

SP Acquisition Holdings, Inc.
Form 10-K/A
April 24, 2009

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

FORM 10-K/A
Amendment No. 1

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

For the year ended December 31, 2008

Commission File Number 001-33711

SP Acquisition Holdings, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

20-8523583
(IRS Employer Identification Number)

590 Madison Avenue
32 nd Floor
New York, New York 10022
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Units, each consisting of one share of Common Stock, \$0.001 par value, and one Warrant	NYSE Alternext US
Common Stock included in the Units	NYSE Alternext US
Warrants included in the Units	NYSE Alternext US

Securities registered pursuant to Section 12(g) of the Act:

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None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K.

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

Large accelerated filer Accelerated filer
 Non-accelerated filer Smaller reporting company

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

The aggregate market value of the voting common stock held by non-affiliates of the registrant computed by reference to the closing sales price for the registrant's common stock as of June 30, 2008, the last day of the registrant's most recently completed second quarter, as reported on the NYSE Alternext US was approximately \$402,593,280.

In determining the market value of the voting stock held by any non-affiliates, shares of common stock of the registrant beneficially owned by directors, officers and holders of more than 10% of the outstanding shares of common stock of the registrant have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of common stock outstanding as of March 9, 2009 was 54,112,000.

EXPLANATORY NOTE

In accordance with Rule 12b-15 under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), we are filing this abbreviated Amendment No.1 to the Annual Report on Form 10-K (this “Form 10-K/A No. 1”) of SP Acquisition Holdings, Inc. (the “Company”) for the year ended December 31, 2008 (the “2008 Form 10-K”), to effect the amendments described below:

Part II, Item 8. Financial Statements and Supplementary Data – We have obtained and are filing a revised Report of Independent Registered Public Accounting Firm to include the city and state where the report was issued to comply with Article 2-02 of Regulation S-X.

Part II, Item 9A. Controls and Procedures – We have obtained and are filing a revised Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting to include the city and state where the report was issued to comply with Article 2-02 of Regulation S-X.

Part IV, Item 15. Exhibits and Financial Statement Schedules – We have revised the certifications contained in Exhibits 31.1 and 31.2 to include reference to “other certifying officers” to comply with item 601(31) of Regulation S-K.

Except for the amendments described above, this Form 10-K/A No.1 does not revise, update, or in any way affect any information or disclosure contained in the 2008 Form 10-K and we have not updated the disclosures contained herein to reflect events that occurred at a later date.

ITEM 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm
To the Board of Directors and Stockholders
SP Acquisition Holdings, Inc.

We have audited the accompanying balance sheets of SP Acquisition Holdings, Inc. (a corporation in the development stage) as of December 31, 2008 and 2007, and the related statements of operations, stockholders’ equity and cash flows for the year ended December 31, 2008, for the period from February 14, 2007 (inception) to December 31, 2007, and for the period from February 14, 2007 (inception) to December 31, 2008. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of SP Acquisition Holdings, Inc. (a corporation in the development stage) as of December 31, 2008 and 2007, and its results of operations and cash flows for the year ended December 31, 2008, for the period from February 14, 2007 (inception) to December 31, 2007, and for the period from February 14, 2007 (inception) to December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of SP Acquisition Holdings, Inc.’s (a corporation in the development stage) internal control

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over financial reporting as of December 31, 2008, based on criteria established in “Internal Control — Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 10, 2009 expressed an unqualified opinion thereon.

/s/ J.H. Cohn LLP

Jericho, New York
March 10, 2009

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

BALANCE SHEETS

	December 31, 2008	December 31, 2007
Current assets :		
Cash and cash equivalents	\$ 2,431,303	\$ 1,317,688
Trust account, interest available for working capital and taxes:		
Cash and cash equivalents held in trust account, interest available for working capital and taxes		989,183
Accrued interest receivable		469,705
Total trust account, interest available for working capital and taxes		1,458,888
Trust account attributable to deferred underwriter's fee, restricted	17,315,840	17,315,840
Other receivable		26,323
Prepaid expenses	30,757	108,024
Total current assets	19,777,900	20,226,763
Non current assets :		
Cash and cash equivalents, restricted	429,194	—
Trust account, restricted		
Cash and cash equivalents held in Trust account	409,438,479	408,593,280
Tax overpayment due to Trust account	130,641	—
Trust account, restricted	409,569,120	408,593,280
Deferred tax assets		125,406
Total assets	\$ 429,776,214	\$ 428,945,449
Current liabilities :		
Accounts payable	\$ 22,743	\$ 449,194
Note payable to affiliate		250,000
Advances payable to affiliate	5,132	26,818
Interest payable to affiliate		9,435
Accrued expenses	223,588	96,915
Income taxes payable	21,306	808,278
Other payables - deferred underwriters' fee	17,315,840	17,315,840
Total current liabilities	17,588,609	18,956,480
Common stock, subject to possible conversion, 12,986,879 shares at conversion value:		
	127,772,726	127,772,726
Deferred interest, attributable to common stock subject to possible conversion	421,510	—
Commitments and contingencies:		
Stockholders' equity :		
Preferred stock, \$.001 par value; 1,000,000 authorized, none issued		—
Common stock, \$.001 par value, 200,000,000 shares authorized; 54,112,000 shares issued and outstanding (including 12,986,879 shares subject to possible conversion)	41,125	41,125

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Additional paid-in capital	280,287,315	280,708,825
Retained earnings accumulated during the development stage	3,664,929	1,466,293
Total stockholders' equity	283,993,369	282,216,243
Total liabilities and stockholders' equity	\$ 429,776,214	\$ 428,945,449

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

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

STATEMENTS OF INCOME

	For the Year Ended December 31, 2008	For the Period from February 14, 2007 (inception) to December 31, 2007	For the Period from February 14, 2007 (inception) to December 31, 2008
Formation and operating costs	\$ 1,052,648	\$ 264,373	\$ 1,317,021
Loss from operations	(1,052,648)	(264,373)	(1,317,021)
Interest income – Trust	6,376,306	2,944,393	9,320,699
Interest income - other	37,689	6,080	43,769
Interest expense	(6,146)	(9,435)	(15,581)
Income before income taxes	5,355,201	2,676,665	8,031,866
Provision for income taxes	(3,156,565)	(1,210,372)	(4,366,937)
Net income	2,198,636	1,466,293	3,664,929
Deferred interest, attributable to common stock subject to possible conversion	(421,510)	—	(421,510)
Net income attributable to common stock	\$ 1,777,126	\$ 1,466,293	\$ 3,243,419
Net income attributable to common stock per common share, basic and diluted	\$ 0.04	\$ 0.09	
Weighted average number of common shares outstanding - excluding shares subject to possible conversion, basic and diluted	41,125,121	17,245,726	

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

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

STATEMENTS OF CASH FLOWS

	For the Year ended December 31, 2008	For the Period from February 14, 2007 (inception) to December 31, 2007	For the Period from February 14, 2007 (inception) to December 31, 2008
Cash flows from operating activities:			
Net income	\$ 2,198,636	\$ 1,466,293	\$ 3,664,929
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred tax assets	125,406	(125,406)	-
Changes in operating asset and liability accounts:			
Accrued interest receivable	469,705	(469,705)	-
Other receivable	26,323	(26,323)	-
Prepaid expenses	77,267	(108,024)	(30,757)
Accounts payable	(42,460)	65,203	22,743
Advances payable to affiliate	(21,686)	26,818	5,132
Interest payable to affiliate	(9,435)	9,435	-
Accrued expenses	126,673	96,915	223,588
Income taxes payable	(786,972)	808,278	21,306
Net cash provided by operating activities	2,163,457	1,743,484	3,906,941
Cash flows from investing activities:			
Cash and cash equivalents, restricted	(429,194)	-	(429,194)
Cash and cash equivalents held in Trust account, interest available for working capital and taxes	989,183	(989,183)	-
Trust account, restricted	(975,840)	(425,909,120)	(426,884,960)
Net cash used in investing activities	(415,851)	(426,898,303)	(427,314,154)
Cash flows from financing activities:			
Proceeds from issuance of founder's units	-	25,000	25,000
Proceeds from issuance of additional founder's warrants	-	7,000,000	7,000,000
Proceeds from note payable to affiliate	-	250,000	250,000
Repayment of note payable to affiliate	(250,000)	-	(250,000)
Proceeds from initial public offering	-	432,896,000	432,896,000
Payment of offering costs	(383,991)	(13,698,493)	(14,082,484)
Net cash provided by (used in) financing activities	(633,991)	426,472,507	425,838,516
Net increase in cash and cash equivalents	1,113,615	1,317,688	2,431,303
Cash and cash equivalents at the beginning of the period	1,317,688	-	-
Cash and cash equivalents at the end of the period	\$ 2,431,303	\$ 1,317,688	\$ 2,431,303
Supplemental disclosure of non-cash financing activities:			
Deferred offering costs included in accounts payable	\$ -	\$ 383,991	\$ 383,991
Accrual of deferred underwriters' discount	\$ -	\$ 17,315,840	\$ 17,315,840
Cash payments for Federal, state and local income taxes	\$ 3,997,500	\$ 527,500	\$ 4,525,000

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

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

STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid- in Capital	Retained Earnings Accumulated During the Development Stage	Total Stockholders' Equity
Proceeds from founder's units issued at \$0.003 per unit on March 22, 2007	7,500,000	\$ 7,500	\$ 17,500	\$ —	25,000
Unit dividend of 0.15 units issued for each outstanding share of common stock declared on August 8, 2007	1,125,000	1,125	(1,125)	—	—
Unit dividend of one third of a unit issued for each outstanding share of common stock declared on September 4, 2007	2,875,000	2,875	(2,875)	—	—
Proceeds from issuance of 40,000,000 units, net of underwriters' commissions and offering expenses of \$29,030,049 at \$10.00 per unit on October 16, 2007	40,000,000	40,000	370,929,951	—	370,969,951
Net proceeds subject to possible conversion of 11,999,999 shares	(11,999,999)	(12,000)	(118,187,990)	—	(118,199,990)
Proceeds from issuance of 7,000,000 warrants on October 16, 2007	—	—	7,000,000	—	7,000,000
Proceeds from issuance of 3,289,600 units, net of underwriters' commissions and offering expenses of \$2,368,275 at \$10.00 per unit on October 31, 2007	3,289,600	3,290	30,524,435	—	30,527,725
Net proceeds subject to possible conversion of 986,880 shares	(986,880)	(987)	(9,571,749)	—	(9,572,736)
Founder's Units forfeited on October 31, 2007	(677,600)	(678)	678	—	—
Net income	—	—	—	1,466,293	1,466,293
Balances at December 31, 2007	41,125,121	\$ 41,125	\$ 280,708,825	\$ 1,466,293	\$ 282,216,243
Deferred interest, attributable to common stock subject to possible conversion	—	—	(421,510)	—	(421,510)
Net income	—	—	—	2,198,636	2,198,636
Balances at December 31, 2008	41,125,121	\$ 41,125	\$ 280,287,315	\$ 3,664,929	\$ 283,993,369

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

SP Acquisition Holdings, Inc.
(a corporation in the development stage)

Notes to Financial Statements

NOTE A — DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

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

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

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

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

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

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

A total of \$425,909,120 (or approximately \$9.84 per share), including \$371,000,000 of the net proceeds from the Offering, \$7,000,000 from the sale of warrants to the founding shareholders (see Note D), \$30,593,280 of net proceeds of the over allotment issuance and \$17,315,840 of deferred underwriting discounts and commissions, has been placed in a trust account at JPMorgan Chase Bank, N.A., with Continental Stock Transfer & Trust Company as trustee (the “Trust”) which is to be invested in United States “government securities” within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. Except for up to \$3,500,000 of Trust interest income to be released to the Company to fund expenses relating to investigating and selecting a target business and other working capital requirements, and any additional amounts needed to pay income taxes on the Trust earnings, the proceeds held in the Trust will not be released from the Trust until the earlier of the completion of the Company’s Initial Business Combination or the liquidation of the Company. As of December 31,

2008, the balance in the Trust account plus restricted cash and cash equivalents not held in the Trust account was \$427,314,154. Through December 31, 2008, the Trust has released \$3,500,000 of interest income to the Company and the Company has paid a total of \$4,525,000 in taxes of which \$4,525,000 has been reimbursed by the Trust.

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

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

The Company, after signing a definitive agreement for the acquisition of a target business, will submit such transaction for stockholder approval. In the event that 30% or more of the outstanding stock (excluding, for this purpose, those shares of common stock issued prior to the Offering) vote against the Business Combination and exercise their conversion rights described below, the Business Combination will not be consummated. Public stockholders voting against a Business Combination will be entitled to convert their common stock to cash at a per share conversion price equal to the aggregate amount then in the Trust account (before payment of deferred underwriters fees and including interest, net of any income taxes payable on such interest, which shall be paid from the Trust, and net of interest income of up to \$3.5 million earned on the Trust balance previously released to the Company to fund working capital requirements), if the Business Combination is approved and consummated. However, voting against the Business Combination alone will not result in election to exercise a stockholder’s conversion rights. A stockholder must also affirmatively exercise such conversion rights at or prior to the time the Business Combination is voted upon by the stockholders. All of the Company’s stockholders prior to the Offering, and all of the officers and directors of the Company have agreed to vote all of the shares of the Company stock held by them in accordance with the vote of the majority in interest of all other stockholders of the Company.

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

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

1. Development Stage Company:

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

As indicated in the accompanying financial statements, the Company has incurred substantial organizational, legal, accounting and offering costs in the pursuit of its financing and acquisition plans and expects to incur additional costs in pursuit of its acquisition plans. As of December 31, 2008, the Company had cash on hand of \$2,431,303 as well as an aggregate of \$427,314,154 of funds held in Trust and restricted cash and cash equivalents. Under terms of the investment management trust agreement, up to \$3,500,000 of interest may be released to the Company in such amounts and such intervals as we request, subject to availability. At December 31, 2008, \$3,500,000 of Trust interest has been released to the Company. Management has reviewed its cash requirements as of December 31, 2008 and believes that its cash on hand, along with the funds available to it from the interest income from the Trust (See Note A) is sufficient to cover its expenses for the next twelve months.

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

2. Cash and cash equivalents:

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

3. Common Stock and Unit Dividends:

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

4. Net Income Per Common Share:

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share". In accordance with SFAS No. 128, earnings per common share amounts ("Basic EPS") is computed by dividing earnings by the weighted average number of common shares outstanding for the period. Common shares subject to possible conversion of 12,986,879 have been excluded from the calculation of basic earnings per share since such shares, if redeemed, only participate in their pro rata share of the trust earnings. Earnings per common share amounts, assuming dilution ("Diluted EPS"), gives effect to dilutive warrants and other potential common stock outstanding during the period. SFAS No. 128 requires the presentation of both Basic EPS and Diluted EPS on the face of the statements of operations. In accordance with SFAS No. 128, the Company has not considered the effect of its 61,112,000 outstanding Warrants in the calculation of diluted earnings per share since the exercise of the Warrants is contingent upon the occurrence of future events.

5. Reclassification:

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

6. Concentration of Credit Risk:

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which at times, exceeds the Federal Depository Insurance Corporation and the Securities Investor Protection Corporation limits. Management believes the risk of loss to be minimal.

7. Fair Value of Financial Instruments:

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

8. Cash and Cash Equivalents-Restricted:

Pursuant to the terms of the investment management trust agreement, The Company is permitted to have released from the Trust account interest income to pay income taxes on interest income earned on the Trust account balance. As of December 31, 2008, the Company transferred excess amounts from the Trust account totaling \$429,194 for the payment of Federal estimated taxes due on January 15, 2009. These amounts are reflected as cash and cash equivalents, restricted in the accompanying balance sheet.

9. Trust Account-Restricted:

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

10. Income Taxes:

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

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

derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition.

11. Share-based compensation:

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

12. Recent Accounting Pronouncements:

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

In February 2007, the FASB issued FASB Statement No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115” (“SFAS No. 159”). SFAS 159 creates a “fair value option” under which an entity may elect to record certain financial assets or liabilities at fair value upon their initial recognition. Subsequent changes in fair value would be recognized in earnings as those changes occur. The election of the fair value option would be made on a contract-by-contract basis and would need to be supported by concurrent documentation or a preexisting documented policy. SFAS 159 requires an entity to separately disclose the fair value of these items on the balance sheet or in the footnotes to the financial statements and to provide information that would allow the financial statement user to understand the impact on earnings from changes in the fair value. The Company adopted SFAS 159 effective January 1, 2008 and has elected not to record any assets for the “fair value option” at this time.

In December 2007, the FASB issued Statement No. 141 (revised 2007), “Business Combinations,” (“SFAS 141(R)”). SFAS 141(R) retains the fundamental requirements of SFAS 141 that the acquisition method of accounting (which SFAS 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. SFAS 141(R) establishes principles and requirements for recognizing and measuring identifiable assets and goodwill acquired, liabilities assumed, and any noncontrolling interest in an acquisition, at their fair value as of the acquisition date. SFAS 141(R) also requires an acquirer to recognize assets acquired and liabilities assumed arising from contractual contingencies as of the acquisition date, measured at their

acquisition-date fair values. Additionally, SFAS 141(R) will require that acquisition-related costs in a business combination be expensed as incurred, except for costs incurred to issue debt and equity securities. This statement applies prospectively to business combinations effective with the Company's first fiscal quarter of 2009. Early adoption is not permitted. SFAS 141(R) would have an impact on accounting for any business acquired after the effective date of this pronouncement.

In December 2007, the FASB issued Statement No.160, "Noncontrolling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51," ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary (previously referred to as minority interests). SFAS 160 also requires that a retained noncontrolling interest upon the deconsolidation of a subsidiary be initially measured at its fair value. Upon adoption of SFAS 160, the Company would be required to report any noncontrolling interests as a separate component of stockholders' equity. The Company would also be required to present any net income allocable to noncontrolling interests and net income attributable to the stockholders of the Company separately in its statements of operations. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 shall be applied prospectively. SFAS 160 would have an impact on the presentation and disclosure of the noncontrolling interests of any non wholly-owned businesses acquired in the future.

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

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

NOTE C — INITIAL PUBLIC OFFERING

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

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

NOTE D — RELATED PARTY TRANSACTIONS

SP Acq LLC purchased 11,500,000 of the Company's founder's units subject to the terms of the Founder's Unit Purchase Agreement (the "Purchase Agreement") date March 30, 2007 and the Founder's Unit Adjustment Agreement (the "Adjustment Agreement") dated August 8, 2007, each consisting of one common share and one warrant to purchase a common share, for a price of \$25,000 in a private placement. The units are identical to those sold in the Offering, except that SP Acq LLC, Steel Partners II, L.P., and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker agreed to vote their founder's shares in the same manner as a majority of the public stockholders who vote at the special or annual meeting called for the purpose of approving the Company's Business Combination. As a result, they will not be able to exercise conversion rights with respect to the founder's shares if the Company's Business Combination is approved by a majority of its public stockholders. The founder's shares included therein will not participate with the common stock included in the units sold in the Offering in any liquidating distribution. The founder's units, including the founder's shares and initial founder's warrants may not be sold or transferred until at least one year after the completion of a Business Combination.

The agreements referred to above provide for the Founders to maintain a 20% interest in the Company after taking into consideration the number of units ultimately sold in the initial public offering ("IPO"). In order for the founders to hold the number of shares necessary to maintain a 20% interest in the Company, 677,600 units were forfeited and cancelled on the date of the IPO, leaving the founders with 10,822,400 or 20% of 54,112,000 units outstanding at that time. The Company accounted for the transaction employing the price associated with the original sale because in the opinion of management, the adjustment in the number of shares was contemplated in the Purchase Agreement and Adjustment Agreement entered into prior to the IPO.

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

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

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

On March 28, 2007, the Company issued a \$250,000 unsecured promissory note to Steel Partners, Ltd., an affiliate of SP Acq LLC and the Company. This note bears interest at a rate of 5% per annum, is unsecured and principal and interest payments was due on December 31, 2007. Steel Partners Ltd. confirmed on May 7, 2008 that the promissory note was not in default and that the payment may be made on or before December 31, 2008. Interest payable of \$15,581 had been accrued on this note through June 27, 2008, at which time the note and accrued interest were paid in full.

Advances payable of \$5,132 and \$26,818 at December 31, 2008 and 2007, respectively, relate to certain costs paid by Steel Partners, Ltd. on behalf of the Company. The Company intends to repay such advances and thus such amounts are reflected as a liability to affiliate. None of the officers and directors of the Company received compensation for their services to the Company. The Company repaid the advance on January 8, 2009.

The Company presently occupies office space provided by Steel Partners, Ltd. Steel Partners, Ltd. has agreed that, until the acquisition of a target business by the Company, it will make such office space, as well as certain office, administrative and secretarial services, available to the Company, as may be required by the Company from time to time. The Company has agreed to pay Steel Partners, Ltd. \$10,000 per month for such services that commenced on October 16, 2007. The Company has incurred \$120,000 and \$25,000 for such services through December 31, 2008 and 2007, respectively, of which \$60,000 and \$25,000 are included in accrued expenses at December 31, 2008 and 2007, respectively. The Company remitted payment of \$60,000 to Steel Partners, Ltd on January 8, 2009.

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

Steel Partners II, L.P., has entered into an agreement with the Company requiring it to purchase 3,000,000 units ("co-investment units") at a price of \$10 per unit (an aggregate price of \$30,000,000) from the Company in a private placement that will occur immediately prior to the Company's consummation of a Business Combination. These private placement units will be identical to the units sold in the Offering. It has also agreed that these units will not be sold, transferred, or assigned until at least one year after the completion of the Business Combination. In the event that Steel Partners II, L.P. does not purchase the co-investment units, SP Acq LLC, Steel Partners II, L.P. and the directors who purchased founder's units have agreed to surrender and forfeit their founder's units and additional founder's warrants to the Company, provided however that such surrender and forfeiture will not be required if SP Acq LLC purchases the co-investment units. In such event, Steel Partners II, L.P. has agreed to transfer its founder's units to SP Acq LLC. None of the co-investment units have been issued by the Company as of December 31, 2008.

NOTE E — PREFERRED STOCK

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

NOTE F — UNIT DIVIDENDS

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

NOTE G — WARRANTS

The following table presents warrants outstanding:

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

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

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

Public warrants entitle the holder to purchase from the Company one share of common stock for each warrant at an exercise price of \$7.50 commencing on the completion of a Business Combination with a target business, and will expire five years from the date of the prospectus. The warrants are redeemable at the option of the Company at a price of \$0.01 per warrant upon 30 days prior notice after the warrants become exercisable, only in the event that the last sale price of the common stock is at least \$14.25 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given. The warrants will not be exercisable and the Company will not be obligated to issue shares of common stock upon exercise of the warrants by a

holder unless, at the time of such exercise, an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available. Although the Company has undertaken in the warrant agreement, and therefore has a contractual obligation, to use its best efforts to have an effective registration statement covering shares of common stock issuable upon exercise of the warrants from the date the warrants become exercisable and to maintain a current prospectus relating to that common stock until the warrants expire or are redeemed, and the Company intends to comply with its undertaking, the Company cannot assure you that it will be able to do so. If the Company is unable to deliver registered shares of common stock to the holder upon exercise of the warrants during the exercise period, there will be no cash settlement of the warrants and the warrants will expire worthless.

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

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

NOTE H — INCOME TAXES

Deferred tax assets reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the amounts used for income tax purposes and consist of the following:

	12/31/2008	12/31/2007
Deferred tax assets		
Start up and organization costs	\$ 630,352	\$ 125,406
Total deferred tax asset	630,352	125,406
Less: valuation allowance	(630,352)	—
Net deferred tax assets	\$ —	\$ 125,406

The difference between the provision for income taxes and the amounts computed by applying the Federal statutory income taxes to the income before tax are explained below:

	12/31/2008	12/31/2007
Tax at Federal statutory rate	34.0%	34.0%
State and local taxes, net of Federal benefit	11.7%	11.2%
Change in valuation allowance	13.2%	—%
Provision for taxes	58.9%	45.2%

The provision for income taxes consists of the following:

	12/31/2008	12/31/2007
Current		
Federal	\$ 1,739,494	\$ 831,812
State and local	1,291,665	503,966
Total current tax expense	3,031,159	1,335,778
Deferred		
Federal	93,094	(93,094)
State and local	32,312	(32,312)
Total deferred tax expense (benefit)	125,406	(125,406)
Total provision for income taxes	\$ 3,156,565	\$ 1,210,372

Deferred tax assets and liabilities are computed for temporary differences between the financial statement and tax bases of assets and liabilities based on enacted tax laws and rates applicable to the periods in which the temporary differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

On February 14, 2007, the Company adopted the provisions of Financial Accounting Standards Board (“FASB”) Interpretation No. 48, “Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109” (“FIN 48”). The Company has identified its federal tax return and its state and city tax returns in New York as “major” tax jurisdictions, as defined. As per FIN 48, the Company has evaluated its tax positions and has determined that there are no uncertain tax positions requiring recognition in the Company’s financial statements. Since the Company was incorporated on February 14, 2007 the evaluation was performed for the period from inception through December 31, 2008. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position. There were no unrecognized tax benefits as of December 31, 2008. The Company has had no tax examinations since its inception, February 14, 2007.

The Company’s policy for recording interest and penalties associated with audits is to record such items as a component of income tax expense. There were no amounts accrued for penalties or interest as of or during the period from February 14, 2007 (inception) through December 31, 2008. The Company does not expect its unrecognized tax benefit position to change during the next twelve months and is currently unaware of any issues that could result in significant payments, accruals or material deviations from its position. The adoption of the provisions of FIN 48 did not have a material impact on the Company’s financial position, results of operations and cash flows.

NOTE I — UNAUDITED QUARTERLY FINANCIAL RESULTS

	For the Quarter ended March 31, 2008	For the Quarter ended June 30, 2008	For the Quarter ended September 30, 2008	For the Quarter ended December 31, 2008
Quarterly Financial Information:				
Formation and operating costs	\$ 197,464	\$ 301,765	\$ 344,539	\$ 208,880
Loss from operations	(197,464)	(301,765)	(344,539)	(208,880)
Interest income	2,654,509	1,712,747	1,716,871	329,868
Interest expense	(3,125)	(3,021)	-	-
Income before income taxes	2,453,920	1,407,961	1,372,332	120,988
(Provision) credit for income taxes	(1,477,996)	(698,507)	(1,088,526)	108,464
Net income	975,924	709,454	283,806	229,452
Deferred interest, attributable to common stock subject to possible conversion	(342,844)	231,809	(179,249)	(131,226)
Net income attributable to common stock	\$ 633,080	\$ 941,263	\$ 104,557	\$ 98,226
Net income per common share, basic and diluted	\$ 0.02	\$ 0.02	\$ 0.00	\$ 0.00
Shares used in computing net income per share, basic and diluted	41,125,121	41,125,121	41,125,121	41,125,121
	For the Period from February 14, 2007 (inception) to March 31, 2007	For the Quarter ended June 30, 2007	For the Quarter ended September 30, 2007	For the Quarter ended December 31, 2007
Quarterly Financial Information:				
Formation and operating costs	\$ 25,436	\$ 132	\$ 11,250	\$ 227,555
Loss from operations	(25,436)	(132)	(11,250)	(227,555)
Interest income	-	-	-	2,950,473

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Interest expense	-	(3,185)	(3,125)	(3,125)
Income (loss) before income taxes	(25,436)	(3,317)	(14,375)	2,719,793
Provision for income taxes	-	-	-	(1,210,372)
Net income (loss)	\$ (25,436)	\$ (3,317)	\$ (14,375)	\$ 1,509,421
Net income (loss) per common share, basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.04
Shares used in computing net income (loss) per share, basic and diluted	10,000,000	10,000,000	10,000,000	35,202,526

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NOTE J — SUBSEQUENT EVENT

On February 10, 2009, SP Acquisition Holdings, Inc. (the “Company”) received a letter (the “Letter”) from the Corporate Compliance Department of NYSE Alternext US LLC (the “Exchange”), notifying the Company that it is below certain of the Exchange’s continued listing standards in that it had failed to hold an annual meeting of stockholders in 2008, in violation of Section 704 of the NYSE Alternext US LLC Company Guide (the “Company Guide”). The Company submitted a plan to the Exchange on March 10, 2009 advising the Exchange of actions it has taken or will take that will bring the Company into compliance with Section 704 of the Company Guide (the “Plan”).

If the Exchange determines that the Company has made a reasonable demonstration in the Plan of its ability to regain compliance with all applicable continued listing standards by August 11, 2009, or such date as the Exchange allows (the “Deadline”), the Exchange will accept the Plan and the Company will remain listed. The Company anticipates that it will be able to regain compliance with Section 704 of the Company Guide by the Deadline.

ITEM 9A. Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our periodic filings with the SEC under the Exchange Act, including this report, is recorded, processed, summarized and reported on a timely basis. These disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed under the Exchange Act is accumulated and communicated to our management on a timely basis to allow decisions regarding required disclosure. Management, including our chief executive officer and chief operating officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined under Rules 13a-15(e) and 15(d)-15(e) of the Exchange Act) as of December 31, 2008. Based upon that evaluation, management has concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, our principal executive officer and principal financial officer and effected by our Board of Directors, management and other personnel, 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.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we carried out an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2008 based on the criteria in “Internal Control - Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based upon this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2008. There were no changes in our internal control over financial reporting during the quarter ended December 31, 2008 that have materially affected, or are reasonably likely to affect our internal control over financial reporting.

J.H. Cohn LLP, the independent registered public accounting firm that audited our financial statements included in this Annual Report on Form 10-K, has also audited the effectiveness of the Company’s internal control over financial reporting as of December 31, 2008 as stated in their report included herein.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting
To the Board of Directors and Stockholders
SP Acquisition Holdings, Inc.

We have audited SP Acquisition Holdings, Inc.'s (a corporation in the development stage) internal control over financial reporting as of December 31, 2008, based on criteria established in "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. SP Acquisition Holdings, Inc.'s (a corporation in the development stage) management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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 in the United States of America. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States of America, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company'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, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, SP Acquisition Holdings, Inc. (a corporation in the development stage) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008 based on the criteria established in "Internal Control — Integrated Framework" issued by the Committee of the Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheets of SP Acquisition Holdings, Inc.'s (a corporation in the development stage) as of December 31, 2008 and 2007, and the related statements of operations, stockholders' equity and cash flows for the year ended December 31, 2008, for the period from February 14, 2007 (inception) to December 31, 2007, and for the period from February 14, 2007 (inception) to December 31, 2008 and our report dated March 10, 2009 expressed an unqualified opinion.

/s/ J. H. Cohn LLP

Jericho, New York
March 10, 2009

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PART IV

ITEM 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this Report:

1. Financial Statements:

Report of Independent Registered Public Accounting Firm

Balance Sheet

Statement of Operations

Statement of Stockholders' Equity

Statement of Cash Flows

Notes to Financial Statements

2. Financial Statement Schedule(s)

All schedules are omitted for the reason that the information is included in the financial statements or the notes thereto or that they are not required or are not applicable.

(b) Exhibits

We hereby file as part of this Annual Report on Form 10-K the Exhibits listed in the attached Exhibit Index. Exhibits which are incorporated herein by reference can be inspected and copied at the public reference facilities maintained by the SEC, 100 F Street, N.E., Room 1580, Washington D.C. 20549. Copies of such material can also be obtained from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates.

(c) Financial Statement Schedules

All schedules are omitted for the reason that the information is included in the financial statements or the notes thereto or that they are not required or are not applicable.

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation (7)
3.2	Form of Bylaws (1)
4.1	Specimen Unit Certificate (3)
4.2	Specimen Common Stock Certificate (3)
4.3	Amended and Restated Warrant Agreement by and between the Registrant and Continental Stock Transfer & Trust Company (6)
4.4	Form of Warrant Certificate (1)
10.1	Form of Letter Agreement by and among the Registrant, SP Acq LLC and Steel Partners II, L.P. (5)
10.2	Form of Letter Agreement by and among the Registrant and each of the directors and executive officers of the Registrant (6)
10.3	Initial Founder's Securities Purchase Agreement, dated as of March 22, 2007, by and between the Registrant and SP Acq LLC (1)
10.4	Founder's Units Purchase Agreement, dated as of March 30, 2007, by and among the Registrant, SP Acq LLC and Steel Partners II, L.P. (4)
10.5	Form of Co-Investment Unit Purchase Agreement between the Registrant and Steel Partners II, L.P. (1)
10.6	Form of Registration Rights Agreement by and between the Registrant and the founder (4)
10.7	Form of Indemnity Agreement by and between the Registrant and each of its directors and executive officers (4)
10.8	Form of Investment Management Trust Agreement by and between the Registrant and Continental Stock Transfer & Trust Company (7)
10.9	Form of Right of First Review Agreement by and among the Registrant and Warren Lichtenstein and Steel Partners, L.L.C. (4)
10.10	Form of Letter Agreement between SP Acq LLCs, the Registrant and each of Anthony Bergamo, Ronald LaBow, Howard M. Lorber, Leonard Toboroff and S. Nicholas Walker (2)
10.11	Escrow Agreement by and between the Registrant and SP Acq LLC (4)
10.12	Adjustment Agreement by and among the Registrant, SP Acq LLC, Steel Partners II, L.P. and each of Anthony Bergamo, Ronald LaBow, Howard M. Lorber, Leonard Toboroff and S. Nicholas Walker (5)
14	Form of Code of Conduct and Ethics (1)
24.1	Powers of Attorney
31.1	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	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.
99.1	Form of Charter of Audit Committee (1)
99.2	Form of Charter of Governance and Nominating Committee (1)

- (1) Incorporated by reference to the corresponding exhibit filed with the Registration Statement on Form S-1 (File No. 333-142696) with the SEC on May 8, 2007.
- (2) Incorporated by reference to the corresponding exhibit filed with Amendment No. 1 to the Registration Statement on Form S-1 (File No. 333-142696) filed with the SEC on June 28, 2007.
- (3) Incorporated by reference to the corresponding exhibit filed with Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-142696) filed with the SEC on August 10, 2007.
- (4) Incorporated by reference to the corresponding exhibit filed with Amendment No. 3 to the Registration Statement on Form S-1 (File No. 333-142696) filed with the SEC on September 14, 2007.
- (5) Incorporated by reference to the corresponding exhibit filed with Amendment No. 4 to the Registration Statement on Form S-1 (File No. 333-142696) filed with the SEC on September 28, 2007.
- (6) Incorporated by reference to the corresponding exhibit filed with Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-142696) filed with the SEC on October 5, 2007.
- (7) Incorporated by reference to the corresponding exhibit (with respect to Exhibit 3.1) and 10.1 (with respect to Exhibit 10.8) filed with the Current Report on Form 8-K filed with the SEC on October 23, 2007.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SP Acquisition Holdings, Inc.

Dated: April 24, 2009

By: /s/ Warren G. Lichtenstein
Name: Warren G. Lichtenstein
Title: Chairman, President and Chief
Executive Officer