ISSUER INFORMATION AND DISCLOSURE STATEMENT

January 22, 2015

American Security Resources Corp.

2525 Robinhood Street
Houston, TX 77005

Tel: 713-465-1001

CUSIP No. 029569 209

ISSUER'S EQUITY SECURITIES

COMMON STOCK
$.00001 Par Value
3,000,000,000 Common Shares Authorized
1,002,498,655 Shares Issued and Outstanding

PREFERRED STOCK
$.00001 Par Value
2,000,000 Shares Authorized
1,000,300 Shares Issued and Outstanding

FORWARD LOOKING STATEMENTS

THIS INITIAL COMPANY INFORMATION AND DISCLOSURE STATE, IN PARTICULAR, "MANAGEMENT'SDISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" AND "BUSINESS," INCLUDE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THESE STATEMENTS REPRESENT THE COMPANY'S EXPECTATIONS OR BELIEFS CONCERNING, AMONG OTHER THINGS, FUTURE REVENUE, EARNINGS, AND OTHER FINANCIAL RESULTS, PROPOSED ACQUISITIONS AND NEW PRODUCTS, ENTRY INTO NEW MARKETS, FUTURE OPERATIONS AND OPERATING RESULTS, FUTURE BUSINESS AND MARKET OPPORTUNITIES. THE COMPANY WISHES TO CAUTION AND ADVICE READERS THAT THESE STATEMENTS INVOLVE RISK AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE EXPECTATIONS AND BELIEFS CONTAINED HEREIN. FOR A SUMMARY OF CERTAIN RISKS RELATED TO THE COMPANY'S BUSINESS, SEE "RISK FACTORS." UNDER "DESCRIPTION OF BUSINESS."

Unless the context requires otherwise, references to the Company or Issuer are to American Security Resources Corp.

PART A GENERAL COMPANY INFORMATION

Cautionary Factors That May Affect Future Results (Cautionary Statements Under the Private Securities Litigation Reform Act of 1995)

The disclosure and analysis set forth herein contains certain forward looking statements, particularly statements relating to future actions, performance or results of current and anticipated products and services, sales efforts, expenditures, and financial results. From time to time, the Company also provides forward-looking statements in other publicly-released materials, both written and oral. Forward-looking statements provide current expectations or forecasts of future events such as new products or services, product approvals, revenues, and financial performance. These statements are identified as any statement that does not relate strictly to historical or current facts. They use words such as "anticipates," "intends," "plans," "expects," "will," and other words and phrases of similar meaning. In all cases, a broad variety of assumptions can affect the realization of the expectations or forecasts in those statements. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially.

The Company undertakes no obligation to update any forward-looking statements, but investors are advised to consult any further disclosures by the Company on this subject in its subsequent filings. Furthermore, as permitted by the Private Securities Litigation Reform Act of 1995, the Company provides these cautionary statements identifying risk factors, listed below, that could cause the Company's actual results to differ materially from expected and historical results. It is not possible to foresee or identify all such factors. Consequently, this list should not be considered an exhaustive statement of all potential risks, uncertainties and inaccurate assumptions.

RISK FACTORS

No Active Market. Although the Company's shares are listed on the Pink Sheets listing service, the Company believes that the public trading price may be an inaccurate representation of the value of the Company because there is little or no trading volume in the Company's shares and no analysts or NASD market makers actively follow the Company.

We have never issued a Dividend but we plan to issue dividends of our interest in Hydrogen Future Corporation (HFCO) to our current shareholders. American Security Resources Corp. has never issued a dividend and we do not anticipate paying dividends on our common stock in the near future. Furthermore, we may also be restricted from paying dividends in the future pursuant to subsequent financing arrangements or pursuant to Nevada law.

You could be diluted from the Issuance of additional Common and Preferred Stock. American Security Resources Corp. is authorized to issue up to 3,000,000,000 shares of common stock and 2,000,000 shares of preferred stock. To the extent of such authorization, our board of directors will have the ability, without seeking shareholder approval, to issue additional shares of common stock in the future for such consideration as the board may consider sufficient. The issuance of additional common stock in the future may reduce your proportionate ownership and voting power.

Volatility of Stock Prices. In the event that there is an established public market for the Company's Common Stock, market prices will be influenced by many factors and will be more subject to significant fluctuations in response to variations in operating results of the Company and other factors such as investor perceptions of the Company, supply and demand, interest rates, general economic conditions and those specific to the industry, developments with regard to the Company's activities, future financial condition and management.

Applicability of Low Priced Stock Risk Disclosure Requirements**.** The Common Stock of the Company may be considered a low priced security under rules promulgated under the Securities Exchange Act of 1934. Under these rules, broker-dealers participating in transactions in low priced securities must first deliver a risk disclosure document which describes the risks associated with such stocks, the broker-dealer's duties, the customer's rights and remedies, certain market and other information, and make a suitability determination approving the customer for low priced stock transactions based on the customer's financial situation, investment experience and objectives. Broker-dealers must also disclose these restrictions in writing to the customer, obtain specific written consent of the customer, and provide monthly account statements to the customer. With all these restrictions, the likely effect of designation as a low priced stock will be to decrease the willingness of broker-dealers to make a market for the stock, to decrease the liquidity of the stock and to increase the transaction cost of sales and purchases of such stock compared to other securities.

PART A. GENERAL COMPANY INFORMATION

Item I. The exact name of the issuer and its predecessors (if any):

American Security Resources Corp., a Nevada corporation (from July 2, 2004 to current)
f.k.a. from December 29, 2003 until July 2, 2004 Kahuna Network Security, Inc.
f.k.a. from inception on February 23, 1998 until December 29, 2003 Computer Automation Systems, Inc.

Item II. The address of its principal executive offices:

American Security Resources Corp.
2525 Robinhood Street
Suite 1100
Houston, TX 77005
Telephone: 713-465-1001

Item III. The jurisdiction(s) and date of the issuer's incorporation:

Nevada
February 23, 1998

PART B. SHARE STRUCTURE

Item IV. The exact title of securities outstanding:

Common Stock, $0.00001 par value per share
Cusip Number – **029569 209**
Trading Symbol – ARSC

Item V. Par or stated and description of the security:

A. The Company has Preferred Stock and Common Stock both with a par value of $.00001.

B. **Common Stock**: Each holder of Common Stock is entitled to one vote for each share held of record on each matter submitted to vote to stockholders, including election of directors. Stockholders do not have any right to cumulate votes on the election of directors. Each holder of Common Stock is entitled to share ratably in distributions to stockholders and to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available. Therefore, in the event of our liquidation, dissolution or winding up, the holders of Common Stock will be entitled to receive, after payment of all of our debts and liabilities, and of all sums to which holders of any outstanding preferred stock, if any, may be entitled, the distribution of any of our remaining assets. Holders of our Common Stock have no conversion, exchange, sinking fund, redemption or appraisal rights (other than such as maybe determined by the Board of Directors in its sole discretion) and have no preemptive rights to subscribe for any of our securities. There are no provisions in our Articles of Incorporation or By-Laws that would delay, defer or prevent a change of control of the Company.

C. Series A Preferred Stock: 1,000,000 shares of the Company's Preferred Stock par value $0.001 is designated "Series A Preferred Stock". The Series A Preferred Stock shall be convertible into common stock on a 1 to 1 basis and are entitled to 500 to 1 Super Voting Rights on any issue requiring a shareholder vote.

D. Series C Preferred Stock: 300 shares of the Company's Preferred Stock par value $0.001 is designated "Series C Preferred Stock". The Series A Preferred Stock shall have no dividend, conversion or liquidation rights and no redemption provisions. The Series C Preferred shares shall have voting rights equal to 70,000,000 votes per share, and furthermore that the holders of the Series C Preferred shares have the right to elect the majority of the Directors of the Board of the Company and, to the extent allowed by the Nevada Revised Statutes ("NRS"), to further amend the Articles of Incorporation as necessary to ensure the furtherance of the Company and its operations.

E. Series D Preferred Stock: 999,700 shares of the Company's Preferred Stock par value $0.001 is designated "Series D Preferred Stock". The Series D Preferred Stock shall on an as converted basis have the right to receive dividends or distributions, and shall have rights with respect to the liquidation of the Company. Series D Preferred Stock shall be convertible into common stock on a 1 to 100,000 basis and are entitled to 10 votes per share.

Item VI. The number of shares or total amount of the securities outstanding for each class of securities authorized:

December 31, 2014	Authorized Shares	Outstanding Shares	Freely Trading Shares	Total Number of Beneficial Shareholders	Total Number of Shareholders of Record
Common	3,000,000,000	1,002,498,655	2,498,655	378	378
Series A Preferred	1,000,000	1,000,000	0	2	2
Series C Preferred	300	300	0	2	2
Series D Preferred	999,700	0	0	0	0

PART C BUSINESS INFORMATION

Item VII. The name and address of the transfer agent:

Our transfer agent is:

Standard Registrar & Transfer Company Inc.

12528 South 1840 East

Draper, UT 84020

Phone:(801) 571-8844

Fax: (801)571-2551

The transfer agent is registered under the Exchange Act and its regulatory authority is the

Securities & Exchange Commission.

Item VIII. The nature of the issuer’s business:

A. Business Development.

American Security Resources Corp. is a corporation formed under the laws of the State of Nevada. American Security Resources Corp. was originally incorporated as Computer Automation Systems, Inc. on February 23, 1998. On July 6, 2004, the Company briefly changed its name to Kahuna Network Security, Inc. before amending its articles of incorporation on July 30, 2004 to change to its current name American Security Resources Corp.

On December 8, 2014 the Company approved a 1 for 8,000 reverse split of its common stock.

On January 27, 2004 the Company approved a 1 for 4 reverse split of its common stock.

On March 19, 1998 the Company approved a 1 for 20 reverse split of its common stock.

During the past three years the Company has not been in bankruptcy, receivership or involved in any similar proceeding.

Except as described herein, the Company has not during the past three years had any other stock splits, stock dividends, mergers, reorganization or similar transactions. The Company has not been the subject of any delisting by a securities exchange or a deletion from the OTC Bulletin Board. There are no current, pending or threatened legal proceedings or administrative actions against the Company nor has there been for the past three years.

B. Business of issuer:

The Company's Standard Industrial Code (SIC) is 3621 (Motors and Generators).

The Company operates its business through its wholly owned subsidiary, American Hydrogen Corporation. The Company also holds a controlling interest in Hydrogen Future Corporation (HFCO) through a Convertible Preferred security in HFCO from the sale of Hydra Fuel Cell Corporation, its former subsidiary.

Item IX. The nature of products or services offered:
The Company

American Hydrogen Corporation ("AHC") is developing technologies to formulate hydrogen that we hope will change the economics of producing hydrogen sufficiently to enable the hydrogen economy. AHC is planning to bring a natural gas reformer-purifier to market to provide hydrogen (H_2) on demand.

The Market

The market for hydrogen is projected to be for residential hydrogen fuel cells and other commercial uses of hydrogen.

Products

The Company is seeking to define the most commercially viable method to refine and purify hydrogen H_2. The Company is currently evaluating a natural gas reformer and purifier.

Our website is located at www.americansecurityresources.com.

<u>American Security Resources Corp. is an operating business and is not a shell and has never been a shell company.</u>

All of our subsidiaries and operations are included in our financial statements attached to this disclosure statement.

We do not believe that any federal, state or local regulations will have a material effect upon our business.

Research and development costs are borne by our clients as each project has specific research needs. Consulting fees charged include all research by the Company.

The Company relies entirely on consultants and contractors and currently has no employees.

We have not incurred and do not anticipate incurring costs in complying with federal, state and local environmental laws.

Item X. The nature and extent of the issuer's facilities:

The Company's principal corporate office is located at 2525 Robinhood Street, Suite 1100, Houston, TX 77005, where it uses less than 800 square feet. The Company pays office rent of less than $500 per month.

PART D. MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION

Item XI. The name of the Chief Executive Officer and members of the Board of Directors, as well as control persons:

The following tables set forth certain information regarding beneficial ownership of the Company's common stock and preferred stock as of December 30, 2014, by (i) each person (or group of affiliated persons) who is known by us to beneficially own more that 5% of the outstanding shares of our common stock, (ii) each director and executive officer of American Security Resources Corp., Inc, and (iii) all executive officers and directors of American Security Resources Corp., as a group. Unless indicated otherwise, the address for each officer, director and 5% stockholder is c/o American Security Resources Corp., 2525 Robinhood Street, Suite 1100, Houston, TX 77005.

	Common Stock	
Directors, Executive Officers		
and 5% Stockholders	Number	Percent of Class[1]
Frank Neukomm [2]	500,719,199	49.90%
Robert Farr [3]	500,391,621	49.86%
James Twedt[4]	800	*
All Officers and Directors		
as a Group (3 Persons)	1,001,111,620	99.76%

See Notes Below

(1) For each shareholder, the calculation of percentage of beneficial ownership is based upon 1,003,498,655 shares of Common Stock issued and outstanding on a fully diluted basis as of December 30, 2014, which amount assumes the conversion of 1,000,000 Series A Preferred Shares which convert on a 1 for 1 basis into common stock of the Company. Except as otherwise indicated below, the persons and entity named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to applicable community property laws.

(2) Member of the Board of Directors, Chief Executive Officer, and beneficial shareholder of the Company. Includes 100 shares held by The Neukomm Children's Trust for which Mr. Neukomm is the trustee. Assumes the conversion of 500,000 Series A Preferred Shares which convert on a 1 for 1 basis into common stock of the Company.

(3) Member of the Board of Directors, President, COO, and beneficial shareholder of the Company. Assumes the conversion of 500,000 Series A Preferred Shares which convert on a 1 for 1 basis into common stock of the Company.

(4) Member of the Board of Directors.

Management

		Age
Director and Chief Executive Officer	Frank Neukomm	65
Director and President	Robert Farr	69
Director	James Twedt	71

Management Biographies

Director and Chief Executive Officer – Frank Neukomm

Frank Neukomm (65), Chairman/ CEO, has an extensive background in finance, mergers and acquisitions, and sales and marketing. Mr. Neukomm has served as a senior executive of brokerage and M & A companies, software companies and telecom companies. Mr. Neukomm has been instrumental in purchasing or starting companies in industries as diverse as insurance, consumer retail goods, industrial services and wireless telecommunications. Since 1995, Mr. Neukomm has served as President of NeuHaus Advisors, Inc., a consulting firm to the telecommunications industry.

Director, President and COO – Robert Farr

Robert Farr (69), President/COO brings a 41 year diversified business background in operations leadership replete with examples of improved productivity and increased profits. Broad experience with several Fortune 500 Companies includes successes in marketing, customer relations, administration, finance, operations, new products and worldwide vendor selection/purchasing. Recent experience includes securing and structuring funding for both public and private companies including debt and equity as well as international funding through US Ex-Im Bank. Mr. Farr has a BS in Finance from Mississippi State University and was a Naval Officer in the Vietnam conflict. He is the Principal of Creative Equity Strategies.

Director – James Twedt

Mr. Twedt is a CPA with over forty seven of public and private company accounting and management experience. He has been the President and CEO of Hydra Fuel Cell Corp. since inception and has led the subsidiary from start-up to production in less than twelve months. He previously served as CFO of the Company.

Management Legal/Disciplinary History

During the past 5 years none of the officers or directors of American Security Resources Corp. have been subject to Legal/Disciplinary action by any regulatory or government body, including any civil, criminal or injunctive action or judgment. Furthermore, none of the officers and directors has filed bankruptcy during the past 5 years.

Related Party Transactions and Family Relationships

There are no related party transactions within American Security Resources Corp., nor do the officers and directors have any family relationships between other shareholders, creditors or other parties involved with the business of American Security Resources Corp.

Summary Compensation Table

Name and Principal Position	Year	Management Fees	Other Annual Compensation	Restricted Stock Awards	Securities Underlying Options	LTIP Payouts	All Other Compensation
Frank Neukomm	2014	$180,000	$0	$0	$0	$0	$0
CEO &Director	2013	$180,000	$0	$0	$0	$0	$0
	2012	$180,000	$0	$0	$0	$0	$0
Robert Farr	2014	$180,000	$0	$0	$0	$0	$0
President &	2013	$180,000	$0	$0	$0	$0	$0
Director	2012	$180,000	$0	$0	$0	$0	$0
James Twedt	2014	$30,000	$0	$0	$0	$0	$0
Director	2013	$30,000	$0	$0	$0	$0	$0
	2012	$30,000	$0	$0	$0	$0	$0

Members of the Board serve until the next annual meeting of shareholders and until their successors are elected and qualified. Officers are appointed by and serve at the discretion of the Board.

Item XII. Financial information for the issuer's most recent fiscal period:

The unaudited financial statements of the issuer are hereby incorporated by reference and are to be posted soon on www.Otcmarkets.com.

Item XIII. Similar financial information for such part of the two preceding years as the issuer or its predecessor has been in existence:

The unaudited financial statements of the issuer are hereby incorporated by reference and are to be posted soon on www.otcmarkets.com.

Item XIV. Beneficial Owners.

None

Item XV. The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to the operations, business development and disclosure:

1. Investment Banker: None
2. Promoters: None
3. Counsel: John D. Thomas P.C., 11650 South State St. Suite 240, Draper, Utah 84020, (801) 816-2536, jthomas@acadiagrp.com.
4. Internal Accountant: Randy Moseley, 119 Woodstream Ct., Cresson, TX 76035 (817) 296-3877, rmoseley@hotmail.com
5. Public Relations Consultant: None
6. Investor Relations Consult: None

Item XVI. Management's Discussion and Analysis or Plan of Operation:

Results of Operations

Following is management's discussion of the relevant items affecting results of operations for the Company's initial acquisition, American Security Resources Corp. (ARSC), for the fiscal year 2013 and the nine months ended September 30, 2014.

Revenues. The Company had no revenues for the years ended December 31, 2013, 2012 and 2011 and for the nine months ended September 30, 2014.

Cost of Sales. The Company had no cost of sales for the years ended December 31, 2013, 2012 and 2011 and for the nine months ended September 30, 2014.

Salaries and Commission Expenses. The Company accrued salaries for management of $360,000 for the years ended December 31, 2013, 2012 and 2011 and $270,000 for the nine months ended September 30, 2014.

Professional Fees, Licensing and Permits. The Company had no professional fees for the years ended December 31, 2013, 2012 and 2011 and for the nine months ended September 30, 2014.

Selling, General and Administrative Expenses. The Company had no selling expenses for the years ended December 31, 2013, 2012 and 2011 and for the nine months ended September 30, 2014.

The Company had $40,844 in general and administrative expenses for the years ended December 31, 2013, 2012 and 2011 and $0 for the nine months ended September 30, 2014.

The Company had no depreciation expense for the years ended December 31, 2013, 2012 and $1,855 for the year ended 2011 and $0 for the nine months ended September 30, 2014.

Liquidity and Capital Resources

The Company had working capital deficits of $3,201,372, $2,593,859 and $2,097,922 for the years ended December 31, 2013, 2012 and 2011, respectively and $2,052,743 for the nine months ended September 30, 2014.

Our cash flows from operations were negative during the years ended December 31, 2013, 2012 and 2011 and for the nine months ended September 30, 2014, respectively, due to our lack of revenues and the continuation of research and development and operating costs. Our primary funding source was the issuance of stock for cash and stockholder loans net of pay down on convertible debentures resulting in total cash provided by financing activities of for the years ended December 31, 2013, 2012and 2011 and for the nine months ended September 30, 2014, respectively were:

Year ended 2013	$220,668
Year ended 2012	$118,929
Year ended 2011	$567,869
Nine months ended September 30, 20124	$ 0

Our financial statements are prepared using principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, we do not have significant cash or other material liquid assets, nor do we have an established source of revenue sufficient to cover our operating costs and to allow us to continue as a going concern. We may, in the future, experience significant fluctuations in our results of operations. If we are required to obtain additional debt and equity financing or our illiquidity could suppress the value and price of our shares if and when trading in those shares develops. However, our future offerings of securities may not be undertaken, and if undertaken, may not be successful or the proceeds derived from these offerings may be less than anticipated and/or may be insufficient to fund operations and meet the needs of our business plan. Our current working capital is not sufficient to cover expected cash requirements for 2015 or to bring us to a positive cash flow position. If we do not raise sufficient capital to execute our business plan, it is possible that we will not be able to continue as a going concern.

We are attempting to raise additional capital through sales of common stock either through private placements or public offerings, as well as seeking other sources of funding. There are no assurances that ASRC will be able to achieve a level of revenues adequate to generate sufficient cash flow from operations or obtain the additional financing through private placements or public offerings to support the investment in American Hydra's development of hydrogen technology. If these funds are not available ASRC may not continue its operations or execute its business plan.

PART E. ISSUANCE HISTORY

Item XVII List of Securities Offerings and Shares Issued for Services in the Past Two Years

On October 14, 2014 the Company issued an aggregate of 300 shares of Series A Preferred Stock to Frank Neukomm and Robert Farr. Frank Neukomm is the Chairman and CEO of the Company, and Robert Farr is the President and COO.

On December 16, 2014 the Company converted certain outstanding notes of the Company in the aggregate principal amount of $1,200,000 into an aggregate of 10,000 shares of Series D Preferred Stock to Frank Neukomm and Robert Farr. Frank Neukomm is the Chairman and CEO of the Company, and Robert Farr is the President, COO and Director.

On December 22, 2014 the Company converted into an aggregate of 1,000,000 shares of common stock of the Company certain shares of Series D Preferred Stock previously issued to Frank Neukomm and Robert Farr. Frank Neukomm is the Chairman and CEO of the Company, and Robert Farr is the President and COO.

PART F EXHIBITS

Item XVIII Material Contracts

None

Item XIX Articles of Incorporation and Bylaws

1. Articles of Incorporation (See Articles of Incorporation in Filing section of Otcmarkets.com)
2. Bylaws (See Corporation Bylaw in Filing section of Otcmarkets.com)

Item XX Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None

Item XXI Issuer's Certifications

I, Frank Neukomm, certify that:

1. I have reviewed this Disclosure Statement of American Security Resources Corp.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

AMERICAN SECURITY RESOURCES CORP.

Date: January 22, 2015

By: /s/Frank Neukomm
Frank Neukomm
President

APPENDIX A

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED BALANCE SHEET - Unaudited
December 31, 2013, 2012 and 2011

	2013	2012	2011
ASSETS			
Cash	$ 8	$ 464	$ 0
Receivables – employees	63	63	63
Prepaid expenses	0	0	75
Total Current Assets	71	527	138
Equipment, net	0	0	0
Other assets – assets relating to discontinued operations	7,919	0	0
TOTAL ASSETS	$ 7,990	$ 527	$ 138
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY			
CURRENT LIABILITIES			
Accounts payable	$ 369,366	$ 369,366	$ 369,366
Note payable	18,350	18,350	18,350
Advances from shareholders	37,260	37,260	35,660
Accrued management fees	1,338,852	959,926	581,399
Bank overdraft	0	0	1,594
Accrued interest payable	4,986	4,986	4,986
Current liabilities - relating to discontinued operations	1,432,629	1,204,498	1,086,705
Total Current Liabilities	3,201,443	2,594,386	2,098,060
Long Term Liabilities	0	0	0
Total Liabilities	3,201,443	2,594,386	2.098,060
SHAREHOLDERS' (DEFICIT)			
Preferred stock Series A - 1,000,000 shares authorized; $.001 par value; 1,000 shares issued and outstanding	1,000	1,000	1,000
Preferred stock Series B - 1,000,000 shares authorized; $.001 par value; No shares issued and outstanding	0	0	0
Common stock – 20,000,000,000 shares authorized; $.001 par value; 19,989,234,920 shares issued and outstanding	19,989,235	19,989,235	19,989,235
Additional paid-in capital	35,919,268	35,919,268	35,919,268
Deficit accumulated during the development stage	(26,994,672)	(26,395,078)	(25,899,141)
Deficit accumulated from prior operations	(32,108,284)	(32,108,284)	(32,108,284)
Total Shareholders' (Deficit)	(3,193,453)	(2,593,859)	(2,097,922)
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)	$ 7,990	$ 527	$ 138

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF OPERATIONS - Unaudited
For the years ended December 31, 2013, 2012 and 2011

	2013	2012	2011
General and administrative expenses	$ 360,000	$ 360,878	$ 400,844
Depreciation	0	0	1,855
Research and development expenses	0	0	0
Operating Loss	360,000	360,878	402,699
Other Income (Expense)			
Interest expense	(18,926)	(18,527)	(10,543)
Disposal of assets	0	0	(122,195)
Rental income	0	730	11,770
	(18,926)	(17,797)	(120,968)
Net Loss before discontinued operations	(378,926)	(378,675)	(523,667)
Loss from continuing operations	220,668	117,262	88,139
Net Loss	$ (599,594)	$ (495,937)	$ (611,806)
Loss per share	$ (0.0)	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding	19,989,234,920	19,989,234,920	19,989,234,920

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY - Unaudited
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	No. of Shares	Common Stock	Paid-in Capital and Par Value	Accumulated Deficit Development Stage	Accumulated Deficit Prior Operations	Total
Balance, 12/31/10	19,414,684,920	$19,414,684	$36,366,019	$(25,287,335)	$(32,108,284)	$(1,614,916)
Shares issued for:						
Consulting service	199,550,000	199,551	(101,751)			97,800
Conversion of debenture	375,000,000	375,000	(345,000)			30,000
Net loss				(611,806)		(611,806)
Balance, 12/31/11	19,989,234,920	$19,989,235	$35,919,268	$(25,899,141)	$(32,108,284)	$(2,098,922)
Plus 1,000,000 shares of Preferred Stock at .001 par value						1,000
Total stockholders' equity						$(2,097,922)

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY - Unaudited
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	No. of Shares	Common Stock	Paid-in Capital and Par Value	Accumulated Deficit		Total
				Development Stage	Prior Operations	
Balance, 12/31/11	19,989,234,920	$19,989,235	$35,919,268	$(25,899,141)	$(32,108,284)	$(2,098,922)
Net loss				(495,937)		(495,937)
Balance, 12/31/12	19,989,234,920	$19,989,235	$35,919,268	$(26,366,008)	$(32,108,284)	$(2,594,859)
Plus 1,000,000 shares of Preferred Stock at .001 par value						1,000
Total stockholders' equity						$(2,593,859)

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY - Unaudited
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	No. of Shares	Common Stock	Paid-in Capital and Par Value	Accumulated Deficit		Total
				Development Stage	Prior Operations	
Balance, 12/31/12	19,989,234,920	$19,989,235	$35,919,268	$(26,395,078)	$(32,108,284)	$(2,594,859)
Net loss				(599,594)		(599,594)
Balance, 12/31/13	19,989,235,920	$19,989,235	$35,919,268	$(26,946,676)	$(32,108,284)	$(3,194,453)
Plus 1,000,000 shares of Preferred Stock at .001 par value						1,000
Total stockholders' equity						$(3,193,453)

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF CASH FLOWS - Unaudited
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	2013	2012	2011
Net loss	$ (599,594)	$ (495,937)	$ (611,806)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortization			1,855
Change in operating assets and liabilities:			
Prepaid expenses		75	3,752
Accounts payable			(332,213)
Accrued management fees	378,926	378,527	370,543
Accrued liabilities	0	(1,594)	0
Net cash used in operating activities	(220,668)	(118,929)	(567,869)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Discontinued operations	220,212	117,793	419,698
Net cash provided from (used in) investing activities	220,212	117,793	419,698
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from the sale of common stock	0	0	127,800
Shareholders loans	0	1,600	19,000
Net cash provided from financing activities	0	1,600	146,800
Net change in cash and cash equivalents	(456)	464	(1,371)
Cash and cash equivalents, beginning of period	464	0	1,371
Cash and cash equivalents, end of period	$ 8	$ 464	$ 0
Supplemental disclosure of non-cash financing activities:			
Stock issued for accrued expenses	$ 0	$ 0	$ 0
Cashless exercise of warrants	$ 0	$ 0	$ 0
Cash paid for interest and income taxes	$ 0	$ 0	$ 0

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
The Company was incorporated in Nevada in 1998. It began operations as Computer Automation Systems, Inc. In January of 2004, the Company was recapitalized and its name was changed to Kahuna Network Security Inc. On July 2, 2004, the Board of Directors voted to change the name of the Company to American Security Resources Corporation ("ASRC" or "the Company"), a change that was ratified by a majority of the Company's shareholders in July of 2004.

Significant Accounting Policies

Basis of presentation
The consolidated financial statements include the accounts of American Security Resources Corporation and its wholly-owned subsidiaries. Significant inter-company accounts and transactions have been eliminated.

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

Cash and Cash Equivalents
For purposes of the statement of cash flows, ASRC considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment
Property and Equipment is valued at cost.

Additions are capitalized and maintenance and repairs are charged to expense as incurred. Gains and losses on dispositions of equipment are reflected in operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Impairment of Long-Lived Assets
ASRC reviews the carrying value of its long-lived assets annually or whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. ASRC assesses recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value.

Intangible Assets
Intangible assets with estimable useful lives are amortized over respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with FASB Accounting Standards Codification 360, "Property, Plant and Equipment" (ASC 360), previously referred to as Statement of Financial Accounting Standards No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets* .

Discontinued Operations

On April 21, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation ("Hydra") to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO.
This transaction met the requirements of SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" as being held for sale. Operations and cash flow were eliminated as a result of the sale and the Company did not have any significant involvement in the operations after the sale. The results of Hydra are presented as a separate line item in the consolidated statements of operations and the consolidated balance sheets entitled "Assets/Liabilities sold relating to discontinued operations" and "Assets/Liabilities retained related to discontinued operations". In accordance with EITF 87-24, "Allocation of Interest to Discontinued Operations", the Company elected to not allocate consolidated interest expense to discontinued operations where the

debt is not directly attributable to or related to discontinued operations. All of the financial information in the consolidated financial statements and notes to the consolidated financial statements has been revised to reflect only the results of continued operations. (See Note 8).

Research and Development Costs
All research and development costs are expensed as incurred, including primarily contracting costs.

Income Taxes
The Company accounts for income taxes in accordance with FASB Accounting Standards Codification 740, "Income Taxes" (ASC 740), previously referred to as Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," and Financial Accounting Standard Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes." Under ASC 740, we recognize deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect those temporary differences to be recovered or settled. We record valuation allowances to reduce our deferred tax assets to the amount expected to be realized by considering all available positive and negative evidence.

Pursuant to ASC 740, we must consider all positive and negative evidence regarding the realization of deferred tax assets, including past operating results and future sources of taxable income. Under the provisions of ASC 740-10, we determined that our net deferred tax asset needed to be fully reserved given recent results of operations.

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, also included in ASC 740. The Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attributes of income tax positions taken or expected to be taken on a tax return. Under FIN 48, the impact of an uncertain tax position taken or expected to be taken on an income tax return must be recognized in the financial statements at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more likely than not of being sustained.

Basic and Diluted Net Loss per Share
The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding.

Stock Based Compensation
Effective December 15, 2005, we adopted the provisions of FASB Accounting Standards Codification 718, "Compensation — Stock Compensation" (ASC 718), previously referred to as Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" and applied the provisions of the Securities and Exchange Commission Staff Accounting Bulletin No. 107 using the modified-prospective transition method. Under this transition method, compensation cost recognized includes (a) the compensation cost for all share-based awards granted prior to, but not yet vested, as of December 15, 2005, based on the grant-date fair value estimated in accordance with the original provisions of ASC 718 and (b) the compensation cost for all share-based awards granted subsequent to December 15, 2005, based on the grant-date fair value estimated in accordance with the provisions of ASC 718. The Company had not issued any options to employees in the prior periods thus; there was no impact of adopting the new standard.

Additionally, we accounted for restricted stock awards granted using the measurement and recognition provisions of ASC 718. We measure the fair value of the restricted stock awards on the grant date and recognize them in earnings over the requisite service period for each separately vesting portion of the award.

The Company determines the value of stock options utilizing the Black-Scholes option-pricing model. Compensation costs for share-based awards with pro rata vesting are allocated to periods on a straight-line basis.

Fair Value of Financial Instruments
The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable and accounts payable. Management believes that the carrying values of these assets and liabilities are representative of their respective fair values based on their short-term nature.

Recently Issued Accounting Pronouncements

The Company has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 105-10, *Generally Accepted Accounting Principles – Overall* ("ASC 105-10"), which was formerly known as SFAS 168. ASC 105-10 establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the Securities and Exchange Commission (the "SEC") under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards and all other non-grandfathered, non-SEC accounting literature not included in the Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASUs"). The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the basis of conclusions on the change(s) in the Codification. References made to FASB guidance throughout this document have been updated for the Codification.

In April 2014, the Financial Accounting Standards Board issued an accounting standard update that amends the definition of a discontinued operation to include only those disposals of components of an entity that represent a strategic shift that has, or will have, a major effect on an entity's operations and financial results. The amendment should be applied prospectively and is effective for fiscal years beginning on or after December 15, 2014. Early adoption is permitted for disposals that have not been reported in financial statements previously issued. The adoption of this guidance will not have a material effect on the Company's financial condition, results of operations or cash flows.

In May 2014, the FASB issued an accounting standard update on revenue recognition that will be applied to all contracts with customers. The update requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance will be required to be applied on a retrospective basis, using one of two methodologies, and will be effective for fiscal years beginning after December 15, 2016, with early application not being permitted. The Company is currently assessing the impact that the guidance will have on the Company's financial condition and results of operations.

In June 2014, the FASB issued ASU 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. ASU 2014-10 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in ASU 2014-10 will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early adoption is permitted. The Company adopted ASU 2014-10 during the quarter ended June 30, 2014, thereby no longer presenting or disclosing any information required by Topic 915.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 2 - GOING CONCERN

As shown in the accompanying consolidated financial statements, ASRC incurred recurring losses from continuing operations of $378,926, $378,675 and $523,667 in the years ended 2013, 2012 and 2011, respectively. This condition creates an uncertainty as to ASRC's ability to continue as a going concern. Management is trying to raise additional capital through sales of common stock either through private placements or public offerings, as well as seeking other sources of funding. There are no assurances that ASRC will be able to achieve a level of revenues adequate to generate sufficient cash flow from operations or obtain the additional financing through private placements or public offerings to support the investment in Hydra's fuel cell technology. If these funds are not available ASRC may not continue its operations or execute its business plan. The conditions raise substantial doubt about ASRC's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should ASRC be unable to continue as a going concern.

NOTE 3 - COMMON STOCK

During the year ended December 31, 2011 ASRC issued 199,550,000 common shares to external parties in exchange for consulting services recorded a total expense of $97,800. The expense is equal to the fair value of the shares based upon the closing price at the date that either a definitive agreement to issue the shares was reached with external parties or the date the Board authorized their issuance.

During the year ended December 31, 2011, ASRC issued 375,000,000 of common shares pursuant to a beneficial conversion feature related to convertible notes and such shares were valued at $30,000 based on their market value at the time of issuance, as reflected in these financial statements.

NOTE 4 – PREFERRED STOCK

During the years ended December 31, 2013, 2012 and 2011, the Company did not issue any shares of its Series B Preferred Stock.

NOTE 5 - STOCK-BASED COMPENSATION

During the years ended December 31, 2013, 2012 and 2011, the Company did not issue any common shares for stock-based compensation.

NOTE 6 –WARRANTS AND OPTIONS

The Company currently has not issued and outstanding warrants.

NOTE 7- INCOME TAXES

ASRC uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes. During fiscal 2013, 2012 and 2011, ASRC incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward and temporary differences has been fully reserved. The cumulative net operating loss carry-forward is approximately $22,500,000 at December 31, 2013 and will expire in the years 2023 and 2033. The resulting deferred tax asset arising from NOL carry forwards of $7,600,000 has been fully reserved.

NOTE 8 – DISCONTINUED OPERATIONS

On April 21, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation (“Hydra”) to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO.

The following are condensed statements of the discontinued operations (Hydra Fuel Corporation) for the years ended December 31:

	2013	2012	2011
General and administrative expenses	$ 144,679	$ 44,693	$ 20,876
Depreciation	0	0	0
Operating Loss	144,679	44,693	20,876
Other Income (Expense)			
Interest expense	(75,989)	(72,569)	(67,263)
Loss from discontinued operations	$ (220,668)	$ (117,262)	$ (88,139)

Assets and liabilities retained relating to discontinued operations (Hydra Fuel Corporation) consisted of the following at December 31:

	2013	2012	2011
Current assets retained relating to discontinued operations:			
Cash	$ 2,919	$ 0	$ 0
Accounts receivable	5,000	0	0
Total	$ 7,919	$ 0	$ 0
Current liabilities retained relating to discontinued operations:			
Notes payable	984,715	$ 984,715	$ 954,715
Accrued interest payable	214,009	139,835	67,263
Accounts payable	95,405	79,948	64,727
Shareholder advances	138,500	0	0
Total	$ 1,432,629	$ 1,204,498	$ 1,086,705

NOTE 9 – SUBSEQUENT EVENTS

On April 21, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation ("Hydra") to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO.

On December 8, 2014 the Company approved a 1 for 8,000 reverse split of its common stock.

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED BALANCE SHEET - Unaudited

	March 31, 2014	December 31, 2013
ASSETS		
Cash	$ 8	$ 0
Receivables – employees	63	63
Prepaid expenses	0	75
Total Current Assets	71	138
Other assets		
Receivable from Hydra Fuel Cell Corporation	4,311,024	0
Investment in Hydrogen Futures Corporation	785,000	0
Assets related to discontinued operations	0	7,919
Total Other Assets	5,096,024	7,919
TOTAL ASSETS	$ 5,096,095	$ 7,990
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 369,366	$ 369,366
Note payable	18,350	18,350
Advances from shareholders	37,260	37,260
Accrued management fees	1,433,552	1,338,852
Bank overdraft	0	0
Accrued interest payable	4,986	4,986
Current liabilities - relating to discontinued operations	0	1,432,629
Total Current Liabilities	1,863,514	3,201,443
Long Term Liabilities	0	0
Total Liabilities	1,863,514	3,201,443
SHAREHOLDERS' (DEFICIT)		
Preferred stock Series A - 1,000,000 shares authorized; $.001 par value; 1,000 shares issued and outstanding	1,000	1,000
Preferred stock Series B - 1,000,000 shares authorized; $.001 par value; No shares issued and outstanding	0	0
Common stock – 20,000,000,000 shares authorized; $.001 par value; 19,989,234,920 shares issued and outstanding	19,989,235	19,989,235
Additional paid-in capital	35,919,268	35,919,268
Deficit accumulated during the development stage	(20,568,638)	(26,994,672)
Deficit accumulated from prior operations	(32,108,284)	(32,108,284)
Total Shareholders' (Deficit)	3,232,581	(3,193,453)
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)	$ 5,096,095	$ 7,990

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF OPERATIONS - Unaudited
For the three months ended March 31, 2014 and 2013

	2014	2013
General and administrative expenses	$ 90,000	$ 90,000
Depreciation	0	0
Research and development expenses	0	0
Operating Loss	90,000	90,000
Other Income (Expense)		
Interest expense	(4,700)	(4,700)
Disposal of assets	0	0
Rental income	0	0
	(4,700)	(4,700)
Net Loss before discontinued operations	(94,700)	(94,700)
Loss from continuing operations	0	55,000
Net Loss	$ (94,700)	$ (149,700)
Loss per share	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding	19,989,234,920	19,989,234,920

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY - Unaudited
FOR THE THREE MONTHS ENDED MARCH 31, 2014

	No. of Shares	Common Stock	Paid-in Capital and Par Value	Accumulated Deficit Development Stage	Accumulated Deficit Prior Operations	Total
Balance, 12/31/13	19,989,234,920	$19,989,235	$35,919,268	$(26,994,672)	$(32,108,284)	$(3,194,453)
Adjustment for sale of Subsidiary for stock				6,520,734		6,520,734
Net loss				(94,700)		(94,700)
Balance, 3/31/2014	19,989,235,920	$19,989,235	$35,919,268	$(20,568,638)	$(32,108,284)	$3,231,581
Plus 1,000,000 shares of Preferred Stock at .001 par value						1,000
Total stockholders' equity						$3,232,581

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF CASH FLOWS - Unaudited
FOR THE THREE MONTHS MARCH 31, 2014 AND 2013

	2014	2013
Net loss	$ (94,700)	$ (149,700)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	0	0
Change in operating assets and liabilities:		
Prepaid expenses	0	0
Accounts payable	0	0
Accrued management fees	94,700	94,700
Accrued liabilities	0	0
Net cash used in operating activities	(0)	(55,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Discontinued operations	0	55,000
Net cash provided from (used in) investing activities	0	55,000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the sale of common stock	0	0
Shareholders loans	0	0
Net cash provided from financing activities	0	0
Net change in cash and cash equivalents	0	0
Cash and cash equivalents, beginning of period	8	8
Cash and cash equivalents, end of period	$ 8	$ 8
Supplemental disclosure of non-cash financing activities:		
Cash paid for interest and income taxes	$ 0	$ 0

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS - Unaudited

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Company was incorporated in Nevada in 1998. It began operations as Computer Automation Systems, Inc. In January of 2004, the Company was recapitalized and its name was changed to Kahuna Network Security Inc. On July 2, 2004, the Board of Directors voted to change the name of the Company to American Security Resources Corporation ("ASRC" or "the Company"), a change that was ratified by a majority of the Company's shareholders in July of 2004.

Significant Accounting Policies

Basis of presentation

The consolidated financial statements include the accounts of American Security Resources Corporation and its wholly-owned subsidiaries. Significant inter-company accounts and transactions have been eliminated.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, ASRC considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and Equipment is valued at cost.

Additions are capitalized and maintenance and repairs are charged to expense as incurred. Gains and losses on dispositions of equipment are reflected in operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Impairment of Long-Lived Assets

ASRC reviews the carrying value of its long-lived assets annually or whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. ASRC assesses recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value.

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outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO.

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Pursuant to ASC 740, we must consider all positive and negative evidence regarding the realization of deferred tax assets, including past operating results and future sources of taxable income. Under the provisions of ASC 740-10, we determined that our net deferred tax asset needed to be fully reserved given recent results of operations.

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Basic and Diluted Net Loss per Share
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Stock Based Compensation
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2005, based on the grant-date fair value estimated in accordance with the provisions of ASC 718. The Company had not issued any options to employees in the prior periods thus; there was no impact of adopting the new standard.

Additionally, we accounted for restricted stock awards granted using the measurement and recognition provisions of ASC 718. We measure the fair value of the restricted stock awards on the grant date and recognize them in earnings over the requisite service period for each separately vesting portion of the award.

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The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable and accounts payable. Management believes that the carrying values of these assets and liabilities are representative of their respective fair values based on their short-term nature.

Recently Issued Accounting Pronouncements

The Company has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 105-10, *Generally Accepted Accounting Principles – Overall* ("ASC 105-10"), which was formerly known as SFAS 168. ASC 105-10 establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the Securities and Exchange Commission (the "SEC") under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards and all other non-grandfathered, non-SEC accounting literature not included in the Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASUs"). The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the basis of conclusions on the change(s) in the Codification. References made to FASB guidance throughout this document have been updated for the Codification.

In April 2014, the Financial Accounting Standards Board issued an accounting standard update that amends the definition of a discontinued operation to include only those disposals of components of an entity that represent a strategic shift that has, or will have, a major effect on an entity's operations and financial results. The amendment should be applied prospectively and is effective for fiscal years beginning on or after December 15, 2014. Early adoption is permitted for disposals that have not been reported in financial statements previously issued. The adoption of this guidance will not have a material effect on the Company's financial condition, results of operations or cash flows.

In May 2014, the FASB issued an accounting standard update on revenue recognition that will be applied to all contracts with customers. The update requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance will be required to be applied on a retrospective basis, using one of two methodologies, and will be effective for fiscal years beginning after December 15, 2016, with early application not being permitted. The Company is currently assessing the impact that the guidance will have on the Company's financial condition and results of operations.

In June 2014, the FASB issued ASU 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. ASU 2014-10 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in ASU 2014-10 will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early

adoption is permitted. The Company adopted ASU 2014-10 during the quarter ended June 30, 2014, thereby no longer presenting or disclosing any information required by Topic 915.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 2 - GOING CONCERN

As shown in the accompanying consolidated financial statements, ASRC incurred recurring losses from continuing operations of $94,700 for the three months ended March 31, 2014 and 2013, respectively. This condition creates an uncertainty as to ASRC's ability to continue as a going concern. Management is trying to raise additional capital through sales of common stock either through private placements or public offerings, as well as seeking other sources of funding. There are no assurances that ASRC will be able to achieve a level of revenues adequate to generate sufficient cash flow from operations or obtain the additional financing through private placements or public offerings to support the investment in Hydra's fuel cell technology. If these funds are not available ASRC may not continue its operations or execute its business plan. The conditions raise substantial doubt about ASRC's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should ASRC be unable to continue as a going concern.

NOTE 3 – OTHER ASSETS

Other assets consist of the following:

	March 31 2014	December 31, 2013
Hydrogen Futures Corporation	$ 785,000	$ 0
Receivable from Hydra Fuel Corporation	4,311,024	0
Assets related to discontinued operations	0	7,919
Total Other Assets	$ 5,096,024	$ 7,919

On April 21, 2014 and recorded as of March 31, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation ("Hydra") to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO. The one share of HFCO preferred stock received by the Company was valued at the $785,000 value of Hydra common stock owned by the Company.

NOTE 4 - COMMON STOCK

During the quarter ended March 31, ASRC did not issue any common shares.

NOTE 5 – PREFERRED STOCK

During the quarter ended March 31, 2014, ASRC did not issue any preferred shares.

NOTE 6 - STOCK-BASED COMPENSATION

During the quarter ended March 31, 2014, ASRC did not issue any common shares as stock based compensation.

NOTE 7 –WARRANTS AND OPTIONS

The Company currently has not issued and outstanding warrants.

NOTE 8- INCOME TAXES

ASRC uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes. During three months ended March 31, 2014, ASRC incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward and temporary differences has been fully reserved. The cumulative net operating loss carry-forward is approximately $22,550,000 at March 31, 2014 and will expire in the years 2023 and 2033. The resulting deferred tax asset arising from NOL carry forwards of $7,600,000 has been fully reserved.

NOTE 9 – DISCONTINUED OPERATIONS

On April 21, 2014 and recorded as of March 31, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation ("Hydra") to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO.

The following are condensed statements of the discontinued operations (Hydra Fuel Corporation) for the three months ended March 31:

	2014	2013
General and administrative expenses	$ 0	$ 36,200
Depreciation	0	0
Operating Loss	0	36,200
Other Income (Expense)		
Interest expense	0	(18,800)
Loss from discontinued operations	$ 0	$ (55,000)

Assets and liabilities retained relating to discontinued operations (Hydra Fuel Corporation) consisted of the following at March 31:

	2014	2013
Current assets retained relating to discontinued operations:		
Cash	$ 0	$ 2,919
Accounts receivable	0	5,000
Total	$ 0	$ 7,919
Current liabilities retained relating to discontinued operations:		
Notes payable	$ 0	$ 984,715
Accrued interest payable	0	214,009
Accounts payable	0	95,405
Shareholder advances	0	138,500
Total	$ 0	$ 1,432,629

NOTE 10 – SUBSEQUENT EVENTS

On April 21, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation ("Hydra") to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO.

On December 8, 2014 the Company approved a 1 for 8,000 reverse split of its common stock.

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED BALANCE SHEET - Unaudited

	June 30, 2014	December 31, 2013
ASSETS		
Cash	$ 8	$ 0
Receivables – employees	63	63
Prepaid expenses	0	75
Total Current Assets	71	138
Other assets		
Receivable from Hydra Fuel Cell Corporation	4,311,024	0
Investment in Hydrogen Futures Corporation	785,000	0
Assets related to discontinued operations	0	7,919
Total Other Assets	5,096,024	7,919
TOTAL ASSETS	$ 5,096,095	$ 7,990
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 369,366	$ 369,366
Note payable	18,350	18,350
Advances from shareholders	37,260	37,260
Accrued management fees	1,528,252	1,338,852
Bank overdraft	0	0
Accrued interest payable	4,986	4,986
Current liabilities - relating to discontinued operations	0	1,432,629
Total Current Liabilities	1,958,214	3,201,443
Long Term Liabilities	0	0
Total Liabilities	1,958,214	3,201,443
SHAREHOLDERS' (DEFICIT)		
Preferred stock Series A - 1,000,000 shares authorized; $.001 par value; 1,000 shares issued and outstanding	1,000	1,000
Preferred stock Series B - 1,000,000 shares authorized; $.001 par value; No shares issued and outstanding	0	0
Common stock – 20,000,000,000 shares authorized; $.001 par value; 19,989,234,920 shares issued and outstanding	19,989,235	19,989,235
Additional paid-in capital	35,919,268	35,919,268
Deficit accumulated during the development stage	(20,663,338)	(26,994,672)
Deficit accumulated from prior operations	(32,108,284)	(32,108,284)
Total Shareholders' (Deficit)	3,137,881	(3,193,453)
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)	$ 5,096,095	$ 7,990

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF OPERATIONS - Unaudited
For the six months ended June 30, 2014 and 2013

	2014	2013
General and administrative expenses	$ 180,000	$ 180,000
Depreciation	0	0
Research and development expenses	0	0
Operating Loss	180,000	180,000
Other Income (Expense)		
Interest expense	(9,400)	(9,400)
Disposal of assets	0	0
Rental income	0	0
	(9,400)	(9,400)
Net Loss before discontinued operations	(189,400)	(189,400)
Loss from continuing operations	0	110,000
Net Loss	$ (189,400)	$ (299,400)
Loss per share	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding	19,989,234,920	19,989,234,920

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY - Unaudited
FOR THE SIX MONTHS ENDED JUNE 30, 2014

	No. of Shares	Common Stock	Paid-in Capital and Par Value	Accumulated Deficit		Total
				Development Stage	Prior Operations	
Balance, 12/31/13	19,989,234,920	$19,989,235	$35,919,268	$(26,994,672)	$(32,108,284)	$(3,194,453)
Adjustment for sale of Subsidiary for stock				6,520,734		6,520,734
Net loss				(189,400)		(189,400)
Balance, 6/30/2014	19,989,235,920	$19,989,235	$35,919,268	$(20,663,338)	$(32,108,284)	$3,136,881
Plus 1,000,000 shares of Preferred Stock at .001 par value						1,000
Total stockholders' equity						$3,137,881

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF CASH FLOWS - Unaudited
FOR THE SIX MONTHS JUNE 30, 2014 AND 2013

	2014	2013
Net loss	$ (189,400)	$ (299,400)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	0	0
Change in operating assets and liabilities:		
Prepaid expenses	0	0
Accounts payable	0	0
Accrued management fees	189,400	189,400
Accrued liabilities	0	0
Net cash used in operating activities	(0)	(110,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Discontinued operations	0	110,000
Net cash provided from (used in) investing activities	0	110,000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the sale of common stock	0	0
Shareholders loans	0	0
Net cash provided from financing activities	0	0
Net change in cash and cash equivalents	0	0
Cash and cash equivalents, beginning of period	8	8
Cash and cash equivalents, end of period	$ 8	$ 8
Supplemental disclosure of non-cash financing activities:		
Cash paid for interest and income taxes	$ 0	$ 0

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS - Unaudited

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Company was incorporated in Nevada in 1998. It began operations as Computer Automation Systems, Inc. In January of 2004, the Company was recapitalized and its name was changed to Kahuna Network Security Inc. On July 2, 2004, the Board of Directors voted to change the name of the Company to American Security Resources Corporation ("ASRC" or "the Company"), a change that was ratified by a majority of the Company's shareholders in July of 2004.

Significant Accounting Policies

Basis of presentation

The consolidated financial statements include the accounts of American Security Resources Corporation and its wholly-owned subsidiaries. Significant inter-company accounts and transactions have been eliminated.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, ASRC considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and Equipment is valued at cost.

Additions are capitalized and maintenance and repairs are charged to expense as incurred. Gains and losses on dispositions of equipment are reflected in operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Impairment of Long-Lived Assets

ASRC reviews the carrying value of its long-lived assets annually or whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. ASRC assesses recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value.

Intangible Assets

Intangible assets with estimable useful lives are amortized over respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with FASB Accounting Standards Codification 360, "Property, Plant and Equipment" (ASC 360), previously referred to as Statement of Financial Accounting Standards No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets* .

Discontinued Operations

On April 21, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation ("Hydra") to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then

outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO.

This transaction met the requirements of SFAS No. 144, “Accounting for Impairment or Disposal of Long-Lived Assets” as being held for sale. Operations and cash flow were eliminated as a result of the sale and the Company did not have any significant involvement in the operations after the sale. The results of Hydra are presented as a separate line item in the consolidated statements of operations and the consolidated balance sheets entitled “Assets/Liabilities sold relating to discontinued operations” and “Assets/Liabilities retained related to discontinued operations”. In accordance with EITF 87-24, “Allocation of Interest to Discontinued Operations”, the Company elected to not allocate consolidated interest expense to discontinued operations where the debt is not directly attributable to or related to discontinued operations. All of the financial information in the consolidated financial statements and notes to the consolidated financial statements has been revised to reflect only the results of continued operations. (See Note 9).

Research and Development Costs
All research and development costs are expensed as incurred, including primarily contracting costs.

Income Taxes
The Company accounts for income taxes in accordance with FASB Accounting Standards Codification 740, “Income Taxes” (ASC 740), previously referred to as Statement of Financial Accounting Standards No. 109, “Accounting for Income Taxes,” and Financial Accounting Standard Board Interpretation No. 48, “Accounting for Uncertainty in Income Taxes.” Under ASC 740, we recognize deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect those temporary differences to be recovered or settled. We record valuation allowances to reduce our deferred tax assets to the amount expected to be realized by considering all available positive and negative evidence.

Pursuant to ASC 740, we must consider all positive and negative evidence regarding the realization of deferred tax assets, including past operating results and future sources of taxable income. Under the provisions of ASC 740-10, we determined that our net deferred tax asset needed to be fully reserved given recent results of operations.

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, also included in ASC 740. The Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements and prescribes a recognition threshold and measurement attributes of income tax positions taken or expected to be taken on a tax return. Under FIN 48, the impact of an uncertain tax position taken or expected to be taken on an income tax return must be recognized in the financial statements at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more likely than not of being sustained.

Basic and Diluted Net Loss per Share
The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding.

Stock Based Compensation
Effective December 15, 2005, we adopted the provisions of FASB Accounting Standards Codification 718, “Compensation — Stock Compensation” (ASC 718), previously referred to as Statement of Financial Accounting Standards No. 123R, “Share-Based Payment” and applied the provisions of the Securities and Exchange Commission Staff Accounting Bulletin No. 107 using the modified-prospective transition method. Under this transition method, compensation cost recognized includes (a) the compensation cost for all share-based awards granted prior to, but not yet vested, as of December 15, 2005, based on the grant-date fair value estimated in accordance with the original provisions of ASC 718 and (b) the compensation cost for all share-based awards granted subsequent to December 15,

2005, based on the grant-date fair value estimated in accordance with the provisions of ASC 718. The Company had not issued any options to employees in the prior periods thus; there was no impact of adopting the new standard.

Additionally, we accounted for restricted stock awards granted using the measurement and recognition provisions of ASC 718. We measure the fair value of the restricted stock awards on the grant date and recognize them in earnings over the requisite service period for each separately vesting portion of the award.

The Company determines the value of stock options utilizing the Black-Scholes option-pricing model. Compensation costs for share-based awards with pro rata vesting are allocated to periods on a straight-line basis.

Fair Value of Financial Instruments
The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable and accounts payable. Management believes that the carrying values of these assets and liabilities are representative of their respective fair values based on their short-term nature.

Recently Issued Accounting Pronouncements

The Company has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 105-10, *Generally Accepted Accounting Principles – Overall* ("ASC 105-10"), which was formerly known as SFAS 168. ASC 105-10 establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the Securities and Exchange Commission (the "SEC") under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards and all other non-grandfathered, non-SEC accounting literature not included in the Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASUs"). The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the basis of conclusions on the change(s) in the Codification. References made to FASB guidance throughout this document have been updated for the Codification.

In April 2014, the Financial Accounting Standards Board issued an accounting standard update that amends the definition of a discontinued operation to include only those disposals of components of an entity that represent a strategic shift that has, or will have, a major effect on an entity's operations and financial results. The amendment should be applied prospectively and is effective for fiscal years beginning on or after December 15, 2014. Early adoption is permitted for disposals that have not been reported in financial statements previously issued. The adoption of this guidance will not have a material effect on the Company's financial condition, results of operations or cash flows.

In May 2014, the FASB issued an accounting standard update on revenue recognition that will be applied to all contracts with customers. The update requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance will be required to be applied on a retrospective basis, using one of two methodologies, and will be effective for fiscal years beginning after December 15, 2016, with early application not being permitted. The Company is currently assessing the impact that the guidance will have on the Company's financial condition and results of operations.

In June 2014, the FASB issued ASU 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. ASU 2014-10 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in ASU 2014-10 will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early

adoption is permitted. The Company adopted ASU 2014-10 during the quarter ended June 30, 2014, thereby no longer presenting or disclosing any information required by Topic 915.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 2 - GOING CONCERN

As shown in the accompanying consolidated financial statements, ASRC incurred recurring losses from continuing operations of $189,400 for the six months ended June 30, 2014 and 2013, respectively. This condition creates an uncertainty as to ASRC's ability to continue as a going concern. Management is trying to raise additional capital through sales of common stock either through private placements or public offerings, as well as seeking other sources of funding. There are no assurances that ASRC will be able to achieve a level of revenues adequate to generate sufficient cash flow from operations or obtain the additional financing through private placements or public offerings to support the investment in Hydra's fuel cell technology. If these funds are not available ASRC may not continue its operations or execute its business plan. The conditions raise substantial doubt about ASRC's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should ASRC be unable to continue as a going concern.

NOTE 3 – OTHER ASSETS

Other assets consist of the following:

	June 30 2014	December 31, 2013
Hydrogen Futures Corporation	$ 785,000	$ 0
Receivable from Hydra Fuel Corporation	4,311,024	0
Assets related to discontinued operations	0	7,919
Total Other Assets	$ 5,096,024	$ 7,919

On April 21, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation ("Hydra") to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO. The one share of HFCO preferred stock received by the Company was valued at the $785,000 value of Hydra common stock
owned by the Company/

NOTE 4 - COMMON STOCK

During the quarter ended June 30, 2014, ASRC did not issue any common shares.

NOTE 5 – PREFERRED STOCK

During the quarter ended June 30, 2014, ASRC did not issue any preferred shares.

NOTE 6 - STOCK-BASED COMPENSATION

During the quarter ended June 30, 2014, ASRC did not issue any common shares as stock based compensation.

NOTE 7 –WARRANTS AND OPTIONS

The Company currently has not issued and outstanding warrants.

NOTE 8- INCOME TAXES

ASRC uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes. During six months ended June 30, 2014, ASRC incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward and temporary differences has been fully reserved. The cumulative net operating loss carry-forward is approximately $22,600,000 at June 30, 2014 and will expire in the years 2023 and 2033. The resulting deferred tax asset arising from NOL carry forwards of $7,600,000 has been fully reserved.

NOTE 9 – DISCONTINUED OPERATIONS

On April 21, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation ("Hydra") to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO.

The following are condensed statements of the discontinued operations (Hydra Fuel Corporation) for the six months ended
June 30:

	2014	2013
General and administrative expenses	$ 0	$ 72,400
Depreciation	0	0
Operating Loss	0	72,400
Other Income (Expense)		
Interest expense	0	(37,600)
Loss from discontinued operations	$ 0	$ (110,000)

Assets and liabilities retained relating to discontinued operations (Hydra Fuel Corporation) consisted of the following at June 30:

	2014	2013
Current assets retained relating to discontinued operations:		
Cash	$ 0	$ 2,919
Accounts receivable	0	5,000
Total	$ 0	$ 7,919
Current liabilities retained relating to discontinued operations:		
Notes payable	$ 0	$ 984,715
Accrued interest payable	0	214,009
Accounts payable	0	95,405
Shareholder advances	0	138,500
Total	$ 0	$ 1,432,629

NOTE 10 – SUBSEQUENT EVENTS

On December 8, 2014 the Company approved a 1 for 8,000 reverse split of its common stock.

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED BALANCE SHEET - Unaudited

	September 30, 2014	December 31, 2013
ASSETS		
Cash	$ 8	$ 0
Receivables – employees	63	63
Prepaid expenses	0	75
Total Current Assets	71	138
Other assets		
Receivable from Hydra Fuel Cell Corporation	4,311,024	0
Investment in Hydrogen Futures Corporation	785,000	0
Assets related to discontinued operations	0	7,919
Total Other Assets	5,096,024	7,919
TOTAL ASSETS	$ 5,096,095	$ 7,990
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 369,366	$ 369,366
Note payable	18,350	18,350
Advances from shareholders	37,260	37,260
Accrued management fees	1,622,852	1,338,852
Bank overdraft	0	0
Accrued interest payable	4,986	4,986
Current liabilities - relating to discontinued operations	0	1,432,629
Total Current Liabilities	2,052,814	3,201,443
Long Term Liabilities	0	0
Total Liabilities	2,052,814	3,201,443
SHAREHOLDERS' (DEFICIT)		
Preferred stock Series A - 1,000,000 shares authorized; $.001 par value; 1,000 shares issued and outstanding	1,000	1,000
Preferred stock Series B - 1,000,000 shares authorized; $.001 par value; No shares issued and outstanding	0	0
Common stock – 20,000,000,000 shares authorized; $.001 par value; 19,989,234,920 shares issued and outstanding	19,989,235	19,989,235
Additional paid-in capital	35,919,268	35,919,268
Deficit accumulated during the development stage	(20,757,938)	(26,994,672)
Deficit accumulated from prior operations	(32,108,284)	(32,108,284)
Total Shareholders' (Deficit)	3,043,281	(3,193,453)
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT)	$ 5,096,095	$ 7,990

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF OPERATIONS - Unaudited
For the nine months ended September 30, 2014 and 2013

	2014	2013
General and administrative expenses	$ 270,000	$ 270,000
Depreciation	0	0
Research and development expenses	0	0
Operating Loss	270,000	270,000
Other Income (Expense)		
Interest expense	(14,000)	(14,000)
Disposal of assets	0	0
Rental income	0	0
	(14,000)	(14,000)
Net Loss before discontinued operations	(284,000)	(284,000)
Loss from continuing operations	0	165,000
Net Loss	$ (284,000)	$ (449,000)
Loss per share	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding	19,989,234,920	19,989,234,920

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY - Unaudited
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

	No. of Shares	Common Stock	Paid-in Capital and Par Value	Accumulated Deficit Development Stage	Accumulated Deficit Prior Operations	Total
Balance, 12/31/13	19,989,234,920	$19,989,235	$35,919,268	$(26,994,672)	$(32,108,284)	$(3,194,453)
Adjustment for sale of Subsidiary for stock				6,520,734		6,520,734
Net loss				(284,000)		(284,000)
Balance, 9/30/2014	19,989,235,920	$19,989,235	$35,919,268	$(20,757,938)	$(32,108,284)	$3,044,281
Plus 1,000,000 shares of Preferred Stock at .001 par value						1,000
Total stockholders' equity						$(3,043,281)

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

AMERICAN SECURITY RESOURCES CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF CASH FLOWS - Unaudited
FOR THE NINE MONTHS SEPTEMBER 30, 2014 AND 2013

	2014	2013
Net loss	$ (284,000)	$ (449,000)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	0	0
Change in operating assets and liabilities:		
Prepaid expenses	0	0
Accounts payable	0	0
Accrued management fees	284,000	284,000
Accrued liabilities	0	0
Net cash used in operating activities	(0)	(165,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Discontinued operations	0	165,000
Net cash provided from (used in) investing activities	0	165,000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the sale of common stock	0	0
Shareholders loans	0	0
Net cash provided from financing activities	0	0
Net change in cash and cash equivalents	0	0
Cash and cash equivalents, beginning of period	8	8
Cash and cash equivalents, end of period	$ 8	$ 8
Supplemental disclosure of non-cash financing activities:		
Cash paid for interest and income taxes	$ 0	$ 0

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Company was incorporated in Nevada in 1998. It began operations as Computer Automation Systems, Inc. In January of 2004, the Company was recapitalized and its name was changed to Kahuna Network Security Inc. On July 2, 2004, the Board of Directors voted to change the name of the Company to American Security Resources Corporation ("ASRC" or "the Company"), a change that was ratified by a majority of the Company's shareholders in July of 2004.

Significant Accounting Policies

Basis of presentation

The consolidated financial statements include the accounts of American Security Resources Corporation and its wholly-owned subsidiaries. Significant inter-company accounts and transactions have been eliminated.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, ASRC considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and Equipment is valued at cost.

Additions are capitalized and maintenance and repairs are charged to expense as incurred. Gains and losses on dispositions of equipment are reflected in operations. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Impairment of Long-Lived Assets

ASRC reviews the carrying value of its long-lived assets annually or whenever events or changes in circumstances indicate that the historical cost-carrying value of an asset may no longer be appropriate. ASRC assesses recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value.

Intangible Assets

Intangible assets with estimable useful lives are amortized over respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with FASB Accounting Standards Codification 360, "Property, Plant and Equipment" (ASC 360), previously referred to as Statement of Financial Accounting Standards No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets* .

Discontinued Operations

On April 21, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation ("Hydra") to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then

outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO.

This transaction met the requirements of SFAS No. 144, “Accounting for Impairment or Disposal of Long-Lived Assets” as being held for sale. Operations and cash flow were eliminated as a result of the sale and the Company did not have any significant involvement in the operations after the sale. The results of Hydra are presented as a separate line item in the consolidated statements of operations and the consolidated balance sheets entitled “Assets/Liabilities sold relating to discontinued operations” and “Assets/Liabilities retained related to discontinued operations”. In accordance with EITF 87-24, “Allocation of Interest to Discontinued Operations”, the Company elected to not allocate consolidated interest expense to discontinued operations where the debt is not directly attributable to or related to discontinued operations. All of the financial information in the consolidated financial statements and notes to the consolidated financial statements has been revised to reflect only the results of continued operations. (See Note 9).

Research and Development Costs
All research and development costs are expensed as incurred, including primarily contracting costs.

Income Taxes
The Company accounts for income taxes in accordance with FASB Accounting Standards Codification 740, “Income Taxes” (ASC 740), previously referred to as Statement of Financial Accounting Standards No. 109, “Accounting for Income Taxes,” and Financial Accounting Standard Board Interpretation No. 48, “Accounting for Uncertainty in Income Taxes.” Under ASC 740, we recognize deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect those temporary differences to be recovered or settled. We record valuation allowances to reduce our deferred tax assets to the amount expected to be realized by considering all available positive and negative evidence.

Pursuant to ASC 740, we must consider all positive and negative evidence regarding the realization of deferred tax assets, including past operating results and future sources of taxable income. Under the provisions of ASC 740-10, we determined that our net deferred tax asset needed to be fully reserved given recent results of operations.

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, also included in ASC 740. The Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements and prescribes a recognition threshold and measurement attributes of income tax positions taken or expected to be taken on a tax return. Under FIN 48, the impact of an uncertain tax position taken or expected to be taken on an income tax return must be recognized in the financial statements at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized in the financial statements unless it is more likely than not of being sustained.

Basic and Diluted Net Loss per Share
The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding.

Stock Based Compensation
Effective December 15, 2005, we adopted the provisions of FASB Accounting Standards Codification 718, “Compensation — Stock Compensation” (ASC 718), previously referred to as Statement of Financial Accounting Standards No. 123R, “Share-Based Payment” and applied the provisions of the Securities and Exchange Commission Staff Accounting Bulletin No. 107 using the modified-prospective transition method. Under this transition method, compensation cost recognized includes (a) the compensation cost for all share-based awards granted prior to, but not yet vested, as of December 15, 2005, based on the grant-date fair value estimated in accordance with the original provisions of ASC 718 and (b) the compensation cost for all share-based awards granted subsequent to December 15,

2005, based on the grant-date fair value estimated in accordance with the provisions of ASC 718. The Company had not issued any options to employees in the prior periods thus; there was no impact of adopting the new standard.

Additionally, we accounted for restricted stock awards granted using the measurement and recognition provisions of ASC 718. We measure the fair value of the restricted stock awards on the grant date and recognize them in earnings over the requisite service period for each separately vesting portion of the award.

The Company determines the value of stock options utilizing the Black-Scholes option-pricing model. Compensation costs for share-based awards with pro rata vesting are allocated to periods on a straight-line basis.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable and accounts payable. Management believes that the carrying values of these assets and liabilities are representative of their respective fair values based on their short-term nature.

Recently Issued Accounting Pronouncements

The Company has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 105-10, *Generally Accepted Accounting Principles – Overall* ("ASC 105-10"), which was formerly known as SFAS 168. ASC 105-10 establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the Securities and Exchange Commission (the "SEC") under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards and all other non-grandfathered, non-SEC accounting literature not included in the Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASUs"). The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the basis of conclusions on the change(s) in the Codification. References made to FASB guidance throughout this document have been updated for the Codification.

In April 2014, the Financial Accounting Standards Board issued an accounting standard update that amends the definition of a discontinued operation to include only those disposals of components of an entity that represent a strategic shift that has, or will have, a major effect on an entity's operations and financial results. The amendment should be applied prospectively and is effective for fiscal years beginning on or after December 15, 2014. Early adoption is permitted for disposals that have not been reported in financial statements previously issued. The adoption of this guidance will not have a material effect on the Company's financial condition, results of operations or cash flows.

In May 2014, the FASB issued an accounting standard update on revenue recognition that will be applied to all contracts with customers. The update requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance will be required to be applied on a retrospective basis, using one of two methodologies, and will be effective for fiscal years beginning after December 15, 2016, with early application not being permitted. The Company is currently assessing the impact that the guidance will have on the Company's financial condition and results of operations.

In June 2014, the FASB issued ASU 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. ASU 2014-10 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in ASU 2014-10 will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early

adoption is permitted. The Company adopted ASU 2014-10 during the quarter ended June 30, 2014, thereby no longer presenting or disclosing any information required by Topic 915.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 2 - GOING CONCERN

As shown in the accompanying consolidated financial statements, ASRC incurred recurring losses from continuing operations of $284,000 for the nine months ended September 30, 2014 and 2013, respectively. This condition creates an uncertainty as to ASRC's ability to continue as a going concern. Management is trying to raise additional capital through sales of common stock either through private placements or public offerings, as well as seeking other sources of funding. There are no assurances that ASRC will be able to achieve a level of revenues adequate to generate sufficient cash flow from operations or obtain the additional financing through private placements or public offerings to support the investment in Hydra's fuel cell technology. If these funds are not available ASRC may not continue its operations or execute its business plan. The conditions raise substantial doubt about ASRC's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should ASRC be unable to continue as a going concern.

NOTE 3 – OTHER ASSETS

Other assets consist of the following:

	September 30 2014	December 31, 2013
Hydrogen Futures Corporation	$ 785,000	$ 0
Receivable from Hydra Fuel Corporation	4,311,024	0
Assets related to discontinued operations	0	7,919
Total Other Assets	$ 5,096,024	$ 7,919

On April 21, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation ("Hydra") to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO. The one share of HFCO preferred stock received by the Company was valued at the $785,000 value of Hydra common stock
owned by the Company/

NOTE 4 - COMMON STOCK

During the quarter ended September 30, 2014, ASRC did not issue any common shares.

NOTE 5 – PREFERRED STOCK

During the quarter ended September 30, 2014, ASRC did not issue any preferred shares.

NOTE 6 - STOCK-BASED COMPENSATION

During the quarter ended September 30, 2014, ASRC did not issue any common shares as stock based compensation.

NOTE 7 –WARRANTS AND OPTIONS

The Company currently has not issued and outstanding warrants.

NOTE 8- INCOME TAXES

ASRC uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes. During nine months ended September 30, 2014, ASRC incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward and temporary differences has been fully reserved. The cumulative net operating loss carry-forward is approximately $22,750,000 at September 30, 2014 and will expire in the years 2023 and 2033. The resulting deferred tax asset arising from NOL carry forwards of $7,700,000 has been fully reserved.

NOTE 9 – DISCONTINUED OPERATIONS

On April 21, 2014, the Company completed the sale of its wholly owned subsidiary, Hydra Fuel Corporation ("Hydra") to Hydrogen Future Corporation (OTCQB: HFCO). Under the agreement, HFCO acquired 100% of the common stock of Hydra in exchange for one HFCO preferred share that is convertible into an amount equal to 100.2% of the then outstanding common stock of HFCO at the time of conversion, which is at the sole discretion of the Company. This gives the Company an effective 50.1% equity interest in HFCO.

The following are condensed statements of the discontinued operations (Hydra Fuel Corporation) for the nine months ended September 30:

	2014	2013
General and administrative expenses	$ 0	$ 108,510
Depreciation	0	0
Operating Loss	0	108,510
Other Income (Expense)		
Interest expense	0	(56,992)
Loss from discontinued operations	$ 0	$ (165,502)

Assets and liabilities retained relating to discontinued operations (Hydra Fuel Corporation) consisted of the following at September 30:

	2014	2013
Current assets retained relating to discontinued operations:		
Cash	$ 0	$ 2,919
Accounts receivable	0	5,000
Total	$ 0	$ 7,919
Current liabilities retained relating to discontinued operations:		
Notes payable	$ 0	$ 984,715
Accrued interest payable	0	214,009
Accounts payable	0	95,405
Shareholder advances	0	138,500
Total	$ 0	$ 1,432,629

NOTE 10 – SUBSEQUENT EVENTS

On December 8, 2014 the Company approved a 1 for 8,000 reverse split of its common stock.