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VOLT INC
Form 10QSB
February 20, 2003

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, 2002

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 Drive, Oakhurst, CA 93644

(Address of principal executive offices)

(559) 692-3485

(Issuer's telephone number)

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 3,919,422 Common Shares \$0.001 par value as of December 31, 2002

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

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

VOLT, INC. AND SUBSIDIARIES
INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED):

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BALANCE SHEETS AS OF DECEMBER 31, 2002 (UNAUDITED)
AND SEPTEMBER 30, 2002 (AUDITED)

STATEMENTS OF OPERATIONS FOR THE THREE MONTHS
ENDED DECEMBER 31, 2002 AND 2001 (UNAUDITED)

STATEMENTS OF CASH FLOWS FOR THREE MONTHS
ENDED DECEMBER 31, 2002 AND 2001 (UNAUDITED)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

VOLT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2002 (UNAUDITED) AND SEPTEMBER 30, 2002 (AUDITED)

ASSETS

	(Unaudited) December 31, 2002	(Audited) September 30, 2002
	-----	-----
Current Assets:		
Cash and cash equivalents	\$ 264,874	\$172,521
	-----	-----
Total Current Assets	264,874	172,521
Property and equipment, net	5,752,196	5,756,339
Other Assets:		
Goodwill	3,000,000	3,000,000
Deferred financing fees, net	2,500	5,000
Advances receivable	204,000	204,000
	-----	-----
Total Other Assets	3,206,500	3,209,000
	-----	-----
Total Assets	\$9,223,570	\$9,138,460
	=====	=====

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

VOLT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2002 (UNAUDITED) AND SEPTEMBER 30, 2002 (AUDITED)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	(Unaudited) December 31,	(Audited) September 30,
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	2002	2002
	-----	-----
Current Liabilities:		
Accounts payable	\$ 14,949	\$ 36,949
	-----	-----
Total Current Liabilities	14,949	36,949
Commitments and Contingencies		
Stockholders' Equity (Deficit):		
Series One Voting Convertible Preferred Stock, \$.001 par value 10,000,000 shares authorized, at December 31,2002 and September 30, 2002, repectively, and 1,000,000 shares issued and outstanding at December 31, 2002 and September 30, 2002, respectively	1,000	1,000
Common Stock - \$.001 par value; 25,000,000 shares authorized at December 31, 2002 and September 30, 2002, respectively and 3,919,422 shares issued and outstanding at December 31, 2002 and September 30, 2002, respectively	3,919	3,919
Additional paid-in capital	12,803,619	12,778,619
Accumulated deficit	(3,599,917)	(3,682,027)
	-----	-----
Total stockholders' equity	9,208,621	9,101,511
	-----	-----
Total Liabilities and Stockholders' Equity	\$9,223,570	\$9,138,640
	=====	=====

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

VOLT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
	-----	-----
Revenues	\$ 543,966	\$ 34,500
Cost of Revenue	221,810	-
	-----	-----
Gross Profit (Loss)	322,156	34,500
Other (Expenses)		
General and administrative costs	240,046	6,706
	-----	-----
Total operating expenses	240,046	6,706
	-----	-----
LOSS FROM CONTINUING OPERATIONS		

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BEFORE INCOME TAXES	82,110	27,794
Income taxes	-	-
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$82,110	\$ 27,794
BASIS AND DILUTED EARNINGS PER SHARE:		
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$ 0.02	\$ 0.02
WEIGHTED NUMBER OF COMMON SHARES OUTSTANDING	3,919,422	1,844,422

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

VOLT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
Net income	\$ 82,110	\$ 27,794
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	7,243	1,600
Changes in assets and liabilities		
Accounts payable	(22,000)	(5,000)
Total adjustments	(14,757)	(3,400)
Net cash provided by operating activities	67,353	24,394
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions of equity	25,000	-
Advances receivable - other	-	(83,500)
Net cash provided by (used in) financing activities	25,000	(83,500)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	92,353	(59,106)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	172,521	85,792
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 264,874	\$ 26,686

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

VOLT INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2002 AND 2001

NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION

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

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

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

The Company has completed the acquisition of Opportunity Knocks, Inc. 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.

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

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The condensed consolidated balance sheets for December 31, 2002 and 2001 and condensed consolidated statements of operations, changes in stockholders' equity and cash flows for the three months then ended includes Volt Inc. and its wholly-owned subsidiaries, Sun Volt, Inc., Sun Electronics, Inc., Arcadian Renewable Power, Inc., First Washington and Opportunity Knocks.

Intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with

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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.

VOLT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Revenue Recognition

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

First Washington records commission income upon the closing of their respective transactions.

Advertising

Advertising costs are typically expensed as incurred. Advertising expense was approximately \$-0- and \$830 for the three months ended December 31, 2002 and 2001, 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.

Fair Value of Financial Instruments

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

VOLT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	2002	2001
	----	----
Net income	\$82,110	\$27,794
	-----	-----
Weighted- average common shares Outstanding (Basic)	3,919,422	1,844,422
Weighted-average common stock Equivalents:		
Stock options	-	-
Warrants	-	-
Weighted-average common shares Outstanding (Diluted)	3,919,422	1,844,422

Deferred Financing Fees

The Company paid a \$10,000 financing fee in connection with a line of credit in April 2002. This fee will be written off over a one-year period of time. The unamortized balance at December 31, 2002 is \$2,500.

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

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those acquired in a business combination) should be accounted for in financial statements upon their acquisition. This Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. This statement has been considered when determining impairment of goodwill in certain transactions. As of December 31, 2002, there are no adjustments of goodwill due to impairment.

VOLT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts for the three months ended December 31, 2001 have been reclassified to conform with the presentation of the December 31, 2002 amounts. The reclassifications have no effect on net income for the three months ended December 31, 2001.

NOTE 3- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2002:

Wind Farm	\$5,700,000
Furniture and fixtures	3,000
Computer and office equipment	67,417

	5,770,417
Less: accumulated depreciation	18,221

Net book value	\$5,752,196
	=====

Depreciation expense for the three months ended December 31, 2002 and 2001 was \$4,743 and \$1,600, respectively. There is no depreciation recognized on the Wind Farm in 2002 or 2001 as it is non operational until placed in service.

NOTE 4- ADVANCES RECEIVABLE

As of December 31, 2002, notes receivable were \$204,000. There was no interest due the Company on these loans, and the amounts due at December 31, 2002, are deemed by management to have no specific repayment terms.

NOTE 5- COMMITMENTS AND CONTINGENCIES

The Company entered into a lease agreement in April 2001 in Pleasanton, California. The Company paid \$2,800 per month for rent. This lease was terminated by the Company in October 2001, and all operations now run through the Oakhurst,

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California location. The security deposit was expensed as part of a rent payment in 2002.

VOLT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

NOTE 6- STOCKHOLDERS' EQUITY

Common and Preferred Stock

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

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

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

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

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

On May 17, 2002, the Company issued 2,000,000 shares of common stock to acquire First Washington and thus it became a 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.

NOTE 7- LITIGATION

In September of 1999, the Deerbrook Publishing Group, Inc. ("Deerbrook") leased a computer driven aspect image center (printer for film) used to make separation for printing (the "aspect image center") and certain other computer equipment from Copelco Capital, Inc. ("Copelco"). All of the equipment was delivered to the Deerbrook's then printing operation in Phoenix, Arizona, and installed. Shortly thereafter, Deerbrook ceased printing for itself and its customers. The equipment was returned to Copelco. In August of 2000, Copelco brought suit in the United States District Court for the District of Arizona, cause no. CIV '00-1620 PHX ROS, to recover its

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alleged damages \$155,398 for Deerbrook's return of the leased equipment plus continuing interest at the rate of one and one-third percent per month and attorneys fees and costs. The Company does not believe that Copelco has mitigated its damages and further believes that Copelco has either sold the equipment or otherwise disposed of same in a manner which was not commercially reasonable. The Copelco claims will be vigorously defended against. Any possible loss from this litigation will be less than one percent (1%) of the Company's net assets and will be immaterial. Since the change in control of the Company on April 6, 2001, there have been no legal proceedings brought against Volt.

VOLT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002 AND 2001

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, 2002 and 2001, deferred tax assets consist of the following:

	2002 ----	2001 -----
Net operating loss carryforwards	\$165,889	\$ 257,670
Less: valuation allowance	(165,889)	(257,670)
	-----	-----
	\$ -0-	\$ -0-
	=====	=====

At December 31, 2002 and September 30, 2002, the Company had federal net operating loss carryforwards in the approximate amounts of \$414,723 and \$496,833, respectively, available to offset future taxable income. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

NOTE 9- NOTE PAYABLE - BANK

In November 2002, the Corporation closed on a line of credit with a bank in the amount of \$750,000. The loan proceeds will be used to commence the operations of Opportunity Knocks. As of December 31, 2002, the Company had \$10,000 outstanding.

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PART II - - OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 2. Changes in Securities

NONE

Item 3. Defaults Upon Senior Securities

NONE

Item 4. Controls and Procedures

Within 90 days prior to the filing of this Quarterly Report on Form 10-Q, the chief executive officer of the Company evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that the Company's controls and procedures are effective in timely alerting them to material information required to be disclosed in the reports that are filed or submitted under the Securities and Exchange Act of 1934. There have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Item 5. Other Information.

NONE

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

INDEX TO EXHIBITS.

EXHIBIT
NUMBER

DESCRIPTION OF DOCUMENT

99.3	Certifications Required Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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SIGNATURES

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

VOLT INC.
(Registrant)

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Date February 20, 2003

/s/ Denis C. Tseklenis

Denis C. Tseklenis, Sole Director

CERTIFICATION

I, Denis C. Tseklenis, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Volt Inc.
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:
 - (a).....designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this annual report is being prepared;
 - (b).....evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
 - (c).....presented in this annual report my conclusions about the effectiveness of the disclosure controls and procedures based on my evaluation as of the Evaluation Date;
5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a).....all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: February 20, 2003

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