

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

VICTOR INDUSTRIES INC
Form 10KSB/A
May 21, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-KSB
Amended

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE YEAR ENDED DECEMBER 31, 2002
COMMISSION FILE NUMBER 000-30237

VICTOR INDUSTRIES, INC.
(Exact name of registrant as specified in charter)

Idaho

(State or other jurisdiction of
incorporation or organization)

91-078484114

(I.R.S. Employer
Identification No.)

4810 NORTH WORNATH ROAD, MISSOULA, MONTANA

(Address of principal executive offices)

59804

(Zip Code)

Registrant's telephone number, including area code (406) 251-8501

Securities registered pursuant to section 12(b) of the Act:

| Title of Class | Name of each exchange on which registered |
|----------------|---|
| NONE ---- | NONE ---- |

Securities registered pursuant to section 12(g) of the Act:

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 Securities Exchange Act of 1934 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 contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy of information statements incorporated by reference in Part 10-KSB or any amendment to this Form 10-KSB. {X}

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

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock as of a specified date within the past 60 days: As of April 14, 2003, the aggregate market price of the voting stock held by non-affiliates was approximately \$.

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of April 14, 2003, the Company had 134,721,692 outstanding shares of its common stock, par value \$0.0001.

TABLE OF CONTENTS

| ITEM NUMBER AND CAPTION ----- | PAGE ---- |
|---|--------------|
| PART I | |
| ITEM 1. DESCRIPTION OF BUSINESS | 3 |
| ITEM 2. DESCRIPTION OF PROPERTY | 5 |
| ITEM 3. LEGAL PROCEEDINGS | 5 |
| ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS | 5 |
| PART II | |
| ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY AND RELATED STOCKHOLDER MATTERS | 5 |
| ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION | 7 |
| ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA | 10 |
| ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE | 21 |
| PART III | |
| ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS: COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT | 21 |
| ITEM 10. EXECUTIVE COMPENSATION | 22 |
| ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT | 22 |
| ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS | 22 |
| ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K | 22 |

PART I

ITEM 1. DESCRIPTION OF BUSINESS

The financial information set forth in the following discussion should be read in conjunction with, and qualified in its entirety by, the financial statements of the Company included elsewhere herein.

BUSINESS

Victor Industries, Inc. was originally organized under the laws of the State of Idaho on January 19, 1926 under the name of Omo Mining and Leasing Corporation. The Company was renamed Omo Mines Corporation on January 19, 1929. The name was changed again on November 14, 1936 to Kaslo Mines Corporation and finally Victor Industries, Inc. on December 24, 1977.

We have not recorded any significant revenue for the past two years. Currently,

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

there is substantial doubt about us continuing as a going concern as expressed by our auditors in their audit report as of December 31, 2002, without funding to develop assets and profitable operations.

We intend to be engaged in the sale and distribution of various forms of zeolite products. Our plan is to contract with independent contractors to mine and transport zeolite from properties the contractors own or lease to a contract milling and packaging facility. We plan to then market the packaged and bulk ordered zeolite through distributors and under distributor's private labels.

Our current product plans center on products related to the use of the mineral known as zeolite. Zeolites have the unique distinction of being natures only negatively charged mineral. Zeolites are useful for metal and toxic chemical absorbents, water softeners, gas absorbents, radiation absorbents and soil and fertilizer amendments. Clinoptilolite, one type of natural zeolite, is our primary focus. Clinoptilolite's absorption capabilities of ammonia provide a number of applications in the agricultural industry. We are primarily focusing on two zeolite compounds in order to produce revenue. We believe that the two primary sources of nitrate and phosphate pollution are fertilizers and large animal feeding operations.

Our first product will utilize zeolite for slow released fertilizer. We have filed a patent application for a new zeolite proprietary fertilizer compound called ENVIROLIZER. We have not received any comments from the U.S. Patent Office as of the date of this filing. This compound is formulated around a demand driven release of nutrients.

We intend to market our proprietary compound solutions to the golf course and horticulture industries. We cannot give any assurance that we will be able to compete or generate sales in these markets.

ENVIROLIZER was formulated around the use of zeolite to absorb the ammonia that is released by animal discharge from large animal feeding operations. We will then utilize the nutrients from the absorption process and turn it into a slow demand release fertilizer. We believe that wide spread use of our absorption process will significantly reduce pollution from these feeding operations while reducing the leaching of nitrates and phosphates into the ground water. Because of the absorption capabilities of zeolite, we believe that our fertilizer compound will work effectively for up to three years, depending on the type of crop or plants being fertilized, thereby reducing the need for multiple fertilizer applications every year. The ENVIROLIZER fertilizer compound is expected to absorb up to 45% of its weight in water and slowly release it when the soil begins to dry thus reducing the irrigation cycle. We cannot give any assurances that we will be successful in receiving a patent for our compound or that we will be able to produce a marketable or profitable product.

The fourth quarter ending December 31, 2002 marked the first effort by management to generate revenue for Victor Industries, Inc. The distributors responsible for the sales in the fourth quarter failed to produce sales in the opinion of management. Despite advertising on KFI-AM in Los Angeles there was no revenue produced during the winter months. This prompted the management to locate The Lawn & Garden Performance Group and engage Rick Pontz to market ENVIROLIZERtm throughout North America.

Presently, The Lawn & Garden Performance Group has contacted large retailers, distributors, television marketing organizations, and other marketing organizations.

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

Marketing a new product is a lengthy process with significant risks, there can be no assurance that the Company will be successful in its efforts.

The Company plans a series of new products to enhance its product line. It is easier to add to a product line once a distribution channel has successfully been established.

In the Fourth Quarter of 2002, the Company investigated acquiring businesses outside of the Company's stated business focus. Throughout the third and fourth calendar quarters of 2002, the Company was contacted by various parties ("Acquisition Candidates") that were interested in being acquired by Victor Industries, Inc. In November of 2002, the Company management decided to begin discussions with a number of the aforementioned Acquisition Candidates that had expressed an interest in being acquired by Victor Industries, Inc. As of December 31, 2002, the Company had not reached in definitive agreements with any of the Acquisition Candidates.

PRODUCT LIABILITY INSURANCE

We carry no direct product liability insurance, relying instead on the coverage maintained by our distributors and manufacturing sources from whom we obtains product. There is no assurance that this insurance will adequately cover any liability claims brought against us. There also can be no assurance that we will be able to obtain our own liability insurance (should we seek to do so) on economically feasible terms. Our failure to maintain our own liability insurance could materially adversely affect our ability to sell our products in the future. Although no product liability claims have been brought against us to date, if there were any such claims brought against us, the cost of defending against such claims and any damages paid by us in connection with such claims could have a materially adverse impact upon us, including our financial position, results of operations and cash flows.

COMPETITION AND DIFFICULTUIES IN MARKETING PRODUCTS.

There is tremendous competition in the home and garden fertilizer business. Many of the leading companies have well established brands that consumers are familiar with, and which consumers have successfully used in the past. Many of our competitors are large, well financed organizations that have significant distribution channels already in place. It is very challenging for the Company to establish a new distribution channel for a new product and it is equally difficult to market a new product to consumers who have never used the product. We may not be successful in establishing a market for our product.

RESEARCH AND DEVELOPMENT

The Company is currently not conducting any research programs on its products. There are no plans to engage in further research of ENVIROLIZER's uses and benefits.

GOVERNMENT REGULATION

We do not currently hold any patents, trademarks, licenses, franchises, concessions or royalty agreements. There are no labor contracts and no union agreements. We have filed a patent application for our fertilizer product but have not received any comments from the patent office.

We do not anticipate significant delays in government approval to operate. Zeolite has received a GRAS (generally regarded as safe) rating from the federal government. The zeolite mines that we contract with are fully permitted and have operated in each of the last five years. If government approval was withheld

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

from one of the sources of raw material we believe we could access supplies from other operators.

If funding becomes available to the Company, we may develop our own zeolite mine and install the milling and bagging equipment necessary to operate independently. We cannot assure you that such funding will materialize.

The costs and effects of compliance with environmental laws (federal, state and local) are not born directly by us but through the costs imposed on the contract miners. Increased costs to the mines will result in higher costs of the raw material we purchase.

EMPLOYEES

We currently have no full time employees. We rely on independent contractors to handle the mining operations. We intend to employ independent distributors for sales efforts, as well as mining, milling and packaging. Our directors have no contract with the Company and are receiving no pay at the present. The directors have agreed to work for no pay until we have achieved positive cash flow from operations. There is no deferment or liability being accrued by us under this arrangement.

ITEM 2. DESCRIPTION OF PROPERTY

PROPERTY

We do not presently own any real property.

We currently pay \$500 per month rent to our Treasurer for the Company office space.

The Company holds four mining claims. The cost of holding these claims is approximately \$400 per year. Two of the mining claims are potential gold claims, however, no work has been undertaken by the Company to determine their value. The two remaining mining claims are zeolite claims. Substantial work has been done by the previous claimant, Allied Chemical, on these claims. Although Company management believes the reserves in its mining claims are substantial (based on work done on these claims by Allied Chemical) and in spite of the fact that the Company has been given a mining permit for the property; however, given the price of zeolite in the current market, and the Company does not intend to invest capital to mine its claims.

ITEM 3. LEGAL PROCEEDINGS

February 21, 2002, the U.S. Securities and Exchange Commission filed an action against the Company, certain shareholders and related parties. This action claimed certain illegal acts by the shareholders and related parties. A consent decree was signed to settle the matter and allow the Company to continue its

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

business operations. Legal counsel for the Company is of the opinion that this action will have no material financial effect on the Company.

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

We did not hold a shareholders meeting during the time period covered by this report.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET FOR COMMON STOCK

Our Common Stock is traded in the over-the-counter market and quoted on OTC EBB under the symbol "VICI" and quoted in the pink sheets published by the National Quotations Bureau. From time to time, a very small number of securities broker-dealers published only intermittent quotations for the Common Stock, and there was no continuous, consistent trading market. The trading volume in the Common Stock has been and is extremely limited. During the above period, the limited nature of the trading market created the potential for significant changes in the trading price for the Common Stock as a result of relatively minor changes in the supply and demand for Common Stock and perhaps without regard to our business activities. Because of the lack of specific transaction information and our belief that quotations during the period were particularly sensitive to actual or anticipated volume of supply and demand, we do not believe that such quotations during this period are reliable indicators of a trading market for the Common Stock.

Transfer Agent

The transfer agent for our Common Stock is Florida Atlantic Stock Transfer, 7130 Nob Hill Road, Tamarac, Florida 33321.

Subject to the above limitations, we believe that during the eight fiscal quarters preceding the date of this filing, the high and low sales prices for the Common Stock during each quarter are as set forth in the table below (such prices are without retail mark-up, mark-down, or commissions). The sales prices were obtained from OTC Bulletin Board NASDAQ Trading & Market Services.

| QUARTER ENDED ----- | HIGH ---- | LOW --- |
|------------------------|--------------|------------|
| December 31, 2002 | .028 | .011 |
| September 30, 2002 | .22 | .025 |
| June 30, 2002 | .72 | .13 |
| March 31, 2002 | 1.25 | .25 |
| December 31, 2001 | .017 | .006 |
| September 30, 2001 | .035 | .0111 |
| June 30, 2001 | .060 | .015 |
| March 31, 2001 | .115 | .017 |

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

As of the date of this report, there are no securities authorized to be issued under an equity compensation plan. As of December 31, 2002 there were approximately 650 shareholders of record (in street name) of the Company's common stock.

The ability of an individual shareholder to trade their shares in a particular state may be subject to various rules and regulations of that state. A number of states require that an issuer's securities be registered in their state or appropriately exempted from registration before the securities are permitted to trade in that state. Further, most likely our shares will be subject to the provisions of Section 15 (g) and Rule 15g-9 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), commonly referred to as the "penny stock" rule. Section 15 (g) sets forth certain requirements for transactions in penny stocks and Rule 15g-9(d) (1) incorporates the definition of penny stock as that used in Rule 3a51-1 of the Exchange Act.

The commission generally defines penny stock to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. Rule 3a51-1 provides that any equity security is considered to be a penny stock unless that security is: registered and traded on a national securities exchange meeting specified criteria set by the commission; authorized for quotation on the NASDAQ Stock Market; issued by a registered investment company; excluded from the definition on the basis of price (at least \$5.00 per share) or the issuer's net tangible assets; or exempted from the definition by the Commission. If our shares are deemed to be a penny stock, trading in the shares will be subject to additional sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors, generally persons with assets in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 together with their spouse.

For transactions covered by these rules, broker-dealers must make a special suitability determination for the purchase of such securities and must have received the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the first transaction, of a risk disclosure document relating to the penny stock market. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative, and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information for the penny stocks held in the account and information on the limited market in penny stocks. Consequently, these rules may restrict the ability of broker-dealers to trade and/or maintain a market in our Common Stock and may affect the ability of shareholders to sell their shares.

Dividend Policy

We have not paid any dividends to date. We can make no assurance that our proposed operations will result in sufficient revenues to enable profitable operations or to generate positive cash flow. For the foreseeable future, we anticipate that we will use any funds available to finance the growth of our operations and that we will not pay cash dividends to stockholders. The payment of dividends, if any, in the future is within the discretion of the Board of Directors and will depend on our earnings, capital requirements, restrictions imposed by lenders and financial condition and other relevant factors.

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

RECENT SALES OF UNREGISTERED SECURITIES

During the fiscal year ended December 31, 2002 and 2001, the Company issued securities using the exceptions available under the Securities Act of 1933 including unregistered sales made pursuant to Section 4(2) of the Securities Act of 1933 as follows:

March 14, 2002 we issued 100,000 shares to JL Consulting for accounting and bookkeeping services.

April 15, 2002 we issued 1,000,000 shares to Carson Coleman for services rendered pursuant to a signing bonus for his calendar 2002 employment agreement.

April 24, 2002 we issued 500,000 shares to David Boulter for consulting services

May 3, 2002 we issued 10,000,000 shares to Ryan Pellett, Nicole Pellett and Katy Pellett for conversion of \$1,000,000 in debt related loans made to the company

July 7, 2002 we sold 1,000,000 shares to Steve Purdy at \$0.01 per share
September 3, 2002 we sold 1,200,000 shares to Covenant Keepers at \$0.01 per share

October 1, 2002 we sold 15,000,000 shares to Forest Minerals at \$0.005 per share and received a subscription receivable

December 9, 2002 we sold 1,000,000 shares to Tom Linton at \$0.004 per share

December 9, 2002 we sold 1,000,000 shares to Jim Wright at \$0.004 per share

December 9, 2002 we issued LJM Enterprises 625,000 shares for bookkeeping services.

December 9, 2002 we issued Penny Sperry 7,500,000 shares for conversion of \$30,000 in debt related to loans made to the Company.

March 14, 2001 we issued 100,000 to Jean Lorentz for services rendered.

April 25, 2001 we issued 100,000 to David Boulter for compensation for continued service.

April 25, 2001 we issued 500,000 to Richard Leary for signing bonus. May 1, 2001 we issued 3,000,000 to Stephen A. Kohn & Associates for efforts as investment banker to raise \$250,000.

July 11, 2001 we issued 50,000 to Webdoodle/Brandon Long for web page design.

July 11, 2001 we issued 50,000 to Lana Pope/LJM for bookkeeping services.

July 11, 2001 we issued 500,000 to Gary Rohwer for consultant fees.

July 11, 2001 we issued 4,750,000 to Forest Minerals for conversion of debt \$95,000 valued at \$.02 per share.

July 11, 2001 we issued 4,750,000 to Penny Sperry for conversion of debt \$95,000 valued at \$.02 per share.

July 11, 2001 we issued 50,000 to Brandon Long for construction of company website.

July 11, 2001 we issued 69,000 to Lee Gordon for rent of temporary company space.

October 9, 2001 we issued 600,000 to Angela Hamblin for \$25,000 cash.

November 8, 2001 we issued 100,000 to Dennis M. Charney for legal services.

November 8, 2001 we issued 1,000,000 to Richard Jezo for \$10,000 cash.

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

The financial information set forth in the following discussion should be read in conjunction with, and qualified in its entirety by, the financial statements of the Company included elsewhere herein.

FINANCIAL CONDITION AND CHANGES IN FINANCIAL CONDITION

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

Overall Operating Results

We did not have any zeolite sales or sales of any Company products for the year ended December 31, 2002. We anticipate that increased marketing efforts and the successful approval of our patent for the fertilizer compound in the future will generate the required revenues to sustain our anticipated growth. There can be no assurances that such sales will occur or that our patent application will be approved. Operating expenses were \$536,257 for the current year and were primarily incurred for professional, legal, accounting and consulting fees incurred in connection with the patent application process as well as compliance costs incurred with filing requirements with the SEC. The comparable operating expenses for the prior year were \$500,421. These expenses were incurred for consulting fees that relate to the registering of our securities in connection with the filing of SEC form 10SB12G as well as general business development; management fees paid to our Chief Executive Officer in lieu of wages; licenses and fees for registering our securities; professional fees for legal and accounting fees for completing our quarterly filing requirements for the Securities and Exchange Commission; travel expenses for marketing and attending trade shows and non-cash charges for services rendered where the payee accepted our common stock in lieu of cash.

We incurred a net loss for the year ended December 31, 2002 of \$536,257 as compared to a net loss of \$500,421 for the year 2001. These losses were attributable to the aforementioned operating expenses.

Operating Losses

We have accumulated approximately \$4,071,122 million of net operating loss carryforwards as of December 31, 2002, that may be offset against future taxable income. There will be limitations on the amount of net operating loss carryforwards that can be used due to the change in the control of the management of the Company. No tax benefit has been reported in the financial statements, because we believe there is a 50% or greater chance the carryforwards will expire unused. Accordingly, the potential tax benefits of the loss carryforwards is offset by valuation allowance of the same amount.

Liquidity and Capital Resources

We have been financed through related parties and a convertible note offering as there has been no substantial revenue generated to date. In addition, we obtained a loan of \$95,000 during the current fiscal year from an officer and shareholder in order to fund continuing operations. This loan, as well, as another note payable were converted during the quarter ended September 30, 2001 into shares of common stock as noted below. In addition, during the quarter ended December 31, 2001 we sold, pursuant to a S-8 Registration, 4,375,000 shares of our common stock for a total of \$175,000 (\$0.04 per share).

Two of our largest shareholders converted the convertible debentures owed to them by us into shares of our common stock. In accordance with the terms of the debentures, the conversion price per share was \$0.02 per share, the closing price of our common stock as of July 12, 2001. Ms. Penny Sperry, our Treasurer, converted her debenture in the amount of \$95,000 into 4,780,000 common shares. Forest Minerals, Inc. converted their debenture totaling \$95,000 into 4,750,000 common shares. None of these shares have been registered with the Securities and Exchange Commission and therefore will be restricted pursuant to Securities and Exchange Commission regulations.

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

We will need additional financing in order to implement our business plan and continue as a going concern. We do not currently have a source for any additional financing and we cannot give any assurances that we will be able to secure any financing.

Plan of Operation

The Company has two main initiatives underway: (1) to begin the sales, distribution and further development of the fertilizer business; and (2) to continue discussions with companies that are interested in being acquired by Victor Industries.

Fertilizer Business

The Company has engaged The Lawn & Garden Performance Group LLC to market our flagship product, ENVIROLIZERtm to the retail lawn and garden industry. Rick Pontz, President of The Lawn & Garden Performance Group, has experience in introducing new products to this market. The Company expects that Mr. Pontz's efforts will be successful in garnering significant sales in 2003.

Additionally, in 2003, Victor Industries intends to introduce additional products, including a potting soil pre-mixed with ENVIROLIZERtm, , an organic version of ENVIROLIZERtm and a twenty pound version.

The Company intends to finance this aspect of it's business through cash flow generated from prospective fertilizer sales and through the sale of the Company's common shares.

Acquisitions and Mergers

Victor Industries is interested in acquiring businesses outside of the Company's traditional fertilizer business. In this regard, the Company will continue to seek explore opportunities that have been presented to the Company from other private and public entities.

In our opinion, sufficient working capital will be available from internal operations and from outside sources during the next twelve months thereby enabling us to meet our obligations and commitments as they become payable. Historically, we have been successful in our efforts to secure working capital from private placements of common stock securities, bank debt, loans from private investors and the exercise of warrants for common stock.

Inflation

Our results of operations have not been affected by inflation and we do not expect inflation to have a significant effect on our operations in the future.

Forward-Looking Information

From time to time, we or our representatives have made or may make forward-looking statements, orally or in writing. Such forward-looking statements may be included in, but not limited to, press releases, oral statements made with the approval of an authorized executive officer or in various filings made by us with the Securities and Exchange Commission. Words or phrases "will likely result", "are expected to", "will continue", "is anticipated", "estimate", "project or projected", or similar expressions are

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

intended to identify "forward-looking statements". Such statements are qualified in their entirety by reference to and are accompanied by the above discussion of certain important factors that could cause actual results to differ materially from such forward-looking statements.

Management is currently unaware of any trends or conditions other than those previously mentioned in the management's discussion and analysis that could have a material adverse effect on the Company's consolidated financial position, future results of operations, or liquidity. However, investors should also be aware of factors that could have a negative impact on the Company's prospects and the consistency of progress in the areas of revenue generation, liquidity, and generation of capital resources. These include: (i) variations in revenue, (ii) possible inability to attract investors for its equity securities or otherwise raise adequate funds from any source should the Company seek to do so, (iii) increased governmental regulation, (iv) increased competition, (v) unfavorable outcomes to litigation involving the Company or to which the Company may become a party in the future and, (vi) a very competitive and rapidly changing operating environment.

The risks identified here are not all inclusive. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results.

ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

TABLE OF CONTENTS

| | PAGE |
|--|------|
| | ---- |
| Independent Auditor's Report | F-2 |
| Balance Sheets at December 31, 2002 and 2001 | F-3 |
| Statement of Operations and Accumulated Deficits for the Years ended December 31, 2002 and 2001 | F-4 |
| Statement of Cash Flows for the Years ended December 31, 2002 and 2001 | F-5 |
| Statement of Shareholders' Equity for the Years ended December 31, 2002 and 2001 | F-6 |
| Notes to Financial Statements | F-7 |

F-1

F-2

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

Shareholders and Board of Directors Victor Industries, Inc.

We have audited the accompanying balance sheet of Victor Industries, Inc. as of December 31, 2002 and the related statements of operations, of stockholders', and of cash flows for the year ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2001 financial statements were reported on by other auditors whose report dated March 14, 2002 expresses a going concern opinion in those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Victor Industries, Inc. as of December 31, 2002, and the results of its operations, and its cash flows for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has incurred recurring losses from operations and has working capital and stockholder deficiencies. The Company's financial position and operating results raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Wong Johnson & Associates
A Professional Corporation

Temecula, California
April 22, 2003

VICTOR INDUSTRIES, INC. BALANCE SHEETS AS OF DECEMBER 31,

| | 2002 | 2001 |
|----------------------------------|----------|------------|
| | ----- | ----- |
| ASSETS | | |
| Current Assets: | | |
| Cash and equivalents | \$ 1,190 | \$ 166,409 |
| Account Receivable-Related Party | - | 2,858 |
| Note Receivable-Related Party | 26,558 | 27,500 |

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

| | | |
|-----------------------------|-----------|------------|
| Prepaid Expense | - | 800 |
| | ----- | ----- |
| | 27,748 | 197,567 |
| | ----- | ----- |
| Property and Equipment, net | 8,223 | 9,043 |
| | ----- | ----- |
| Total Assets | \$ 35,971 | \$ 206,610 |
| | ===== | ===== |

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

Current Liabilities:

| | | |
|---------------------------------------|-----------|-----------|
| Accounts payable and accrued expenses | \$ 70,759 | \$ 40,719 |
| Note Payable - Related Party | 26,634 | 3,800 |
| | ----- | ----- |
| | 97,393 | 44,519 |
| Other Liability - Shareholder Loan | - | 117,500 |
| | ----- | ----- |

Shareholders' Equity (DEFICIT):

| | | |
|---|-------------|-------------|
| Common Stock, \$.0001 par value, 200,000,000 shares authorized; 121,721,692 & 70,938,692 shares issued and outstanding | 12,172 | 3,546,935 |
| Subscription Receivable | (65,000) | (25,000) |
| Additional Paid-In Capital | 4,062,528 | 57,521 |
| Accumulated Deficit | (4,071,122) | (3,534,865) |
| | ----- | ----- |
| Total Shareholders Equity (Deficit) | (61,422) | 44,591 |
| | ----- | ----- |
| Total Liabilities and Shareholders' Equity | \$ 35,971 | \$ 206,610 |
| | ===== | ===== |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

F-3

VICTOR INDUSTRIES, INC.
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICITS
FOR THE YEARS ENDING DECEMBER 31

| | 2002 | 2001 |
|-------------------------------------|---------|---------|
| | ----- | ----- |
| REVENUE: | \$.00 | \$.00 |
| | ----- | ----- |
| EXPENSES: | | |
| General and Administrative Expenses | 531,804 | 494,793 |
| Depreciation | 2,972 | 2,542 |
| Interest | 1,481 | 3,086 |
| | ----- | ----- |
| Total Expenses | 536,257 | 500,421 |

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

| | | |
|---|----------------|----------------|
| Net Loss | (536,257) | (500,421) |
| (Deficit) - beginning | (3,534,865) | (3,034,444) |
| Accumulated Deficits - ending | \$ (4,071,122) | \$ (3,534,865) |
| Weighted average number of shares outstanding | 91,467,192 | 59,885,442 |
| Net loss per share | \$ (.0059) | \$ (.0083563) |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

F-4

VICTOR INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

| | 2002 | 2001 |
|---|--------------|--------------|
| Cash Flows From Operating Activities: | | |
| Net Loss | \$ (536,257) | \$ (500,421) |
| Add back item not effecting cash - Depreciation | 2,972 | 2,542 |
| Stock issued in payment of services | 410,245 | 331,126 |
| Cash used in operations | (123,040) | (166,753) |
| (Increase) Decrease in assets: | | |
| Note receivable | | (993) |
| Property and Equipment | 28,800 | (2,858) |
| | (1,864) | |
| Prepaid Expense | - | (800) |
| | 26,936 | (29,651) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 43,148 | 14,590 |
| Notes Payable | (97,444) | (91,200) |
| Loans from shareholder | (74,819) | 35,479 |
| | (129,115) | (41,131) |
| Cash applied to operations | (225,219) | (237,535) |
| Cash Flows From Financing Activities: | | |
| Sales of Common Stock | 60,000 | 210,000 |
| Issuance of Common Stock in Payment of Debt | - | 190,000 |

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

| | | |
|---------------------------------|--------------------------|---------------------------|
| | ----- 60,000 ----- | ----- 400,000 ----- |
| Net (Decrease) Increase in cash | (165,219) | 162,465 |
| Cash-Beginning | 166,409 | 3,944 |
| | ----- | ----- |
| Cash-Ending | \$ 1,190 | \$ 166,409 |
| | ===== | ===== |

Supplemental Disclosures:

| | | |
|---------------|---|---|
| Interest Paid | 0 | 0 |
| Taxes Paid | 0 | 0 |

Noncash Transactions:

| | |
|---------------------------|-----------|
| Stock issued for debt | \$130,000 |
| Stock issued for expenses | \$454,200 |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

F-5

VICTOR INDUSTRIES, INC.
STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 2001

| | Number Of Common Shares ----- | Common Stock ----- | Additional Paid In Capital ----- | Accumulated Deficit ----- |
|--|--|--------------------------|---|---------------------------------|
| Balance at December 31, 2000 | 48,832,192 | 2,442,059 | 431,272 | (3,034,444) |
| Net Loss for 2001 | | | | (500,421) |
| Shares Issued for Services | 6,631,500 | 331,126 | | |
| Shares Issued in Payment of Loan to Shareholder | 4,750,000 | 237,500 | (142,500) | |
| Shares Issued in Payment of Note to Forest Minerals | 4,750,000 | 237,500 | (142,500) | |
| Shares Issued for Cash from Unissued Shares | 1,600,000 | 80,000 | (45,000) | |
| Shares Sold at \$.04 per share Per S-8 Registration | 4,375,000 | 218,750 | (43,750) | |
| | ----- | ----- | ----- | ----- |
| Balance at December 31, 2001 | 70,938,692 | \$3,546,935 | \$ 57,522 | \$(3,534,865) |
| | ===== | ===== | ===== | ===== |
| Shares Cancelled | (2,592,000) | (2,592) | (127,000) | |

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

| | | | | |
|---|--------------------|-----------------|------------------|--------------------|
| Par Value conversion to .0001 | | (3,380,500) | 3,380,500 | |
| Shares issued for expenses | 34,175,000 | 3,417 | 603,183 | |
| Shares sold at \$.01 per share | 2,200,000 | 220 | 51,780 | |
| Shares sold at \$.04 per share | 2,000,000 | 200 | 7,800 | |
| Shares sold as Subscription Receivable | 15,000,000 | 1,500 | 73,500 | |
| Subscription Receivable | | (65,000) | | |
| Net Loss for 2001 | | | | (536,257) |
| Balance at December 31, 2002 | <u>121,721,692</u> | <u>(12,172)</u> | <u>4,062,528</u> | <u>(4,071,122)</u> |

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

VICTOR INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

1. ACCOUNTING POLICIES AND OPERATIONS

Organization

Victor Industries, Inc., was incorporated on January 19, 1926 as Omo Mines Corporation under the Laws of the State of Idaho. On November 14, 1936, the name was changed to Kaslo Mines Corporation. On December 24, 1977, the name was changed to Victor Industries, Inc. The Company's year ends on December 31st.

Nature of Business

The company was originally organized to purchase and develop mining properties. On December 31, 1988, the Company sold assets, net of liabilities, and the Company became inactive. In 1993, the Company began zeolite mining and marketing operations.

Zeolite is an ammonia absorbent, air purifier and hazardous waste absorbent. The Company is presently developing a product using zeolite which can be used in fertilizer to reduce pollution of streams and rivers. A patent has been applied for on a preliminary basis. The Company extracts zeolite by utilizing independent contractors at a property in Owhyee County, Idaho. Private contractors do the milling, manufacturing and packaging. The Company does not own any mining or manufacturing equipment or facilities and has realized no revenues for the years ended 2002 and 2001. The Company owns mineral claims, as evidenced by right of title with the Bureau of Land Management, two of which are located in Pershing County, Nevada, which have not been developed and two zeolite claims in Owhyee County, Idaho.

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOING CONCERN

The accompanying financial statements have been prepared assuming that the company will continue as a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The amounts of assets and liabilities in the financial statements do not purport to represent realizable or settlement values. However, the company has incurred continuing operating losses and has an accumulated deficit of \$4,071,122 and negative working capital as of December 31, 2002. These factors raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The company has met its historical working capital requirements from sale of capital shares and loans from shareholders. However, there can be no assurance that such financial support shall be ongoing or available on terms or conditions acceptable to the Company.

Use of Estimates

In preparing financial statements generally accepted in the United States of America in conformity with accounting principles management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities and reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Signifigant estimates made by management and among others of long term assets and deffered taxes.

Cash and Equivalentents

For purposes of the cash flow statements the company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalentents.

Property and Equipment

We do not presently own any real property. We currently pay \$500 per month rent to our current Treasurer. The Company currently holds four mining claims. The cost of holding these claims is approximately \$400 per year. None of these claims are currently in operation. If we begin operating these claims we will be renting space at the claim site.

Loss Per Common Share

Statement of Financial Accounting Standard No. 128 provides a different method of calculating earnings per share than currently used in accordance with ABP 15, Earnings Per share. Basic earnings per share includes no dilution of earnings per share. Basic earnings per share includes no dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities that could share in the earnings of the entity, similar to fully diluted earnings per share. SFAS 128 is effective for fiscal years and interim periods after December 15, 1997.

Accounting for Long-Lived Assets

Long lived assets are reviewed for impairment whenever events or chances in circumstances indicate that the carrying value of an assets may not be recoverable. In that case, if the sum of the expected future cash flows is less than the carrying amount of the assets, an impairment loss is recognized for the

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

difference between the carrying amount of the asset and its fair value.

F-7

VICTOR INDUSTRIES, INC. NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2002

Income Taxes

The Company utilizes Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the tax basis of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Fair Value of Financial Instruments

Statement of Financial Accounting Standards 107 "Disclosures About Fair Value of Financial Statements" (SFAS 107) issued by the FASB became effective December 31, 1995. This statement requires the disclosure of estimated values for all financial instruments for which it is practicable to estimate. The accompanying amount of financial instruments including cash, accounts receivable, current maturities of long-term debt and accounts payable approximate fair value due to their short maturity.

Stock-Based Compensation

Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," establishes and encourages the use of the fair value based method of accounting for stock-based compensation arrangements under which compensation cost is determined using the fair value of stock-based compensation determined as of the date of grant and is recognized over the periods in which the related services are rendered. The statement also permits companies to elect to continue using the current implicit value accounting method specified in Accounting Principles Bulletin ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," to account for stock-based compensation.

The Company determined that it will not change to the fair value method and will continue to use the implicit value based method for stock options issued to employees and has disclosed the pro forma effect of using the fair value based method to account for its stock-based compensation.

Issuance of Stock for Services

Shares of the Company's common stock issued for services are recorded in accordance with Statement of Financial Accounting Standards No. 123 "Accounting for Stock Based Compensation" , at the fair market value of the stock issued or the fair market value of the services provided, whichever is the more clearly evident.

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

Comprehensive Income

Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income" (SFAS 130) issued by the FASB is effective for financial statements with fiscal years beginning after December 15, 1997. Earlier application is permitted. SFAS 130 establishes standards for reporting and display of comprehensive income and its components in a full set of internal purpose financial statements. The Company adopted SFAS 130 as of 1999 and it has had no effect on the financial position or results of operations.

Segment and Geographic Information

Statement of Financial Accounting Standards No. 132 "Disclosures About Segments of and Enterprise and Related Information" (SFAS 131) issued by the FASB is effective for financial statements with years beginning after December 15, 1997. Earlier application is permitted. SFAS 131 requires that public companies report certain information about operating segments, products services and geographical areas in which they operate and their major customers. The company adopted SFAS 131 during 1999 and it had no effect on its financial position or results of operations. The company is a development stage entity with no operations.

Other Accounting Pronouncements

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires liability recognition for obligations associated with the retirement of tangible long-lived asset and the associated asset retirement costs. The Statement is effective for financial statements issued for fiscal years beginning after June 15, 2002 with earlier application encouraged. The implementation of SFAS No. 143 will not have a material affect on the Company's results of operations or financial position.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of", in that it removes goodwill from its impairment scope and allows for different approaches in cash flow estimation. However, SFAS No. 144 retains the fundamental provisions of SFAS No. 121 for (a) recognition and measurement of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of. SFAS No. 144 also supersedes the business segment concept in APB opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," in that it permits presentation of a component of an entity, whether classified as held for sale or disposed of, as a discontinued operation. However, SFAS No. 144 retains the requirement of APB Opinion No. 30 to report discontinued operations separately from continuing operations. The provisions of this Statement are effective for financial statements issued for fiscal years beginning after December 15, 2001 with earlier application encouraged. Implementation of SFAS No. 144 will not have a material effect on the Company's results of operations or financial position.

On April 30, 2002, the FASB issued Statement 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." FASB 145 rescinds Statement 4, which required all gains and losses from extinguishments of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. Early application of the provisions of FASB 145 may be as of the beginning of the fiscal year or as of

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

the beginning of the interim period in which FASB 145 is issued. The Company has elected to adopt FASB 145, but it will not have a material effect on the December 31, 2002 financial statements.

In July 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 146 ("SFAS 146"), "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 requires that a liability for costs associated with an exit or disposal activity be recognized and measured initially at fair value only when the liability is incurred. SFAS 146 is effective for exit or disposal activities that are initiated after December 31, 2002. Management is evaluating the effect of this statement on the Company's results of operations and financial position.

F-8

VICTOR INDUSTRIES, INC. NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2001

3. COMMITMENTS AND CONTINGENCIES

Operational Costs

At December 31, 2002 the company was leasing office space at 4830 North Warnath Road, Missoula Montana from a shareholder and director at \$500 per month to the Company.

Employment Contracts

At December 31, 2001 there are no employment contracts issued, outstanding or in process by the Company.

Legal

At December 31, 2002 the Company is not a party to any legal action in the ordinary course of business or in any other manner. (See Subsequent Events below)

4. Capital Structure

In the second quarter the Company changed its par value per share from \$0.05 to \$0.0001 per share resulting in a \$3,380,500 charge to paid in capital.

During the year 2002, the Company issued 34,175,000 shares of common stock to various individuals and companies for goods and services rendered at an par value of \$.0001 per share. At December 31, 2002 there were no stock options or warrants outstanding.

During the year 2002 the Company sold 2,200,000 shares of common stock at \$0.01 per share and 2,000,000 shares at \$0.004 per share. In addition the Company sold 15,000,000 shares at \$0.005 per share carrying the sale as a subscription receivable.

5. SIGNIFICANT VENUES AND CONCENTRATION OF CREDIT RISK

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

At December 31, 2002 there are no significant venue issues or concentrations of risk.

6. RELATED PARTY TRANSACTIONS

Forest Minerals, Inc., a related party was issued 4,750,000 shares of common stock in payment of the note payable in the amount of \$95,000 that was in existence on December 31, 2000. Penny Sperry, CEO and Director was issued 4,750,000 shares of common stock in payment of \$95,000 of her outstanding loan balance. Forest Mineral advanced \$3,800 to the Company for working capital. It is anticipated that this amount will be repaid within 2002. Blue Rock minerals, a related party is indebted to the Company in the amounts of \$27,500 and \$2,858.

F-9

VICTOR INDUSTRIES, INC. NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2002

7. INCOME TAXES

At December 31, 2002 the Company had net operating losses of approximately \$4,071,122 which may be offset against future taxable income through 2016. No tax benefit has been reported in the financial statements, as the Company believes there is a 50% or greater chance the net operating losses will expire unused. Accordingly, the potential tax benefits of the net operating losses are offset by a valuation allowance in the same amount.

8. SUBSEQUENT EVENTS

1. On January 8, 2003 (SEC File Number 000-30237), the Company filed a Form 8-K with the SEC to notify the marketplace that the Company had amended its Articles of Incorporation such that the Company is now authorized to issue up to 1 billion common shares.
2. On April 22, 2003 (SEC File Number 000-30237) the Company filed a Form 8-K stating that Wong Johnson & Associates has been hired by the Company as its new certifying auditors.

F-10

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

Subsequent to the year ended December 31, 2002 the Company changed accountants to Wong Johnson & Associates, as a direct result of the previous auditor not performing further services for publicly held clients. The Company subsequently engaged the services of Wong Johnson & Associates, A Professional Corporation, as its current auditors. This appointment has been approved by the Board of Directors, but is still pending shareholder approval.

There were no disagreements with David Tow, CPA during the past two most recent

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

years and through the date of their dismissal on any matter of accounting principals or practices, financial statement disclosure or auditing scope or procedure. Additionally, there were no other reportable matters as defined in Item 304(a)(1)(iv) of Regulation S-B, during that period of time.

Registrant has provided David Tow with a copy of the disclosures Registrant is making in this 10-KSB in response to the disclosures required by Regulation S-B, Item 304(a). Siegel Smith and has furnished Registrant with a letter addressed to the Commission stating its agreement and absence of any disagreement with the statements made by Registrant in response to this Item. Registrant has filed herewith Siegel Smith's and letter as Exhibit 16.1 to this Form 10-KSB.

PART III

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

Our Provisional Chief Executive Officer, Treasurer and director is Penny Sperry. Ms. Sperry is 47 years old and has served as our Treasurer, Chief Executive Officer and director since December 1999.

Our Secretary and director is David Boulter, age 62, who has been our Secretary and director since December 1999. Mr. Boulter does not receive any cash compensation but is granted 100,000 shares of our common stock for each year of service.

On March 12, 2002, Mr. Richard Leary resigned from his position as Director of Marketing and from the Board of Directors for personal reasons.

Our Board of Directors currently consists of only the two individuals listed above.

All officers and directors devote 100% of their professional time to our business operations.

All directors hold office until the next annual meeting of stockholders and until their successors have been duly elected and qualified. Directors will be elected at the annual meetings to serve for one-year terms. There are no agreements with respect to the election of directors. The Company has not compensated its directors for service on the Board of Directors or any committee thereof. Any non-employee director of the Company shall be reimbursed for expenses incurred for attendance at meetings of the Board of Directors and any committee of the Board of Directors. The Executive Committee of the Board of Directors, to the extent permitted under Idaho law, exercises all of the power and authority of the Board of Directors in the management of the business and affairs of the Company between meetings of the Board of Directors. Each executive officer is appointed by and serves at the discretion of the Board of Directors.

None of the officers and/or directors of the Company are currently officers or directors of any other publicly traded corporation, nor have any of the directors and/or officers, nor have any affiliates or promoters of the Company filed any bankruptcy petition. On March 6, 2002, a Judgment of Permanent Injunction and Other Relief was entered against Ms. Sperry by the United States District Court for the District of Montana in an action entitled Securities and Exchange Commission v. Victor Industries, Inc., et al., Civil Action No.

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

CV02-37-M-DWM. The Judgment, which was entered pursuant to Respondents' consent, permanently enjoins Sperry from violations of 5(a) and 5(c) of the Securities Act of 1933, and barring her from participating in any offering of a penny stock, including: (a) acting as a promoter, finder, consultant, or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock; or (b) inducing or attempting to induce the purchase or sale of any penny stock.

No person who, at any time during our past fiscal year, was a director, officer, or beneficial owner of more than 10% of any class of equity securities failed to file, on a timely basis, any report required by Section 16(a) of the Exchange Act during the most recent fiscal year.

VICTOR INDUSTRIES INC - 10-K

Filing Date: 04/04/02

Disclosure Page 48

ITEM 10. EXECUTIVE COMPENSATION

The following table reflects compensation paid to the mostly highly compensated executive officer of the Company.

| | | | | | LONG TERM COMPENSATION | | |
|---|------|------------|-------|-------|------------------------|------------|---------|
| | | | | | AWARDS | | PAYOUTS |
| ANNUAL COMPENSATION | | | | | RESTRICTED | SECURITIES | ----- |
| | | | | | STOCK | UNDERLYING | LTIP |
| NAME & PRINCIPAL POSITION | YEAR | CONSULTING | BONUS | OTHER | AWARD | OPTIONS | PAYOUTS |
| | | (\$) | (\$) | (\$) | (\$) | SARS (#) | (\$) |
| ----- | | | | | | | |
| Penny Sperry Chief Executive Officer and Treasurer | 2002 | \$60,000 | \$0 | \$0 | \$0 | \$0 | \$0 |

Ms. Sperry received 7,500,000 shares our common stock for services rendered as Chief Executive Officer and Treasurer in 2002. In 2001 she was issued 4,750,000 shares of common stock in payment of \$95,000 of her outstanding loan balance.

No other person makes over \$100,000 per year.

COMPENSATION OF DIRECTORS

We do not currently compensate directors in cash for any services provided as a director.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

PRINCIPAL STOCKHOLDERS

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

The following table sets forth, as of December 31, 2002, the name and shareholdings, including options to acquire our Common Stock, of each person who owns of record, or was known by the us to own beneficially, 5% or more of the shares of the Common Stock currently issued and outstanding; the name and shareholdings, including options to acquire the Common Stock, of each director; and the shareholdings of all executive officers and directors as a group. The address of each of the individuals listed below is the address of the Company.

| NAME OF PERSON OR GROUP ----- | NATURE OF OWNERSHIP ----- | NUMBER OF SHARES OWNED ----- | PERCENTAGE OF OWNERSHIP ----- |
|---|---------------------------------|------------------------------------|--|
| Penny Sperry | Direct | 13,617,783 | 19.20% |
| Forest Minerals, Inc. | Direct | 15,239,174 | 21.48% |
| David Boulter | Direct | 100,000 | .14% |
| All executive officers and directors as a group (two persons) | Direct | 13,717,783 | 19.34% |

There are currently no outstanding options or warrants to purchase shares of our stock.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Forest Minerals, Inc., a related party has was issued 4,750,000 shares of common stock in payment of a note payable in the amount of \$95,000 that was in existence on December 31, 2000. Penny Sperry, CEO and Director was issued 4,750,000 shares of common stock in payment of \$95,000 of her outstanding loan balance. Forest Mineral advanced \$3,800 to the Company for working capital during the year. It is anticipated that this amount will be repaid within 2002. Blue Rock minerals, a related party is indebted to the Company in the amounts of \$30,358 and \$27,500 as of December 31, 2002 & 2001, respectively.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

Exhibit Number Description

| ----- | ----- |
|---------|--|
| 3(i)-1 | Amendment to articles of incorporation (1) |
| 3(i)-2 | Amendment to increase authorized (1) |
| 3(i)-3 | Amend name to Victor (1) |
| 3(i)-4 | Articles of Amendment (1) |
| 3(i)-5 | Amend articles to perpetual (1) |
| 3(i)-6 | Amend name to Kaslo (1) |
| 3(i)-7 | Amend name to Omo Mines (1) |
| 3(ii)-1 | By-laws of Omo Mines (1) |
| 3(ii)-2 | Omo Mines article and by-laws (1) |
| 3(ii)-3 | Original Articles of Incorporation (1) |
| 99 | Certificate of Existence (1) |
| 4-1 | Consulting Agreement, Mark L. Baum (2) |

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

4-2 Consulting Agreement, Owen M. Naccarato (2)
4-3 Consulting Agreement, Paul Kessler (2)
4-4 Consulting Agreement, Barry Clark (2)
4-5 Consulting Agreement, Barry Clark (3)
5-0 Amendment to Articles of Incorporation in order
to increase authorized number of shares (4)

- (1) Previously filed as an exhibit to the Company's Form 10-SB12G
(SEC File Number 000- 30237) filed on April 6, 2000.
(2) Previously filed as an exhibit to the Company's Form S-8
(SEC File Number 333-74130) filed on November 29, 2001.
(3) Previously filed as an exhibit to the Company's Form S-8
(SEC File Number 333-85562) filed on April 5, 2002
(4) Previously filed on Form 8-K (SEC File Number 000-30237)
filed on January 8, 2003 (Subsequent Event to December 31, 2002 calendar year.)

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.

(Registrant) VICTOR INDUSTRIES, INC.

By /s/ Penny Sperry

Penny Sperry, Chief Executive
Officer and Treasurer

Date April 14, 2003

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.

By /s/ Penny Sperry

Penny Sperry, Chief Executive
Officer and Treasurer

Date April 14, 2003

By /s/ David Boulter

David Boulter, Secretary and
Director

Date April 14, 2003

CERTIFICATION OF PRINCIPAL FINANCIAL AND EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Perry Sperry, certify that:

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

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

VICTOR INDUSTRIES.

Date: April 14, 2003

By: /s/ Penny Sperry

Penny Sperry, Chief Executive Officer

Edgar Filing: VICTOR INDUSTRIES INC - Form 10KSB/A

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual Report of Victor Industries. (the "Company") on Form 10-KSB for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Penny Sperry, hereby certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

VICTOR INDUSTRIES, INC.

Date: April 14, 2003

By: /s/ Penny Sperry

Penny Sperry, Chief Executive Officer