

Edgar Filing: VOLT INC - Form 10QSB

VOLT INC  
Form 10QSB  
August 24, 2004

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, 2004

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: 4,919,422 Common Shares \$0.001 par value as of June 30, 2004

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

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

## Edgar Filing: VOLT INC - Form 10QSB

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

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

THE FOLLOWING DISCUSSION OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED ELSEWHERE IN THIS REPORT.

THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES, AND THE COMPANY'S ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS AS A RESULT OF CERTAIN FACTORS, INCLUDING, BUT NOT LIMITED TO COMPETITION AND OVERALL MARKET AND ECONOMIC CONDITIONS.

### RESULTS OF CONTINUING OPERATIONS

	Nine Months Ended June 30	
	2004	2003
Revenue	\$ 2,140,293	\$ 3,065,355
Cost of Revenue	1,209,224	1,511,534
	-----	-----
Gross profit	931,069	1,553,821
Operating Expenses	754,545	1,474,116
	-----	-----
Income from continuing operations	\$ 176,544	\$ 79,705
	=====	=====
Gross profit argin	44%	51%
Earnings per share of common stock	\$ 0.04	\$ 0.02
Weighted average number of common shares outstanding	4,752,755	3,919,422

For the nine months ended June 30, 2004, the Company generated \$2,140,293 of revenue, \$931,069 of gross profit, \$176,544 of net income, and \$0.04 in earnings per weighted average common share based upon a weighted average of 4,752,775 common shares outstanding. All of the Company's revenue for this period was from its mortgage business.

For the nine months ended June 30, 2003, the Company generated \$3,065,355 of revenue, \$1,511,534 of gross profit, \$79,705 of net income, and \$0.02 in earnings per fully diluted common share based upon 3,919,422 fully diluted common shares outstanding. All of the Company's revenue for this period was from its mortgage business.

Revenue for the nine months ended June 30, 2004, decreased \$925,062 from the same period last year. Cost of revenue for the nine months ended June 30, 2004, decreased \$302,310 from the same period last year. Operating expenses for the nine months ended June 30, 2004, decreased \$719,591 from the same period last year. Income from continuing operations for the nine months ended June 30, 2004, increased \$96,839 from the same period last year.

The Company attributes the decrease in revenue for the nine months ended June 30, 2004, to the closing of its mortgage business in the Washington, D. C. area. The Company attributes the decrease in operating expenses and the corresponding

## Edgar Filing: VOLT INC - Form 10QSB

increase in income from continuing operations for the for the nine months ended June 30, 2004, to the consolidation of the Company's mortgage business in the Central Valley of California where the Company's senior management is now located.

	Three Months Ended June 30	
	2004	2003
Revenue	\$ 928,077	\$ 1,302,578
Cost of Revenue	538,632	529,198
	-----	-----
Gross profit	389,445	773,380
Operating Expenses	385,465	753,406
	-----	-----
Income from continuing operatios	\$ 3,980	\$ 19,974
	=====	=====
Gross profit margin	42%	59%
Earnings per share of common stock	\$ 0.00	\$ 0.01
Number of common shares outstanding	4,919,422	3,919,422

For the three months ended June 30, 2004, the Company generated \$928,077 of revenue, \$398,445 of gross profit, \$3,980 of net income, and \$0.00 in earnings per fully diluted common share based upon 4,919,422 fully diluted common shares outstanding. All of the Company's revenue for this period was from its mortgage business.

For the three months ended June 30, 2003, the Company generated \$1,302,578 of revenue, \$773,380 of gross profit, \$19,974 of net income, and \$0.01 in earnings per fully diluted common share based upon 3,919,422 fully diluted common shares outstanding. All of the Company's revenue for this period was from its mortgage business.

Revenue for the three months ended June 30, 2004, decreased \$374,501 from the same period last year. Cost of revenue for the three months ended June 30, 2004, increased \$9,434 from the same period last year. Operating expenses for the three months ended June 30, 2004, decreased \$367,941 from the same period last year. Income from continuing operations for the three months ended June 30, 2004, decreased \$15,994 from the same period last year.

The Company attributes the decrease in revenue for the three months ended June 30, 2004, to the closing of its mortgage business in the Washington, D. C. area. The Company attributes the increase in its cost of revenue and the corresponding decrease in income from continuing operations for the three months ended June 30, 2004, to the fact that two periods of commissions were paid in the reported period. In the future, the Company intends to pay commissions in the same period as corresponding revenue is generated thereby eliminating fluctuations in income from continuing operations

The Company's primary source of revenue is its mortgage business. In late summer of 2003, the Company determined to discontinue its mortgage business operations in the Washington D.C. metropolitan area due to increasing cost of revenue, increasing operating expenses and decreasing revenues. The Company determined that the increased costs and decreasing revenues were a direct consequence of lack of senior management oversight. The Company determined to move its mortgage business to California's Central Valley for two reasons; California's Central

## Edgar Filing: VOLT INC - Form 10QSB

Valley is the fastest growing housing market in California, and senior management is located in central California. To facilitate the move to Central California, the Company acquired Yosemite Mortgage Brokers, Inc.

### PART II -- OTHER INFORMATION

#### Item 1. Legal Proceedings.

There are no pending or threatened legal proceedings against the Company or any of its subsidiaries.

#### Item 2. Changes in Securities.

NONE

#### Item 3. Defaults Upon Senior Securities

NONE

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

NONE

#### Item 5. Other Information.

The Company is still in the due diligence phase of the purchase of the Franklin Hydro facility located in Malone New York.

The Company's purchase of Tract #4 of the Fiatt Coal Mine in Fulton County, Illinois is in escrow subject to the satisfaction of certain contingencies by the seller. There can be no guarantee that the contingencies will be satisfied or that the closing of the purchase will be finalized. The purchase of additional coal tracts pursuant to existing options is contingent upon satisfaction of the escrow by the seller to the satisfaction of the Company.

The company has devoted substantial time and resources to the energy side of the business in the last few quarters and determined to pursue a path into the coal sector as well as moving forward in the alternative energy markets. We are currently in the final stages of negotiations with both the unions and holders of additional large coal reserves to fulfill our obligations with our initial coal order of 10 million tons of coal at \$21 per ton f.o.b. over 84 months totaling \$210 million dollars. The company expects the coal side of the business to provide a major source of revenue along with more coal orders currently being pursued. In order to handle more efficiently the increased work load of the company, we will be announcing the addition of both a new President and a Chief Financial Officer/Treasurer. The two new officers will also serve on the Board of Directors.

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

##### INDEX TO EXHIBITS.

##### EXHIBIT

NUMBER	DESCRIPTION OF DOCUMENT
1	VOLT INC. AND SUBSIDIARIES FINANCIAL STATEMENTS
31.1	Section 302 Certifications
32.1	Section 906 Certifications

On April 1, 2004, the Company filed a Form 8-K reflecting the resignation of a director of the Company on March 27, 2004.

# Edgar Filing: VOLT INC - Form 10QSB

## 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.

Date August 23, 2004

VOLT INC.  
(Registrant)  
/s/Denis C. Tseklenis  
Denis C. Tseklenis  
Chief Executive Officer  
Chairman of the Board

EXHIBIT 1 - Financial Statements

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED):

BALANCE SHEETS AS OF JUNE 30, 2004 (UNAUDITED)  
AND SEPTEMBER 30, 2003 (AUDITED)

STATEMENTS OF OPERATIONS THE NINE AND THREE MONTHS ENDED  
JUNE 30, 2004 AND 2003 (UNAUDITED)

STATEMENTS OF CASH FLOWS FOR NINE MONTHS ENDED  
JUNE 30, 2004 AND 2003 (UNAUDITED)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## VOLT INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS JUNE 30, 2004 (UNAUDITED) AND SEPTEMBER 30, 2003 (AUDITED)

	(UNAUDITED) JUNE 30, 2004	(AUDITED) SEPTEMBER 30, 2003
CURRENT ASSETS		
Cash and cash equivalents	\$ 379,813	\$ 249,993
Commissions receivable	290,684	30,022
Prepaid expenses and other assets	2,000	2,000
	-----	-----
Total current assets	672,497	282,015
PROPERTY AND EQUIPMENT - Net	5,785,080	5,806,927
OTHER ASSETS		
Goodwill	2,859,412	2,859,412
	-----	-----
	2,859,412	2,859,412
	-----	-----
TOTAL ASSETS	\$ 9,316,989	\$ 8,948,354
	=====	=====

See accompanying notes to condensed consolidated financial statements.

## Edgar Filing: VOLT INC - Form 10QSB

VOLT INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 JUNE 30, 2004 (UNAUDITED) AND SEPTEMBER 30, 2003 (AUDITED)

### LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	(UNAUDITED) JUNE 30, 2004	(AUDITED) SEPTEMBER 30, 2003
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	185,154	51,663
	-----	-----
Total current liabilities	185,154	51,663
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Class A Preferred Stock, \$.001 par value, 10,000,000 shares authorized at June 30, 2004 and September 30, 2003, respectively, and 1,000,000 issued and outstanding at June 30, 2004 and September 30, 2003, respectively	1,000	1,000
Class B Preferred Stock, no par value, 125,000 shares authorized at June 30, 2004 and September 30, 2003, respectively, and 0 shares issued and outstanding at June 30, 2004 and September 30, 2003 respectively	-	-
First Washington Class A Preferred Stock, no par value, 500,000 shares authorized at June 30, 2004 and September 30, 2003, respectively, and 500,000 shares issued and outstanding at June 30, 2004 and September 30, 2003, respectively	-	-
Common stock, \$.001 par value 25,000,000 shares authorized at June 30, 2004 and September 30, 2003, respectively, and 4,919,422 and 3,919,422 shares issued and outstanding at June 30, 2004 and September 30, 2003, respectively	4,919	3,919
Additional paid-in capital	13,793,247	13,735,647
Accumulated deficit	(4,667,331)	(4,843,875)
	-----	-----
Total stockholders' equity (deficit)	9,131,835	8,896,691
	-----	-----
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 9,316,989</b>	<b>\$ 8,948,354</b>
	=====	=====

See accompanying notes to condensed consolidated financial statements.

VOLT INC. AND SUBSIDIARIES

## Edgar Filing: VOLT INC - Form 10QSB

### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE NINE AND THREE MONTHS ENDED JUNE 30, 2004

	(UNAUDITED)		(UNAUDITED)	
	NINE MONTHS ENDED JUNE 30,		THREE MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
REVENUE	\$ 2,140,293	\$ 3,065,355	\$ 928,077	\$ 1,302,578
COST OF REVENUE	1,209,224	1,511,534	538,632	529,198
	-----	-----	-----	-----
GROSS PROFIT	931,069	1,553,821	389,445	773,380
OPERATING EXPENSES				
General and administrative	754,525	1,474,116	385,465	753,406
	-----	-----	-----	-----
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	176,544	79,705	3,980	19,974
Income taxes	-	-	-	-
	-----	-----	-----	-----
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ 176,544	79,705	3,980	19,974
	=====	=====	=====	=====
BASIC AND DILUTED EARNINGS PER SHARE:				
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ 0.04	\$ 0.02	\$ 0.00	\$ 0.01
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	4,752,755	3,919,422	4,919,422	3,919,422

See accompanying notes to condensed consolidated financial statements.

### VOLT INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS ENDED JUNE 30, 2004 AND 2003

	NINE MONTHS ENDED	
	(UNAUDITED) JUNE 30, 2004	(UNAUDITED) JUNE 30, 2003
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 176,544	\$ 79,705
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,847	19,114

Edgar Filing: VOLT INC - Form 10QSB

Acquisition of Mortgage-Matic	-	177,384
Changes in assets and liabilities:		
Prepaid expenses and other current assets	-	(2,000)
Commissions receivable	(260,662)	-
Accounts payable	133,491	4,499
	-----	-----
Total adjustments	(105,324)	198,997
	-----	-----
Net cash provided by operating activities	71,220	278,702
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(45,500)
	-----	-----
Net cash (used in) investing activities	-	(45,500)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions of equity	58,600	25,000
	-----	-----
Net cash provided by financing activities	58,600	25,000
	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	129,820	258,202
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	249,993	172,521
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 379,813	\$ 430,723
	=====	=====
NON CASH INVESTING AND FINANCING ACTIVITIES		
Preferred stock issued for the acquisition of Heritage Mortgage	\$ -	\$ 100,000
	=====	=====

See accompanying notes to condensed consolidated financial statements.

VOLT INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

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



## Edgar Filing: VOLT INC - Form 10QSB

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 months ended June 30, 2004 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.

Deerbrook Publishing Group, Inc. was a distributor of fine arts. Effective March 31, 2001, Deerbrook Publishing Group, Inc. entered into an agreement to spin off its subsidiaries; Inter Arts, Inc. and Cimmaron Studios, Inc. As of March 31, 2001, the Company ceased its printing and publishing business and the shares of stock of its former operating subsidiaries were distributed to certain shareholders. The Company did not spin off Deerbrook Publishing, Deerbrook Publishing changed its name to Volt, Inc. when on April 6, 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 and outstanding common stock for \$255,000 and there was a change in control. At this time, the Company effected a 1 for 100 reverse stock split for its \$.001 par value common stock.

In May, 2001, Mr. Tseklenis sold shares of stock of Arcadian Renewable Power which owns the wind farm to the Company in exchange for 1,000,000 shares of Preferred Convertible Stock. The wind farm had a historical value of \$5,700,000.

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. The combination was treated as a purchase with First Washington becoming a wholly owned subsidiary of Volt, Inc. Volt, Inc. recognized an intangible asset (goodwill) which represented the amount of value received over the net assets acquired. The operations of First Washington are included in the consolidated statements of income for the year ended September 30, 2002 from the date of inception May 17, 2002 to September 30, 2002. There was no predecessor entity of First Washington. The fair value of the transaction was recorded based on the number of shares issued to First Washington (2,000,000) at the fair value of the stock of Volt on the date of acquisition net of a discount since the stock issued in the acquisition was restricted stock (\$1.50).

## Edgar Filing: VOLT INC - Form 10QSB

VOLT INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2004 AND 2003

NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

The cost of the net assets purchased and liabilities assumed approximated zero, however, the value of \$3,000,000 was based on the mortgage company's future earnings.

The Company acquired Opportunity Knocks, LLC. during the third fiscal quarter of 2002 to rehab HUD homes and other properties in Washington, D.C., Maryland and Virginia under the HUD Gift Program. This acquisition was done simultaneously with the acquisition of First Washington, and Opportunity Knocks is a wholly owned subsidiary of the Company.

In fiscal 2003, the Company expanded its financial services business, and brought in two businesses, that operationally failed to meet the Company's business model. Subsequent to these agreements being in force, the Company spun them out. Additionally, the Washington Metropolitan Area market had not met Company expectations, so the Company's subsidiary First Washington acquired Yosemite Brokerage, Inc. in Oakhurst, California, a few miles from the Company's headquarters. The Company had issued Preferred Stock Class B, which has been cancelled by the Company.

In July 2003 (effective August 1, 2003), First Washington acquired Yosemite Brokerage, Inc. ("Yosemite"), a California corporation for 500,000 shares of First Washington Class A Preferred Stock. The acquisition was recorded for accounting purposes as a purchase acquisition. The Company valued this transaction at \$200,000 (\$.40 per share), which included the recognition of \$31,840 in goodwill.

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

As noted in Note 9, the Company has been addressing response letters to the Securities and Exchange Commission's comment letters dated February 4, 2003, May 30, 2003 and August 11, 2003. The Company has amended these condensed consolidated financial statements for the balance sheet at September 30, 2003 (audited) to restate certain transactions that occurred prior to the current fiscal year. These adjustments were to reclassify \$711,628 previously recorded as reversal of payables, to reclassify a portion of its goodwill acquired in the First Washington Corporation transaction as cash in the amount of \$172,428 and has reclassified \$347,326 previously classified as notes receivable to general and administrative expenses. These transactions resulted in a decrease in the accumulated deficit to (\$4,843,875) at September 30, 2003. In addition for the six months ended March 31, 2004, the Company has reclassified \$4,500 previously classified as notes

## Edgar Filing: VOLT INC - Form 10QSB

receivable to accrued expenses. This transaction resulted in no change to its previously stated net income and accumulated deficit for the nine-month period. The comparative statements of income for the nine and three months ended June 30, 2004 and 2003, and comparative statements of cash flows have not been restated since none of the amendments above relate to those periods.

The Company is in process of amending all prior periods that these restatements relate to.

### VOLT INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2004 AND 2003

#### NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Principles of Consolidation

The condensed consolidated balance sheet for June 30, 2004 and consolidated balance sheet for September 30, 2003 and condensed consolidated statements of income and cash flows for the nine months ended June 30, 2004 includes Volt Inc. and its wholly-owned subsidiaries. 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 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.

##### 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.

Furniture and fixtures	5-7 years
Office and computer equipment	3-5 years
Wind Farm	40 years

##### Revenue Recognition

## Edgar Filing: VOLT INC - Form 10QSB

For the Company's power division, sold merchandise and revenue was recorded under the accrual method of accounting.

For the Company's financial services division, they record commission income upon the closing of their respective transactions.

### Advertising

Advertising costs are typically expensed as incurred. Advertising expense is included in general and administrative expenses for the nine months ended June 30, 2004 and 2003, respectively.

VOLT INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2004 AND 2003

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income Taxes

The income tax benefit is computed on the pretax loss 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 condensed consolidated balance sheet for cash and cash equivalents, advances receivable, commissions receivable, accounts payable and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments.

### 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.

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

	2004 ----	2003 ----
Net income	\$176,544 -----	\$79,705 -----
Weighted- average common shares Outstanding (Basic)	4,752,755	3,919,422

## Edgar Filing: VOLT INC - Form 10QSB

Weighted-average common stock		
Equivalents:		
Stock options	-	-
Warrants	-	-
	-----	-----
 Weighted-average common shares		
Outstanding (Diluted)	4,752,755	3,919,422
	=====	=====

VOLT INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2004 AND 2003

NOTE 2-                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The unamortized balance at June 30, 2004 was \$ -0-. Amortization of these fees were \$-0- and \$5,000, respectively for the nine months ended June 30, 2004 and 2003.

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. During fiscal 2003, the Company recognized \$31,840 of goodwill acquired in the Yosemite transaction. There was no recognition of impairment of goodwill during the nine months ended June 30, 2004 and 2003.

Recent Accounting Pronouncement

On October 3, 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), that is applicable to financial statements issued for fiscal years beginning after December 15, 2001. The FASB's new rules on asset impairment supersede SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to

## Edgar Filing: VOLT INC - Form 10QSB

Be Disposed Of," and portions of Accounting Principles Board Opinion 30, "Reporting the Results of Operations." This Standard provides a single accounting model for long-lived assets to be disposed of and significantly changes the criteria that would have to be met to classify an asset as held-for-sale. Classification as held-for-sale is an important distinction since such assets are not depreciated and are stated at the lower of fair value and carrying amount. This Standard also requires expected future operating losses from discontinued operations to be displayed in the period (s) in which the losses are incurred, rather than as of the measurement date as presently required.

### Reclassifications

Certain amounts for the nine months ended June 30, 2003 have been reclassified to conform with the presentation of the June 30, 2004 amounts. The reclassifications have no effect on net income for the nine months ended June 30, 2003.

VOLT INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2004 AND 2003

### NOTE 3- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2004:

Wind Farm	\$5,700,000
Furniture and fixtures	16,000
Leasehold improvements	8,885
Computer and office equipment	116,293
	-----
	5,841,178
Less: accumulated depreciation	56,098
	-----
Net book value	\$5,785,080
	=====

Depreciation expense for the nine months ended June 30, 2004 and 2003 was \$21,847 and \$19,114, respectively. There is no depreciation recognized on the Wind Farm as it is non operational until placed in service. In the Company's acquisition of Yosemite in their fourth quarter of 2003, they acquired \$55,261 office and computer equipment.

The Company upon acquisition of the Wind Farm, has classified this asset under property and equipment. The Wind Farm consists of hundreds of nonoperational turbines located in California. The Company has received independent valuations on

## Edgar Filing: VOLT INC - Form 10QSB

the Wind Farm that have valued it in excess of \$14,000,000. The Company would need to spend in excess of \$5,000,000 to bring these assets into operational use, at which time the Company would depreciate them over their estimated useful life of 40 years. Consequently, there is no depreciation recognized on the Wind Farm for the nine months ended June 30, 2004 and 2003. The Company did receive miscellaneous parts that have not been valued for the condensed consolidated balance sheets, that it sells from time to time, and the Company records the income in their condensed consolidated statements of operations when these sales occur.

### NOTE 4- 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 \$500 down per home for a total of \$2,000.

VOLT INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2004 AND 2003

### NOTE 5- STOCKHOLDERS' EQUITY

#### Common and Preferred Stock

Effective April 23, 2001, the Registrant effected a 1 for 100 reverse stock split for its common stock, \$.001 par value per share.

The Company issued 1,000,000 shares of Class A Preferred Stock to Denis C. Tseklenis in consideration for the Wind Farm.

On April 6, 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 common stock to acquire First Washington and thus it became a

## Edgar Filing: VOLT INC - Form 10QSB

wholly-owned subsidiary. The shares were valued at a fair value at the time of the transaction (\$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, Class B Preferred Stock, no par value. The Company authorized the issuance of 125,000 shares of Class B Preferred Stock.

On July 1, 2003, First Washington issued a board resolution for the authorization of a new class of preferred stock, Class A Preferred Stock, no par value. First Washington authorized the issuance of 500,000 shares of Class A Preferred Stock.

During fiscal 2003, the Company had issued shares of Class B Preferred Stock, only to cancel them later in that fiscal year. As of September 30, 2003, there were no shares of Class B Preferred Stock issued and outstanding.

In July 2003 (effective August 1, 2003), First Washington issued 500,000 shares of the Class A Preferred Stock, to acquire Yosemite Brokerage, Inc. ("Yosemite"). The acquisition was recorded for accounting purposes as a purchase acquisition. The transaction was valued at \$200,000 (\$.40 per share), which included goodwill of \$31,840.

In November 2003, the Company issued 1,000,000 shares of common stock. The stock was an additional payment on the Wind Farm. The Company charged additional paid-in capital.

### VOLT INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2004 AND 2003

#### NOTE 6- RELATED PARTY TRANSACTIONS

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.

Yosemite Brokerage, rents space from its officer. The lease commenced February 1, 2000 and runs through January 31, 2005. The monthly rents commenced at \$5,600 per month and calls for increase annually up to 3%. Rent expense for the nine months ended June 30, 2004 was \$50,400. No rent expense was incurred for the nine months ended June 30, 2003.

The President of the Company owns a controlling percentage of the common stock outstanding.

#### NOTE 7- PROVISION FOR INCOME TAXES

Deferred income taxes will be 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 will be 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, 2004, deferred tax assets consist of the following:

Net operating loss carryforwards	\$410,000
Less: valuation allowance	(410,000)
	-----
	\$ -0-

At June 30, 2004, the Company had federal net operating loss carryforwards in the approximate amounts of \$1,545,000, 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.

NOTE 8-

### PENDING ACQUISITIONS

The Company in January 2004 reached an agreement to purchase all of the outstanding shares of the Whittlesey hydro-electric project on the Salmon River in Malone, New York from Franklin Hydro for cash. The purchase will include the real estate, turbines and power purchase agreement which runs approximately seven more years at 8.25 cents per KWH produced.

VOLT INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2004 AND 2003

NOTE 8-

### PENDING ACQUISITIONS (CONTINUED)

The Company in August 2004, received a Sales and Purchase Agreement for Coal Ore to be sold and delivered on a FOB basis to buyer in the amount of ten million metric tons of coal for 84 months with options to renew at year five of the term. The contract calls for a minimum of 55,000 tons per month +/- 5% to be delivered at \$21 per ton for a contract price of \$210,000,000. Revenue on a monthly basis for the order will be between \$1,000,000 and \$3,000,000 dependent on site loading, labor, work, shipping, permits and weather conditions. Payments on delivery will be serviced from a letter of credit posted by the buyer and drawn on a major bank. Sun Volt, a wholly owned subsidiary of the Company will oversee the day-to-day operations which will be managed by Lancaster International Corporation. The contract calls for the delivery

## Edgar Filing: VOLT INC - Form 10QSB

of the coal to begin within 120 days and the Company expects to meet the requirements and specifications of the order on a timely basis.

NOTE 9-

### RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company has been addressing response letters to the Securities and Exchange Commission's comment letters dated February 4, 2003, May 30, 2003 and August 11, 2003. The Company has amended these condensed consolidated financial statements for the balance sheet at September 30, 2003 (audited) to restate certain transactions that occurred prior to the current fiscal year. These adjustments were to reclassify \$711,628 previously recorded as reversal of payables, to reclassify a portion of its goodwill acquired in the First Washington Corporation transaction as cash in the amount of \$172,428 and has reclassified \$347,326 previously classified as notes receivable to general and administrative expenses. These transactions resulted in a decrease in the accumulated deficit to (\$4,843,875) at September 30, 2003. In addition for the six months ended March 31, 2004, the Company has reclassified \$4,500 previously classified as notes receivable to accrued expenses. This transaction resulted in no change to its previously stated net income and accumulated deficit for the nine-month period. The comparative statements of income for the nine and three months ended June 30, 2004 and 2003, and comparative statements of cash flows have not been restated since none of the amendments above relate to those periods.

The Company is in process of amending all prior periods that these restatements relate to.