

Edgar Filing: VOLT INC - Form 10KSB

VOLT INC
Form 10KSB
January 16, 2002

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 Fiscal Year ended September 30, 2001

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-28555

VOLT 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 No.)

P.O. Box 116, Catheys Gulch, CA
(Address of principal executive offices)

95306
(Zip Code)

Issuer's telephone number (209) 374-34855

Securities Registered Pursuant to Section 12(b) of the Act: None.

Securities Registered Pursuant to Section 12(g) of the Act:

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, 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 10-KSB or any amendment to this Form 10-KSB.

State issuer's revenues for its most recent fiscal year. \$-0-

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a

Edgar Filing: VOLT INC - Form 10KSB

specified dated within the past 60 days. As of January 14, 2002, 1,919,422 shares of common stock were outstanding, and the aggregate market value of the common stock of the Registrant held by non-affiliates was approximately \$470,722.

(ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. [] Yes [] No

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. 1,919,422

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424 (b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1990). Not Applicable

Transitional Small Business Disclosure Format (Check One): Yes ____; No ___X__

ii

VOLT INC.
10-KSB

TABLE OF
CONTENTS

	Page
PART I	
ITEM 1. DESCRIPTION OF BUSINESS	1
Business of the Issuer.....	1
Employees	1
The Company files Reports with the Securities and Exchange Commission	1
ITEM 2. DESCRIPTION OF PROPERTY	2
ITEM 3. LEGAL PROCEEDINGS	2
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	2
PART II	
ITEM 5. MARKET FOR COMPANY'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS	2
Common Stock Listing on Nasdaq	3
Dividends	4
General	4
Common Stock	4
Preferred Stock	4
Issuances of Stock, Options and Warrants	5
ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION	5
Overview	5
ITEM 7. FINANCIAL STATEMENTS	5
ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING	

Edgar Filing: VOLT INC - Form 10KSB

FINANCIAL DISCLOSURE 5

iii

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT 6
Directors, Officers and Key Employees 6
Compliance with Section 16(a) of the Exchange Act 6
ITEM 10. EXECUTIVE COMPENSATION 6
Compensation of Executive Officers 6
1999 Incentive Stock Plan 7
Directors' Compensation 8
Employment Agreements 8
ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT 8
ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS 9
ITEM 13. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K ... 9

PART IV

ITEM 1. INDEX TO EXHIBITS 10
ITEM 2. DESCRIPTION OF EXHIBITS 10
SIGNATURES 10

iv

5

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

BUSINESS OF THE ISSUER

VOLT INC. went public in April 2001 to capitalize on the opportunities available in the expanding energy market. The company specializes in the alternative energy segment of the industry, which it believes will offer the best growth and profit potential over the next 10 years. Given the shortage of electricity in the USA, South America, and other parts of the world, demand for power coupled with concern about protecting the environment, curbing pollution, and global warming, technological advances in wind, turbine and solar technology make alternative energy economically competitive with traditional power sources such as oil, coal, and natural gas. VOLT INC. is positioning itself to be a dominant player in the niche alternative energy market through strategic acquisition of key assets and technologies, and innovative use of proven products. To date VOLT has acquired two businesses and one product line, and has agreements pending to acquire additional energy related assets.

EMPLOYEES

As of September 30, 2001, the Company had 2 part-time employees. The Company intends to hire additional employees as and when it obtains sufficient financing to expand its operations. The Company does not currently employ an experienced sales and marketing team, other than its senior management. Establishing the Company's sales and marketing team will involve a number of risks. The Company anticipates that its future growth in its operations will place a significant strain on its management systems and resources. The Company will be required to increase staffing and other expenses as well as make expenditures on capital equipment to attempt to meet the anticipated demand of its customers.

Edgar Filing: VOLT INC - Form 10KSB

THE COMPANY FILES REPORTS WITH THE SECURITIES AND EXCHANGE COMMISSION

The Company has filed a Form 10SB12G, and amendments thereto, with the Securities and Exchange Commission ("SEC") which became effective in fiscal year 2000 and has filed all reports on 10-QSB required to date. The Company expects to timely file all reports subsequent to the filing of this report.

The public may read and copy any materials the Company files with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Company is an electronic filer, and the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The SEC's Internet site's address is <http://www.sec.gov>. The Company's Internet address is <http://www.sunvolt.com>.

1

ITEM 2. DESCRIPTION OF PROPERTIES.

EXECUTIVE OFFICES

The Company currently maintains its principal executive offices at 5009 Indian Gulch Road, Catheys Gulch, CA 95306 , and its telephone number is (209) 374-3485.

ITEM 3. LEGAL PROCEEDINGS.

At September 30, 2000, Inter Arts, Inc. was involved in litigation with Copelco Capital, Inc. ("Copelco") the lessor of silk screens. Copelco brought suit against the company to recover its damages for the return of the leased equipment. Inter Arts filed a motion to dismiss presenting defenses of improper value and insufficiency of service of process and alternatively for change of venue. In April, 2001 upon the recapitalization by Volt, Inc., the subsidiary, Inter Arts was not part of the transaction. Management, with the advice of legal counsel, has written off the liability.

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

Not applicable.

2

PART II

ITEM 5. MARKET FOR COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

COMMON STOCK LISTING ON NASDAQ

The Company's common stock is listed on the Nasdaq OTC Bulletin Board under the symbol "VOLT". The following table sets forth the quarterly high and low closing bid prices of the Company's common stock for the periods indicated.

HIGH	LOW
-----	-----

Edgar Filing: VOLT INC - Form 10KSB

2000:		
First Quarter.....	\$ 0.55	\$ 0.19
Second Quarter.....	0.40	0.06
Third Quarter	0.125	0.025
Fourth Quarter.....	0.07	0.005

2001:		
Deerbrook:		
First Quarter.....	0.07	.005
Second Quartet.....	.08	.01
VOLT:		
Third Quarter	10.25	.015
Fourth Quarter	9.00	2.50

As of September 30, 2001, there were 35 holders of record of the Company's common stock. The closing bid price of the Company's common stock on the NASDAQ Bulletin Board on September 30, 2001 was \$2.50 per share.

3

DIVIDENDS

Holders of common stock are entitled to receive such dividends as may be declared by the Company's Board of Directors. No dividends have been paid with respect to the Company's common stock and no dividends are anticipated to be paid in the foreseeable future. It is the present policy of the Board of Directors to retain all earnings to provide for the growth of the Company. Payment of cash dividends in the future will depend, among other things, upon the Company's future earnings, requirements for capital improvements and financial condition.

GENERAL

The Company's authorized capital stock currently consists of 25,000,000 shares of common stock, par value \$.001 per share, and 10,000,000 shares of serial preferred stock, par value \$.001 per share. As of September 30, 2001, there were 1,694,422 shares of common stock issued and outstanding and no shares of serial preferred stock are issued and outstanding.

COMMON STOCK

The holders of common stock are entitled to one vote for each share held by them of record on the Company's books in all matters submitted to be voted on by the stockholders. The holders of common stock are entitled to receive such dividends, if any, as may be declared by the board of directors from time to time out of legally available funds. Upon the Company's liquidation, dissolution, or winding up, the holders of common stock will be entitled to share ratably in all of the Company's assets that are legally available for distribution, after payment of all debts and other liabilities. The holders of common stock have no preemptive, subscription, redemption, sinking fund, or conversion rights.

PREFERRED STOCK

The Company's board of directors is authorized, without further stockholder approval, to issue up to an aggregate of 10,000,000 shares of preferred stock in

Edgar Filing: VOLT INC - Form 10KSB

one or more series. The board also is able to fix or alter the designations, preferences, rights, and any qualifications, limitations, or restrictions of the shares of each series of preferred stock, including the following: dividend rates, redemption rights and prices, conversion rights and prices, voting rights and preferences, and preferences on liquidation or dissolution of the Company.

There are 1,000,000 shares of preferred stock outstanding. The Company has plans to issue preferred stock in the acquisition of Photovoltaics technology and patents when and if the transaction is concluded.

4

ISSUANCES OF STOCK, OPTIONS AND WARRANTS

With respect to sales and issuances of the Company's stock and a description of warrants and options issued in fiscal 2001, see Note 9 to the Financial Statements. With respect to sales and issuances of the Company's stock in years prior to September 30, 2000, please refer to and see the applicable portions of previous filings with the SEC, which by this reference are incorporated herein for this specific purpose, including without limitation the Form 10SB12G filed in the year 2000.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

OVERVIEW

The Company was originally incorporated in the state of Colorado on March 31, 1997 under the name "Biovid Corporation." The Company was not actively engaged in any business before August 1998, other than raising capital. The Company entered the fine arts industry when it acquired Signature Editions, Inc., in August 1998. The Company changed its name to "Deerbrook Publishing Group, Inc." in October 1998 and subsequently acquired Interarts Incorporated and Cimarron Studio, Inc. In September 1999, the Company changed its name to "Artup.com Network, Inc." In December 1999, the Company effected a merger whereby it became a Nevada corporation and changed its name back to "Deerbrook Publishing Group, Inc."

ITEM 7. FINANCIAL STATEMENTS.

The financial statements are set forth on pages F-1 through F-20 hereto and are incorporated herein by this reference.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING FINANCIAL DISCLOSURE.

No response required.

5

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

DIRECTORS, OFFICERS AND KEY EMPLOYEES

The following table sets forth certain information regarding the Company's

Edgar Filing: VOLT INC - Form 10KSB

directors, executive officers, and certain key employees:

NAME ----	AGE ---	POSITION -----
Denis C. Tseklenis	51	Chairman of the Board, President, and Chief Executive Officer

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

(The following people are directors, officers, beneficial owners of 10% or more registered securities under section 12 of the Exchange Act or any other person subject to section 16 of the Exchange Act that failed to file on a timely basis Forms 3, 4 and/or 5 as required under section 16(a) of the Exchange Act):

Denis C. Tseklenis

ITEM 10. EXECUTIVE COMPENSATION.

COMPENSATION OF EXECUTIVE OFFICERS

The following table shows for the fiscal years ended September 30, 2000 and 1999 the cash compensation paid by the Company, as well as certain other compensation paid or accrued by it, to its officers.

NAME AND PRINCIPAL POSITION -----	ANNUAL COMPENSATION -----			ALL OTHER COMPENSATION (\$) -----
	YEAR ----	SALARY (\$) -----	BONUS (\$) -----	
Keith M. Chesser, President(1)	1999	\$ 26,085	\$10,000	\$11,750(2)
	2000	150,000		
Mark L. Eaker, President(3)	2000	550,000		

- (1) Mr. Chesser served as President from October 1998 until November 1999.
- (2) Represents amounts paid to Mr. Chesser for services he provided to the Company as an independent contractor.
- (3) Mr. Eaker became President in November of 1999.

The Company does not offer medical insurance or other benefits to its employees, including executive officers and directors who also are its employees, with the exception that the Company has agreed to provide medical insurance for Messrs. Eaker and Chesser.

Edgar Filing: VOLT INC - Form 10KSB

1999 INCENTIVE STOCK PLAN

In November 1999, the Company's board of directors adopted and its stockholders approved the 1999 Incentive Stock Plan. The incentive plan provides for the grant of incentive and nonqualified stock options to acquire common stock, the direct grant of common stock, the grant of stock appreciation rights, or SARs, and the grants of other stock-based awards to key personnel, directors, consultants, independent contractors, and others providing valuable services to the Company. The Company believes that the incentive plan represents an important factor in attracting and retaining executive officers and other key employees, directors, and consultants and may constitute a significant part of its compensation program. The incentive plan provides these individuals with an opportunity to acquire a proprietary interest in the Company and thereby align their interests with the interests of the Company's other stockholders and to give these individuals an additional incentive to use their best efforts for the Company's long-term success.

The Company may issue up to a maximum of 2,000,000 shares of its common stock under the incentive plan. The maximum number of shares of stock with respect to which options or other awards may be granted to any individual employee (including officers) during the term of the incentive plan may not exceed 50% of the shares of common stock covered by the incentive plan. As of September 30, 2000, the Company has not granted any options or other awards under the incentive plan.

The incentive plan will terminate in November 2009, and options may be granted at any time during the life of the incentive plan. The power to administer the incentive plan with respect to the Company's executive officers and directors and all persons who own 10% or more of the Company's issued and outstanding stock rests exclusively with the board of directors or a committee consisting of two or more non-employee directors. The power to administer the incentive plan with respect to other persons rests with the board of directors or a committee of the board of directors. The plan administrator will determine when options become exercisable, as well as the exercise prices of options. If an option is intended to be an incentive stock option, the exercise price may not be less than 100% (110% if the option is granted to a stockholder who at the time of the grant of the option owns stock possessing more than 10% of the total combined voting power of all classes of the Company's stock) of the fair market value of the common stock at the time of the grant.

The incentive plan is not intended to be the exclusive means by which the Company may issue options or warrants to acquire its common stock, stock awards, or any other type of award. To the extent permitted by applicable law, the Company may issue additional options, warrants, or stock-based awards other than pursuant to the incentive plan without stockholder approval.

7

DIRECTORS' COMPENSATION

The Company currently does not pay any cash compensation to its directors for their services to the Company. The Company may reimburse its directors for certain expenses in connection with attendance at board and committee meetings.

In January 2000, the Company issued 250,000 shares of common stock to Joseph D. Patterson for his services as a director of the Company.

EMPLOYMENT AGREEMENTS

The Company entered into a three-year employment agreement with Mark Eaker in

Edgar Filing: VOLT INC - Form 10KSB

November 1999. The agreement provides for a base salary of \$200,000 during the first year, \$275,000 during the second year, and \$300,000 during the third year.

Pursuant to the agreement, the Company issued 1,000,000 shares of its common stock to Mr. Eaker in January 2000. The agreement also provides that Mr. Eaker will be eligible to receive an annual bonus in an amount, if any, as determined by the Board of Directors. Finally, the agreement provides various additional benefits, such as a company car, salary continuation insurance, and medical insurance. Because of the Company's current financial condition, to date Mr. Eaker has deferred payment of his salary and benefits under the agreement. The agreement was terminated on September 30, 2000.

The Company entered into a three-year employment agreement with Keith Chesser in November 1999. The agreement provides for a base salary of \$150,000 during the first year, \$175,000 during the second year, and \$200,000 during the third year. The agreement also provides for Mr. Chesser to receive options to purchase 75,000 shares of common stock during each year of the agreement, exercisable at the average closing price of the common stock during the month prior to the grant. As of September 30, 2000, the Company has not granted any options to Mr. Chesser under the employment agreement. Finally, the agreement provides various additional benefits, such as salary continuation insurance and medical insurance. Because of the Company's current financial condition, to date Mr. Chesser has deferred payment of his salary and benefits under the agreement. The agreement was terminated on September 30, 2000.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth certain information with respect to beneficial ownership of the Company's common stock as of September 30, 2000, by (i) each of its directors and executive officers, (ii) all of its directors and executive officers as a group, and (iii) each other person known by it to be the beneficial owner of more than five percent of its common stock:

SHARES BENEFICIALLY OWNED (1) (2)

NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER	PERCENT
DIRECTORS AND EXECUTIVE OFFICERS		
Denis C. Tseklenis		
All directors and officers as a group (four persons)		

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

None of the identified persons hold stock options or warrants to acquire the Company's common stock.

8

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

In November 1999, the Company executed a letter of intent with Mark Eaker to

Edgar Filing: VOLT INC - Form 10KSB

acquire 80% of the outstanding stock of Gregory Editions, Inc., a publisher and distributor of fine art reproductions. The letter of intent provides for a total purchase price of \$3,300,000, consisting of \$2,700,000 cash and 400,000 shares of the Company's common stock. The Company paid Mr. Eaker a non-refundable deposit of \$225,000 in cash and 266,000 shares of common stock in connection with the letter of intent. Because the Company was unable to fulfill its obligations in order to consummate the transaction, the letter of intent expired and Mr. Eaker retained the non-refundable deposit. In addition, as of September 30, 2000, Mr. Eaker has personally paid expenses totaling approximately \$50,000 on behalf of the Company and has deferred payment of his salary and other benefits that it is obligated to pay under his employment agreement with the Company. Beginning January 1, 2000, Mr. Eaker has provided office space, staff, and other operating expenses for the Company's corporate headquarters at the headquarters of Gregory Editions, Inc., which is owned and operated by Mr. Eaker.

Through December 31, 1999, the Company leased printing equipment from Michael Raburn, a former officer and director of the Company, pursuant to an oral agreement under which it paid \$10,000 per month. The Company incurred expenses of \$50,000 in fiscal 1999 and \$0 in fiscal 2000 under this agreement. Through December 31, 1999, the Company also conducted its operations in a building leased by Michael Raburn. The Company paid a total of approximately \$27,200 of lease obligations for this building, although it was not a party to the lease and occupied the building at the pleasure of Mr. Raburn. Effective December 31, 1999, the Company discontinued its printing and publishing operations and moved its remaining Internet-based operations out of the building leased by Mr. Raburn.

In November 1999, Keith Chesser, Mike Santellanes, and Michael Raburn returned an aggregate of 2,345,000 shares of common stock to the Company. Messrs. Chesser, Santellanes, and Raburn returned these shares in order to attract additional management personnel, including Mark Eaker, and to pursue additional acquisition opportunities while minimizing the dilution to its existing stockholders. The Company did not pay Messrs. Chesser, Santellanes, and Raburn any consideration for these shares.

In January 2000, the Company issued 1,000,000 shares of common stock to Mark Eaker pursuant to his employment agreement. The Company also issued 250,000 shares of common stock to Joseph Patterson in January 2000 for his services as a director of the Company.

ITEM 13. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. FINANCIAL STATEMENTS:

The Financial Statements required by this Part F/S are set forth in pages F-1 through F-20 of this Report. No supplementary financial information is required.

(b) Reports on Form 8-K

Forms 8-K were filed during the year ended September 30, 2001 regarding change in control and change in accountants.

PART IV

ITEM 1. INDEX TO EXHIBITS.

Edgar Filing: VOLT INC - Form 10KSB

EXHIBIT
NUMBER

DESCRIPTION OF DOCUMENT

- 2.1 Articles of Merger merging Artup.com Network, Inc., a Colorado corporation, with and into the Registrant*
- 3.1 Articles of Incorporation of the Registrant*
- 3.2 Bylaws of the Registrant*
- 4.1 Specimen of Common Stock Certificate*
- 4.2 Specimen of Certificate for Common Stock Purchase Warrants*
- 4.3 Common Stock Purchase Warrant dated January 3, 2000, issued to Gene Bowlds*
- 4.4 Non-Statutory Stock Option Certificate dated February 16, 2000, issued to Michael Paloma*
- 10.1 Master Consulting Services Agreement dated as of July 28, 1999 between the Registrant and Integrated Information Systems, Inc.*
- 10.2 Equipment Lease dated September 15, 1999 between the Registrant and Copelco Capital, Inc.*
- 10.3 Employment Agreement between the Registrant and Mark L. Eaker*
- 10.4 Employment Agreement between the Registrant and Keith M. Chesser*
- 10.5 1999 Incentive Stock Plan*
- 16.1 Letter on change in certifying accountant from Alvin H. Bender, C.P.A.*
- 16.2 Letter on change in certifying accountant from Mark Shelley, CPA*
- 21 List of Subsidiaries*

* Previously filed.

ITEM 2. DESCRIPTION OF EXHIBITS.

The information required by this Item is contained in Part III, Item 1, "Index to Exhibits."

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: January 15, 2002

VOLT INC.

By: /s/ Denis C. Tseklenis

Denis C. Tseklenis, President and
Chief Executive Officer

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.

Date: January 15, 2002

By: /s/ Denis C. Tseklenis

Denis C. Tseklenis, Director

Edgar Filing: VOLT INC - Form 10KSB

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC.
AND SUBSIDIARIES)
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2001 AND 2000

	PAGE(S)
INDEPENDENT AUDITORS' REPORT	F1-2
CONSOLIDATED FINANCIAL STATEMENTS:	
BALANCE SHEETS AS OF SEPTEMBER 30, 2001 AUDITED AND 2000 (UNAUDITED)	F3-4
STATEMENTS OF OPERATIONS FOR THE YEARS ENDED SEPTEMBER 30, 2001 AUDITED AND 2000 (UNAUDITED)	F5
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) FOR THE YEARS ENDED SEPTEMBER 30, 2001 AUDITED AND 2000 (UNAUDITED)	F6-7
STATEMENTS OF CASH FLOWS FOR YEARS ENDED SEPTEMBER 30, 2001 AUDITED AND 2000 (UNAUDITED)	F8-9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	F10-20

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
Volt, Inc. and Subsidiaries
(Formerly Deerbrook Publishing Group, Inc. and Subsidiaries)
Cathey's Valley, California

Edgar Filing: VOLT INC - Form 10KSB

We have audited the accompanying consolidated balance sheet of Volt, Inc. and Subsidiaries (the "Company") as of September 30, 2001 and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 financial statement presentation. We believe that our audit provides 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 Volt, Inc. and Subsidiaries as of September 30, 2001, and the consolidated results of its statements of operations, changes in stockholders' equity, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

F-1

The accompanying consolidated (unaudited) balance sheet of Deerbrook Publishing Group, Inc. and Subsidiaries as of September 30, 2000, and the related consolidated statements of operations, (unaudited) changes in stockholders' equity (deficit) (unaudited) and cash flows (unaudited) for the year then ended are submitted by management. Semple & Cooper, L.L.P. the companies prior auditors, purports that they are not independent with respect to their prior issued September 30, 2000 audited consolidated financial statements dated January 3, 2001. The unaudited numbers are reflected for comparative purposes only. (See Note 14.)

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

January 14, 2002

F-2

Edgar Filing: VOLT INC - Form 10KSB

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2001 AND 2000

	2001	(UNAUDITED) 2000
	----	----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	85,792	593
Prepaid expenses and other assets	2,800	49,400
	-----	-----
Total Current Assets	88,592	49,996
PROPERTY AND EQUIPMENT - Net	5,724,399	22,121
OTHER ASSETS		
Inventory	-	112,246
Net assets of discontinued operations	-	44,880
Note receivable	71,000	-
	-----	-----
TOTAL ASSETS	\$5,883,991	\$229,243
	=====	=====

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

F-3

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2001 AND 2000

	2001	(UNAUDITED) 2000
	----	----
ASSETS		
CURRENT LIABILITIES		
Notes payable	-	25,934
Accounts payable	43,500	446,955
Accrued payroll	-	507,600
Other liabilities	-	107,437
	-----	-----
Total Current Liabilities	43,500	1,087,926
COMMITMENTS AND CONTINGENCIES		

Edgar Filing: VOLT INC - Form 10KSB

STOCKHOLDERS' EQUITY (DEFICIT)		
Series One voting Convertible Preferred Stock. \$.001 par value, 10,000,000 shares authorized, at September 30, 2001 and 2000 1,000,000 shares and -0- shares issued and outstanding at September 30, 2001 and September 30, 2000, respectively	1,000	-
Common stock, \$.001 par value 2,500,000 shares and 25,000,000 shares authorized at September 30, 2001 and 2000, respectively; abd 1,694,422 and 9,490,548 issued and outstanding at September 30,2001 and September 30, 2000, respectively	1,694	9,490
Common stock subscribed	-	100,000
Warrants	-	451,000
Additional paid-in capital	9,780,844	2,878,337
Accumulated deficit	(3,943,047)	(4,297,510)
	-----	-----
Total stockholders' equity (deficit)	5,840,491	(858,683)
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$5,883,991	\$229,243
	=====	=====

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

F-4

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2001 AND 2000

	2001	(UNAUDITED) 2000
	----	----
REVENUE	\$ -	\$ 1,123
COST OF REVENUE	-	11,831
	-----	-----
GROSS PROFIT (LOSS)	-	(10,708)

Edgar Filing: VOLT INC - Form 10KSB

OPERATING EXPENSES		
General and administrative	189,730	1,692,057
Acquisition costs	-	318,100
Impairment of intangible asset	-	113,442
Loss on disposal of assets	-	78,751
	-----	-----
Total operating expenses	189,730	2,202,350
	-----	-----
OPERATING LOSS	(189,730)	(2,213,058)
OTHER INCOME - Reversal of debt and payables	711,628	-
	-----	-----
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS	528,898	(2,213,058)
Income taxes	-	-
Loss from discontinued operations	-	(374,139)
	-----	-----
NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS	\$521,898	\$ (2,587,197)
	=====	=====
BASIC AND DILUTED EARNINGS PER SHARE:		
Income (Loss) from continuing operations available to common stockholders	\$ 0.58	\$ (0.24)
Loss from discontinued operations	-	(0.04)
	-----	-----
NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS	\$ 0.58	\$ (0.28)
	=====	=====
WEIGHTED NUMBER OF COMMON SHARES OUTSTANDING	897,704	9,386,477
	=====	=====

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

F-5

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED SEPTEMBER 30, 2001 AND 2000

Additional

Edgar Filing: VOLT INC - Form 10KSB

	Preferred Shares	Stock Amount	Common Shares	Stock Amount	Paid-In Capital
	-----	-----	-----	-----	-----
Balance September 30, 1999 (Unaudited)	-	\$ -	9,968,224	\$ 9,968	\$ 2,028,935
Return of Common Stock			(2,345,000)	(2,345)	2,345
Issuance of common stock in relation to employment agreement	-	-	1,000,000	1,000	349,000
Issuance of common stock for acquisition costs	-	-	266,000	266	92,834
Sale of 800,000 common stock warrants	-	-	-	-	-
Issuance of common stock for services	-	-	601,324	604	405,223
Subscription for 200,000 shares of common stock	-	-	-	-	-
Net loss	-	-	-	-	-
	-----	-----	-----	-----	-----
Balance, September 30, 2000 (Unaudited)	-	-	9,490,548	9,490	2,878,337
Issuance of common stock for accrued payroll	-	-	1,350,000	1,350	243,650
Issuance of common stock for accounts payable and services	-	-	500,000	500	32,500
Reverse stock split	-	-	(11,227,121)	(11,227)	11,227
Cancellation of warrants and subscriptions	*	-	-	-	-
Issuance of preferred stock for Wind Farm	1,000,000	1,000	-	-	5,699,000
Issuance of common stock for acquisition	-	-	127,995	128	254,872
Issuance of common stock	-	-	1,678,000	1,678	661,258
Caancelled shares	-	-	(225,000)	(225)	-
Dividends paid`	-	-	-	-	-
Net Income	-	-	-	-	-
	-----	-----	-----	-----	-----
Balance, September 30, 2001	1,000,000	1,000	1,694,422	1,694	9,780,844

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

F-6

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) - Continued
FOR THE YEARS ENDED SEPTEMBER 30, 2001 AND 2000

	Warrants -----	Common Stock Subscribed -----	Accumulated Deficit -----	Total -----
Balance September 30, 1999 (Unaudited)	\$ -	\$ -	(1,710,313)	\$ 328,590
Return of Common Stock	-	-	-	-
Issuance of common stock in relation to employment agreement	-	-	-	350,000
Issuance of common stock for acquisition costs	-	-	-	-
Sale of 800,000 common stock warrants	451,000	-	-	451,000
Issuance of common stock for services	-	-	-	405,824
Subscription for 200,000 shares of common stock	-	100,000	-	100,000
Net loss	-	-	(2,587,197)	(2,587,197)
	-----	-----	-----	-----
Balance, September 30, 2000 (Unaudited)	451,000	100,000	(4,297,510)	(858,683)
Issuance of common stock				

Edgar Filing: VOLT INC - Form 10KSB

for accrued payroll	-	-	-	245,000
Issuance of common stock for accounts payable and services	-	-	-	33,000
Reverse stock split	-	-	-	-
Cancellation of warrants and subscriptions	(451,000)	(100,000)	-	(451,000)
Issuance of preferred stock for Wind Farm	-	-	-	5,700,000
Issuance of common stock for acquisition	-	-	-	255,000
Issuance of common stock	-	-	-	662,936
Caancelled shares	-	-	-	(225)
Dividends paid`	-	-	(167,435)	(167,435)
Net Income	-	-	521,898	521,898
	-----	-----	-----	-----
Balance, September 30, 2001	-	-	(3,943,047)	5,840,491
	=====	=====	=====	=====

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

F-7

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2001 AND 2000

	2001	(UNAUDITED) 2000
	----	----
CASH FLOWS FROM OPERATING ACTIVITIES		

Edgar Filing: VOLT INC - Form 10KSB

Net Income (loss)	\$ 521,898	\$ (2,587,197)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	3,077	86,177
Loss on disposal of assets	22,121	78,751
Impairment of long-term assets	-	390,187
Common stock issued for inventory, acquisition costs, services, payables and accrued payroll	278,000	848,924
Change in net assets of discontinued operaitons	-	13,387
Forfeit of deposit	-	318,100
Reversal of debt and payables	(711,628)	-
Discontinued operations	44,880	-
Changes in assets and liabilities:		
Accounts receivable - trade	-	20,000
Prepaid expenses and other	46,600	94,400
Inventory	-	47,993
Accounts payable	(206,123)	90,801
Accrued payroll	(245,000)	280,201
Other liabilities	(107,437)	53,972
	-----	-----
Total adjustments	(875,510)	2,322,893
	-----	-----
Net cash used in operating activities	(353,612)	(264,304)
	-----	-----
CASH FLOWS FROM INVESTIMMG ACTIVITIES		
Purchases of property and equipment	(27,476)	-
Deposit	-	(318,100)
	-----	-----
Net cash used in investing activities	(27,476)	(318,100)

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

F-8

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2001 AND 2000

	2001	(UNAUDITED) 2000
	----	----
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	\$ 225,762	\$ -

Edgar Filing: VOLT INC - Form 10KSB

Notes receivable	(71,000)	-
Net repayment of related party payables	-	(4,066)
Proceeds from issuance of common stock and warrants	366,711	551,000
Dividends paid	(55,189)	-
	-----	-----
Net cash provided from financing activities	466,284	546,934
	-----	-----
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 86,196	 (35,470)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	596	39,066
	---	-----
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 85,792	\$ 596
	=====	=====
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ -	\$ 2,053
	=====	=====
 SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION	 \$278,000	 \$848,924
	=====	=====

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

F-9

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2001 AND 2000

NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION

Volt, Inc., formerly Deerbrook Publishing Group, Inc. and Subsidiaries is a power provider and marketer of alternative energy and back-up power systems. 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. In December, 1999, Deerbrook Publishing Group, Inc. closed its printing and publishing operation. Their operating losses for September 30, 2000 of \$374,139 (including impairment of goodwill for \$276,745) is included in loss from discontinued operations. On April 23, 2001, the Company effected a 1 for 100 reverse stock split for its \$.001 par value common stock. Upon this spin off, the name was officially changed to Volt, Inc. when 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.

In the Company's fiscal third quarter, two inactive wholly-owned subsidiaries,

Edgar Filing: VOLT INC - Form 10KSB

Sun Volt, Inc. and Sun Electronics, Inc. were incorporated. The other wholly-owned subsidiary is Arcadian Renewable Power, Inc. This subsidiary 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, 2001 and statements of operations, changes in stockholders' equity and cash flows for the year then ended includes Volt, Inc. and its wholly-owned subsidiaries, Sun Volt, Inc., Sun Electronics, Inc. and Arcadian Renewable Power, Inc.

The unaudited consolidated balance sheet for September 30, 2000, and unaudited statements of operations, changes in stockholders' equity (deficit) and cash flows for the year then ended include Deerbrook Publishing Group, Inc., and its wholly-owned subsidiaries, Signature Editions, Inc., Inter Arts, Incorporated, and Cimmaron Studios, Inc. (See Note 14.)

Intercompany transactions and balances have been eliminated in consolidation.

F-10

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2001 AND 2000

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with an initial maturity of three months or less to be cash or cash equivalents.

The Company maintains cash and cash equivalent balances at several financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$100,000.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful life of the assets.

Furniture and fixtures	7 years
Office and computer equipment	5 years

F-11

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2001 AND 2000

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Deerbrook Publishing Group, Inc. recognized revenues from sales at the time of shipment.

Volt, Inc. had no revenues for the year ended September 30, 2001.

Advertising

Advertising costs are typically expensed as incurred. Advertising expense was approximately \$830 and \$66,000 for the years ending September 30, 2001 and 2000, 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

The carrying amount reported in the consolidated balance sheets for cash and cash equivalents, loans receivable, accounts payable and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments. The carrying amount reported for notes payable approximates fair value, because, in general, the interest on the underlying instruments fluctuates with market rates.

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. Common stock equivalents were not included in the computation of diluted earnings per share

Edgar Filing: VOLT INC - Form 10KSB

when the Company reported a loss because to do so would be antidilutive for periods presented.

F-12

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2001 AND 2000

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings (Loss) Per Share of Common Stock (Continued)

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

	September 30, 2001	(UNAUDITED) September 2000
Net income (loss)	\$521,898	(\$2,5
Weighted- average common shares Outstanding (Basic)	897,704	9,3
Weighted-average common stock Equivalents:		
Stock options	-	
Warrants	-	
Weighted-average common shares Outstanding (Diluted)	897,704	9,

Options and warrants outstanding to purchase stock were not included in the computation of diluted EPS for September 30, 2000 because inclusion would have been antidilutive.

Discontinued Operations

During December, 1999, the Company closed its printing and publishing operations in Phoenix, Arizona. In conjunction with this closure, the Company's wholly-owned subsidiary, Cimmaron Studio, Inc. (a Nevada corporation) ceased operations.

The loss for the year ended September 30, 2000 was \$374,139 which includes an impairment of goodwill in the amount of \$276,745.

F-13

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)

Edgar Filing: VOLT INC - Form 10KSB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2001 AND 2000

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

At September 30, 1999, goodwill represents the excess of the purchase price over the fair value of Inter Arts Incorporated's and Cimmaron Studio, Inc.'s net assets acquired. Goodwill is being amortized ratably over 15-20 years. The carrying value of goodwill will be reviewed periodically by the Company and impairments, if any, will be recognized when expected future operating cash flows derived from goodwill are less than its carrying value. During the year ended September 30, 2000, the Company recorded an impairment of the goodwill in the amount of \$113,442. In addition, during the year ended September 30, 2000, the Company recorded an impairment of goodwill in the amount of \$276,745 which was included in the loss from discontinued operations.

Reclassifications

Certain amounts for the years ended September 30, 2000 have been reclassified to conform with the presentation of the September 30, 2001 amounts. The reclassifications have no effect on net income for the year ended September 30, 2000.

NOTE 3- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2001 and 2000:

	2001	(UNAUDITED) 2000
Wind Farm	\$5,700,000	\$ 5,
Furniture and fixtures	3,000	22,
Computer and office equipment	24,476	27,
	5,727,476	5,
Less: accumulated depreciation	3,077	---
	-----	---
Net book value	\$5,724,399	\$ 22,

The \$22,121 of property and equipment at September 30, 2000 was disposed of in 2001. Depreciation expense for the years ended September 30, 2001 and 2000 was \$3,077 and \$86,177, respectively. There is no depreciation recognized on the Wind Farm in 2001 as it is non operational until placed in service.

F-14

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2001 AND 2000

NOTE 4- OBLIGATION UNDER CAPITAL LEASE

Edgar Filing: VOLT INC - Form 10KSB

During the year ended September 30, 2000, the Company defaulted on a capital loan for computer equipment with an approximate value of \$112,000 expiring in 2004. As a result, the equipment was returned to the lessor and the liability for the outstanding lease payments were included in accounts payable at September 30, 2000.

NOTE 5- RELATED PARTY TRANSACTIONS

Notes Payable - Related Parties:

At September 30, 2000, notes payable - related parties consist of 12% interest demand notes with a balance of \$25,934.

Accounts Payable - Related Parties:

At September 30, 2000, the Company had accounts payable to related parties of \$107,437.

Other:

During the year ended September 30, 2000, the Company executed a letter of intent with Mark Eaker to acquire 80% of the outstanding stock of Gregory Editions, Inc. a publisher and distributor of fine art reproductions. The Company paid Mr. Eaker a non-refundable deposit of \$225,000 in cash and 266,000 shares of common stock in connection with the letter of intent. Because the Company was unable to fulfill its obligations in order to consummate the transaction, the letter of intent expired and Mr. Eaker retained the non-refundable deposit.

F-15

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2001 AND 2000

NOTE 6- NOTES RECEIVABLE

The Company, at September 30, 2001, has notes receivable outstanding of \$71,000. There is no interest due the Company on these loans, and the amounts due at September 30, 2001, are deemed by management to have no specific repayment terms.

NOTE 7- REVERSAL OF DEBT AND PAYABLES

The Company has recognized \$711,628 of reversals of debt and payables. This

Edgar Filing: VOLT INC - Form 10KSB

amount is reflected in the consolidated statements of operations. Of this amount \$251,696 represents loans payable, \$197,332 represents accounts payable and \$262,600 represents accrued payroll.

NOTE 8- COMMITMENTS AND CONTINGENCIES

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

In the year ended September 30, 2000, the Company terminated rental commitments in Phoenix, Arizona.

NOTE 9- STOCKHOLDERS' EQUITY

Common and Preferred Stock

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

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.

The Company also issued 1,000,000 shares of preferred stock to Denis C. Tseklenis in consideration for the Wind Farm.

F-16

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2001 AND 2000

NOTE 9- STOCKHOLDERS' EQUITY (CONTINUED)

Common and Preferred Stock

During the year ended September 30, 2001, in addition to the initial acquisition by Denis C. Tseklenis, the Company 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.

In December, 1999 upon merging with Deerbrook Publishing Group, Inc. (A Nevada Corporation) the Company had authorized 25,000,000 shares of common stock with a par value of \$.001 in addition to 10,000,000 shares of preferred stock with par value of \$.001. Prior to the merger, the Company had authorized 50,000,000 shares of common stock with a par value of \$.001 and no preferred stock

Edgar Filing: VOLT INC - Form 10KSB

authorized.

On November 12, 1999, three (3) stockholders agreed to return an aggregate of 2,345,000 shares of common stock, of which 1,000,000 shares are to be issued to an officer of the Company. In addition, the Company authorized 266,000 shares of restricted common stock to be issued to that officer.

During the year ended September 30, 2000, the Company issued common stock as follows:

250,000 shares of common stock to a director for services
291,324 shares of common stock for services rendered in developing and hosting the Company's web site
60,000 shares of common stock as compensation for legal services
1,000,000 shares of common stock under an employment agreement
266,000 shares of common stock in relation to a letter of intent

In March, 2000, the Company sold 200,000 shares of common stock to an accredited investor for a total purchase price of \$100,000.

F-17

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2001 AND 2000

NOTE 9- STOCKHOLDERS' EQUITY (CONTINUED)

Options and Warrants

In November, 1999, the Company sold 600,000 warrants at a price of \$0.75 per warrant, pursuant to Rule 505 of Regulation D under the Securities Act. The warrants are exercisable on a basis of one warrant for one share of common stock, with an exercise price of \$.01 per share. The warrants provide that for each 100,000 warrants issued, the warrant holder will be entitled to receive an additional 50,000 warrants at no additional cost if the common stock is trading for less than \$10.00 per share but more than \$5.00 per share on October 26, 2000. The warrants also provide that for each 100,000 warrants issued, the warrant holder will be entitled to receive an additional 100,000 warrants at no additional cost if the common stock is trading for \$5.00 or less per share on October 26, 2000.

In January, 2000, the Company issued warrants to acquire 100,000 shares of common stock to an individual as compensation for services rendered to the Company. The warrants have an exercise price of \$1.25 per share and expire on January 1, 2005.

In 2000, the Company issued options to acquire 200,000 shares of common stock to an individual for a purchase price of \$1,000. The options have an exercise price of \$.50 per share and expire on February 16, 2002.

Edgar Filing: VOLT INC - Form 10KSB

Subsequently, upon recapitalization by Volt, Inc., all options and warrants were written off.

NOTE 10- DISPOSAL OF ASSETS

Assets of the Cimmaron subsidiary disposed of at September 30, 2000, consisted of inventory of \$42,645 and net property and equipment of \$2,235 for a total of \$44,880.

Assets are shown at their expected net realizable value, and have been separately classified in the consolidated balance sheets at September 30, 2000.

F-18

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2001 AND 2000

NOTE 11- LITIGATION

At September 30, 2000, Inter Arts, Inc. was involved in litigation with Copelco Capital, Inc. ("Copelco") the lessor of silk screens. Copelco brought suit against the company to recover its damages for the return of the leased equipment. Inter Arts filed a motion to dismiss presenting defenses of improper value and insufficiency of service of process and alternatively for change of venue. In April, 2001 upon the recapitalization by Volt, Inc., the subsidiary, Inter Arts was not part of the transaction. Management, with the advice of legal counsel, has written off the liability.

NOTE 12- 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, 2001 and 2000, deferred tax assets consist of the following:

Net operating loss carryforwards	\$984,000	\$1,032,000
Less: valuation allowance	(984,000)	(1,032,000)
	\$ -0-	\$ -0-

At September 30, 2001 and 2000, the Company had federal net operating loss carryforwards in the approximate amounts of \$4,100,000 and \$4,300,000, respectively, available to offset future taxable income through 2018. The

Edgar Filing: VOLT INC - Form 10KSB

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.

F-19

VOLT, INC. AND SUBSIDIARIES
(FORMERLY DEERBROOK PUBLISHING GROUP, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2001 AND 2000

NOTE 13- PENDING ACQUISITIONS, MERGERS AND BUSINESS COMBINATIONS

The Company is currently negotiating with Wolverine Power Corporation, which owns hydroelectric plants in Michigan. This company has long-term power sales contracts to Consumers Electric Corp., a NYSE company. The proposed purchase price of this company approximates \$4,000,000.

The Company has signed an agreement dated June 30, 2001 to acquire Photovoltaic technology and patents. The Company is currently in the due diligence and valuation stage of the transaction.

A non-circumvention and non-disclosure agreement has been signed with an existing independent electricity supplier with over 100,000 retail customers located in the United States. Negotiations between the parties are continuing.

NOTE 14- PRIOR YEAR FINANCIAL STATEMENTS

Semple & Cooper, L.L.P., were engaged to audit the consolidated financial statements for the year ended September 30, 2000. Subsequent to their issuance of their audit, they purported that their independence was breached with respect to nonpayment of fees from the prior owners, Deerbrook Publishing Group, Inc. The unaudited management submitted amounts are contained in this report for comparative purposes only. Management states that they will attempt to resolve this dispute.

Edgar Filing: VOLT INC - Form 10KSB

F-20

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION OF DOCUMENT -----
2.1	Articles of Merger merging Artup.com Network, Inc., a Colorado corporation, with and into the Registrant*
3.1	Articles of Incorporation of the Registrant*
3.2	Bylaws of the Registrant*
4.1	Specimen of Common Stock Certificate*
4.2	Specimen of Certificate for Common Stock Purchase Warrants*
4.3	Common Stock Purchase Warrant dated January 3, 2000, issued to Gene Bowlds*
4.4	Non-Statutory Stock Option Certificate dated February 16, 2000, issued to Michael Paloma*
10.1	Master Consulting Services Agreement dated as of July 28, 1999 between the Registrant and Integrated Information Systems, Inc.*
10.2	Equipment Lease dated September 15, 1999 between the Registrant and Copelco Capital, Inc.*
10.3	Employment Agreement between the Registrant and Mark L. Eaker*
10.4	Employment Agreement between the Registrant and Keith M. Chesser*
10.5	1999 Incentive Stock Plan*
16.1	Letter on change in certifying accountant from Alvin H. Bender, C.P.A.*
16.2	Letter on change in certifying accountant from Mark Shelley, CPA*
21	List of Subsidiaries*

* Previously filed.