

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

KORE HOLDINGS, INC
Form 10KSB
February 17, 2006

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

FORM 10-KSB
ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE YEAR ENDED SEPTEMBER 30, 2005

0-28555
(Commission file number)

KORE HOLDINGS, INC.
(Name of small business issuer in its charter)

Nevada
(State or other jurisdiction
of incorporation or organization)

86-0960464
(I.R.S. Employer
Identification Number)

41667 Yosemite Pines Drive, Oakhurst, CA 93644
(Address of principal executive offices)

93644
(Zip Code)

Issuer's telephone number is: (559) 692-2474

N/A
(Former name or former address, if changed since last report)

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

\$.001 Par Value Common Stock
(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this from, and no disclosure will be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10KSB or any amendment to this Form 10KSB. [X]

Indicate by check mark whether the issuer is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes [] No [X]

The issuer's revenues for the most recent fiscal year were \$1,814,623.

The aggregate value of the voting stock held by non-affiliates as of September 30, 2005, was \$2,122,965.75.

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

The number of shares outstanding of the issuer's common equity as of September 30, 2005 was 4,919,422, \$.001 Par Value.

Portions of the following documents are incorporated by reference into Part III, Item 13: Applicable portions of the Company's Form 10SB/A (Amendment No. 4) filed with the Securities and Exchange Commission on September 15, 2000, applicable portions of the Company's Form 8K/A (Amendment No. 1) filed with the Securities and Exchange Commission on September 26, 2001 and applicable portions of the Company's Form 10KSB for the year ended September 30, 2002 filed with the Securities and Exchange Commission on January 15, 2003.

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

PART I

ITEM 1. DESCRIPTION OF BUSINESS

History

The Company was incorporated in the state of Colorado on March 31, 1997, under the name Biovid Corporation for the purpose of entering into the printing and publishing business. The Company did not commence active business operations in the publishing industry until August 1998, when began acquiring existing printing and publishing businesses as subsidiaries. From August, 1998, until December 31, 1999, the Company derived its revenue primarily from providing printing and publishing services to artists and publishers. The Company discontinued its printing and publishing operations effective December 31, 1999, to concentrate its efforts on Internet-based publishing initiatives. In December 1999, the company effected a merger whereby it became a Nevada corporation and changed its name to Deerbrook Publishing Group, Inc. and continued as a holding company looking for other business to acquire.

On April 1, 2001, the Company disposed of its printing and publishing subsidiaries and ceased active business operations. On April 6, 2001, control of the Company changed and the Company determined to explore new business opportunities including but not limited to the acquisition of alternative energy sources in the State of California and other states for resale to the public. Also on April 6, 2001, the Company changed its name to Volt Inc.

On May 15, 2001, the Company acquired all of the stock of Arcadian Renewable Power, Inc., a Delaware corporation ("Arcadian") and thereby acquired control of all of the assets of Arcadian. Arcadian is in the business of alternative energy production.

In May, 2001, the Company established Sun Volt, Inc., a Nevada corporation ("Sun Volt") to engage in the business of construction and sale of energy products and energy projects.

In May, 2001, the Company established Sun Electronics, Inc., a Nevada corporation ("Sun Electronics") to engage in the research and development of alternative energy products.

On May 17, 2002, the Company acquired all of the stock of First Washington Financial Corporation, a Nevada corporation ("First Washington"). First Washington is a mortgage loan originator in the home mortgage loan industry

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

concentrated primarily in Washington, D.C., Maryland and Virginia. The acquisition of First Washington is deemed an acquisition of a significant subsidiary because it met a condition under Section 210.3-05 of Regulation SX.

On May 17, 2002, the Company acquired Opportunity Knocks, LLC, a Maryland limited liability company ("Opportunity Knocks"). Opportunity Knocks is in the business of acquiring, refurbishing and selling real estate. Opportunity Knocks specializes in HUD properties. The acquisition of Opportunity Knocks is not deemed an acquisition of a significant subsidiary because it did not meet a condition under Section 210.3-05 of Regulation SX.

In October 2002, and April 3, 2003, the Company acquired Mortgage-Matic Brokers, LLC and Heritage Mortgage Bankers, LLC respectively. Both Mortgage-Matic and Heritage are mortgage loan originators in the home mortgage loan industry in Washington, D.C., Maryland and Virginia. In July, 2003, the Company disposed of both Mortgage-Matic and Heritage. The acquisitions of these companies is not deemed an acquisition of a significant subsidiary because the acquisitions did not meet a condition under Section 210.3-05 of Regulation SX.

In August, 2003, First Washington acquired Yosemite Mortgage, Inc. as a branch office in the Central Valley of California. This branch office was subsequently closed effective December 31, 2004.

Subsequent to September 30, 2003, and on October 16, 2004, the Company amended its Articles of Incorporation to change its name to Kore Holdings, Inc. and to increase its authorized common stock to 400,000,000 common shares, \$.001 par value and to increase its authorized preferred stock to 100,000,000 preferred shares, \$.001 par value.

On March 29, 2004, the Company, through its wholly owned subsidiary Sun Volt, acquired title to 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. To purchase the coal tract, the Company issued 13,635,999 shares of its Class B Convertible Nonvoting Preferred Stock valued at \$14,045,079, convertible at one share of preferred stock for one share of the Company's common stock, and the issuance of Sun Volt Series A Nonvoting Preferred Stock which guarantees the payment by Sun Volt of \$4.00 per ton of all coal sold as essentially a royalty out of which \$1.00 per ton of sold coal goes to Sun Volt which is in addition to any revenue to Sun Volt after all costs of goods sold, overhead and the payment of the other royalties.

On June 7, 2005, the Company, through its wholly owned subsidiary, First Washington, acquired Mortgage American Bankers, LLC, a Maryland limited liability company ("MAB"), engaged in the mortgage origination business in the Washington D. C. area which became a wholly owned subsidiary of First Washington. First Washington issued 500,000 shares of its Class B non-voting convertible stock in exchange for Mortgage American Bankers, LLC. The First Class B non-voting convertible shares are convertible into common shares of First Washington at the sole discretion of First Washington. The acquisition of MAB is deemed an acquisition of a significant subsidiary because it met a condition under Section 210.3-05 of Regulation SX.

The Company

The Company is a holding company formed in the Sate of Nevada whose subsidiaries include Arcadian, Sun Volt, Sun Electronics, First Washington, Opportunity Knocks and MAB.

The Company is listed on the OTC Bulletin Board and its common stock traded under the stock symbol "VOLT" until October, 2004, when its symbol changed to

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

"KORH".

The Alternative Energy Business

Arcadian's major asset is the Altamont Wind Generation Facility, which is an existing electricity generation facility located on approximately 4000 acres in the Altamonte Pass, east of San Francisco, CA (the "Wind Farm"). The Wind Farm has approximately 1300 wind turbines at present which were installed in the 1980's, approximately 600 of which are still operable. The Wind Farm will have to be re-powered in order to make its operation economically feasible. The Company plans to re-power the Wind Farm with new 950 KW state-of-the-art turbines. The Wind Farm is zoned and permitted for up to 114 megawatts, and the infrastructure includes the wind turbines, 300 miles of transmission lines, a 150 MW substation and an interconnection to the PG&E grid. The ground leases extend to 2036 with options to renew. The cost to produce electricity is approximately 4.5 cents per KWH, and is eligible for up to 3.5 cents of tax credits. Sale price of the electricity should be in the range of 6.9 cents per KWH with annual revenue in the \$5 Million range without calculating green tickets or tax credits and other incentives.

The Company is in the planning stages to re-power and activate its Wind Farm. In 2003, Pacific Gas and Electric Company emerged from Chapter 11 Reorganization proceedings thereby eliminating one obstacle to re-powering the Wind Farm. However, the State of California has not yet established regulations for the re-powering of wind farms pursuant to California's Renewals Portfolio Standard law ("RPS"). The Company is working with industry groups to obtain RPS implementation rules critical to the success of wind energy

Sun Electronics is conducting Photovoltaics research and development and other solar and energy related technologies.

Sun Volt is currently engaged in the sale and construction of alternative energy products and power from generators and other sources of co-generation and the development and the sale of coal recourses discussed below under the heading "The Coal Business".

The Mortgage Business

First Washington earns fees on the origination of real estate mortgage loans in the Washington D. C. area and, until December 31, 2004, in California's Central Valley through its branch office Yosemite Mortgage. First Washington specializes in residential mortgage loans. First Washington has seven full time employees. First Washington obtains customers through direct contact by telephone, the internet and referrals from existing customers.

The Real Estate Business

Opportunity Knocks is in the business of acquiring, refurbishing and selling real estate. Initially, Opportunity Knocks will utilize the expertise and some of the employees of First Washington to operate its business. Opportunity Knocks specializes in acquiring, refurbishing and selling of HUD properties. Opportunity Knocks will utilize the HUD gifting program to attract first time home buyers who might not otherwise be able to qualify for a home mortgage. Opportunity Knocks shares office space with First Washington.

The Coal Business

The Company determined in 2004 that coal would be a profitable commodity in the energy sector in future years because of the increased prices and demand resulting from public and private utilities modifying their power plants from natural gas to coal. The United States Produces in excess of 50% of it's electricity from coal and will continue to do so well into the future and coal

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

will continue to be used for furnace heating in the manufacture of cement and other products. The Company is negotiating a number of coal acquisitions and projects. The Company has determined that the most profitable segment of the industry is the reclamation of coal fines that are estimated at over 2 Billion tons.

The real property and coal is in the heart of the Western Illinois coal fields, commonly known as the " Western Coal District" including all of Knox, Stark, Peoria, and Fulton Counties. These fields have been recognized as the earliest and largest known coal-bearing regions in the United States. They were part of the once active Truax-Traer Mining Company lands, when during the active mining period from 1920 to the middle 1940's, all coal materials mined that were less than two inches in size were considered coal fines and were then deposited on the site. The Truax company also brought in coal fines from other remote mining activities in a ten mile radius of the Fiatt site and deposited them in the "coal" piles on the Fiatt acreage. This method of coal fines disposal accounts for the massive deposits of recoverable coal reserves on the property. The Company will market the coal through its subsidiary Sun Volt. The company determined in 2004 that coal would be a profitable commodity in the energy sector in future years because of the increased prices and demand resulting from public and private utilities modifying their power plants from natural gas to coal. The United States Produces in excess of 50% of its electricity from coal and will continue to do so and coal will continue to be used for furnace heating in the manufacture of cement and other products. The Company is negotiating a number of other coal acquisitions and projects. The Company has determined that the most profitable segment of the industry is the reclamation of coal fines that are estimated at over 2 Billion tons. There are a number of environmental and permitting issues that need to be resolved by the Company before coal can be shipped from the site. These issues are currently being addressed but no definitive timetable for clearance has yet been released by the State of Illinois. The Company is currently updating an engineering study which will enable the issuance of site permits and reclamation bond in order to start shipments and processing of the coal.

ITEM 2. DESCRIPTION OF PROPERTY

Corporate Offices

The Company leases its corporate and executive offices at 41667 Yosemite Pines Drive, Oakhurst, CA 93644. The Company considers its offices to be adequate. First Washington leases its corporate offices at 8905 Fairview Road, Silver Springs, MD 20910. The Company considers First Washington's offices to be adequate.

Energy Properties

The Company's Wind Farms are all located on leased property in the Altamonte Pass east of San Francisco, California.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fiscal year ended September 30, 2005.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

Market Information

The company's Common Stock traded on the OTC Bulletin Board under the stock symbol "VOLT" until October, 2004 when its symbol changed to KORH. The following table sets forth the quarterly high and low closing bid prices for the Company's common stock for the periods indicated:

For the year ended September 30, 2004:

VOLT now KORH

| | High | Low |
|----------------------------------|---------|------|
| Quarter ended December 31, 2003 | \$ 2.90 | 2.25 |
| Quarter ended March 31, 2004 | 2.65 | 1.98 |
| Quarter ended June 30, 2004 | 2.25 | 1.51 |
| Quarter ended September 30, 2004 | 1.37 | 1.00 |

For the year ended September 30, 2005:

VOLT now KORH:

| | High | Low |
|----------------------------------|---------|------|
| Quarter ended December 31, 2004 | \$ 1.60 | 1.02 |
| Quarter ended March 31, 2005 | 1.60 | .95 |
| Quarter ended June 30, 2005 | 1.99 | 1.00 |
| Quarter ended September 30, 2005 | 1.19 | .65 |

The quotations reflect inter-dealer prices, without mark-up, mark-down or commission and may not represent actual transactions.

Capital Stock and Holders of Capital Stock

As of September 30, 2005, the Company had three classes of capital stock outstanding; Common Stock, \$.001 par value, Series A Convertible Preferred Stock and Series B Convertible Preferred Stock.. As of September 30, 2005, there were approximately 750 holders of record of the Company's Common Stock, one holder of record of 1,000,000 shares the Company's Series A Convertible Preferred Stock and three holders of record of 13,635,999, the Company's Series B Convertible Preferred Stock. The Company's Series A Convertible Preferred Stock is convertible into the Company's common stock at the ratio of five shares of the Company's Common Stock for each share of the Company's Series A Convertible Preferred Stock. The Company's Series B convertible Preferred Stock is convertible into the Company's common stock at the ratio of one share of the Company's common Stock for each share of the Company's Series B Convertible Preferred Stock.

As of September 30, 2005, the Company's subsidiary, First Washington, has one class of capital stock outstanding; Common Stock, no par value and Series B 10 % Non-Cumulative Convertible Preferred Stock. The Company owns 10,000,000 shares of First Washington's Common Stock, no par value. First Washington has issued 500,000 shares of Series B 10% Non-Cumulative Convertible Preferred Stock which is convertible into First Washington's Common Stock at the ratio of one share of First Washington's Common Stock for each share of First Washington's Series A 10% Non-Cumulative Convertible Preferred Stock at the option of the First Washington. There are two owners of First Washington's Series B 10% Non-Cumulative Convertible Preferred Stock.

As of September 30, 2005, the Company's subsidiary, Sun Volt, has one class of capital stock outstanding; Common Stock, no par value and Series A Preferred Stock. Sun Volt Series A Nonvoting Preferred Stock guarantees the payment by Sun Volt of \$4.00 per ton of all coal sold by it (See discussion under in Part I, Item One, Description of Business, History and The Coal Business set forth above

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

which is incorporated herein by reference) as a preferred dividend out of which \$1.00 per ton of sold coal goes to Sun Volt which is in addition to any revenue to Sun Volt after all costs of goods sold, overhead and the payment of the other royalties.

Dividends

The Company has not declared or paid any cash dividends on its common stock and does not intend to declare or pay any cash dividends in the foreseeable future. The payment of dividends, if any, is within the discretion of the Board of Directors and will depend on the Company's earnings, if any, its capital requirements and financial condition and other such factors as the Board of Directors may consider.

Securities Authorized for Issuance Under Equity Compensation Plans.

None.

Recent Sales of Unregistered Securities

Sales of securities by the Company and its subsidiaries within the past three years without registration under the Securities Act were as follows:

With respect to such sales within the fiscal years ended September 30, 2004 and 2003 see Note 6 to the Company's Consolidated Financial Statements contained herein. Each share of the Company's Series A Voting Convertible Preferred Stock referred to in Note 6 is convertible into five shares of the Company's common stock at the option of the holder(s) thereof. Each share of First Washington's Series A 10% Non-Cumulative Convertible Preferred Stock referred to in Note 6 is convertible into four shares of First Washington's common stock at the option of the holder(s) thereof. First Washington's Series A 10% Non-Cumulative Convertible Preferred stock was retired in 2005. With respect to such sales within the fiscal year ended September 30, 2005 see Notes 7 and 8 to the Company's Consolidated Financial Statements contained herein. Additionally, as of September 30, 2005, the Company's subsidiary, Sun Volt, has one class of capital stock outstanding; Common Stock, no par value and Series A Preferred Stock. Sun Volt Series A Nonvoting Preferred Stock guarantees the payment by Sun Volt of \$4.00 per ton of all coal sold by it (See discussion under in Part I, Item One, Description of Business, History and The Coal Business set forth above which is incorporated herein by reference) as a preferred dividend out of which \$1.00 per ton of sold coal goes to Sun Volt which is in addition to any revenue to Sun Volt after all costs of goods sold, overhead and the payment of the other royalties.

The Company claims exemption from registration for these securities under Section 4(2) of the Securities Act in as much as all of the purchasers were "accredited investors" as that term is defined in Regulation D as promulgated by the Securities and Exchange Commission and all of the purchasers either alone or with their purchaser representative(s) had such knowledge and experience in financial and business matters that they were capable of evaluating the merits and risks of the purchase of the Company's securities.

ITEM 6. 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

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

CONDITIONS.

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 Audited Financial Statements for the Years Ended September 30, 2005 and September 30, 2004.

Summary Selected Statements of Profits and Losses and Financial Data which is Derived From Our Audited Financial Statements

| | 2005 | Reclassified 2004 |
|---|---------------|----------------------|
| | ----- | ----- |
| Operating revenue | \$1,814,623 | \$ 67,500 |
| Cost of operations | \$ 921,827 | \$ - |
| Gross profit | \$ 892,796 | \$ 67,500 |
| Total operating expenses | \$1,013,684 | \$ 229,576 |
| Loss before income taxes | \$(120,888) | \$(162,076) |
| Provision for income taxes | \$ - | \$ - |
| Loss from continuing operations | \$(120,888) | \$(162,076) |
| Income from discontinued operations | \$ 478 | \$ 243,270 |
| Net income (loss) | \$(120,888) | \$ 81,194 |
| Basic income (loss) per share from continuing operations | \$ (0.02) | \$ 0.02 |
| Diluted income (loss) per share from continuing operations | \$ (0.02) | \$ 0.02 |
| Basic income (loss) per share from discontinued operations | \$ 0.00 | \$ 0.02 |
| Diluted income (loss) per share from discontinued operations | \$ 0.00 | \$ 0.02 |
| Weighted average shares outstanding | 4,919,422 | 4,752,775 |
| Current assets | \$ 458,562 | \$ 306,568 |
| Property and equipment | \$ 5,722,336 | \$ 5,789,769 |
| Other assets | \$ 17,180,985 | \$ 3,501,986 |
| Total assets | \$ 23,361,883 | \$ 9,598,323 |
| Total liabilities | \$ 242,447 | \$ 61,838 |
| Total stockholders' equity | \$ 23,119,436 | \$ 9,536,485 |
| Total liabilities and stockholders' equity | \$ 23,361,883 | \$ 9,598,323 |

Results of Operations

Revenue and Expenses

For the year ended September 30, 2005, the Company had revenue of \$1,814,623, a net loss of \$(120,888) and a net loss per common share on continuing operations of \$(0.02) 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 year ended September 30, 2004, the Company had reclassified revenue of \$67,500, a net loss of \$(162,270) from continuing operations before income from discontinued operations in the amount of \$243,270, net income of \$81,194 and basic income per common share of \$0.02 based on a weighted average of 4,752,775 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. The Company's income was reclassified because of the discontinued operations of Yosemite Mortgage Company which also had the effect of increasing income from

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

discontinued operations.

Revenue in the year ended September 30, 2005 was \$1,814,623 compared to \$67,500 in the year ended September 30, 2004. This is an increase of \$1,882,123 from period to period. This increase in revenue is primarily attributable to the reclassification of revenue downward for the year ending September 30, 2004 because of the discontinued operations of the Company's subsidiary Yosemite Mortgage Company and the acquisition of Mortgage American Bankers LLC, a Maryland limited liability company which had substantial revenues.

Cost of operations in the year ended September 30, 2005 was \$921,827 compared to \$-0- in the year ended September 30, 2004. This is an increase of \$921,827 from period to period. This increase in cost of revenue is primarily attributable to the discontinuation of Yosemite Mortgage Company.

Gross profit in the year ended September 30, 2005 was \$892,796 compared to \$67,500 in the year ended September 30, 2004. This is an increase of \$411,667 from period to period. This increase in gross profit is primarily attributable to increased sales. Moreover, the Company believes that it has achieved a reduction of the rate of increase of cost of revenue. This increase in gross profit is primarily attributable to the reclassification of revenue downward for the year ending September 30, 2004 because of the discontinued operations of the Company's subsidiary Yosemite Mortgage Company and the acquisition of Mortgage American Bankers LLC, a Maryland limited liability company which had substantial revenues.

Operating expenses in the year ended September 30, 2005 were \$1,013,684 compared to operating expenses of \$229,576 in the year ended September 30, 2004. This is an decrease of \$784,108 from period to period. This decrease in operating expenses is primarily attributable to the discontinued operations of Yosemite Mortgage Company and the acquisition of Mortgage American Bankers LLC, a Maryland limited liability company.

Loss from continuing operations in the year ended September 30, 2005 was \$(120,888) compared to loss from continuing operations of \$(162,076) in the year ended September 30, 2004. This decrease is primarily attributable to the acquisition of Mortgage American Bankers LLC, a Maryland limited liability company.

Income from discontinued operations in the year ended September 30, 2005 was \$478 compared to income of \$243,270 from discontinued operations in the year ended September 30, 2004. This is an decrease of \$242,792 from period to period. This decrease in income from discontinued operations is primarily attributable to the discontinuation of the operations of Yosemite Mortgage Company.

Basic income (loss) per share on continuing operations for the year ended September 30, 2005 was \$(0.02) compared to a gain per share of \$0.02 for the year ended for the year ended September 30, 200. This is a decrease of \$.05 from period to period. This decrease in income per share is primarily attributable to the cost associated with the acquisition of discontinued operations .

Assets and Stockholders' Equity

Current Assets in the year ended September 30, 2005 were \$458,562 compared to \$306,568 in the year ended September 30, 2004. This is an increase of \$151,994 from period to period. This increase in current assets is primarily attributable to increased sales, a reduction in the rate of increase of cost of revenue and operating expenses.

Other assets in the year ended September 30, 2005 were \$17,180,985 compared to \$3,501,986 in the year ended September 30, 2004. This is an increase of \$13,678,999 from period to period. This increase is attributable to the

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

acquisition of the acquisition of title to 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 value was discounted to take into consideration the cost of permitting the removal and sale of the coal.

Total assets in the year ended September 30, 2005 were \$23,361,883 compared to \$9,598,323 in the year ended September 30, 2004. This is an increase of \$13,763,560 from period to period. This increase is attributable primarily of the acquisition of title to 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 value was discounted to take into consideration the cost of permitting the removal and sale of the coal.

Stockholders' equity in the year ended September 30, 2005 was \$23,119,436 compared to \$9,536,485 in the year ended September 30, 2004. This is an increase of \$13,582,951 from period to period. This increase is primarily attributable to the acquisition of title to 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 value was discounted to take into consideration the cost of permitting the removal and sale of the coal.

..

Liabilities

Liabilities in the year ended September 30, 2005 were \$242,447 compared to \$61,838 in the year ended September 30, 2004. This is an increase of \$180,609 from period to period. This increase is primarily attributable to the acquisition of title to coal tract #4 of the Fiatt coal mine in Fulton County, Illinois and the acquisition of Mortgage American Bankers, LLC.

Working Capital

The following table sets forth a summary of the Company's working capital.

| AT SEPTEMBER 30: | 2005 | 2004 |
|---------------------|------------|------------|
| | | |
| Current assets | \$ 458,562 | \$ 306,568 |
| Current liabilities | 242,447 | 51,663 |
| Working capital | \$ 216,115 | \$ 254,905 |
| Current ratio | 1.89 | 5.93 |

Working capital in the year ended September 30, 2005 was \$216,115 compared to \$254,905 in the year ended September 30, 2004. This is an decrease of \$38,790 from period to period. This decrease is primarily attributable to the acquisition of title to coal tract #4 of the Fiatt coal mine in Fulton County, Illinois and the acquisition of Mortgage American Bankers, LLC.

Cash Flow

The Company's cash flow from operating, investing and financing activities, as reflected in the Consolidated Statement of Cash Flows are summarized in the table below.

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

| FOR THE YEARS ENDED SEPTEMBER 30: | 2005 | 2004 |
|---|--------------|-------------|
| Net cash provided by/(used in): | | |
| Operating activities | \$ (254,685) | \$ (41,647) |
| Discontinued operations, net | \$ 478 | \$ 243,270 |
| Investing activities | 19,698 | (3,133) |
| Financing activities | 47,663 | 58,600 |
| Net change in cash and cash equivalents | \$ 257,090 | \$ 257,090 |

Net cash provided by operating activities in the year ended September 30, 2005 was \$(254,685) compared to net cash used in operating activities of \$(41,647) in the year ended September 30, 2003. This is an increase of \$305,932 from period to period. This increase is primarily attributable to the acquisition of title to coal tract #4 of the Fiatt coal mine in Fulton County, Illinois and the acquisition of Mortgage American Bankers, LLC.

Net income from discontinued operations in the year ended September 30, 2005 was \$478 compared to \$243,270 in the year ended September 30, 2004. This decrease of \$242,792 is primarily due to the discontinuation of operations of Yosemite Mortgage Company.

Net cash used in investing activities in the year ended September 30, 2005 was \$19,698 compared to \$(3,133) in the year ended September 30, 2004. This is a increase of net cash used in investing activities of \$22,831 from period to period. This increase is primarily attributable to the acquisition of title to coal tract #4 of the Fiatt coal mine in Fulton County, Illinois and the acquisition of Mortgage American Bankers, LLC.

Net cash provided by financing activities in the year ended September 30, 2005 was \$47,663 compared to \$58,600 in the year ended September 30, 2004. This is an decrease of \$10,937 from period to period. This decrease is considered immaterial by the Company.

Off Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements as defined by SEC Final Rule 67 (FR-67) "Disclosure in Management's Discussion and Analysis about Off-Balance Sheet Arrangements and Aggregate Contractual Obligations."

Liquidity and Capital Resources

Subsequent to the discontinuation of the Company's previous printing business and the change in management and control, the Company's net cash provided from operating activities has been sufficient to satisfy the Company's firm contractual commitments and budgeted expenses. The Company believes that its net cash provided from operating activities will in the foreseeable future continue to be sufficient to satisfy the Company's firm contractual commitments and budgeted expenses.

Looking Forward

The Company continues to pursue a review of its mortgage business to increase revenue and lower cost of revenue and operating expenses. In that regard, during 2003, it disposed of two of its subsidiary branch offices which were under performing. The Company believes it will be successful in increasing revenue and reducing all costs in the future. However, there can be no assurance that the Company will be successful in doing this.

The Company is actively seeking to expand its mortgage business by opening additional branch offices.

The Company is actively seeking to expand its energy business by continuing

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

plans to re-power its existing wind farm and by acquiring additional energy businesses.

The Company is actively seeking to obtain the necessary permits to extract and sell its coal assets described above.

ITEM 7. FINANCIAL STATEMENTS

(Financials need to be inserted in word format with correct page numbers by Lewis Ball in Word Format. Apparently Levine's office cannot supply these numbers in Word and only in Excel. They need to be converted and inserted. Also, the page numbers are not correct as when they are inserted, they will be different.)

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

There have been no changes in or disagreements with the Company's accountants on any matter.

PART III

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information regarding the Company's directors, executive officers, and certain key employees:

| Name | Age | Position with the Company |
|--------------------|-----|--|
| Denis C. Tseklenis | 56 | Chairman, President, Chief Executive Officer and Secretary |
| Robert F. Rood | 39 | Director, Treasurer |
| James A. Sharon | 55 | Director |
| Bruce A. Persson | 64 | Director |

Denis C. Tseklenis Mr. Tseklenis has served as a the chairman of the board of directors, president, chief executive office and secretary of the Company since April 6, 2001. Mr. Tseklenis has a Masters of Science Degree from Boston University and an extensive background in marketing, finance and public corporate development. Mr. Tseklenis has previously served as president and chairman of other public companies in which revenues exceeded One Hundred Million Dollars (\$100,000,000) per year and which had rapid growth in multiple locations. In the 1980's Mr. Tseklenis' companies sold and leased over 60,000 solar systems to home owners at a cost of approximately \$4,000 per unit. Mr. Tseklenis has extensive experience in real estate management and construction having managed over 2, 500 apartment and condominium units.

Robert F. Rood Mr. Rood has been a director and the treasurer of the Company since March 17, 2002. Mr. Rood has been in the finance industry since 1991. Mr. Rood has managed and consulted and has served as a financial consultant for unions and REITS. In conjunction with Donaldson, Lufkin and Jeanerette, Mr. Rood participated in the designing of secondary market products. In 1997, Mr. Rood entered the mortgage lending industry at Wall Street Mortgage Corporation as head of the sales force and was responsible for promoting custom-made mortgage products and FHA lending. In 2000, Mr. Rood went to F&M Bank in Bethesda Maryland to start and supervise the newly formed wholesale mortgage division. When F&M Bank was acquired, Mr. Rood left to become manager of the Bethesda office of Fidelity & Trust Mortgage, Inc. In 2000, Mr. Rood helped found First Washington, now a wholly owned subsidiary of the Company.

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

James A. Sharon Mr. Sharon has been a director of the Company since September 15, 2002. Mr. Sharon was an exchange student at City University in London in 1972 and holds a Bachelor of Science Degree in Civil Engineering with Honors from Worcester Polytechnic Institute. Mr. Sharon is licensed by the State of Florida as a Certified Building Contractor and a Certified Solar Energy Contractor. Mr. Sharon has public company experience as a former president of a public company and has experience in lease negotiations with major tenants such as Mobil Oil, Cellular-One and Marriott Corp. Mr. Sharon has extensive experience in the installation of large commercial renewable energy projects.

Bruce Persson Mr. Persson has been a director of the Company since February 13, 2002. Mr. Persson has owned and operated California Paving, Inc., a licensed paving contractor since 1993. Mr. Persson was a founder of the Bank of Madera, Oakhurst, California, and was a director of the bank until 1999. Mr. Persson has extensive experience in business and real estate development.

There are no family relationships among directors, or executive officers.

ITEM 10. EXECUTIVE COMPENSATION

The Company paid absolutely no executive compensation for the fiscal year ended September 30, 2004 of any nature whatsoever.

In the fiscal year ended September 30, 2005, the Company paid Robert F. Rood, the Company's Treasurer annual compensation of \$60,000. The Company paid no other executive compensation of any nature whatsoever in the fiscal year ended September 30, 2005.

The Company has no employment contracts. The company does not have a bonus or stock option plan at this time.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following is a listing of security ownership of management and certain beneficial owners of the Issuer's securities as of February 14, 2004. On that date there were 4,919,422 shares of the Company's common stock issued and outstanding and 1,000,000 shares of the Company's Series One Voting Convertible Preferred Stock outstanding.

| Title of Class | Name and Position of Beneficial Owner | Amount | and Nature of Beneficial Ownership | Percent of Class |
|--|--|-----------|------------------------------------|------------------|
| Common | Denis C. Tseklenis President, CEO and Secretary | 1,627,995 | | 33% |
| Common | Robert F. Rood Director and Treasurer(2) | 500,000 | | 10% |
| Total Officers and Directors as a Group | | 2,127,995 | | 43% |
| Series A Preferred | Denis C. Tseklenis President, CEO and Secretary | 1,000,000 | | 100% |
| Total Officers and Directors as a Group | | 1,000,000 | | 100% |

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

=====

(1) Subject to community property laws when applicable, the persons named in the above table have sole voting and investing power with respect to all shares of stock beneficially owned by them.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

Index to Exhibits

| Exhibit No. | Description of Document |
|-------------|--|
| 2.1(1) | Articles of Merger merging Artup.com Network, Inc., a Colorado corporation, with and into the Registrant |
| 3.1(1) | Articles of Incorporation of the Registrant |
| 3.2(1) | Bylaws of the Registrant |
| 4.1(1) | Specimen of Common Stock Certificate |
| 4.2(1) | Specimen of Certificate for Common Stock Purchase Warrants |
| 4.3(1) | Common Stock Purchase Warrant dated January 3, 2000, issued to Gene Bowlds |
| 4.4(1) | Non-Statutory Stock Option Certificate dated February 16, 2000, issued to Michael Paloma |
| 10.1(1) | Master Consulting Services Agreement dated as of July 28, 1999 between the Registrant and Integrated Information Systems, Inc. |
| 10.2(1) | Equipment Lease dated September 15, 1999 between the Registrant and Copelco Capital, Inc. |
| 10.3(1) | Employment Agreement between the Registrant and Mark L. Eaker |
| 10.4(1) | Employment Agreement between the Registrant and Keith M. Chesser |
| 10.5(1) | 1999 Incentive Stock Plan |
| 16.1(1) | Letter on change in certifying accountant from Alvin H. Bender, CPA |
| 16.2(1) | Letter on change in certifying accountant from Mark Shelley, CPA |
| 16.3(2) | Letter on change in certifying accountants from Semple and Cooper, LLP |
| 21.3 | Subsidiaries of registrant. |
| 31.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section |

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Previously filed with the Securities and Exchange Commission and incorporated herein by reference from the Company's Form 10-SB/A (Forth Amendment) filed September 15, 2000.

(2) Previously filed with the Securities and Exchange Commission and incorporated herein by reference from the Company's Form 8-K/A (First Amendment) filed October 26, 2001.

(3) Previously filed with the Securities and Exchange Commission and incorporated herein by reference from the Company's Form 10K-SB for the year ended September 30, 2002 filed January 15, 2003.

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.

ITEM 14. EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. The Company's principal executive officer, after evaluating the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-14(c) and 15-d-14(c)) as of a date (the "Evaluation Date") within 90 days before the filing date of this annual report, has concluded that as of the Evaluation Date, the Company's disclosure controls and procedures were adequate and designed to ensure that material information relating to the Company and the Company's consolidated subsidiaries would be made known to him by others within those entities.

Changes in internal controls. There were no significant changes in the Company's internal controls or to the Company's knowledge, in other factors that could significantly affect the Company's disclosure controls and procedures subsequent to the Evaluation Date.

ITEM 15. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Approximate aggregate fees rendered by our independent auditors, Bagall Josephs & Company, LLC, for the years ended September 30, 2002, 2001 are as follows:

| | 2005 | 2004 |
|--------------------|-----------|-----------|
| Audit Fees | \$ 20,500 | \$ 31,240 |
| Audit Related Fees | -0- | -0- |
| Tax Fees | 1,500 | 3,000 |
| All Other Fees | -0- | -0- |

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

TOTAL

\$ 21,500

\$ 34,240

=====

SIGNATURES

In accordance with Section 13 or 15(d) 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)

/s/ Denis C. Tseklenis
Chief Executive Officer
Director

February 15, 2006

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated

/s/ Denis C. Tseklenis
Director
February 15, 2006

s/ James A. Sharon
Director
February 15, 2006

/s/ Bruce Persson
Director
February 15, 2006

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

CONSOLIDATED
FINANCIAL STATEMENTS

SEPTEMBER 30, 2005 AND 2004

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

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 2004

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

| | PAGE(S) |
|---|---------|
| Report of Independent Registered Public Accounting Firm | F-1 |
| Consolidated Financial Statements: | |
| Balance Sheet as of September 30, 2005 | F-2 |
| Statement of Operations for the years ended September 30, 2005 and 2004 | F-4 |
| Statements of Changes in Stockholders' Equity (Deficit) for the years ended September 30, 2005 and 2004 | F-5 |
| Statements of Cash Flows for the years ended September 30, 2005 and 2004 | F-6 |
| Notes to the Consolidated Financial Statements | F-7 |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders of
Kore Holdings, Inc., and Subsidiaries
Oakhurst, California

We have audited the accompanying consolidated balance sheets of Kore Holdings, Inc., and subsidiaries, (formerly Volt Inc. and Subsidiaries), (the "Company") as of September 30, 2005 and the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for the years then ended. These consolidated financial statements are the responsibility of management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kore Holdings, Inc., and subsidiaries, (formerly Volt Inc., and subsidiaries) as of September 30, 2005, and the consolidated results of its operations, changes in stockholders' equity (deficit), and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BAGELL, JOSEPHS, LEVINE & COMPANY, L.L.C.
BAGELL, JOSEPHS, LEVINE & COMPANY, L.L.C.
Gibbsboro, New Jersey

February 8, 2006

F-1

KORE HOLDINGS, INC AND SUBSIDIARIES (FORMERLY VOLT INC. AND SUBSIDIARIES) CONSOLIDATED BALANCE SHEET SEPTEMBER 30, 2005

ASSETS

| | 2005 |
|-----------------------------------|--------------|
| Current Assets: | |
| Cash and cash equivalents | \$ 85,997 |
| Restricted cash | 234,240 |
| Commissions receivable | 39,009 |
| Prepaid expenses and other assets | 99,316 |
| | ----- |
| Total Current Assets | 458,562 |
| Property and equipment, net | 5,722,336 |
| Other Assets: | |
| Land and coal reserves | 14,045,079 |
| Goodwill | 2,827,572 |
| Licenses, net of amortization | 308,334 |
| | ----- |
| Total Other Assets | 17,180,985 |
| | ----- |
| Total Assets | \$23,361,883 |
| | ===== |

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

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

F-2

KORE HOLDINGS, INC AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
CONSOLIDATED BALANCE SHEET (CONTINUED)
SEPTEMBER 30, 2005

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

| | 2005 |
|--|--------------|
| | ----- |
| Current Liabilities: | |
| Accounts payable | \$ 199,724 |
| Due to officer | 42,723 |
| | ----- |
| Total Current Liabilities | 242,447 |
| Commitments and Contingencies | |
| Stockholders' Equity (Deficit): | |
| Class A Preferred Stock, \$.001 par value, Class B Preferred Stock, no par value, 10,000,000 shares authorized at September 30, 2005 and 14,635,999 issued and outstanding at September 30, 2005 | 1.000 |
| First Washington Class A Preferred Stock, no par value, 15,000,000 shares authorized at September 30, 2005 and 500,000 issued and outstanding at September 30, 2005 | 50 |
| Common Stock, \$.001 par value, 400,000,000 shares authorized at September 30, 2005, and 4,919,422 issued at September 30, 2005 | 4,919 |
| Additional paid-in capital | 27,996,558 |
| Accumulated deficit | (4,883,091) |
| | ----- |
| Total stockholders' equity (deficit) | 23,119,436 |
| | ----- |
| Total Liabilities and Stockholders' Equity (Deficit) | \$23,361,883 |
| | ===== |

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

F-3

KORE HOLDINGS, INC AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF OPERATIONS

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 2004

| | 2005 | (Restated) 2004 |
|---|--------------|--------------------|
| | ----- | ----- |
| Revenue | \$ 1,814,023 | \$ 67,500 |
| Cost of Revenue | 921,827 | - |
| | ----- | ----- |
| Gross Profit | 892,796 | 67,500 |
| Operating Expenses | | |
| General and administrative | 897,019 | 123,908 |
| Depreciation and amortization | 116,665 | 103,668 |
| Bad debt expense | - | 2,000 |
| | ----- | ----- |
| Total operating expenses | 1,013,684 | 229,576 |
| | ----- | ----- |
| INCOME BEFORE INCOME TAXES | (120,888) | (162,076) |
| Provision for income taxes | - | - |
| | ----- | ----- |
| LOSS FROM CONTINUING OPERATIONS | (120,888) | (162,076) |
| Income from discontinued operations | 478 | 243,270 |
| | ----- | ----- |
| NET INCOME (LOSS) | \$ (120,410) | \$ 81,194 |
| | ===== | ===== |
| BASIS AND DILUTED INCOME (LOSS) PER SHARE: | | |
| Basic from continuing operations | \$ (0.02) | \$ 0.02 |
| | ===== | ===== |
| Diluted from continuing operations | \$ (0.02) | \$ 0.02 |
| | ===== | ===== |
| Basic from discontinued operations | \$ - | \$ 0.02 |
| | ===== | ===== |
| Diluted from discontinued operations | \$ - | \$ 0.02 |
| | ===== | ===== |
| WEIGHTED AVERAGE NUMBER OF BASIC COMMON SHARES OUTSTANDING | 4,919,422 | 4,752,755 |
| | ===== | ===== |
| WEIGHTED AVERAGE NUMBER OF DILUTED COMMON SHARES OUTSTANDING | 4,919,422 | 4,752,755 |
| | ===== | ===== |

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

F-4

KORE HOLDINGS, INC AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 2004

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

| | Common Stock | | Preferred Stock | | Preferred Stock Class B | |
|--|--------------|----------|-----------------|--------|-------------------------|--------|
| | Shares | Amount | Shares | Amount | Shares | Amount |
| Balance, September 30, 2003 | 3,919,422 | 3,919 | 1,000,000 | 1,000 | - | - |
| Contributed capital by officer | - | - | - | - | - | - |
| Net income for the year ended September 30, 2004 | - | - | - | - | - | - |
| <hr/> | | | | | | |
| Balance, September 30, 2004 | 4,919,422 | \$ 4,919 | 1,000,000 | 1,000 | - | - |
| Shares cancelled | - | - | - | - | - | - |
| Shares issued for Mortgage America Bankers, LLC | - | - | - | - | - | - |
| Shares issued in acquisition of coal reserves and land | - | - | - | - | 13,635,999 | - |
| Dividend to former owner - assets | - | - | - | - | - | - |
| Contributed capital by officer | - | - | - | - | - | - |
| Net (loss) for the year ended September 30, 2005 | - | - | - | - | - | - |
| <hr/> | | | | | | |
| Balance, September 30, 2005 | 4,919,432 | \$ 4,919 | 1,000,000 | 1,000 | 13,635,999 | \$ - |

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

F-5

KORE HOLDINGS, INC AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 20043

| | Common | Stock | Additional | Accumulated | Total |
|------------------------|--------|--------|-----------------|-------------|-------|
| | Shares | Amount | Paid-In Capital | Deficit | |
| Balance, September 30, | | | | | |

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

| | | | | | |
|---|-----------|----------|--------------|----------------|-------------|
| 2002 | 3,919,422 | 3,919 | 13,490,247 | (4,770,083) | 8,725,083 |
| Acquisition/disposal of financial service companies | - | - | 200,000 | - | 200,000 |
| Contributed capital by officer | - | - | 45,400 | - | 45,400 |
| Net income - as previously reported | - | - | - | 69,534 | 69,534 |
| Prior period adjustment - see Note 10 | - | - | - | (143,326) | (143,326) |
| Balance, September 30, 2003 | 3,919,422 | \$ 3,919 | \$13,735,647 | \$ (4,843,875) | \$8,896,691 |
| Common stock issued for licensing agent | 1,000,000 | 1,000 | 499,000 | - | 500,000 |
| Contributed capital by officer | - | - | 58,600 | - | 58,600 |
| Net income | - | - | - | - 81,194 | 81,194 |
| Balance, September 30, 2004 | 4,919,422 | \$ 4,919 | \$14,293,247 | \$ (4,762,681) | \$9,536,485 |

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

F-6

KORE HOLDINGS, INC AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 2004

| | 2005 | (Restated) 2004 |
|---|-----------|--------------------|
| | ----- | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 81,194 | \$ (73,792) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 111,957 | 25,773 |
| Net cash received in acquisition of Yosemite Brokerage, Inc. | - | 54,820 |
| Changes in assets and liabilities | | |
| Restricted cash | - | (61,812) |
| Prepaid expenses and other | 2,000 | (2,000) |
| Commissions receivable | (3,703) | 51,189 |
| Accounts payable | 10,175 | (8,418) |
| | ----- | ----- |

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

| | | |
|--|---------|----------|
| Total adjustments | 120,429 | 59,552 |
| | ----- | ----- |
| Net cash provided by (used in) operating activities | 201,623 | (14,240) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (3,133) | (15,500) |
| | ----- | ----- |
| Net cash used in investing activities | (3,133) | (15,500) |

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

F-7

KORE HOLDINGS, INC AND SUBSIDIARIES
(FORMERLY VOLT INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2005 AND 2004

| | 2005 | (Restated) 2004 |
|---|------------|--------------------|
| | ----- | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from contributed capital | \$ 58,600 | 45,400 |
| | ----- | ----- |
| Net cash provided by financing activities | 58,600 | 45,400 |
| | ----- | ----- |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 257,090 | 15,660 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD | 15,753 | 93 |
| | ----- | ----- |
| CASH AND CASH EQUIVALENTS - END OF PERIOD | \$ 272,843 | \$ 15,753 |
| | ===== | ===== |
| SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION: | | |
| Common stock issued for intangible asset | \$ 500,000 | \$ - |
| | ===== | ===== |

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

F-8

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

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION

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

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

The Company has 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.

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

NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

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 has reflected the operations from the financial service companies as discontinued operations in the consolidated statements of operations for the year ended September 30, 2005. 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 ending March 31, 2005. The Company on July 1, 2005 acquired Mortgage America Bankers, LLC, for 500,000 shares of Class B preferred stock valued at \$200,000.

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.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Principles of Consolidation

The consolidated balance sheet for September 30, 2005 and consolidated statements of operations and cash flows for the years September 30, 2005 and 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

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

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.

Revenue Recognition

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

8

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

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.

The Company also has \$234,240 of restricted cash on its balance sheet at September 30, 2005. The restricted cash has been assigned to the majority shareholder of Kore Holdings, Inc. The shareholder has fully guaranteed this payment by September 27, 2006. The guarantee was supported by substantially all the assets of the shareholder.

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 |

Advertising

Advertising costs are typically expensed as incurred. Advertising expense was approximately \$12,840 and \$24,206 for the years ending September 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

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

reporting amounts at each year-end based on enacted tax laws and statutory tax rates.

Fair Value of Financial Instruments

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

9

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

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

| | 2005 | 2004 |
|---|--------------|-----------|
| | ---- | ---- |
| Net income (loss) | \$ (120,410) | \$81,194 |
| | ----- | ----- |
| 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 |
| | ===== | ===== |

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,

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

Intangible Assets. It addresses how intangible assets that are acquired individually or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition. This Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. This statement has been considered when determining impairment of goodwill in certain transactions. As of September 30, 2005, the Company recognized \$31,840 of goodwill acquired in the Yosemite transaction. There was \$31,840 of impairment of goodwill during the year ended September 30, 2005 upon the write off of Yosemite included in income from discontinued operations.

10

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

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 from discontinued operations to be displayed in the period(s) in which the losses are incurred, rather than as of the measurement date presently required. The Company has reclassified the 2004 Statement of Operations and Cash Flows in accordance with the FASB.

On December 16, 2004, FASB issued Statement of Financial Accounting Standards No. 153, Exchanges of Non-monetary Assets, an amendment of APB Opinion No. 29, Accounting for Non-monetary Transactions (" SFAS 153"). This statement amends APB Opinion 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. Under SFAS 153, if a non-monetary exchange of similar productive assets meets a

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

commercial-substance criterion and fair value is determinable, the transaction must be accounted for at fair value resulting in recognition of any gain or loss. SFAS 153 is effective for non-monetary transactions in fiscal periods that begin after June 15, 2005. The Company does not anticipate that the implementation of this standard will have a material impact on its financial position, results of operations or cash flows.

NOTE 3- PROPERTY AND EQUIPMENT

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

| | 2005 |
|--------------------------------|-------------|
| Wind Farm | \$5,700,000 |
| Furniture and fixtures | 5,500 |
| Computer and office equipment | 81,833 |
| | ----- |
| | 5,787,333 |
| Less: accumulated depreciation | (64,997) |
| | ----- |
| Net book value | \$5,722,336 |
| | ===== |

11

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

NOTE 3- PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the years ended September 30, 2005 was \$16,665. There is no depreciation recognized on the Wind Farm in 2005 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 non operational turbines located in California. The Company has received independent valuations on Wind Farm that have valued it in excess of \$14,000,000.

NOTE 4- INTANGIBLE ASSET

The Company in November 2003 issued 1,000,000 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

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

years ended September 30, 2005 was \$100,000.

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

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. Rent expense for the year ended September 30, 2003 of \$24,750 was forgiven by the company at September 30, 2003. Rent and utilities expense was \$52,330 for the year ended September 30, 2005. The President of the Company owns a controlling percentage of the common stock outstanding

12

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

NOTE 7- STOCKHOLDERS' EQUITY (DEFICIT)

Common and 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.

The Company on July 1, 2005 acquired Mortgage America Bankers, LLC, for 500,000 shares of First Washington Class B preferred stock valued at \$200,000.

NOTE 8-

LAND AND COAL RESERVES

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

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 9- 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 September 30, 2005, deferred tax assets consist of the following:

| | 2005 |
|---------------------------|-----------|
| Net deferred tax assets | \$298,816 |
| Less: valuation allowance | (298,816) |
| | ----- |
| | \$ -0- |

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

NOTE 9- PROVISION FOR INCOME TAXES (CONTINUED)

At September 30, 2005, the Company had federal net operating loss carryforwards in the approximate amounts of \$664,026 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 10- SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION

First Washington during the year ended September 30, 2005 acquired Mortgage American Bankers, LLC, for 500,000 shares of First Washington Preferred Stock Class B with a value of \$200,000 (\$.40 per share).

The following is a summary of the acquisition

2005

Edgar Filing: KORE HOLDINGS, INC - Form 10KSB

| | |
|----------------------------|------------|
| | ----- |
| Cash | \$ 255,605 |
| Commissions receivable | 58,334 |
| Liabilities | (113,939) |
| Additional paid in capital | (200,000) |
| | ----- |
| | \$ -0- |
| | ===== |

NOTE 11- RECLASSIFICATIONS

Certain amounts for the year ended September 30, 2004 have been reclassified to conform to the presentation of the September 30, 2005 amounts. The reclassifications have no effect on net income (loss) for the year ended September 30, 2004.