

Edgar Filing: VOLT INC - Form 10QSB

VOLT INC
Form 10QSB
August 20, 2003
5

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2003

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____ to _____

Commission file number 0-28555

VOLT INC.

(Exact name of small business issuer as specified in its charter)

NEVADA

86-0960464

(State or other jurisdiction of incorporation or organization) (IRS
Employer Identification No.)

41667 Yosemite Pines Dr., Oakhurst CA 93644

(Address of principal executive offices)

(559) 692-2474

(Issuer's telephone number)

(Former name, former address and former fiscal year,
if changed since last report)

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common
equity, as of the latest practicable date: 3,919,422 Common Shares \$0.001 par
value as of June 30, 2003

Transitional Small Business Disclosure Format (Check one): Yes No

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

The information required by Item 310(b) of Regulation S-B is attached hereto as

Edgar Filing: VOLT INC - Form 10QSB

Exhibit One.

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

The Company continues to diversify its operations for the benefit of the shareholders. Growth through the subsidiaries in the mortgage, real estate, construction and energy divisions has been achieved through acquisitions and internal restructuring for the long term. The Company intends to change its name from Volt Inc to Kore Holdings, Inc. to better reflect its broadening base of business.

The Company generated \$3,065,578 of revenue, \$79,705 of net earnings from continuing operations and \$0.02 in earnings per fully diluted common share from continuing operations for the nine months ended June 30, 2003.

The Company generated \$1,302,578 of revenue, \$19,974 of net earnings from continuing operations and \$0.01 in earnings per fully diluted common share from continuing operations for the three months ended June 30, 2003.

For total operations, net income for the nine months ended June 30, 2003, was \$79,705 or \$0.02 in earnings per fully diluted common share compared with net income of \$87,279 from continuing operations before extraordinary items \$0.04 in earnings per weighted-average common share before extraordinary items for the nine months ended June 30, 2002.

For total operations, net income for the three months ended June 30, 2003, was \$19,974 or \$0.01 in earnings per fully diluted common share compared with net income of \$66,981 or \$0.02 in earnings per weighted-average common share for the three months ended March 31, 2002.

RESULTS OF CONTINUING OPERATIONS

	Nine Months Ended March 31	
	2003	2002
	-----	-----
Revenue	\$3,065,355	\$359,111
Cost	1,511,534	112,065
	-----	-----
Gross profit	1,553,821	247,046
	=====	=====
Gross profit margin	51%	69%
Income from continuing operations before extraordinary item	\$ 79,705	\$87,279
Earnings per share per share of common stock	\$ 0.02	\$ 0.04

Three Months Ended
June 30

Edgar Filing: VOLT INC - Form 10QSB

	2003	2002
Revenue	\$1,302,578	\$317,711
Cost	529,198	112,065
Gross profit	773,380	205,646
Gross profit margin	59.%	65%
Income from continuing operations	\$ 19,974	\$ 66,981
Earnings per share per share of common stock	\$ 0.01	\$ 0.02

Revenue for the nine months ended June 30, 2003 increased \$2,706,244 from the same period last year. Revenue for the three months ended June 30, 2003 increased \$984,867 from the same period last year. The reason for this increase was that on May 17, 2002, the Company acquired all of the issued and outstanding stock of First Washington Financial and thereby acquired control of all of the assets of First Washington. First Washington is a mortgage loan originator in the home mortgage loan industry and currently concentrates its business in Washington, D.C., Maryland and Virginia. All of the increase in revenue is attributable to revenues generated by First Washington.

Cost of revenue and operating expenses increased for these periods solely as a result of the acquisition by the Company of First Washington.

Earnings per fully diluted common share was \$0.02 for the nine months ended June 30, 2003 based upon fully diluted common shares outstanding of 3,919,422, and earnings per common share was \$0.04 before extraordinary items and \$0.05 after extraordinary items for the nine months ended June 30, 2002 based upon weighted-average common shares outstanding of 2,219,422.

Earnings per fully diluted common share was \$0.01 for the three months ended June 30, 2003 based on fully diluted common shares outstanding of 3,919,422, and earnings per common share was \$0.02 for the three months ended June 30, 2002 based upon weighted-average common shares outstanding of 2,219,422.

In October 2002, the Company reached an agreement with Mortgage-Matic of Greenbelt, MD to acquire all of the issued and outstanding shares of stock of Mortgage-Matic. Mortgage-Matic concentrates their business on FHA insured loans in the \$200,000 range. This accounts for approximately 70% of Mortgage-Matic's business. The acquisition became effective as of January 1, 2003. The Company acquired all of the issued and outstanding shares of Mortgage-Matic in exchange for 75,000 shares of Series II Convertible Preferred Voting Stock. The Series II Convertible Preferred Voting Stock is convertible into the common stock of the Company on a one for one basis. Mortgage-Matic's net assets consisted of restricted cash in the amount of \$177,384 and other assets.

In April, 2003, the Company acquired Heritage Mortgage which does business in Maryland and Virginia. Heritage Mortgage concentrates their business on FHA insured loans in the \$200,000 range. The Company acquired all of the issued and outstanding shares of Heritage Mortgage in exchange for 50,000 shares of Series II Convertible Preferred Voting Stock. The Series II Convertible Preferred Voting Stock is convertible into the common stock of the Company on a one for one basis. The acquisition was for the net assets of Heritage which consisted of goodwill of \$100,000.

Edgar Filing: VOLT INC - Form 10QSB

The Company has moved its mortgage operations to California where its executive office is located. The Company has reached an agreement to acquire Yosemite Brokerage, Inc. in Oakhurst, California. Yosemite Brokerage currently averages seventy closing a month mostly in the \$200,000 range. Yosemite Brokerage had revenue of \$1,559,000 in July, 2003. The Company plans to expand Yosemite Brokerage's business in California's central valley area which is growing at a rate of 26% per year. The Company also plans to expand into the secondary paper market.

SUBSEQUENT EVENTS

In July 2003, the Company purchased all the outstanding shares of Wolverine Power Corporation for cash and preferred stock. The major assets included in the Michigan utility are the hydro-electric turbines, the Federal Energy Regulatory Commission license and the Power Purchase Agreement with Consumer's Energy which runs through 2022.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

In September of 1999, the Deerbrook Publishing Group, Inc. ("Deerbrook") leased a computer driven aspect image center (printer for film) used to make separation for printing (the "aspect image center") and certain other computer equipment from Copelco Capital, Inc. ("Copelco"). All of the equipment was delivered to the Deerbrook's then printing operation in Phoenix, Arizona, and installed. Shortly thereafter, Deerbrook ceased printing for itself and its customers. The equipment was returned to Copelco. In August of 2000, Copelco brought suit in the United States District Court for the District of Arizona, cause no. CIV `00-1620 PHX ROS, to recover its alleged damages \$155,398.02 for Deerbrook's return of the leased equipment plus continuing interest at the rate of one and one-third percent per month and attorneys fees and costs. The Company does not believe that Copelco has mitigated its damages and further believes that Copelco has either sold the equipment or otherwise disposed of the same in a manner which was not commercially reasonable. The Copelco claims will be vigorously defended against. Any possible loss from this litigation will be less than one percent (1%) of the Company's net assets and will be immaterial.

Item 2. Changes in Securities.

Effective January 1, 2003, the Company issued 75,000 shares of Series II Convertible Preferred Voting Stock (the "Convertible Preferred") in connection with an acquisition of another company. Each share of the Convertible Preferred is entitled to one vote on all matters which holders of the Company's common stock are entitled to vote. The Convertible Preferred Stock is into convertible the common stock of the Company on a one for one basis.

In April 2003, the Company issued 50,000 shares of Series II Convertible Preferred Voting Stock (the "Convertible Preferred") in connection with an acquisition of another company. Each share of the Convertible Preferred is entitled to one vote on all matters which holders of the Company's common stock are entitled to vote. The Convertible Preferred Stock is into convertible the common stock of the Company on a one for one basis.

Item 3. Defaults Upon Senior Securities

NONE

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

Edgar Filing: VOLT INC - Form 10QSB

NONE

Item 5. Other Information.

NONE

Item 6. Exhibits and Reports on Form 8-K.

INDEX TO EXHIBITS.

EXHIBIT
NUMBER

DESCRIPTION OF DOCUMENT

1 VOLT INC AND SUBSIDIARIES FINANCIAL STATEMENTS

No Forms 8-K were filed during the quarter for which this report is filed.

SIGNATURES

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

VOLT INC.
(Registrant)

Date August 20, 2003

/s/Denis C. Tseklenis
Denis Costa Tseklenis
Chief Executive Officer
Chairman of the Board

CERTIFICATION PURSUANT TO RULE 13A-14 OR 15D-14
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Denis C. Tseklenis, Chief Executive Officer certify that:

1. I have reviewed this annual report on Form 10QSB of Volt Inc.
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The Registrant's other certifying officers and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated

Edgar Filing: VOLT INC - Form 10QSB

subsidiaries, is made known to me by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) presented in this annual report my conclusions about the effectiveness of the disclosure controls and procedures based on my evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The Registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: August 20, 2003

/s/Denis C. Tseklenis
Denis C. Tseklenis
Chief Executive Officer

I, Robert F. Rood, Treasurer and Chief Financial Officer certify that:

1. I have reviewed this annual report on Form 10QSB of Volt Inc.

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

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The Registrant's other certifying officers and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls

Edgar Filing: VOLT INC - Form 10QSB

and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) presented in this annual report my conclusions about the effectiveness of the disclosure controls and procedures based on my evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The Registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: August 20, 2003

/s/ Robert F. Rood
Robert F. Rood
Treasurer
Chief Financial Officer

EXHIBIT ONE

VOLT, INC. AND SUBSIDIARIES INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED):

BALANCE SHEETS AS OF JUNE 30, 2003 (UNAUDITED)
AND SEPTEMBER 30, 2002 (AUDITED)

STATEMENTS OF INCOME FOR THE NINE AND THREE MONTHS
ENDED JUNE 30, 2003 AND 2002 (UNAUDITED)

STATEMENTS OF CASH FLOWS FOR NINE MONTHS
ENDED JUNE 30, 2003 AND 2002 (UNAUDITED)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

VOLT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2003 (UNAUDITED) AND SEPTEMBER 30, 2002 (AUDITED)

Edgar Filing: VOLT INC - Form 10QSB

ASSETS

	(Unaudited) June 30, 2003	(Audited) September 30, 2002
	-----	-----
Current Assets:		
Cash and cash equivalents	\$ 430,723	\$172,521
Deposits	2,000	-
	-----	-----
Total Current Assets	423,723	172,521
Property and equipment, net	5,788,325	5,756,339
Other Assets:		
Goodwill	3,100,000	3,000,000
Deferred financing fees, net	-	5,000
Advances receivable	204,000	204,000
	-----	-----
Total Other Assets	3,304,000	3,209,000
	-----	-----
Total Assets	\$9,525,048	\$9,138,460
	=====	=====

The accompanying notes are an integral part of the condensed consolidated financial statements.

VOLT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
JUNE 30, 2003 (UNAUDITED) AND SEPTEMBER 30, 2002 (AUDITED)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	(Unaudited) June 30, 2003	(Audited) September 30, 2002
	-----	-----
Current Liabilities:		
Accounts payable	\$ 41,448	\$ 36,949
	-----	-----
Total Current Liabilities	41,448	36,949
Commitments and Contingencies		
Stockholders' Equity (Deficit):		
Preferred stock, \$.001 par value, 10,000,000 shares authorized, 1,000,000 shares issued and outstanding at June 30, 2003 and September 30, 2002, respectively	1,000	1,000
Preferred stock Class B, \$.001 par value, 10,000,000 shares authorized, 125,000		

Edgar Filing: VOLT INC - Form 10QSB

shares issued and outstanding at June 30, 2003 and September 30, 2002, respectively	125	-
Common Stock, \$.001 par value, 25,000,000 shares authorized; 3,919,422 shares issued and outstanding at June 30, 2003 and September 30, 2002, respectively	3,919	3,919
Additional paid-in capital	13,080,878	12,778,619
Accumulated deficit	(3,602,322)	(3,682,027)
	-----	-----
Total stockholders' equity	9,483,600	9,101,511
	-----	-----
Total Liabilities and Stockholders' Equity	\$9,525,048	\$9,138,640
	=====	=====

The accompanying notes are an integral part of the condensed consolidated
financial statements.

VOLT INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited) FOR THE NINE AND THREE MONTHS ENDED JUNE 30, 2003 AND 2002

	(UNAUDITED)		(UNAUDITED)	
	NINE MONTHS ENDED 2003	2002	THREE MONTHS ENDED 2003	2002
	-----	-----	-----	-----
Revenues	\$ 3,065,355	\$ 359,111	\$1,302,578	\$317,711
Cost of Revenue	1,511,534	112,065	539,198	112,065
	-----	-----	-----	-----
Gross Profit	1,553,821	247,046	773,380	205,646
Operating Expenses				
General and administrative	1,474,116	159,767	753,406	138,665
	-----	-----	-----	-----
Income (loss) from continuing operations before income taxes	79,705	87,279	19,974	66,981
Income taxes	-	-	-	-
EXTRAORDINARY ITEM				
Reversal of debt and payables	-	18,000	-	-
	-----	-----	-----	-----
NET INCOME (LOSS)	\$ 79,705	\$105,279	\$ 19,974	\$ 66,981
Dividends	-	-	-	-
	-----	-----	-----	-----

NET INCOME (LOSS) AVAILABLE TO

Edgar Filing: VOLT INC - Form 10QSB

COMMON STOCKHOLDERS	\$ 79,705	\$105,279	\$ 19,974	\$ 66,981
	=====	=====	=====	=====
BASIS AND DILUTED EARNINGS PER SHARE:				
Income (loss) from continuing operations available to common stockholders	\$ 0.02	\$ 0.04	\$ 0.01	\$ 0.02
Extraordinary item	-	0.01	-	-
	-----	-----	-----	-----
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ 0.02	\$ 0.05	\$ 0.01	\$ 0.02
	=====	=====	=====	=====
WEIGHTED NUMBER OF COMMON SHARES OUTSTANDING	3,919,422	2,219,422	3,919,422	2,919,422
	=====	=====	=====	=====

The accompanying notes are an integral part of the condensed consolidated financial statements.

VOLT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED JUNE 30, 2003 AND 2002

	2003	2002
	-----	-----
CASH FLOWS FROM OPERAITNG ACTIVITIES		
Net income	\$ 79,705	\$ 105,279
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	19,114	6,293
Amortization of Mortgage-Matic	177,384	-
Changes in assets and liabilities		
Deposits	(2,000)	-
Commissions receivable	-	(50,000)
Accounts payable	4,499	(16,851)
	-----	-----
Total adjustments	198,997	(60,558)
	-----	-----
Net cash provided by operating activities	278,702	44,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(45,500)	(30,441)
	-----	-----
Net cash used in investing activities	(45,500)	(30,441)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances receivable - other	-	(83,500)
Deferred financing fees	-	(10,000)
Contributions of equity	25,000	-

Edgar Filing: VOLT INC - Form 10QSB

Net cash provided by (used in) financing activities	25,000	(93,500)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	258,202	(79,220)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	172,521	85,792
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 430,723	\$ 6,572
NON CASH INVESTING AND FINANCING ACTIVITIES		
Common stock issued for the acquisition of First Washington	\$ -	\$ 3,000,000
Preferred stock issued for the acquisition Heritage Mortgage	\$ 100,000	\$ -

The accompanying notes are an integral part of the condensed consolidated financial statements.

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2003 AND 2002

NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION

The condensed consolidated unaudited interim financial statements included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The consolidated financial statements and notes are presented as permitted on Form 10-QSB and do not contain information included in the Company's annual consolidated statements and notes. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. The results for the nine and three months ended June 30, 2003 may not be indicative of the results for the entire year.

These statements reflect all adjustments, consisting of normal recurring adjustments which, in the opinion of management, are necessary for fair presentation of the information contained herein.

Volt, Inc., and Subsidiaries is a power provider and marketer of alternative energy and financial services. The Company is in the initial stages of implementing its business plan.

On April 25, 2001, Denis C. Tseklenis acquired 127,995 shares of the Company's common stock, \$.001 par value per share, which constituted approximately 53% of the Company's issued

Edgar Filing: VOLT INC - Form 10QSB

and outstanding common stock for \$255,000.

On May 17, 2002, the Company acquired First Washington Financial Corporation, a company which provides financial services in Bethesda, Maryland ("First Washington"). First Washington is a mortgage company whose emphasis lies in residential mortgages in the greater Washington, D.C. service area. First Washington was acquired for 2,000,000 shares of the Company's common stock.

In October 2002, the Company reached an agreement with Mortgage-Matic of Greenbelt, MD to merge the operations of Mortgage-Matic with First Washington. Mortgage-Matic concentrates their business on FHA insured loans in the \$200,000 range. This accounts for approximately 70% of its business. The merger should facilitate a streamlining of the processing and underwriting procedures of the companies. This merger became effective as of January 1, 2003. The Company acquired Mortgage-Matic for 75,000 shares of Preferred Stock Class B. For those shares, the Company acquired the net assets of Mortgage-Matic. The net assets consisted of restricted cash in the amount of \$177,384.

In April 2003, the Company acquired Heritage Mortgage ("Heritage") of South Carolina for 50,000 shares of the Company's Class B Preferred Stock. The acquisition was for the net assets of Heritage which consisted of goodwill of \$100,000.

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has two other power related wholly-owned subsidiaries, Sun Volt, Inc. and Sun Electronics, Inc. besides Arcadian Renewable Power, Inc. Arcadian Renewable Power, Inc. is the corporation that holds the Altamont Wind Farm in the Altamont Pass in Livermore, California.

Principles of Consolidation

The unaudited condensed consolidated balance sheet for June 30, 2003, unaudited condensed consolidated statements of income for the nine and three months ended June 30, 2003 and unaudited statement of cash flows for the nine months ended June 30, 2003 include Volt, Inc. and its wholly-owned subsidiaries, First Washington, Mortgage-Matic, Heritage Mortgage, Opportunity Knocks, Sun Volt, Inc., Sun Electronics, Inc. and Arcadian Renewable Power, Inc.

The unaudited condensed consolidated balance sheet for June 30, 2002, unaudited condensed consolidated statements of income for the nine and three months ended June 30, 2002 and unaudited statement of cash flows for the nine months ended June 30, 2002 include Volt, Inc. and its wholly-owned subsidiaries, First Washington, Sun Volt, Inc., Sun

Edgar Filing: VOLT INC - Form 10QSB

Electronics, Inc. and Arcadian Renewable Power, Inc.

Intercompany transactions and balances have been eliminated in consolidation.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated 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

The Company considers all highly liquid debt instruments and other short-term investments with an initial maturity of three months or less to be cash or cash equivalents.

The Company maintains cash and cash equivalent balances at several financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$100,000.

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful life of the assets.

Office and Computer	5 years
Furniture and Fixtures	7 years
Wind Farm	40 years

Revenue Recognition

The Company sold merchandise and revenue was recorded under the accrual method of accounting.

First Washington, Mortgage-Matic and Heritage Mortgage record commission income upon the closing of their respective transactions.

Advertising

Edgar Filing: VOLT INC - Form 10QSB

Advertising costs are typically expensed as incurred. Advertising and marketing expense was approximately \$163,821 and \$830 for the nine months ended June 30, 2003 and 2002, respectively.

Income Taxes

The income tax benefit is computed based on the current tax law. Deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates.

Fair Value of Financial Instruments

The carrying amount reported in the consolidated balance sheets for cash and cash equivalents, notes receivable, and accounts payable approximate fair value because of the immediate or short-term maturity of these financial instruments.

Deferred Financing Fees

The Company paid a \$10,000 financing fee in connection with a line of credit in April 2002. This fee was written off over a one-year period of time. As of June 30, 2003, the entire balance has been amortized.

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

In June 2001, the FASB issued Statement No. 142 "Goodwill and Other Intangible Assets". This Statement addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, Intangible Assets. It addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. This Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. This statement has been considered when determining impairment of goodwill in certain transactions. As of June 30, 2003, there are no adjustments of goodwill due to impairment.

Earnings Per Share of Common Stock

Historical net income per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share (EPS) includes additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants.

Edgar Filing: VOLT INC - Form 10QSB

The following is a reconciliation of the computation for basic and diluted EPS:

	2003	2002
	-----	-----
Net income	\$ 79,705	\$ 136,731
Weighted-average common shares outstanding (basic)	3,919,422	3,919,422
Weighted-average common stock Equivalents		
Stock options	-	-
Warrants	-	-
Weighted-average common shares outstanding (diluted)	#,919,422	3,919,422

Reclassifications

Certain amounts for the nine and three months ended June 30, 2002 have been reclassified to conform with the presentation of the June 30, 2003 amounts. The reclassifications have no effect on net income for the nine and three months ended June 30, 2003.

VOLT, INC. AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
 JUNE 30, 2003 AND 2002

NOTE 3- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2003:

Wind Farm	\$ 5,700,000
Furniture and fixtures	46,000
Computer and office equipment	69,917

	\$ 5,815,917
Less: accumulated depreciation	(27,592)

Net book value	\$ 5,788,325
	=====

NOTE 4- ADVANCES RECEIVABLE

As of June 30, 2003, notes receivable were \$204,000. There was no interest due the Company on these loans, and the amounts due at June 30, 2003, are deemed by management to have no specific repayment terms.

NOTE 5- DEPOSITS

During the quarter ended March 31, 2003, the Company's subsidiary, Opportunity Knocks placed deposits down on four homes in Virginia Beach, Virginia. Opportunity Knocks placed

Edgar Filing: VOLT INC - Form 10QSB

\$500 down per home for a total of \$2,000. Opportunity Knocks anticipates closing on these homes by the end of the fiscal year.

NOTE 6- COMMITMENTS AND CONTINGENCIES

The Company entered into a lease agreement in April 2001 in Pleasanton, California. The Company paid \$2,800 per month for rent. This lease was terminated by the Company in October 2001, and all operations now run through the Cathey's Valley, California location. The security deposit was expensed as part of a rent payment in 2002.

NOTE 7- STOCKHOLDERS' EQUITY

Common and Preferred Stock

The Company issued 1,000,000 shares of preferred stock to Denis C. Tseklenis in consideration for the Wind Farm. This preferred stock is convertible by the preferred stockholders at their discretion and they will receive 5 shares of common stock for each share of preferred stock.

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

NOTE 7- STOCKHOLDERS' EQUITY (CONTINUED)

Common and Preferred Stock (Continued)

On April 25, 2001, Denis C. Tseklenis acquired 127,995 original issue shares of the Company's common stock, \$.001 par value per share, which constituted approximately 53% of the Company's issued and outstanding common stock. Mr. Tseklenis paid the Company \$255,000 for the common stock.

During the year ended September 30, 2001, in addition to the initial acquisition by Denis C. Tseklenis, the Company had issued 1,678,000 shares and cancelled 225,000 of common stock for \$366,711.

Prior to the initial acquisition by Denis C. Tseklenis, the Company had issued 1,850,000 shares of common stock for accrued payroll, accounts payable and services.

During the quarter ended December 31, 2001, 225,000 shares were reissued that were cancelled from the prior year ended September 30, 2001.

On May 17, 2002, the Company issued 2,000,000 shares of restricted common stock to acquire First Washington and thus it became a wholly-owned subsidiary. The shares were valued at the time of the transaction at \$1.50 per share, or \$3,000,000.

On January 1, 2003, the Company issued a board resolution for the authorization of a new class of preferred stock, Preferred Stock, Class B. The Company authorized the issuance of 10,000,000 shares with a par value of \$.001. Simultaneously

Edgar Filing: VOLT INC - Form 10QSB

with this authorization, the Company issued 75,000 shares of the Preferred Stock Class B, to acquire Mortgage-Matic. The acquisition was for the net assets of Mortgage-Matic which consisted of restricted cash in the amount of \$177,384. There was no goodwill in this transaction.

In April 2003, the Company issued 50,000 shares of the Preferred Stock, Class B to acquire Heritage Mortgage ("Heritage"). The acquisition was for the net assets of Heritage which consisted of goodwill of \$100,000. There was no impairment on this transaction.

NOTE 8-

RELATED PARTY TRANSACTION

On January 1, 2003, the Company entered into a lease agreement for the rental of office space for its home office. An officer of the Company is a partner in the partnership that rents this space to the Company. The lease is a five-year lease with a five-year option, with rent of \$2,750 per month. Rent expense for the nine months ended June 30, 2003 is \$16,500.

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

NOTE 9- LITIGATION

In September of 1999, the Deerbrook Publishing Group, Inc. ("Deerbrook"), a formerly wholly-owned subsidiary of the Company, leased a computer driven aspect image center (printer for film) used to make separation for printing (the "aspect image center") and certain other computer equipment from Copelco Capital, Inc. ("Copelco"). All of the equipment was delivered to the Deerbrook's then printing operation in Phoenix, Arizona, and installed. Shortly thereafter, Deerbrook ceased printing for itself and its customers. The equipment was returned to Copelco. In August of 2000, Copelco brought suit in the United States District Court for the District of Arizona, cause no. CIV'00-1620 PHX ROS, to recover its alleged damages of \$155,398 for Deerbrook's return of the leased equipment plus continuing interest at the rate of one and one-third percent per month and attorneys fees and costs. The Company does not believe that Copelco has mitigated its damages and further believes that Copelco has either sold the equipment or otherwise disposed of the same in a manner which was not commercially reasonable. The Copelco claims will be vigorously defended against. Any possible loss from this litigation will be less than one percent (1%) of the Company's net assets and will be immaterial. Since the change in control of the Company on April 6, 2001, there have been no legal proceedings brought against Volt.

NOTE 10-

PROVISION FOR INCOME TAXES

Deferred income taxes are determined using the liability method for the temporary differences between the financial reporting basis and income tax basis of the Company's assets

Edgar Filing: VOLT INC - Form 10QSB

and liabilities. Deferred income taxes are measured based on the tax rates expected to be in effect when the temporary differences are included in the Company's consolidated tax return. Deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases.

At June 30, 2003 and 2002 deferred tax assets consist of the following:

	2003	2002
	-----	-----
Net operating loss carryforwards	\$ 166,851	\$ 257,670
Less: valuation allowance	(166,851)	(257,670)
	-----	-----
	\$ -	\$ -
	=====	=====

At June 30, 2003 and 2002, the Company had federal net operating loss carryforwards in the approximate amounts of \$417,128 and \$496,833, respectively, available to offset future taxable income. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

VOLT, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
JUNE 30, 2003 AND 2002

NOTE 11- NOTE PAYABLE - BANK

In November 2002, the Corporation closed on a line of credit with a bank in the amount of \$750,000. The loan proceeds were used to acquire properties for Opportunity Knocks. As of June 30, 2003, the Company had no amounts outstanding.

NOTE 12- SUBSEQUENT EVENTS

In July 2003, the Company purchased all the outstanding shares of Wolverine Power Corporation for cash and preferred stock. The major assets included in the Michigan utility are the hydro-electric turbines, the Federal Energy Regulatory Commission license and the Power Purchase Agreement with Consumer's Energy which runs through 2022.