

EMVELCO CORP.
Form 10QSB/A
June 05, 2007

**United States
Securities and Exchange Commission
Washington, D.C. 20549**

Form 10-QSB/A

(Mark One)

AMENDMENT NO. 1 TO QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007

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

For the transition period from _____ to _____

Commissions file number 001-12000

EMVELCO CORP.

(Exact name of small business issuer as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

13-3696015

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

468 N. Camden Drive, Suite 315, Beverly Hills, CA 90210

(Address of principal executive offices)

+1 (310) 285-5350

Issuer's telephone number

+1 (310) 285-5353

Issuer's facsimile number

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of Exchange Act). Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common Stock, \$.001 par value
(Class)

4,698,944
(Outstanding at May 30, 2007)

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

EMVELCO CORP.

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EMVELCO CORP.
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

	March 31, 2007
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 699,146
Related party receivable	450,000
Prepaid and other current assets	130,865
Total current assets	1,280,011
Restricted cash - certificate of deposit (Note 3)	8,196,642
Loan to Emvelco RE Corp (Note 5)	17,157,313
Investment in affiliates, at cost (Note 4)	150,000
Total assets	\$ 26,783,966
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Other current liabilities	61,819
Accrued expenses	900,994
Total current liabilities	962,813
Bank loan (Note 6)	2,755,000
Total liabilities	3,717,813
Commitments and contingencies (Note 8)	
Stockholders' equity	
Common stock, \$.001 par value – Authorized 35,000,000 shares; 5,889,074 shares issued of which 4,698,944 shares are outstanding	4,699
Additional paid-in capital	52,224,829
Accumulated deficit	(27,187,329)
Accumulated other comprehensive income	5,539
Treasury stock - 1,190,130 common shares, at cost	(1,981,585)
Total stockholders' equity	23,066,153
Total liabilities and stockholders' equity	\$ 26,783,966

See accompanying notes to condensed consolidated financial statements.

EMVELCO CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
 Three Months Ended March 31, 2007 and 2006
 (Unaudited)

	Three Months Ended March 31,	
	2007	2006
Revenues	\$ -	\$ -
Cost of revenues	-	-
Operating expenses		
Compensation and related costs	81,188	761,766
Consulting, professional and directors fees	209,071	421,676
Other selling, general and administrative expenses	75,162	279,433
Depreciation and amortization	-	455,220
Total operating expenses	365,421	1,918,095
Operating loss	(365,421)	(1,918,095)
Interest income	618,405	-
Interest expense	(56,851)	-
Other Income from securities net	6,378	-
Income (Loss) from continuing operations before income taxes	202,511	(1,918,095)
Income (Loss) from continuing operations	202,511	(1,918,095)
Income from discontinued operations, net of tax (Note 7)	-	888,523
Net income (loss)	202,511	(1,029,572)
Other comprehensive income (loss)	-	293,220
Comprehensive income (loss)	202,511	(736,352)
Income (Loss) per share from continuing operations, basic and diluted	\$ 0.04	\$ (0.33)
Income (Loss) per share from discontinued operations, basic and diluted	-	\$ 0.15
Net income (loss) per share, basic and diluted	\$ 0.04	\$ (0.18)
Weighted average number of shares outstanding, basic and diluted	5,083,950	5,839,136

See accompanying notes to condensed consolidated financial statements.

EMVELCO CORP.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	Number of shares	Amount					
Balances, January 1, 2005	5,342,533	\$ 5,343	\$ 50,799,548	\$ (35,982,726)	108,266	\$ (1,115,412)	\$ 13,815,019
Foreign currency translation loss	-	-	-	-	(8,585)	-	(8,585)
Compensation charge on share options and warrants issued to consultants	-	-	192,294	-	-	-	192,294
Issuance of shares (Navigator acquisition)	441,566	441	1,681,693	-	-	-	1,682,134
Cancellation of treasury stock	-	-	(1,115,412)	-	-	1,115,412	-
Net income for the year	-	-	-	1,680,295	-	-	1,680,295
Balances, December 31, 2005	5,784,099	\$ 5,784	\$ 51,558,123	\$ (34,302,431)	99,681	-	\$ 17,361,157
Foreign currency translation loss	-	-	-	-	(94,142)	-	(94,142)
Compensation charge on share options and warrants issued to employees, directors and consultants	-	-	341,206	-	-	-	341,206
Issuance of shares to the President	104,975	105	325,500	-	-	-	325,605
Treasury stock	(476,804)	(476)	-	-	-	(994,884)	(995,360)
Net income for the year	-	-	-	6,912,591	-	-	6,912,591
Balances, December 31, 2006	5,412,270	\$ 5,413	\$ 52,224,829	\$ (27,389,840)	5,539	\$ (994,884)	\$ 23,851,057
Treasury stock - Open Market	(90,795)	(91)	-	-	-	(152,510)	(152,601)
Treasury stock - Navigator Sale	(622,531)	(623)	-	-	-	(834,191)	(834,814)
Net income for the period	-	-	-	202,511	-	-	202,511

Balances, March												
31, 2007	4,698,944	\$	4,699	\$	52,224,829	\$	(27,187,329)	\$	5,539	(1,981,585)	\$	23,066,153

See accompanying notes to condensed consolidated financial statements.

EMVELCO CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended	
	March 31,	
	2007	2006
Operating activities from continuing operations	\$ 63,123	\$ (2,382,394)
Operating activities from discontinued operations	-	2,237,988
Net cash provided by (used in) operating activities	63,123	(144,406)
Cash flows from investing activities:		
Purchase of property and equipment		(108,046)
Cash received from sale of discontinued operations - Navigator	3,200,000	-
Loan advances to ERC	(4,918,373)	-
Principle payments received from ERC	-	-
Advances to affiliate - Micrologic	(100,000)	-
Investing activities from discontinued operations	-	(502,865)
Net cash used in investing activities	(1,818,373)	(610,911)
Cash flows from financing activities:		
Proceeds from bank loans	2,755,000	-
Repayment of bank loans	(3,000,000)	(77,658)
Utilization of bank overdraft	-	194,577
Principal payments under capital lease obligations	-	(13,761)
Payments to acquire treasury stock	(153,224)	-
Financing activities from discontinued operation	-	(226,626)
Net cash used in financing activities		