

AMERIRESOURCE TECHNOLOGIES INC  
Form 10-Q  
August 19, 2008

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

FORM 10-Q

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

For the quarterly period ended June 30, 2008

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-20033

AMERIRESOURCE TECHNOLOGIES, INC.  
(Exact name of Registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of incorporation or  
organization)

81-1084784  
(I.R.S. Employer Identification No.)

3440 E. Russell Rd., Suite 217, Las Vegas, Nevada 89120  
(Address of principal executive offices)

(702) 214-4249  
(Registrant's telephone number)

Indicate by check whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer (See definition of "accelerated filer or large accelerated filer as defined in Rule 12b-2 of the Act).

Large accelerated ☐ Accelerated filer ☐

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filer ☐

Non-accelerated

Smaller reporting

filer ☐

company ☒

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

Yes ☐ No ☒

Number of shares of the issuer's common stock, with par value, outstanding as of August 12, 2008: 178,610,337

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## PART I - FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

As used herein, the term “Company” refers to AmeriResource Technologies, Inc., a Delaware corporation, and its subsidiaries and predecessors, unless otherwise indicated. Consolidated, unaudited, condensed interim financial statements including a balance sheet for the Company as of the quarter ended June 30, 2008, statement of operations and statement of cash flows for the interim period up to the date of such balance sheet and the comparable periods of the preceding year are attached hereto beginning on Page F-1 and are incorporated herein by this reference.

The consolidated financial statements for the Company included herein are unaudited but reflect, in management’s opinion, all adjustments, consisting only of normal recurring adjustments that are necessary for a fair presentation of the Company’s financial position and the results of its operations for the interim periods presented. Because of the nature of the Company’s business, the results of operations for the three months and six months ended June 30, 2008 are not necessarily indicative of the results that may be expected for the full fiscal year. The financial statements included herein should be read in conjunction with the financial statements and notes thereto included in the Form 10-KSB for the year-ended December 31, 2007.

AMERIRESOURCE TECHNOLOGIES INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

As of June 30, 2008

(Unaudited)

ASSETS:

Current Assets:

|                      |    |         |
|----------------------|----|---------|
| Cash                 | \$ | 182,942 |
| Accounts receivable  |    | 13,537  |
| Interest receivable  |    | 53,832  |
| Prepaid expenses     |    | 6,000   |
| Inventory            |    | 117,926 |
| Note receivable      |    | 16,265  |
| Total Current Assets |    | 390,502 |

Fixed Assets

|                          |         |
|--------------------------|---------|
| Fixed assets at cost     | 225,933 |
| Accumulated depreciation | -93,810 |
| Net Assets               | 132,123 |

Other Assets

|                                                     |              |
|-----------------------------------------------------|--------------|
| Other Assets                                        |              |
| Notes receivable - Long term                        | 451,168      |
| Investment in marketable securities                 | 850,000      |
| Intangible assets - net of accumulated amortization | 120,927      |
| Goodwill                                            | 427,496      |
| Deposits                                            | 25,282       |
| Total Other Assets                                  | 1,874,873    |
| Total Assets                                        | \$ 2,397,498 |

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities:

|                               |    |           |
|-------------------------------|----|-----------|
| Accounts payable              | \$ | 362,352   |
| Accrued expenses              |    | 382,582   |
| Accrued interest              |    | 381,431   |
| Note Payable - related party  |    | 590,730   |
| Note Payable                  |    | 900,550   |
| Total Current Liabilities     |    | 2,617,645 |
| Other Liabilities             |    |           |
| Contingencies and commitments |    | 250,571   |
| Note payable                  |    | 510,100   |
| Total Other Liabilities       |    | 760,671   |
| Total Liabilities             |    | 3,378,316 |

STOCKHOLDERS' DEFICIT

|                                                                 |     |
|-----------------------------------------------------------------|-----|
| Preferred stock, \$.001 par value; 10,000,000 shares authorized |     |
| Class A, issued and outstanding, 131,275 shares                 | 131 |
| Preferred stock, \$.001 par value; 10,000,000 shares authorized |     |
| Class B, issued and outstanding, 177,012 shares                 | 177 |

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|                                                                    |              |
|--------------------------------------------------------------------|--------------|
| Preferred stock, \$.001 par value; 1,000,000 shares authorized     |              |
| Class C, issued and outstanding, 1,000,000 shares                  | 1,000        |
| Preferred stock, \$.001 par value; 750,000 shares authorized       |              |
| Class D, issued and outstanding, 250,000 shares                    | 250          |
| Common stock, \$.0001 par value; 50,000,000,000 shares authorized; |              |
| 23,834,646 shares issued and outstanding                           | 2,383        |
| Additional paid-in Capital                                         | 23,754,210   |
| Comprehensive loss on marketable securities                        | (3,108)      |
| Retained deficit                                                   | (24,405,216) |
| Minority interest                                                  | (330,645)    |
| Total Stockholders' Deficit                                        | (980,818)    |
| Total Liabilities and Stockholders' Deficit                        | \$ 2,397,498 |

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

AMERIRESOURCE TECHNOLOGIES INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF OPERATIONS FOR  
(unaudited)

|                                               | Three Months Ended June 30, |              | Six Months Ended June 30, |                |
|-----------------------------------------------|-----------------------------|--------------|---------------------------|----------------|
|                                               | 2008                        | 2007         | 2008                      | 2007           |
| Revenues                                      | \$ 907,316                  | \$ 453,841   | \$ 1,999,408              | \$ 925,194     |
| Cost of goods sold                            | 730,182                     | 463,626      | 1,584,337                 | 789,194        |
| Gross profit                                  | 177,134                     | (9,785)      | 415,071                   | 136,000        |
| Operating expenses:                           |                             |              |                           |                |
| Selling, general and administrative expenses  | 168,253                     | 168,306      | 376,989                   | 357,874        |
| Salaries                                      | 128,245                     | 107,949      | 286,797                   | 302,265        |
| Legal and professional                        | 75,169                      | 33,291       | 164,088                   | 95,602         |
| Consulting                                    | 279,070                     | 523,560      | 1,154,665                 | 985,433        |
| Depreciation and amortization                 | 13,329                      | 18,722       | 26,498                    | 37,304         |
| Total operating expenses                      | 664,066                     | 851,828      | 2,009,037                 | 1,778,478      |
| Other income and expenses:                    |                             |              |                           |                |
| Loss on sale of subsidiary                    | (5,964)                     |              | (5,964)                   |                |
| Interest income                               | 50                          |              | 60,050                    |                |
| Interest expense                              | (53,399)                    | (102,842)    | (201,476)                 | (119,369)      |
| Total other income and expenses               | (53,349)                    | (102,842)    | (141,426)                 | (119,369)      |
| Net loss before income tax provision          | (540,281)                   | (964,455)    | (1,735,392)               | (1,761,847)    |
| Minority interest                             | 136,512                     | 396,796      | 365,042                   | 707,386        |
| Income tax provision                          |                             |              |                           |                |
| Net loss                                      | \$ (403,769)                | \$ (567,659) | \$ (1,370,350)            | \$ (1,054,461) |
| Net loss per common share (basic and diluted) | \$ (0.0277)                 | \$ (0.4259)  | \$ (0.3638)               | \$ (0.8647)    |

|                                                  |            |           |           |           |
|--------------------------------------------------|------------|-----------|-----------|-----------|
| Weighted average<br>common shares<br>outstanding | 14,556,874 | 1,332,716 | 3,767,081 | 1,219,392 |
|--------------------------------------------------|------------|-----------|-----------|-----------|

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

AMERIRESOURCE TECHNOLOGIES INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

Six Months Ended June 30,  
2008 2007

|                                                              |             |             |
|--------------------------------------------------------------|-------------|-------------|
| Cash flows from operating activities:                        |             |             |
| Net loss                                                     | (1,370,350) | (1,054,461) |
| Adjustment to reconcile net loss to cash used in operations: |             |             |
| Stock issued to pay expenses (company and affiliate stock)   | 1,279,439   | 936,846     |
| Depreciation                                                 | 26,498      | 37,304      |
| Minority interest                                            | (365,042)   | (707,386)   |
| Change in operating accounts                                 |             |             |
| Accounts receivable                                          | (13,237)    |             |
| Accounts payable                                             | (24,822)    | 132,076     |
| Inventory                                                    | 1,294       | 45,315      |
| Accrued expenses                                             | 243,546     | 192,918     |
| Prepaid expenses                                             | -           | (2,000)     |
| Net cash used in operating activities                        | (222,674)   | (419,388)   |
| Cash flows from investing activities:                        |             |             |
| Purchase of assets                                           | (9,176)     | (13,402)    |
| Net cash used in investing activities                        | (9,176)     | (13,402)    |
| Cash flows from financing activities:                        |             |             |
| Proceeds from sale of subsidiary                             | 93,915      | -           |
| Proceeds from the sale of common stock                       | -           | 775,000     |
| Cash payments on loans                                       | -           | (264,978)   |
| Proceeds from note payable - related party                   | 39,849      | -           |
| Payments on note payable - related party                     | -           | (19,733)    |
| Proceeds from note payable                                   | 75,000      | 150,000     |
| Cash received on notes receivable                            | 50,000      | -           |
| Net cash from financing activities                           | 258,764     | 640,289     |
| Increase (Decrease) in cash                                  | 26,914      | 207,499     |
| Cash - Beginning of the period                               | 156,028     | 93,637      |

|                      |         |         |
|----------------------|---------|---------|
| Cash - June 30, 2008 | 182,942 | 301,136 |
|----------------------|---------|---------|

Supplemental disclosure of non-cash investing and financing activities:

|                                           |         |
|-------------------------------------------|---------|
| Note payable issued for Note receivable   | 500,000 |
| Note receivable received for Note payable | 500,000 |
| Interest receivable for Note receivable   | 55,000  |

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

AMERIRESOURCE TECHNOLOGIES, INC.  
NOTES TO FINANCIAL STATEMENTS

June 30, 2008  
(Unaudited)

NOTE 1 – DESCRIPTION OF BUSINESS ACTIVITIES

As used herein, the term “Company” refers to AmeriResource Technologies, Inc., a Delaware corporation, and its subsidiaries and predecessors, unless the context indicates otherwise. The Company was formerly known as KLH Engineering Group, Inc. (“KLH Engineering”), which was incorporated on March 3, 1989 to provide diversified engineering services throughout the United States. KLH Engineering changed its name to AmeriResource Technologies, Inc. on July 16, 1996. Although the Company’s operations have historically consisted of providing engineering and construction services, the Company closed and/or sold off its engineering subsidiaries due to continued losses in 1996. The Company then began to focus on locating viable businesses that were in a niche market, had assets and revenues, and had the desire or need to become an operating subsidiary of a Public Company

NOTE 2 – BASIS OF PRESENTATION

The accompanying unaudited and condensed consolidated financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), for interim financial statements, and pursuant to the instructions for Form 10-Q, and Item 310 (b) of Regulation S-B of the Securities and Exchange Commission. Accordingly, these statements do not include certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States of America and are unaudited.. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2008, are not necessarily indicative of the results that may be expected for the fiscal year-ended December 31, 2008. For further information, the statements should be read in conjunction with the financial statements and notes thereto included in the Company’s Annual Report on Form 10-KSB for the fiscal year-ended December 31, 2007. The Company follows the same accounting policies in the preparation of interim reports.

Use of 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, disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period. In these financial statements assets and liabilities involve extensive reliance on management’s estimates. Actual results could differ from those estimates.

AmeriResource Technologies, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008  
(Unaudited)

Principles of consolidation

The consolidated financial statements include the combined accounts of AmeriResource Technologies, Inc., West Texas Real Estate & Resources, Inc., RoboServer Systems, Corp., Self-Serve Technologies, Inc., Net2Auction Corporation, and Auction Wagon Inc., BizAuctions, Inc., and BizAuctions Corp. All significant intercompany transactions and accounts have been eliminated in consolidation.

Earnings (Loss) per common share

Basic earnings (loss) per common share are calculated by dividing net income (loss) by the weighted average shares of common stock outstanding during the period. Options, warrants, and convertible debt outstanding are not included in the computation because the effect would be antidilutive.

NOTE 3 – GOING CONCERN

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, applicable to a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The Company has incurred continuing losses and has not yet generated sufficient working capital to support its operations. The Company's ability to continue as a going concern is dependent, among other things, on its ability to reduce certain costs, increase sales and revenues, obtain additional financing through equity, and eventually, attaining a profitable level of operations.

It is management's opinion the going concern basis of reporting its financial condition and results of operations is appropriate at this time. The Company plans to increase cash flows through increased revenues, reduce expenses through consolidation, and purchase additional revenue producing assets through equity, and the sale or closure of unprofitable subsidiary operations.

NOTE 4 – STOCKHOLDERS' DEFICIT

Common Stock

The Company is authorized to issue Fifty Billion (50,000,000,000) shares of Common Stock and Ten Million (10,000,000) shares of preferred stock ("Preferred Stock"), as of June 30, 2008. The Company filed with the State of Delaware an Amendment to the Articles of Incorporation increasing the authorized from Three Billion (3,000,000,000) to Fifty Billion (50,000,000,000) that became effective on March 7, 2008.

In February of 2002, the Company approved a 100 for 1 reverse stock split, and in December of 2004, the Company approved a 40 for 1 reverse stock split, and in November of 2007, the Company approved a 50 for 1 reverse stock split and in May of 2008 a 400 for 1 reverse stock split. The shares are shown after the reverse stock splits.

Ameriresource Technologies, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008  
(Unaudited)

NOTE 4 – STOCKHOLDERS’ DEFICIT –(CONTINUED)

During the second quarter ending June 30, 2008, the Company had a total issued and outstanding of Twenty-three million Eight Hundred Thirty-four Thousand Six Hundred Forty-six, (23,834,646), shares of common stock as follows:

7,142,000 shares of common stock were issued for consulting services valued at \$279,070.

588,500 shares of common stock were issued for legal and professional services valued at \$23,540.

As of August 12, 2008, the Company has 178,610,337 shares of common issued and outstanding.

The issuance of 102,675,691 shares since the period ended, June 30, 2008 is due to stock issuance to consultants for services, and legal and professional services that have been rendered to the Company.

The issuance of 52,100,000 shares since the period ended, June 30, 2008, is pursuant to a Convertible Note with the note holder, JMJ Financial, that was filed as an 8-K on January 18, 2008.

Preferred stock

The Company has currently designated 10,000,000 shares of their authorized preferred stock to Series A Convertible Preferred Stock and an additional 10,000,000 shares to Series B Convertible Preferred Stock.

Both Series A and B preferred stock bear a cumulative \$.125 per share per annum dividend, payable quarterly. The shareholders have a liquidation preference of \$1.25 per share, and in addition, all unpaid accumulated dividends are to be paid before any distributions are made to common share- holders. These shares are subject to redemption by the Company, at any time after the second anniversary of the issue dates (ranging from August 1990 through December 1995) of such shares and at a price of \$1.25 plus all unpaid accumulated dividends. Each preferred share is convertible, at any time prior to a notified redemption date, to one common share. The preferred shares have equal voting rights with common shares and no shares have been converted in 2008. Dividends are not payable until declared by the Company.

On February 22, 2002, the Company filed a “Certificate of Designation” with the Secretary of State with the State of Delaware to designate 1,000,000 shares of its Preferred Stock as “Series C Preferred Stock”. Each share of the Series C Stock shall be convertible into common stock of the Company based on the stated value of \$2.00 divided by 50% of the average closing price of the Common Stock on five (5) business days preceding the date of conversion. Each share of the outstanding Series C Preferred shall be redeemable by the Corporation at any time at the redemption price. The redemption price shall equal \$2.00 per share with interest of 8% per annum. The holders of the Series C is entitled to receive \$2.00 per share before the holders of common stock or any junior securities receive any amount as a result of liquidation.

On February 22, 2002, the Company filed a “Certificate of Designation” with the Secretary of State of the State of Delaware to designate 750,000 shares of its Preferred Stock as “Series D Preferred Stock”. Each share of the Series D Stock shall be convertible into one (1) share of common stock of the Company. Each share of the outstanding Series D

Preferred is redeemable by the Corporation at any time at the redemption price. The redemption price shall equal \$.001 per share with interest of 8% per annum. The holders of the Series D is entitled to receive \$.001 per share before the holders of common stock or any junior securities receive any amount as a result of liquidation.

Ameriresource Technologies, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008  
(Unaudited)

NOTE 4 – STOCKHOLDERS’ DEFICIT –(CONTINUED)

On December 19, 2005, the Company filed a “Certificate of Designation” with the Secretary of State of the State of Delaware to designate 1,000,000 shares of the Preferred Stock as “Series E Preferred Stock”. Each share of the outstanding Series E Preferred shall be convertible into common stock of the Company based on the stated value of \$0.50 divided by 50% of the average closing price of the Common Stock on the five (5) business days preceding the date of conversion. Each share of the outstanding Series E Preferred shall be redeemable by the Corporation at any time at the redemption price. The redemption price shall equal \$0.50 per share with interest of 8% per annum. The holders of the Series E is entitled to receive \$0.50 per share before the holders of common stock or any junior securities receive any amount as a result of liquidation.

NOTE 5-NOTE RECEIVABLE

As of June 30, 2008, the Company had the following amounts as notes receivables.

Note receivable of \$6,065 from First Americans Mortgage Corp, bearing interest at the prime rate, principal and interest payable on demand.

Note receivable of \$10,000 in principle from Candwich Food Distributors with interest of \$1,500 with principle and interest due on August 10, 2008.

Note has been extended to November 10, 2008 with principle and interest due.

Collateralized Promissory Note of \$500,000 from JMJ Financial with Maturity Date of January 8, 2012.

|                            |            |
|----------------------------|------------|
| Total Notes Receivables    | \$ 467,433 |
| Less current portion       | \$ 16,265  |
| Long term notes receivable | \$ 451,168 |

Ameriresource Technologies, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008  
(Unaudited)

## NOTE 6- NOTE PAYABLE

The Company had the following notes payable as of June 30, 2008.

|                                                                                                                                                                                                                                                                                                                                 |            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Line of Credit, dated March 25, 2007, interest is Prime plus 3%, due and payable March 10, 2008. Note was extended until March 10, 2009.                                                                                                                                                                                        | \$ 100,050 |
| American Factors Group Settlement Agreement dated March 27, 2006, revised in March 2007, July, 2007, and March 15, 2008. Note is due on December 31, 2008.                                                                                                                                                                      | \$ 172,000 |
| Note dated April 12, 2005, interest is prime plus 3% originally due on November 12, 2005, extended through November 4, 2007, convertible into 20,000,000 shares of VoIPCOM USA, Inc., common stock. Note was converted on April 7, 2008 into 21,600,000 shares of common restricted stock that included principal and interest. | \$ 80,000  |
| Note dated June 29, 2007, interest is 3% per month, due and payable on or before December 31, 2007. Note has been extended to September 30, 2008.                                                                                                                                                                               | \$ 91,500  |
| Note dated June 28, 2006, interest is 10% due and payable on June 28, 2008, convertible into BizAuctions common stock at \$0.01, per share.                                                                                                                                                                                     | \$ 125,000 |
| Note dated May 29, 2007 was due and payable on November 30, 2007. Note was amended on December 17, 2007 and extended to December 17, 2010. Interest is 10% per year and is convertible into common stock at the option of the lender.                                                                                           | \$ 35,000  |
| Note dated December 13, 2007 due and payable on December 13, 2010. Interest is 10% per year and is convertible into common stock at the option of the lender                                                                                                                                                                    | \$ 37,000  |
| Note dated July 9, 2007, interest is \$611.11 per day with interest paid through September 1, 2007.                                                                                                                                                                                                                             | \$ 100,000 |
| Convertible Promissory Note due on the maturity date of January 8, 2011 with a one-time interest charge of 12% of the principle amount. Principle and interest is convertible into common stock of the company.                                                                                                                 | \$ 495,100 |

Note dated May 8, 2006 interest is 12%, due and payable on May 8, 2008, convertible into RoboServer common stock at \$0.01, per share.

\$ 100,000

Convertible Promissory Note due on the maturity date of January 8, 2011, with a one-time interest charge of 12% of the principle amount. Principle and interest is convertible into common stock of the company.

\$ 75,000

Ameriresource Technologies, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008  
(Unaudited)

NOTE 6- NOTE PAYABLE- (CONTINUED)

|                      |              |
|----------------------|--------------|
| Total notes payable  | \$ 1,410,650 |
| Less current portion | (900,550)    |
| Long-term portion    | \$ 510,100   |

Maturities of notes payable as of June 30, 2008, are as follows:

|      |            |
|------|------------|
| 2008 | \$ 900,500 |
| 2009 | \$ 100,000 |
| 2010 | \$ 410,100 |
| 2011 | -0-        |

NOTE 7 – BENEFICIAL CONVERSION FEATURE

On January 8, 2008, the Company entered into a Convertible Promissory Note with a principal amount of \$90,000. The note contains an embedded beneficial conversion feature and accordingly, based on EITF 98-5, the Company has determined the intrinsic value, and recorded additional interest expense and increased the Additional Paid-in Capital to reflect this. The note is convertible into common stock at the rate of ½ of the average 3 lowest stock prices for the preceding 20 trading days. The intrinsic value was determined to be \$122,903 at the commitment date. Based on EITF 98-5, the additional interest expense and increased Paid-In Capital is limited to the note amount (\$90,000). This was recorded during the quarter ended March 31, 2008.

On January 8, 2008, the Company entered into a Convertible Promissory Note with a principal amount of \$500,000. The note contains an embedded beneficial conversion feature and accordingly, based on EITF 98-5, the Company has determined the intrinsic value, and recorded additional interest expense and increased the Additional Paid-in Capital to reflect this. The note is convertible into common stock at the rate of ½ of the average 3 lowest stock prices for the preceding 20 trading days. The intrinsic value was determined to be \$682,796 at the commitment date. Based on EITF 98-5, the additional interest expense and increased Paid-In Capital is limited to the note amount (\$500,000). This was recorded during the quarter ended March 31, 2008.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The Company, from time to time, may be subject to legal proceedings and claims that arise in the ordinary course of its business. The Company is currently covered adequately for workmen's compensation, business property & casualty insurance, and general liability meeting the standard limits which are customary in the industry.

AmeriResource Technologies, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008  
(Unaudited)

NOTE 8 – COMMITMENTS AND CONTINGENCIES-(CONTINUED)

American Factors Group, LLC. Vs AmeriResource Technologies, Inc., et al. This case was filed in the United States District Court, filed in the United States District Court, District of New Jersey, Case Number 3:97cv01094(GEB). In February 2000, the parties stipulated to the dismissal of certain claims in this suit with prejudice. This stipulation dismissed all of the claims in this suit except for the claims against defendants Rod Clawson, Michael Cederstrom and Tim Masters. These remaining claims were resolved pursuant to a Settlement Agreement, which has been subsequently amended. The Settlement Agreement provided for the payment by the Company and Delmar Janovec of certain obligations and judgments entered against the defendants.

AMENDMENT #2 TO SETTLEMENT AGREEMENT

Amendment dated as of March 15, 2008 to Settlement Agreement dated July 12, 2007 (the “Agreement”) between American Factors Group LLC (“AFG”), AmeriResource Technologies, Inc. (“ARRT”), and Delmar Janovec (“Janovec”).

1. The date on which the \$222,000 owing by ARRT and Janovec pursuant to the Agreement is hereby extended to December 31, 2008.
2. AFG waives all prior defaults by ARRT and Janovec of their obligations under the Agreement.
3. The parties acknowledge that the debt and the note evidencing it have been assigned by Nancy Hood Robins to Payroll Funding Company, LLC. Payment of the debt is to be made to the assignee in good funds wired to the following account:

PAYROLL FUNDING COMPANY, LLC  
3440 EAST RUSSELL ROAD  
LAS VEGAS NEVADA 89120  
BANK WEST OF NEVADA  
ACCOUNT #0320035069,  
ABA# 122401778.

As amended herein, the Agreement shall remain in full and effect

Boulevards-Green Endeavors LTD., formerly Net2Auction, Inc., office located at 17412 Ventura Boulevard, Encino, CA 91316 consists of approximately 700 sq. ft. of office space and 800 sq. ft. of warehouse space for \$3,419. The office lease extends through December 31, 2008.

The engineering and sales office of RoboServer and Self-Serve Technologies consists of approximately 2,000 sq. ft. and is located at 10979 San Diego Mission Rd., San Diego, CA 92108. The office is subject to a lease that runs through September 30, 2008 at \$2,011, per month with an option to extend for an additional one (1) year with an increase of four (4) percent. RoboServer is subleasing the office from Net2Auction Corporation at the cost of the lease.



Ameriresource Technologies, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008  
(Unaudited)

NOTE 8 – COMMITMENTS AND CONTINGENCIES-(CONTINUED)

The Company's subsidiary, Net2Auction Corporation, currently subleases the second office-warehouse space at 10969 San Diego Mission Rd., San Diego, California 92108 to AuctionWagon, Inc. AuctionWagon leases approximately 750 sq. ft. of office space for \$1.48 per sq. ft. on a month to month lease. The lease runs through September, 30, 2008 at \$2,268, per month.

The Company's subsidiary, Net2Auction Corporation and BizAuctions, Inc., on July 18, 2006, entered into a Lease Agreement ("Lease") with Mars Enterprises, Inc. for the premises located at 1510 Corporate Center Drive, San Diego California. The Lease term is for three (3) years and three (3) months and the Lease will terminate on October 17, 2009, with an option, for an additional two (2) years. The premise governed by the Lease is a freestanding industrial warehouse space consisting of approximately 20,193 square feet. Rent under the lease is at the following monthly prices;

1510 Corporate Center Drive from July 18, 2006 through July 31, 2007 is \$12,115, with cam charges of \$3,231, per month.

1510 Corporate Center Drive from August 1, 2007 through July 31, 2008 is \$12,540 with cam charges of \$3,231, per month.

1510 Corporate Center Drive from August 1, 2008 through October 17th, 2009 is \$12,979 with cam charges of \$3,231, per month.

Option Years

1510 Corporate Center Drive from October 17, 2009 through October 17, 2010 is \$13,433 with cam charges of \$3,231, per month.

1510 Corporate Center Drive from October 17, 2010 through October 17, 2011 is \$13,903 with cam charges of \$3,231, per month.

The Lease was guaranteed by Delmar Janovec and Brent Crouch.

The Company's corporate offices consist of two offices with approximately 510 sq. ft. and are located at 3440 E. Russell Rd., Suite 217 & 206, Las Vegas, Nevada 89120. The offices are subject to a six (6) month lease at \$868 per month, and \$959, per month.

Green Endeavors LTD., formerly Net2Auction, Inc., provided AuctionWagon, Inc. shareholders a Price Protection on the Net2Auction shares in the event the share price is below the share price of its common stock at the close of trading on October 6, 2007, Green Endeavors LTD, will issue within thirty days following the October 6, 2007 date, an additional one million ninety-five thousand (1,095,000) shares of common restricted stock to be distributed to the AuctionWagon, Inc. shareholders pro rata.

Ameriresource Technologies, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008  
(Unaudited)

NOTE 8 – COMMITMENTS AND CONTINGENCIES-(CONTINUED)

The shares were not issued as the Company entered into an agreement to sell its controlling interests in Green Endeavors LTD, to Nexia Holdings, Inc. on June 21, 2007, which was subsequently closed on October 19, 2007

The Company and former AuctionWagon shareholders reached an agreement where the Company will issue Twenty-one Thousand nine hundred (21,900) shares of SuperVoting Preferred stock from the Company's Six Hundred Fifty Thousand (650,000) shares of SuperVoting Preferred which the Company retained in Green Endeavors LTD, pursuant to the terms of the Stock Exchange Agreement. The SuperVoting Preferred stock will be issued during the 3rd Qtr. of 2008, to the AuctionWagon shareholders pro rata.

The Company has recorded contingencies in the amount of \$250,571 that consist of trade payables for various vendors owed by the Company and its subsidiaries as of June 30, 2008.

NOTE 9 -MINORITY INTERESTS

During the three months ended June 30, 2008, the Company was considered to have sufficient ownership and control of RoboServer Systems Corp., Net2Auction, Inc., and BizAuctions, Inc., therefore the companies are being reported as subsidiaries on a consolidated basis. Minority interests losses attributed to RoboServer and BizAuctions are approximately, \$66,608 and \$69,904, respectively.

NOTE 10-GOODWILL

The Company entered into a Share Purchase Agreement, dated May 12, 2008, by and between AmeriResource Technologies, Inc. and Choi Kok Peng, a Malaysia citizen and business owner, to sell one million (1,000,000) (shares remaining after a 200-for-1 reverse split of the VCMU common shares) shares of common restricted stock and six million five hundred thousand (6,500,000) shares of preferred stock for a price of \$200,000.

The company had originally recorded goodwill of \$80,000 on the purchase of VCMU, and had expenses in the amount of \$19,879 (booked as an intercompany payables), resulting in the loss of \$5,964 on the sale after legal, professional fees, and commissions. As a result of the sale, goodwill on the consolidated balance sheet was reduced by \$80,000.

NOTE 11-RELATED PARTY TRANSACTION

At June 30, 2008, the Company had notes payable to officers, a former officer, and other stockholders. Some of the notes were retired and stock was issued in satisfaction of the notes payable. In addition, there was related interest expense incurred, and accrued interest the Company paid by issuing stock for services rendered.

Ameriresource Technologies, Inc.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008  
(Unaudited)

NOTE 11 – RELATED PARTY TRANSACTION-(CONTINUED)

The Company also issued Super-Voting Preferred Stock in RoboServer Systems Corp. to an officer

As of June 30, 2008, the Company had notes payable to its president, Delmar Janovec, in the amounts of \$433,160 and \$200,000 for accrued salary for calendar years 2007, 2006 and 2005. The notes are payable on demand with interest accruing at 9% and is convertible into common stock, at the option of the lender. The accrued salary and interest is included in Accrued Expenses.

In December 2005, the Company's subsidiary, Net2Auction, issued 187,000 shares of restricted common stock in Green Endeavors LTD., formerly Net2Auction, Inc., to Brent Crouch, CFO, of the BizAuctions, Inc. and RoboServer to purchase two vans valued at \$35,000.

At June 30, 2008, the Company had notes payable to Brent Crouch, CFO, of the subsidiaries, and in the amount of \$132,204. Note is payable on demand, with interest at 9%, and is convertible into common stock, at the option of the lender.

The convertible notes and corresponding amounts that are owed to Delmar Janovec and Brent Crouch do not contain a beneficial conversion feature.

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

FORWARD-LOOKING INFORMATION

This quarterly report contains forward-looking statements. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward looking statements. These statements relate to future events or to the Company's future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. There are a number of factors that could cause the Company's actual results to differ materially from those indicated by such forward-looking statements.

Although the Company believes the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance, or achievements. though all such forward-looking statements are accurate and consequently do not assume responsibility for the ultimate accuracy and completeness of such forward-looking statements. The Company is under no duty to update any of the forward-looking statements after the date of this report to confirm such statements to actual results.

## GENERAL

As used herein, the term “Company” refers to AmeriResource Technologies, Inc., a Delaware corporation, and its subsidiaries and predecessors, unless the context indicates otherwise. The Company was formerly known as KLH Engineering Group, Inc. (“KLH Engineering”), which was incorporated on March 3, 1989 to provide diversified engineering services throughout the United States. KLH Engineering changed its name to AmeriResource Technologies, Inc. on July 16, 1996. Although the Company’s operations have historically consisted of providing engineering and construction services, the Company closed and/or sold off its engineering subsidiaries due to continued losses in 1996. The Company then began to focus on locating viable businesses that were in a niche market, had assets and revenues, and had the desire or need to become an operating subsidiary of a Public Company.

AmeriResource Technologies, Inc. (the “Company”) conducts its business as a holding Company in a structure that includes several wholly-owned and majority-owned subsidiaries which are involved in software development for the Fast-Food and full service restaurant industry, and as a commercial liquidator for some of the nation’s top retailers for their excess inventory, overstocks, and returned merchandise selling the products on eBay. The Company’s subsidiaries are listed below and with the percent of ownership as of June 30, 2008, as follows; RoboServer Systems Corp. (“RBSY”), Self-Serve Technologies, Inc. (“SSTI”), Net2Auction Corporation (“NAC”), AuctionWagon Inc. (“AWI”), Auction Boulevard (“AB”), BizAuctions, Inc. (“BZCN”) and, BizAuctions Corp. (“BAC”), Business Auctions, Inc. (“BSAI”). As of June 30, 2008, the Company owned 100% of Net2Auction Corporation, and AuctionWagon Inc. The Company owned approximately 40% of RoboServer’s common stock and upon conversion of the Super-Voting Preferred would give the Company approximately 59% control. Self-Serve Technologies, Inc. is a wholly owned subsidiary. RoboServer is publicly traded on the Pink Sheets under the symbol “RBSY. The Company owned approximately 59% of BizAuctions, Inc.’s common stock and upon conversion of the Super-Voting Preferred would give the Company approximately 81% ownership or control of BizAuctions, Inc. BizAuctions Corp. and Business Auctions, Inc. are wholly-owned subsidiaries of BizAuctions, Inc. BizAuctions, Inc., is publicly traded on the Pink Sheets under the symbol “BZCN.” Despite the operations of our various subsidiaries, the Company continues to search for viable business operations to acquire or merge with in order to increase the Company’s revenues, asset base and achieve profitability.

The Company will continue to strive to attain consistent profitability through acquisitions of revenue producing businesses, growing the business models of BizAuctions and RoboServer, and or divestitures of our current subsidiaries if an attractive offer from possible suitors is received. As of June 30, 2008, the Company had a total of 14 full time employees and 6 full time consultants.

The Company continues to search for viable business operations to acquire or merge with in order to increase the Company’s asset base, revenues, and to achieve profitability on a consistent level.

On May 18, 2004, the Company's subsidiary, Self-Serve Technologies, Inc. ("SSTI"), purchased software and hardware system and self-serve system called Point of Sales ("POS") from Curtis Chambers, a software engineer and the owner and developer of the POS system, for twenty-five million (25,000,000) shares of the Company's restricted stock. As part of this transaction, Mr. Chambers assumed the position of Lead Developer with Self-Serve Technologies, Inc. and remained with the Company until he resigned from the Company in September of 2006.

#### RoboServer Systems Corp.

On August 26, 2004, the Company entered into an agreement whereby it sold 100% of its interest in its subsidiary, Self-Serve Technologies, Inc. to RoboServer. In exchange, RoboServer issued to the Company, 25,000,000 shares of RoboServer, common stock and 6,500,000 shares of RoboServer, preferred stock. The Company acquired approximately 99% of the RoboServer voting rights through the exchange at the time of the transaction. As the Company's subsidiary, RoboServer is now developing the Company's self-serve kiosk application and point of sale technologies

The POS-Self-Serve system is a specialized application whereby, utilizing the POS software in a Kiosk application that allows management the flexibility of reducing staffing requirements thus lowering the labor expenses for the restaurant. This application also allows the customer to order the food as well as pay in a much faster time period and reduces the possibility of creating incorrect orders. The original POS software and hardware system have been in commercial use since 2001 in southern California with the new applications in use since December of 2005.

Since the acquisition of the POS system and self-serve systems, RoboServer has concentrated its development on the RoboServer self-serve kiosk application to the fast-food and full service restaurant industries. RoboServer's self-serve systems are designed to work like ATM machines, allowing customers to quickly and easily place orders, pay, and go. Industry estimates and market observations show that self-serve technologies can cut customer waiting time by 33%.

RoboServer free standing kiosks are manufactured by KIS Kiosks. RoboServer's partnership with KIS allows us to offer the competitive pricing and top quality hardware products available. The market for RoboServer's point-of-sale and self-serve technologies is increasing rapidly. Business owners are seeking out self-serve kiosks to allow such owners to provide more efficient services to their customers as well as reduce labor costs. Other partners include Pro-Tech Inc. which is RoboServer's supplier for outdoor kiosks. Currently, the very popular two-side "Assisted Server CT-MY1" is manufactured by Team Research and RoboServer holds the licensing rights to the "Assisted-Server CT-MY1" POS self-service units. Business owners have expressed the need to migrate customers to self-service without losing contact with them, thus, RoboServer is the first to market with the "Assisted-Server CT-MY1" to accomplish that. The "Assisted Server CT-MY1", is a natural progression from traditional POS line ordering to self-service with the latest version of the "Assisted-Server" referred to as the "3-N-1 POS Self-Server" as it operates as a stand along kiosk, or a Self-Service unit where counter helpers can interact and be part of the ordering process, or strictly as a POS where the counter helper orders and uses as a POS. All three of these modes of operation have the ability to take credit/debit cards or with attendants input, the customers can pay with cash.

RoboServer has installed two (2) of its pilot self-serve units in two (2) different fast-food franchisees, with the first installation at Angelo's Burgers in Encinitas, CA, and the second installation at Dairy Queen in Oceanside, CA. The Angelo's Burgers installation was completed in the fall of 2005, and the Dairy Queen in the spring of 2006. Due to on-going maintenance issues at Angelo's Burgers with the kitchen staff and electrical infrastructure, RoboServer removed the kiosks in the fall of 2007. RoboServer has no plans of reinstalling the kiosk until the maintenance issues are worked out with the staff. Since the installation of the pilot self-serve free-standing kiosk in Dairy Queen, RoboServer has installed a 2nd model, a counter-top self-serve unit in the fall of 2006. RoboServer will be installing the "Assisted Server" for a pilot test in the Oceanside DQ in the 2nd or 3rd quarter of 2008.



RoboServer created two new divisions, iOrder and LineBuster during the fall of 2007 to facilitate the software programming and manufacturing of the hardware or kiosks whether free standing, wall mounted, or counter-top. iOrder provides interactive self-service ordering software for the restaurant and fast-food industry, and develops custom interfaces and systems for a variety of specialized kiosk applications. iOrder offers software for the following industries; restaurants, payment systems, theater, sports and entertainment ticketing and informational systems. LineBuster is the division that provides the kiosk solutions or the hardware which is configured to handle restaurant, theatre, financial and informational applications. The hardware-kiosks are free-standing floor units, wall mounted, and counter-top units.

RoboServer has created a new product line and revenue center, RoboServer Easy Pay. This newly created division of RoboServer Systems offers a portfolio of customized integrated software applications. Examples include the processing of payments for utilities (water, electricity, and natural gas bills), franchise or property taxes, parking or speeding tickets, and many other opportunities for self-service payment processing. RoboServer Easy Pay is fully compatible with RoboServer stand-alone touch-screen kiosk models or RoboServer's innovative Assisted-Server Dual Screen counter-top model. The software application is very intuitive and fluid to provide the customer with a complete and satisfactory transaction while reducing costs and increasing productivity for the owner, whether private or governmental.

RoboServer shares are quoted on the pink sheets under the stock symbol "RBSY." For more information, please visit [www.roboservercorp.com](http://www.roboservercorp.com).

#### Net2Auction Corporation (NAC)

On December 2, 2004, the Company entered into a stock purchase agreement whereby it sold 100% of its interest in Net2Auction Corporation to Green Endeavors LTD., formerly Net2Auction, Inc., in exchange, Net2Auction, Inc. issued to the Company 25,000,000 shares of Net2Auction, Inc. common stock and 6,500,000 shares of Net2Auction, Inc. preferred stock. Following the exchange, the Company held approximately 99% of the voting rights of Green Endeavor LTD, at the time of the transaction.

#### AuctionWagon (AWI)

On September 30, 2005, Green Endeavors LTD., formerly Net2Auction, Inc., executed a Stock Exchange Agreement with AuctionWagon, Inc.'s shareholders, whereby AuctionWagon, Inc. shareholders transferred to Green Endeavors LTD., 100% of the outstanding common stock of AuctionWagon Inc. in exchange for 1,825,000 shares of Green Endeavors LTD., common stock.

Green Endeavors LTD. provided the AuctionWagon shareholders a Price Protection on the shares of stock of Green Endeavors LTD. issued in the above transaction. In the event the Green Endeavor LTD. stock price, as of the close of day October 6, 2007, was below the stock price stated in the September 30, 2005 agreement above, Green Endeavors would issue, within thirty days following October 6, 2007, an additional 1,095,000 shares of Green Endeavors LTD., common stock to be distributed to the AuctionWagon Shareholders, pro rata.

The shares were not issued as the Company entered into an agreement to sell its controlling interests in Green Endeavors LTD, to Nexia Holdings, Inc. on June 21, 2007, which was subsequently closed on October 19, 2007.

The Company and former AuctionWagon shareholders reached an agreement where the Company will issue Twenty-one Thousand nine hundred (21,900) shares of SuperVoting Preferred stock from the Company's Six Hundred Fifty Thousand (650,000) shares of SuperVoting Preferred which the Company retained in Green Endeavors LTD, pursuant to the terms of the Stock Exchange Agreement. The SuperVoting Preferred stock will be issued during the

3rd Qtr. of 2008 to the AuctionWagon shareholders.

AuctionWagon, Inc. is engaged in the business of providing software design and product development for businesses that are in the business of selling on eBay. AuctionWagon, Inc. was incorporated in September of 2003 and became the first eBay consignment store in the Los Angeles market. AuctionWagon, Inc. is the first company to qualify as both an eBay certified developer and an eBay Trading Post. AuctionWagon is a frontrunner in both the retail and software segments of the industry, being featured in Entrepreneur, the New York Times, and the Wall Street Journal. AuctionWagon currently markets its consignment software to drop-off stores, and maintains a national affiliate network of drop-off locations.

AuctionWagon's software, Store Manager Pro G2, performs virtually all of the functions needed by an eBay consignment store, from printing contracts, barcodes, and inventory labels to managing its inventory, payment, shipping, check writing, and integrating photo editing. The Store Manager Pro offers multiple levels of software supporting different business requirements and charges both a monthly fee and an initial fee. The fees range from \$99 to \$330 per month, per customer. Since January 1, 2006, AWI has added approximately 200 new customer accounts. AuctionWagon's software continues to be a widely used by commercial business users doing business on eBay. To learn more, please visit our website at [www.auctionwagon.com](http://www.auctionwagon.com).

#### Auction Boulevard (AB)

On September 14, 2005, Green Endeavors LTD., formerly Net2Auction, Inc. executed an Asset Purchase Agreement with Netelectronics.com and Jake Ptasznik, the sole shareholder of the Netelectronics.com, for the assets of Netelectronics.com and trade name, Auction Boulevard, Inc., ("ABI"). Auction Boulevard, conducted sales on eBay for customers who had dropped off items to be sold on a consignment basis. The Agreement called for a payment of \$45,000 in cash, with an additional issuance of 17,177 shares of Green Endeavors LTD., formerly Net2Auction common stock valued at \$0.49 per share, to Jake Ptasznik.

The Company closed down the store in Encino in September of 2007, due to continued losses and subsequently moved the assets and the operations of BizAuctions to San Diego, CA.

#### BizAuctions, Inc., formerly Kootenai Corp. (BZCN)

On June 27, 2006, Green Endeavors LTD., formerly Net2Auction acquired control of Kootenai Corp. through the purchase of Fifty Million (50,000,000) shares of common stock from the majority shareholder of Kootenai Corp. for, One Hundred Seventy Thousand (\$170,000) US dollars. Kootenai Corp. later acquired BizAuctions Corp., from Net2Auction, Inc., for the issuance of Fifty Million (50,000,000) shares of common stock and Twelve Million (12,000,000) shares of Preferred stock. Subsequent to the acquisition of BizAuctions Corp., Kootenai Corp. changed its name to BizAuctions, Inc. BizAuctions, Corp., is a wholly-owned subsidiary of BizAuctions, Inc. BizAuctions is a publicly traded company which trades on the Pink Sheets under the symbol of BZCN.

BizAuctions has established itself as a leader within the eBay marketplace through its online auctions of well known name brand merchandise. Our designation on eBay as a Power-Seller ranks us amongst the most successful leaders on eBay in terms of sales and customer satisfaction. With a worldwide audience of approximately 250 million registered users, eBay provides us a well known and established forum to market and sell our merchandise for top dollar in a competitive bidding format.

Our strategy is that of the most basic of economic principles: Buy low and sell high. We have contracted with retailers that are leaders in their industry to purchase salvaged merchandise at a discount and sell for a profit on eBay. This salvaged merchandise is generally overstock inventory, display models, and customer returns. We sell everything from quality home goods and brand name clothes to high-tech electronics. We list the merchandise through our own proprietary software which is fully integrated and compliant with eBay. Once an auction ends, payment is collected via PayPal or credit card. We have our own designated Account Executives with both eBay and PayPal to help us achieve our highest potential.

Our sales volume and revenue has increased significantly since inception as we have capitalized on the constant demand of a loyal and growing customer base. Our customers are excited to be able to purchase top of the line merchandise at a discount from retail prices. It is a winning combination that keeps us well positioned in the marketplace.

BizAuctions operates out of San Diego, CA. We are currently providing liquidation services to retailers in California, Arizona, and Colorado, and in the process of expanding into other states. Over the past 2 years, we have created and refined an efficient business model that will allow for expansion and growth in the years ahead. The current operational capacity has the ability to handle much more business that is limited only to our purchasing power. Our goal is to have operations strategically placed throughout the U.S. to accommodate our growth and demand for our products and services. For more information, please see [www.bizauctions.com](http://www.bizauctions.com).

#### VOIPCOM USA, INC. (VCMU)

On April 15, 2005, the Company acquired 23,000,000 shares or approximately 97% of the outstanding voting common stock, of VoIPCOM USA, Inc. ("VCMU"). VoIPCOM USA, Inc., currently has minimal operations, its capital structure and broad base of shareholders position it as a viable entity that is searching for revenue generate assets to be acquired for the Company.

The acquisition was made pursuant to a certain Share Purchase Agreement, dated April 15 2005, between the Company and BBG, Inc. The purchase price for the Shares was \$80,000, with the purchase being treated as an investment in subsidiaries. The Company was undecided at the time of the closing on what course of action it will undertake with VoIPCOM USA, Inc. however, the Company is considering reselling the shares or placing assets into VoIPCOM USA, Inc.

The Company's common stock is quoted on the pink sheets under the stock symbol "VCMU".

The Company entered into a Share Purchase Agreement, dated May 12, 2008, by and between AmeriResource Technologies, Inc. and Choi Kok Peng, a Malaysia citizen and business owner, to sell one million (1,000,000) (shares remaining after a 200-for-1 reverse split of the VCMU common shares) shares of common restricted stock and six million five hundred thousand (6,500,000) shares of preferred stock for a price of \$200,000. The Company had recorded good will and expenses in the amount of \$99,879, resulting in a loss of \$5,964 on the sale after legal, professional fees, and commissions in the amount of \$106,085 were recorded and paid upon the closing.

For further information on the corporate structure and ownership of its subsidiaries, please review the following two pages of this Form 10-Q statement and the Company's Form 10-KSB for year-ended December 31, 2007, filed on April 15, 2008, with the Securities and Exchange Commission. The information can be viewed on the SEC website at [www.sec.gov](http://www.sec.gov).

CORPORATE CHART FOR SUBSIDIARY OWNERSHIP OF COMMON STOCK

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CORPORATE CHART FOR SUBSIDIARY OWNERSHIP UPON CONVERSION OF SUPERVOTING  
PREFERRED STOCK

## RESULTS OF OPERATIONS

## Results of Operations

The following discussion should be read in conjunction with the audited financial statements and notes thereto included in our annual report on Form 10-KSB for the fiscal year ended December 31, 2007, and should further be read in conjunction with the financial statements included in this report. Comparisons made between reporting periods herein are for the six-month period ending June 30, 2008 as compared to the same period in 2007.

## Revenues

Revenues for the 2nd Qtr. ended June 30, 2008, were \$907,316 compared to \$453,841 for the same period ended June 30, 2007. This represented an increase of \$453,475 or 99.9% from June 30, 2007 to June 30, 2008. The increase in revenues is attributed to the increase of commercial liquidation accounts of its majority owned subsidiary, BizAuctions.

## Expenses

Operating expenses for the 2nd Qtr. ended June 30, 2008 and June 30, 2007, were \$664,066, and \$851,828, respectively. This is a decrease of \$187,762, and is mainly attributed to a decrease in consultant expenses of \$244,490 for the period ended June 30, 2008.

The Company's expenses for the second quarter ended June 30, 2008, as compared to the same period in 2007, are set forth below:

| Expenses                      | 2008    | 2007    |
|-------------------------------|---------|---------|
| General and Administrative    | 168,253 | 168,306 |
| Consulting                    | 279,070 | 523,560 |
| Employee Salaries and Bonuses | 128,245 | 107,949 |
| Interest Expense              | 53,399  | 102,842 |
| Legal and Professional        | 75,169  | 33,291  |
| Depreciation and amortization | 13,329  | 18,722  |
| Total Expenses                | 717,735 | 954,670 |

The decrease in these expenses for the three months ended, June 30, 2008, as related to the same period for 2007, is due mainly to the increased operations of the Company's subsidiaries. Revenues increased significantly for the quarter ended June 30, 2008, as compared to the same period in 2007, due to the increased operations of its subsidiaries.

The decrease in consulting expenses for the three months ended June 30, 2008, as compared to the same period in 2007, is primarily attributed to less utilization of outside consultants during the period.

The decrease in interest expense for the three months ended June 30, 2008, as compared to the same period in 2007, is due to a one time charge for interest expense during the same period in 2007.



### Operating Loss

The Company's operating loss decreased to \$540,281 in 2008 from \$964,455 in 2007. The decrease in operating loss is attributed to an increase in revenues and a decrease in General and Administrative and consulting expenses.

### Net Loss

The Company's net loss decreased to \$403,769 in 2008 as compared to a net loss of \$567,659 in 2007. The decrease in net loss is attributed to an increase in operations, sales, and gross profits for the quarter.

During the period ended June 30, 2008 the Company sold its interests in VoIPCOM USA, Inc. in the amount of \$200,000. The Company had recorded good will and expenses in the amount of \$99,879, resulting in a loss of \$5,964 on the sale after legal, professional fees, and commissions in the amount of \$106,085 were recorded and paid upon the closing.

### Liquidity and Capital Resources

The Company's net cash used in operating activities for the six months ended June 30, 2008 decreased to \$222,674 as compared to \$419,388 for the same period in 2007. This decrease is mainly attributable to an increase in the amount of stock used to pay expenses of \$1,279,439 for the six months ended June 30, 2008 as compared to \$936,846 for the six months ended June 30, 2007.

The Company's cash flow used in investing activities was \$9,176 during the six months ended June 30, 2008, as compared to \$13,402 for the same period in 2007. The decrease is due to purchase of fixed assets.

The Company's cash flow provided by financing activities was \$258,764 during the six months ended, June 30, 2008, as compared to \$640,289 for the same period in 2007. This decrease is due to a net receipt of cash received from subscription agreements during the same period in 2007.

The Company has relied upon its chief executive officer for its capital requirements and liquidity. The Company's recurring losses, lack of cash flow, and lack of cash on hand raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with respect to these matters include raising additional working capital through equity or debt financing and acquisitions of ongoing concerns, which generate profits, ultimately allowing the Company to achieve consistent profitable operations. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

### OFF-BALANCE SHEET ARRANGEMENTS

We do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structure finance or special purpose entities ("SPEs"), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes as part of our ongoing business. As of June 30, 2008, we were not involved in any unconsolidated SPE transactions.

## ACCOUNTING PRONOUNCEMENTS

### Recently Issued Accounting Standards

In February 2006, the FASB issued Statement of Financial Accounting Standards No. 155, Accounting for Certain Hybrid Financial Instruments ("SFAS No. 155"), which amends Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS No. 133") and Statement of Financial Accounting Standards

No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities ("SFAS No. 140"). SFAS No. 155 permits fair value measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or hybrid financial instruments containing embedded derivatives. The Company does not expect the adoption of SFAS 155 to have a material impact on the consolidated financial position, results of operations or cash flows.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in tax positions. This Interpretation requires that we recognize in our financial statements the benefit of a tax position if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provision's of FIN 48 become effective as of the beginning of our 2008 fiscal year, with the cumulative effect of the change in accounting principle record as an adjustment to opening retained earnings. We do not expect the adoption of FIN 48 to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS NO. 157 "Fair Value Measurements". SFAS No. 157 defined fair values established a framework for measuring fair value in generally accepted accounting principles and expand disclosure about fair value in generally accepted accounting principles and expands disclosure about fair values. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within theses fiscal years. Management believes that the adoption of SFAS No. 157 will not have a material impact on the consolidated financial results of the Company.

In September 2006, the Securities and Exchange Commission issued State Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements", (SAB 108), which addresses how to quantify the effect of financial statement errors. The provisions of SAB 108 become effective as of the year ended 2007, our fiscal year. We do not expect the adoption of SAB 108 to have a significant impact on the financial statements.

SFAS No. 141(R). In December 2007, the FASB issued SFAS No. 141 (Revised 2007), Business Combinations. SFAS No. 141(R) will significantly change the accounting for business combinations. Under SFAS No. 141(R), an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. It also amends the accounting treatment for certain specific items including acquisition costs and non controlling minority interests and includes a substantial number of new disclosure requirements. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after January 1, 2009. The Company is currently evaluating the impact that the SFAS No. 141(R) will have on its financial statements.



ACCOUNTING PRONOUNCEMENTS-(CONTINUED)

SFAS No. 160. In December 2007, the FASB issued SFAS No. 160, "Non controlling Interests in Consolidated Financial Statements" - An Amendment of ARB No. 51. SFAS No. 160 establishes new accounting and reporting standards for the non controlling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a non controlling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the non controlling interest will be included in consolidated net income on the face of the income statement. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its non controlling interest. SFAS No. 160 is effective for fiscal years, and interim periods beginning after January 1, 2009. The Company is currently evaluating the impact that the SFAS No. 160 will have on its financial statements.

SFAS No. 161. In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133" ("FAS 161"). FAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. The guidance in FAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. The Company is currently assessing the impact of FAS 161.

ITEM 3.

CONTROLS AND PROCEDURES

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of an issuer's financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Internal control over financial reporting includes policies and procedures that:

- °Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction and dispositions of an issuer's assets; and
- °Provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that an issuer's receipts and expenditure are being made only in accordance with authorizations of its management and directors; and
- °Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of an issuer's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, the application of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that compliance with the policies or procedures may deteriorate.

As required by Rule 13a-15(c) promulgated under the Exchange Act, our management, with the participation of our Chief Executive Officer, evaluated the effectiveness of our internal control over financial reporting as of June 30, 2008 and December 31, 2007. Management's assessment was based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework ("COSO"). Our assessment did not identify deficiencies that were determined to be significant deficiencies in internal control.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the initiation, authorization, and recording, processing or reporting of reliable financial data. Since there were significant deficiencies in our assessment, management concluded that our internal control over financial reporting was effective as of June 30, 2008, and December 31, 2007.

Remediation Plan

We are including information with respect to our internal control over financial reporting for the period subsequent to the June 30, 2008, and the December 31, 2007 periods in order to provide readers with a current understanding of the identified significant deficiencies, as well as how they were being addressed in our remediation plan.

Subsequent to June 30, 2008 and December 31, 2007 period, we had undertaken, extensive work to remediate the significant deficiencies identified in our internal control over financial reporting, including specific remediation initiatives as described below. The implementation of these initiatives was a priority for us in fiscal year 2006, 2007, and continues to be a priority in fiscal 2008. We had begun implementing the actions described below with respect to the identified significant deficiencies and had these deficiencies corrected by the year-end December 31, 2007;



Inadequate staffing. We have focused intensive efforts on improving the overall level of our staffing in a number of finance and accounting areas related to the significant deficiencies.

Ineffective Controls related to the Entering of Transactions into the General Ledger, Preparation of Certain Account Analyses, Account Summaries, and Account Reconciliations.

As a result of the adjustments made with respect to certain balance sheet accounts for the fiscal year-ended December 31, 2006, we determined a more detailed review for these accounts was necessary in connection with our quarterly and annual financial reporting process. The Company developed a more intensive financial close process to ensure a thorough review of entering transactions into the general ledger is performed, supporting schedules are adequately prepared and/or reviewed, and that they included adequate supporting documentation.

PART II - OTHER INFORMATION

ITEM 5-OTHER ITEMS

The Company entered into a Share Purchase Agreement, dated May 12, 2008, by and between AmeriResource Technologies, Inc. and Choi Kok Peng, a Malaysia citizen and business, owner to sell one million (1,000,000) (shares remaining after a 200-for-1 reverse split of the VCMU common shares) shares of common restricted stock and six million five hundred thousand (6,500,000) shares of preferred stock for a price of \$200,000. The Company had recorded good will and expenses in the amount of \$99,879, resulting in a loss of \$5,964 on the sale after legal, professional fees, and commissions in the amount of \$106,085 were recorded and paid upon the closing.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits required to be attached by Item 601 of Regulation S-B are listed in the Index to Exhibits beginning on page 10 of this Form 10-Q, which is incorporated herein by reference.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERIRESOURCE TECHNOLOGIES, INC.

/s/ Delmar Janovec  
Delmar Janovec, Chief Executive Officer  
Dated: August 19, 2008

# INDEX TO EXHIBITS

| EXHIBIT | DESCRIPTION                                                                                                                                                        |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1     | Articles of Incorporation of the Company. (Incorporated by reference from the Company's Form S-4, file number 33-44104, effective on February 11, 1992).           |
| 3.2     | Bylaws of the Company. (Incorporated by reference from the Company's Form S-4, file number 33-44104, effective on February 11, 1992).                              |
| 4.1     | Form DEF 14 C, dated February 22, 2008. (Incorporated by reference from the Company's Form DEF 14 C-Other definitive information, effective on February 22, 2008). |

## MATERIAL CONTRACTS

|      |                                                                                                                                                                                                                                                                                                                           |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.1 | Share Purchase Agreement, dated May 12, 2008, by and between AmeriResource Technologies, Inc., and Choi Kok Peng. (filed as an Exhibit 10-1 to the Form 10-Q filed on May 20, 2008, and incorporated herein by reference.)                                                                                                |
| 10.2 | Amended Settlement Agreement, dated March 15, 2008 by and between American Factors Group, LLC, AmeriResource Technologies, Inc., and Delmar Janovec. (filed as an Exhibit to the Form 10-KSB filed on March 31, 2008, and incorporated herein by reference).                                                              |
| 10.3 | Convertible Note, dated January 18, 2008 by and between JMJ Financial and the Company. (filed as an Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 18, 2008, and incorporated herein by reference).                                                                                            |
| 11.0 | Addendum to Stock Exchange Agreement between the Company and Nexia Holdings, Inc., dated June 21, 2007. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 25, 2007, and incorporated herein by reference).                                                                                 |
| 11.1 | Lease Agreement & Lease Guarantee dated July 14, 2006 between Net2Auction Corporation and Mars Enterprises Inc. for the lease of Premises located at 1510 Corporate Center Drive, San Diego, CA 92154. (filed as Exhibit 10.1 to the Company's Form 10-KSB filed on May, 10, 2007, and incorporated herein by reference). |
| 11.2 | Settlement Agreement, dated March 27, 2006, by and between American Factors Group, LLC, AmeriResource Technologies, Inc., and Delmar Janovec. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 31, 2006, and incorporated                                                                |

herein by reference).

|      |                                                                                                                                                                                                                                                       |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11.3 | Acquisition and Asset Purchase Agreement between Net2Auction and AuctionBoulevard, Inc. dated September 27, 2005. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 5, 2005, and incorporated herein by reference). |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|             |                                                                                                                                                                                                                                                                        |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11.4        | Acquisition and Stock Exchange Agreement between Net2Auction and AuctionWagon Inc., dated September 30, 2005. (filed as Exhibit 10 to the Company's Current Report on Form 8-K filed on October 12, 2005, and incorporated herein by reference).                       |
| 11.5        | Acquisition and Stock Exchange Agreement between the Company and RoboServer Systems Corp. dated August 26, 2004 (filed as Exhibit 10(i) to the Company's Current Report on Form 10-KSB filed on April 15, 2005, and incorporated herein by reference).                 |
| 11.6        | Acquisition and Stock Exchange Agreement between the Company and Net2Auction, Inc. dated December 2, 2004. (filed as Exhibit 10(ii) to the Company's Current Report on Form 10-KSB filed on April 15, 2005, and incorporated herein by reference).                     |
| 11.7        | Fourth Addendum Settlement and Release Agreement between the Company and American Factors Group, LLC dated February 28, 2005. (filed as Exhibit 10(iii) to the Company's Current Report on Form 10-KSB filed on April 15, 2005, and incorporated herein by reference). |
| 11.8        | Share Purchase Agreement, dated as of April 15, 2005, by and between AmeriResource Technologies, Inc. and BBG, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 19, 2005, and incorporated herein by reference).                |
| 11.9        | Promissory Note, dated as of April 12, 2005. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 19, 2005, and incorporated herein by reference).                                                                                       |
| 14          | Code of Ethics adopted by the Company.                                                                                                                                                                                                                                 |
| 21          | Subsidiaries of Registrant                                                                                                                                                                                                                                             |
| <u>31.1</u> | Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                          |
| <u>32.1</u> | Certification of Chief Executive Officer of AmeriResource Technologies, Inc. Pursuant to 18 U.S.C. §1350                                                                                                                                                               |