

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

KORE HOLDINGS, INC  
Form 10QSB  
February 25, 2005

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 December 31, 2004

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

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

Commission file number 0-28555

KORE HOLDINGS, 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)

VOLT INC.

-----  
(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 December 31, 2004

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 Exhibit One.

## Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

### 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

##### Restatement

The Company has amended its previously issued condensed consolidated financial statements for the three months ended December 31, 2003. The Company has amended these condensed consolidated financial statements 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 restricted 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 three months ended December 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 three-month period.

##### Management Discussion Snapshot

The following table sets forth certain of the Company's summary selected operating and financial data. The following table should be read in conjunction with all other financial information and analysis presented herein including the Condensed Consolidated Financial Statements for the three months ended December 31, 2004 and December 31, 2003.

#### Summary Selected Statements Operating and Other Financial Data

	Three Months Ended December 31	
	2004	2003
Revenue	\$ 835,851	\$ 612,172
Cost of revenue	375,740	371,056
	-----	
Gross profit	260,111	241,116
Gross profit margin	31%	39%
Operating Expenses	274,378	205,883
	-----	
Income from continuing operations	\$ (14,267)	\$ 35,233
	=====	
Earnings per share per share of common stock	\$ (-)	\$ 0.01
	=====	
Weighted common shares Outstanding	4,919,422	4,419,422

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

	=====	=====
Current assets	\$ 336,725	\$ 306,568
Property and Equipment	5,780,569	5,789,769
Other assets	17,522,065	3,501,986
	-----	-----
Total assets	\$ 23,638,785	\$ 9,598,323
	=====	=====

Revenue and Expenses

For the three months ended December 31, 2004, the Company had revenue of \$835,851, a net loss from continuing operations of \$(14,267) and net loss per common share from continuing operations of \$(0.00) based on a weighted average of 4,919,422 common shares outstanding. All of the Company's revenue was generated from its mortgage business. The Company's revenue is not dependent on any key customers.

For the three months ended December 31, 2003, the Company had revenue of \$612,172, a net profit from continuing operations of \$35,233 and a net profit per common share from continuing operations of \$0.01 based on a weighted average of 4,419,442 common shares outstanding. All of the Company's revenue was generated from its mortgage business. The Company's revenue is not dependent on any key customers.

Revenue in the three months ended December 31, 2004 was \$835,851 compared to \$612,172 in the quarter ended December 31, 2003. This is an increase of \$223,679 from period to period. This increase in revenue is primarily attributable to increased sales.

Net loss from continuing operations for the three months ended December 31, 2004, was \$(14,267) or \$(0.00) in loss per common share based on a weighted average of 4,919,422 common shares outstanding compared with net income from continuing operations of \$35,233 or \$0.01 in earnings per common share based on a weighted average of 4,419,442 common shares outstanding. for the three months ended December 31, 2003. This is an increase in net loss of \$0.01 per common share from period to period. This increase in loss is primarily attributable to increases in operating expenses.

Assets and Liabilities

Total other assets for the three months ended December 31, 2004, was \$17,522,065 compared to total other assets for the three months ended December 31, 2003, of \$3,501,986. This is an increase in total other assets of \$14,020,079 from period to period. This increase in total other assets is the result of the acquisition of coal tract #4 of the Fiatt coal mine in Fulton County, Illinois. The tract consists of approximately 100 acres of land and surface area with a tonnage of 4,356,000 tons of coal fines having a thickness of a 50 foot average using 200 pounds/sht tn and which are certified and appraised at \$69,696,020. The Company issued 13,635,999 shares of its Class B convertible preferred stock valued at \$14,045,079 to acquire the land and coal.

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.

## Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

The Company issued 13,635,999 shares of its Class B convertible preferred stock valued at \$14,045,079 to acquire the land and coal described above.

Item 3. Defaults Upon Senior Securities

NONE

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

NONE

Item 5. Other Information.

NONE

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

On May 30, 2002, the Company filed a Form 8-K to report the acquisition of First Washington Financial Corporation.

On January 18, 2005, the Company filled an Amended Form 8-K amending its Form 8-K filed on May 30, 2002, to report the acquisition of First Washington Financial Corporation.

INDEX TO EXHIBITS.

### EXHIBIT

EXHIBIT NUMBER	DESCRIPTION OF DOCUMENT
1	KORE HOLDINGS, INC AND SUBSIDIARIES FINANCIAL STATEMENTS

### 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.

KORE HOLDINGS, INC.  
(Registrant)

Date February 24, 2005  
-----

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

EXHIBIT 1

KORE HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY VOLT INC. AND SUBSIDIARIES)

CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

# Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

## KORE HOLDINGS, INC. AND SUBSIDIARIES (FORMERLY VOLT INC. AND SUBSIDIARIES)

### INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED):

BALANCE SHEETS AS OF DECEMBER 31, 2004 (UNAUDITED)  
AND SEPTEMBER 30, 2004 (AUDITED)

STATEMENTS OF OPERATION FOR THE THREE MONTHS ENDED  
DECEMBER 31, 2004 AND 2003 (UNAUDITED)

STATEMENTS OF CASH FLOW FOR THREE MONTHS ENDED  
DECEMBER 31, 2004 AND 2003 (UNAUDITED)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## KORE HOLDINGS, INC. (FORMERLY VOLT INC. AND SUBSIDIARIES) CONDENSED CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2004 (UNAUDITED) AND SEPTEMBER 30, 2004 (AUDITED)

### ASSETS

	(Unaudited) December 31, 2004	(Audited) September 30, 2004
	-----	-----
Current Assets:		
Cash and cash equivalents	\$, 2,426	\$ 272,843
Commissions receivable	333,725	33,725
	-----	-----
Total Current Assets	336,151	306,568
Property and equipment, net	5,780,569	5,789,769
Other Assets:		
Land and Coal Reserves	14,045,079	-
Restricted Cash	234,240	234,240
Goodwill	2,859,412	2,859,412
Intangible Asset - Net	383,334	408,334
	-----	-----
Total Other Assets	17,552,065	3,501,986
	-----	-----
Total Assets	\$23,638,785	\$9,598,323
	=====	=====

## Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

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

KORE HOLDINGS, INC.  
(FORMERLY VOLT INC. AND SUBSIDIARIES)  
CONDENSED CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2004 (UNAUDITED) AND SEPTEMBER 30, 2004 (AUDITED)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	(Unaudited) December 31, 2004	(Audited) September 30, 2004
	-----	-----
Current Liabilities:		
Accounts payable	\$ 61,838	\$ 61,838
	-----	-----
Total Current Liabilities	61,838	61,838
Commitments and Contingencies		
Stockholders' Equity (Deficit):		
Class A Preferred Stock, \$.001 par value, 10,000,000 shares authorized at December 31, 2004 and September 30, 2004, respectively, and 1,000,000 issued and outstanding at December 31, 2004 and September 30, 2004 respectively	1,000	1,000
Class B Preferred Stock, no par value, 90,000,000 and 125,000 shares authorized at December 31, 2004 and September 30, 2004, respectively, and 13,635,999 shares issued and outstanding at December 31, 2004 and September 30, 2004, respectively	-	-
First Washington Class A Preferred Stock, no par value, 500,000 shares authorized at December 31, 2004 and September 30, 2004, respectively, and 500,000 shares issued and outstanding at December 31, 2004 and September 30, 2004, respectively	-	-
Common Stock, \$.001 par value, 400,000,000 shares authorized at December 31, 2004 and September 30, 2004, respectively, and 4,919,422 shares issued and outstanding at December 31, 2004 and September 30, 2004, respectively	4,919	4,919
Additional paid-in capital	28,347,976	14,293,247
Accumulated deficit	(4,776,948)	(4,762,681)
	-----	-----
Total stockholders' equity	23,576,947	9,536,485
	-----	-----

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

Total Liabilities and Stockholders' Equity (Deficit)	\$ 23,638,785	\$9,598,323
	=====	=====

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

KORE HOLDINGS, INC.  
(FORMERLY VOLT INC. AND SUBSIDIARIES)  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATION  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003

	2004	(Restated) 2003
	-----	-----
Revenue	\$ 835,851	\$ 612,172
Cost of Revenue	575,740	371,056
	-----	-----
Gross Profit	260,111	241,116
Operating Expenses		
General and administrative costs	274,378	205,883
	-----	-----
Total operating expenses	274,378	205,883
	-----	-----
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	( 14,267)	35,233
Income taxes	-	-
	-----	-----
NET INCOME (LOSS)	\$ (14,267)	\$ 35,233
	=====	=====
BASIS AND DILUTED EARNINGS (LOSS) PER SHARE:		
Earnings (loss) per share	\$ ( -)	\$ 0.01
	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING	4,919,422	4,919,422
	=====	=====

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

KORE HOLDINGS, INC.  
(FORMERLY VOLT INC. AND SUBSIDIARIES)  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003 (UNAUDITED)

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

	2004	(Restated) 2003
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (14,267)	\$ 35,233
	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	34,200	7,282
Changes in assets and liabilities		
Advances receivable	-	4,500
Commissions receivable	(300,000)	(55,978)
Accounts payable	-	(25,083)
	-----	-----
Total adjustments	(265,800)	(69,279)
	-----	-----
Net cash (used in) operating activities	(280,067)	(34,046)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributed capital	9,650	28,000
	-----	-----
Net cash provided by (used in) financing activities	9,650	28,000
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(270,417)	(6,046)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		
	272,843	15,753
	-----	-----
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 2,426	\$ 9,707
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ -	\$ 4,340
	=====	=====
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION:		
Preferred stock issued for land and coal reserves	\$14,045,079	\$ -
	=====	=====

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

KORE HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY VOLT INC. AND SUBSIDIARIES)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003



## Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

### 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 three months ended December 31, 2004 may not be indicative of the results for the entire year.

The Company on October 16, 2004, changed its name to Kore Holdings, Inc. The Company, at that time, increased its authorized common stock shares to 400,000,000 and its preferred stock to 100,000,000.

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.

Kore Holdings, 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 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: KORE HOLDINGS, INC - Form 10QSB

DECEMBER 31, 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 rehabilitate 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 disposed of them. 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 amended its previously issued condensed consolidated financial statements for the three months ended December 31, 2003 in response 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 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 restricted 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 three months ended December 31, 2003, 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 three-month period.

# Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

KORE HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY VOLT INC. AND SUBSIDIARIES)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2004 AND 2003

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Principles of Consolidation

The condensed consolidated balance sheet for December 31, 2004 and consolidated balance sheet for September 30, 2004 and condensed consolidated statements of income and cash flows for the three months ended December 31, 2004 includes Kore Holdings, 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.

The Company has \$234,240 in restricted cash that is expected to be received in the next two years.

## 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

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

For the Company's financial services division, commission income is recorded upon the closing of their respective

## Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

transactions.

### Advertising

Advertising costs are typically expensed as incurred. Advertising expense was approximately \$5,000 and \$4,973 for the three months ending December 31, 2004 and 2003, respectively.

KORE HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY VOLT INC. AND SUBSIDIARIES)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 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 (Loss) Per Share of Common Stock

Historical net income (loss) 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 (loss)	\$(14,267)	\$35,233
	-----	-----
Weighted- average common shares Outstanding (Basic)	4,919,422	4,419,422
Weighted-average common stock Equivalents:		
Stock options	-	-
Warrants	-	-

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

-----

Weighted-average common shares		
Outstanding (Diluted)	4,919,422	4,419,422
	=====	=====

The Company did not have any outstanding stock options or warrants at December 31, 2004 and 2003, respectively.

KORE HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY VOLT INC. AND SUBSIDIARIES)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2004 AND 2003

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. 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 three months ended December 31, 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 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

## Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

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 three months ended December 31, 2003 have been reclassified to conform with the presentation of the December 31, 2004 amounts. The reclassifications have no effect on net income for the three months ended December 31, 2003.

KORE HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY VOLT INC. AND SUBSIDIARIES)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2004 AND 2003

#### NOTE 3- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2004:

	2004 ----	2003 ----
Wind Farm	\$5,700,000	\$5,700,000
Furniture and fixtures	16,000	16,000
Leasehold improvements	8,885	8,885
Computer and office equipment	119,425	116,293
	-----	-----
	5,844,310	5,841,178
Less: accumulated depreciation	(63,741)	(41,533)
	-----	-----
Net book value	\$5,780,569	\$5,799,445
	=====	=====

Depreciation expense for the three months ended December 31, 2004 and 2003 was \$9,200 and \$7,252, 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 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 three months ended December 31, 2004

## Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

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- INTANGIBLE ASSET

The Company in November 2003 issued 1000 shares of its common stock valued at \$500,000 for exclusive right to distribute power generators in northern California and Hawaii and other agreed territories. Additionally, the Company received the non-exclusive right to acquire the generators at prevailing wholesale prices for distribution and the non-exclusive license to use the name, trademark and trade names of the manufacturer or distributor of the power generators. The license agreements are being amortized over the five year life. Amortization charged to expense for the three months ended December 31, 2004 was \$25,000.

KORE HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY VOLT INC. AND SUBSIDIARIES)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2004 AND 2003

### NOTE 5- LAND AND COAL RESERVES

The Company acquired coal tract #4 of the Fiatt coal mine in Fulton County, Illinois. The tract consists of approximately 100 acres of land and surface area with a tonnage of 4,356,000 tons of coal fines having a thickness of a 50 foot average using 200 pounds/sht tn and which are certified and appraised at \$69,696,020. The Company issued 13,635,999 shares of its Class B convertible preferred stock valued at \$14,045,079.

### NOTE 6- STOCKHOLDERS' EQUITY

#### Common and Preferred Stock

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.

## Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

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.

The Company in November 2003 issued 1,000,000 shares of its common stock for an intangible asset (see Note 4). The value for the asset was \$500,000.

The Company issued 13,635,999 shares of its Class B convertible preferred stock valued at \$14,045,079.

### NOTE 7- 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. Rent expense for the year ended September 30, 2003 of \$24,750 was forgiven by the company at September 30, 2003. Rent expense for the three months ended December 31, 2003 and 2002 was \$8,250 and \$-0-, respectively.

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 three months ended December 31, 2003 was \$16,800. No rent expense was incurred for the three months ended December 31, 2002.

KORE HOLDINGS, INC. AND SUBSIDIARIES  
(FORMERLY VOLT INC. AND SUBSIDIARIES)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2004 AND 2003

### NOTE 8- 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 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 December 31, 2004, deferred tax assets consist of the following:



Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

2004

Net operating loss carryforwards	\$343,000
Less: valuation allowance	(343,000)
	-----
	\$ -0-

At December 31, 2004, the Company had federal net operating loss carryforwards in the approximate amounts of \$1,600,000, 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 9-

RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company has amended its previously issued condensed consolidated financial statements for the three months ended December 31, 2004. The Company has amended these condensed consolidated financial statements 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 restricted 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 three months ended December 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 three-month period.

NOTE 10-

SUBSEQUENT EVENT

After the first quarter of 2004, the Company closed the Yosemite Brokerage, Inc. office.