

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

KORE HOLDINGS, INC
Form 10QSB
August 26, 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 June 30, 2005

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)

(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, 2005

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.

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

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

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	
	2005	2004
Revenue	\$ 339,267	\$ 2,140,293
Cost of operations	-	1,209,224
	-----	-----
Gross profit	339,267	931,069
Operating Expenses	411,242	754,545
	-----	-----
Income (loss) from continuing operations	(71,975)	176,544
Income from discontinued operations	32,318	-
	-----	-----
Net income (loss)	\$ (39,657)	\$ 176,544
	=====	=====
Gross profit margin	100%	44%
Basic income (loss) per share of from continuing operations	\$ (0.01)	\$ 0.04
	=====	=====
Diluted income (loss) per share from continuing operations	\$ (0.01)	\$ 0.04
	=====	=====
Basic income (loss) per share from discontinued operations	\$ 0.01	\$ -
	=====	=====
Diluted income (loss) per share from discontinued operations	\$ 0.01	\$ -
	=====	=====
Weighted average number of common shares outstanding	4,919,422	4,752,755

For the nine months ended June 30, 2005, the Company generated \$339,267 of revenue, \$339,267 of gross profit, \$(71,975) of net loss from continuing operations, \$32,318 in income from discontinued operations, a net loss of \$(39,657) and \$(0.01) in basic loss per common share from continuing operations based upon a weighted average of basic common shares of 4,919,422 outstanding. All of the Company's revenue for this period was from its mortgage business.

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 basic income per common share from continuing operations based upon a weighted average of basic common shares of 4,752,775 outstanding. All of the Company's revenue for this period was from its mortgage business.

Revenue for the nine months ended June 30, 2005, decreased \$1,801,026 from the

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

same period last year. Cost of operations for the nine months ended June 30, 2005, decreased \$1,209,224 from the same period last year. This decrease is a result of reporting revenue net of commissions. Operating expenses for the nine months ended June 30, 2005, decreased \$434,242 from the same period last year. Income (loss) from continuing operations for the nine months ended June 30, 2005, decreased \$248,519 from the same period last year. In the nine months ended June 20, 2005 the Company had a one time gain from continuing operations of \$32,318 resulting from the closing of its mortgage business in the Central Valley of California.

The Company attributes the decrease in revenue and operating expenses for the nine months ended June 30, 2005, to the closing of its mortgage business in the Central Valley in California and intends to reopen.

	Three Months Ended June 30	
	2005	2004
Revenue	\$ 137,528	\$ 928,077
Cost of operations	-	538,632
	-----	-----
Gross profit	137,528	389,445
Operating Expenses	168,445	385,465
	-----	-----
Income (loss) from continuing operations	(30,917)	3,980
Income from discontinued operations	-	-
	-----	-----
Net income (loss)	\$ (30,917)	\$ 3,980
	=====	=====
Gross profit margin	100%	44%
Basic income (loss) per share of from continuing operations	\$ (0.01)	\$ 0.00
	=====	=====
Diluted income (loss) per share from continuing operations	\$ (0.01)	\$ 0.00
	=====	=====
Basic income (loss) per share from discontinued operations	\$ -	\$ -
	=====	=====
Diluted income (loss) per share from discontinued operations	\$ -	\$ -
	=====	=====
Weighted average number of common shares outstanding	4,919,422	4,752,755

For the three months ended June 30, 2005, the Company generated \$137,528 of revenue, \$137,528 of gross profit, \$(30,917) of net loss from continuing operations and \$(0.01) in basic loss per common share from continuing operations based upon a weighted average of basic common shares of 4,919,422 outstanding. All of the Company's revenue for this period was from its mortgage business.

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 basic loss per common share from continuing operations based upon a weighted average of basic common shares of 4,919,422 outstanding. All of the Company's revenue for this period was from its mortgage business.

Revenue for the three months ended June 30, 2005, decreased \$790,549 from the

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

same period last year. Cost of operations for the three months ended June 30, 2005, decreased \$538,632 from the same period last year. This decrease is a result of reporting revenue net of commissions. Operating expenses for the three months ended June 30, 2005, decreased \$217,025 from the same period last year. Income (loss) from continuing operations for the three months ended June 30, 2005, decreased \$34,897 from the same period last year.

The Company attributes the decrease in revenue and operating expenses for the three months ended June 30, 2005, to the closing of its mortgage business in the Central Valley in California and intends to reopen.

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.

Pending branch offices and acquisitions are under legal and accounting review .

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

INDEX TO EXHIBITS.

EXHIBIT

NUMBER	DESCRIPTION OF DOCUMENT
--------	-------------------------

1	Kore Holdings Inc AND SUBSIDIARIES FINANCIAL STATEMENTS
---	---

On January 19, 2005, the Company filed a Form 8-K/A with the Securities and Exchange Commission. In a Form 8-K dated May 30, 2002, filed with the Securities and Exchange Commission on May 30, 2002, the Company reported the acquisition of First Washington Financial Corporation, a Nevada corporation. The purpose of the Form 8-K/A filed January 19, 2005 was to file financial statements relating to the event reported May 30, 2002.

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 26, 2005

Kore Holdings Inc.
(Registrant)
/s/Denis C. Tseklenis
Denis C. Tseklenis
Chief Executive Officer

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

Chairman of the Board

EXHIBIT ONE

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

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

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

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED):

BALANCE SHEET AS OF JUNE 30, 2005 (UNAUDITED)

STATEMENTS OF OPERATIONS FOR THE NINE AND THREE MONTHS ENDED JUNE 30, 2005 AND
2004 (UNAUDITED)

STATEMENTS OF CASH FLOWS FOR NINE MONTHS ENDED
JUNE 30, 2005 AND 2004 (UNAUDITED)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

BALANCE SHEET (UNAUDITED)
KORE HOLDINGS, INC.

ASSETS

(UNAUDITED)
JUNE 30,
2005

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

CURRENT ASSETS	
Cash and cash equivalents	\$ 39,959
Prepaid expenses and other assets	1,875

Total current assets	41,834

PROPERTY AND EQUIPMENT - Net	5,737,457
OTHER ASSETS	
Land and coal reserves	14,045,079
Restricted cash	234,240
Goodwill	2,827,572
Licenses, net of amortization	333,334

Total other assets	17,440,225

TOTAL ASSETS	\$ 23,219,516
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

	(UNAUDITED)
	JUNE 30,
	2005

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 27,967
Due to officer	24,400

Total current liabilities	52,367

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Class A Preferred Stock, \$.001 par value, 10,000,000 shares authorized at March 31, 2005 and 1,000,000 issued and outstanding at March 31, 2005	1,000
Class B Preferred Stock, no par value, 90,000,000 shares authorized at March 31, 2005, and 13,635,999 shares issued and outstanding at March 31, 2005	-
First Washington Class A Preferred Stock, no par value, 500,000 shares authorized at March 31, 2005 and 500,000 shares issued and outstanding at March 31, 2005	-
Common stock, \$.001 par value 400,000,000 shares authorized at March 31, 2005 and 4,919,422 shares issued and outstanding at March 31, 2005	4,919
Additional paid-in capital	28,142,066
Accumulated deficit	(4,980,836)

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

Total stockholders' equity	23,167,149

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 23,219,516
=====	

See accompanying notes to condensed consolidated financial statements.

STATEMENTS OF OPERATIONS (UNAUDITED)
KORE HOLDINGS, INC.

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	2005	2004	2005	2004
	-----	-----	-----	-----
OPERATING REVENUE	\$ 339,267	\$ 2,140,293	\$ 137,528	\$ 928,077
COST OF OPERATIONS	-	1,209,224	-	538,632
	-----	-----	-----	-----
GROSS PROFIT	339,267	931,069	137,528	389,445
OPERATING EXPENSES				
General and administrative	325,375	732,678	140,774	366,351
Depreciation and Amortization	85,867	21,847	27,671	19,114
	-----	-----	-----	-----
Total operating expenses	411,242	754,525	168,445	385,465
	-----	-----	-----	-----
INCOME (LOSS) BEFORE INCOME TAXES	(71,975)	176,544	(30,917)	3,980
Provision for income taxes	-	-	-	-
	-----	-----	-----	-----
INCOME (LOSS) FROM CONTINUING OPERATIONS	(71,975)	176,544	(30,917)	3,980
Income from discontinued operations (net of income taxes)	32,318	-	-	-
	-----	-----	-----	-----
NET INCOME (LOSS)	\$ (39,657)	\$ 176,544	\$ (30,917)	\$ 3,980
	=====	=====	=====	=====
BASIC AND DILUTED INCOME (LOSS) PER SHARE				

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

Basic from continuing operations	\$ (0.01)	\$ 0.04	\$ (0.01)	\$ 0.00
	=====	=====	=====	=====
Diluted from continuing operations	\$ (0.01)	\$ 0.04	\$ (0.01)	\$ 0.00
	=====	=====	=====	=====
Basic from discontinued operations	\$ 0.01	\$ -	\$ -	\$ -
	=====	=====	=====	=====
Diluted from discontinued operations	\$ 0.01	\$ -	\$ -	\$ -
	=====	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF BASIC COMMON SHARES OUTSTANDING				
	4,919,422	4,752,755	4,919,422	4,919,422
	=====	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF DILUTED COMMON SHARES OUTSTANDING				
	4,919,422	4,752,755	4,919,422	4,919,422
	=====	=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

STATEMENT OF CASH FLOW (UNAUDITED)
KORE HOLDINGS, INC.

	2005	2004
	-----	-----
CASH FLOW FROM OPERATING ACTIVITIES		
Continuing Operations:		
Net income (loss)	\$ (71,975)	\$ 176,544
	-----	-----
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	85,867	21,847
Changes in assets and liabilities		
(Increase) decrease in commissions and accounts receivable	47,874	(260,662)
(Increase) in prepaid assets	(1,875)	-
Increase (Decrease) in accounts payable and accrued liabilities	(31,871)	133,491
	-----	-----
Total adjustments	99,995	(105,324)
	-----	-----

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

Net cash provided by operating activities - continuing operations	28,020	71,220
	-----	-----
Discontinued Operations:		
Income from discontinued operations	32,318	-
Impairment of goodwill	31,840	-
	-----	-----
Net cash provided by operating activities - discontinued operations	64,158	-
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures (net)	(6,544)	-
	-----	-----
Net cash used in investing activities	(6,544)	-
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions of equity	3,740	58,600
Dividends distribution, net	(346,658)	-
Due to officer	24,400	-
	-----	-----
Net cash provided by (used in) financing activities	(318,518)	58,600
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(232,884)	129,820
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	272,843	249,993
	-----	-----
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 39,959	\$ 379,813
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest paid	\$ 4,340	\$ -
	=====	=====
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION:		
Preferred stock issued for land and coal reserves	\$ 14,045,079	\$ -
	=====	=====

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

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

KORE HOLDINGS INC. AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2005 AND 2004

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 months ended June 30, 2005 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.

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

KORE HOLDINGS INC. AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
JUNE 30, 2005 AND 2004

NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

The operations of First Washington were 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). 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. Yosemite was disposed of in the second quarter ended March 31, 2005

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.

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

(FORMERLY VOLT INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
JUNE 30, 2005 AND 2004

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The condensed consolidated balance sheet for June 30, 2005 and condensed consolidated statements of income and cash flows for the nine months ended June 30, 2005 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.

KORE HOLDINGS INC. AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
JUNE 30, 2005 AND 2004

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.

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

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 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 was approximately \$194 and \$444 for the nine months ending June 30, 2005 and 2004, respectively.

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.

KORE HOLDINGS INC. AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
JUNE 30, 2005 AND 2004

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

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

	2005	2004
	-----	-----
Net income (loss)	\$ (39,657)	\$ 176,544
Weighted-average common shares Outstanding (Basic)	4,919,422	4,919,422
Weighted-average common stock Equivalents		
Stock options	-	-
Warrants	-	-
	-----	-----
Weighted-average common shares Outstanding (Diluted)	4,919,422	4,919,422
	=====	=====

The Company has no potentially dilutive securities, such as options or warrants currently issued and outstanding.

KORE HOLDINGS INC. AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
JUNE 30, 2005 AND 2004

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

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 2004, the Company recognized \$31,840 of goodwill acquired in the Yosemite transaction. There was an impairment of goodwill during the nine months ended June 30, 2005 of \$31,840 upon the disposition.

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

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

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 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.

KORE HOLDINGS INC. AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
JUNE 30, 2005 AND 2004

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

On December 16, 2004, the Financial Accounting Standards Board ("FASB") published Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment ("SFAS 123R"). SFAS 123R requires that compensation cost related to share-based payment transactions be recognized in the financial statements. Share-based payment transactions within the scope of SFAS 123R include stock options, restricted stock plans, performance-based awards, stock appreciation rights, and employee share purchase plans. The provisions of SFAS 123R are effective for small business issuers as of the first interim period that begins after December 15, 2005. Accordingly, the Company will implement the revised standard in the fourth quarter of fiscal year 2005. Currently, the Company accounts for its share-based payment transactions under the provisions of APB 25, which does not necessarily require the recognition of compensation cost in the financial statements. Management is assessing the implications of this revised standard, which may materially impact the Company's results of operations in the fourth quarter of fiscal year 2005 and thereafter.

Reclassifications

Certain amounts for the nine months ended June 30, 2004 have been reclassified to conform with the presentation of the June 30, 2005 amounts. The reclassifications have no effect on net income for the nine months ended June 30, 2004.

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

KORE HOLDINGS INC. AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
JUNE 30, 2005 AND 2004

NOTE 3- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2005:

Wind Farm	\$5,700,000
Furniture and fixtures	8,001
Computer and office equipment	84,459

Less: accumulated depreciation	(55,003)

Net book value	\$5,737,457
	=====

Depreciation expense for the nine months ended June 30, 2005 and 2004 was \$10,867 and \$21,847, respectively. There is no depreciation recognized on the Wind Farm as it is non operational until placed in service.

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 nine months ended June 30, 2005 and 2004.

NOTE 4- INTANGIBLE ASSET

The Company in November 2003 issued 1,000 shares of its common stock valued at \$500,000 for exclusive rights to distribute generators in northern California, Hawaii and other agreed territories. Additionally, the Company received the non-exclusive rights 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 nine months ended June 30, 2005 was \$75,000.

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

(FORMERLY VOLT INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
JUNE 30, 2005 AND 2004

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 December 1, 2004 the Company authorized an additional 89,875,000 shares of its 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.

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. As of January 1, 2005, the companies mutually agreed to rescind the agreement. All assets and liabilities were distributed to the owner and the shares were cancelled.

In November 2003, the Company issued 1,000,000 shares of 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.

KORE HOLDINGS INC. AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(CONTINUED)
JUNE 30, 2005 AND 2004

NOTE 7- RELATED PARTY TRANSACTIONS

Yosemite Brokerage, rents space from its officer. The lease

Edgar Filing: KORE HOLDINGS, INC - Form 10QSB

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, 2005 and 2004 was \$16,800 and \$50,400, respectively. This agreement terminated January 1, 2005.

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 June 30, 2005 deferred tax assets consist of the following:

	2005
Net tax deferred assets	\$ 316,000
Less: valuation allowance	(316,000)

	\$ -0-

At June 30, 2005 the Company had federal net operating loss carryforwards in the approximate amounts of \$790,000 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.