, LLP has with the Company may become an "excluded " service under the terms of its professional liability insurance policy. Additionally, Carl DeFreitas may become liable as an Officer of the Company in shareholder or other actions against the Company. Accordingly, MYOS agrees to hold DeFreitas & Delsanto LLP, and its partners, including Carl DeFreitas harmless from any action or claim of professional malpractice or negligence and agrees that it will not institute any action against them in any court as it relates to the performance of professional accounting, tax & consulting services. MYOS further warrants that Carl DeFreitas is covered under the Company's Director and Officers' liability insurance policy.



If, after full consideration and consultation with counsel if so desired, you agree that the foregoing terms shall govern this engagement, please sign this letter in the space provided and return the original signed letter to me, keeping a fully-executed copy for your records.

Thank you for your attention to this matter, and please contact me with any questions that you may have.

Very truly yours,

/s/ Carl DeFreitas, CPA

Carl DeFreitas, CPA

**ACCEPTED AND AGREED:**

/s/ Glen Fleischer  
\_\_\_\_\_  
Glen Fleischer  
Chief Executive Officer

2/8/13  
Date



**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Peter Levy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MYOS Corporation (the “report”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 14, 2013

By: /s/ Peter Levy

Name: Peter Levy

Title: President and Chief Operating Officer

(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Carl J. DeFreitas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MYOS Corporation (the “report”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 14, 2013

By: /s/ Carl J. DeFreitas  
Name: Carl J. DeFreitas  
Title: Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report on Form 10-Q of MYOS Corporation (the "Company") for the quarter ended March 31, 2013, (the "Report"), I, Peter Levy, the Principal Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 14, 2013

By: /s/ Peter Levy

Name: Peter Levy

Title: President and Chief Operating Officer

(Principal Executive Officer)

This certification accompanies this report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the

extent required by such Act, be deemed filed by the Company for purpose of Section 18 of the Securities Exchange Act of 1934, as amended.



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report on Form 10-Q of MYOS Corporation (the "Company") for the quarter ended March 31, 2013, (the "Report"), I, Carl J. DeFreitas, the Principal Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 14, 2013

By: /s/ Carl J. DeFreitas  
Name: Carl J. DeFreitas  
Title: Chief Financial Officer  
(Principal Financial Officer)

This certification accompanies this report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the

extent required by such Act, be deemed filed by the Company for purpose of Section 18 of the Securities Exchange Act of 1934, as amended.