

OPTA CORP  
Form 10-Q  
June 22, 2006

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

**FORM 10-Q**

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

**For the Quarterly Period Ended March 31, 2006**

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

**For the transition period from            to            .**

**Commission File Number: 000-24999**

**OPTA CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or jurisdiction)

**52-1947160**

(I.R.S. Employer  
Identification Number)

**1350 Bayshore Highway, Suite 600, Burlingame, CA 94010**  
(Address of principal executive offices, Zip code)

**650-579-3610**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

The number of shares of Common Stock outstanding as of June 19, 2006 was 50,037,538.



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**SIGNATURE**

### Forward-Looking Statements

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 2 of Part I of this report, contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Opta Corporation and its consolidated subsidiaries ( Opta or Company ) may differ materially from those expressed or implied by such forward-looking statements and assumptions. Any statements contained herein (including, without limitation, statements to the effect that the Company or management estimates, expects, anticipates, plans, believes, projects, continues, may, or will or statements concerning potential or opportunity variations thereof or comparable terminology or the negative thereof), that are not statements of historical fact should be construed as forward looking statements. Additionally, all statements that address future operating performance, events or developments that our management expects or anticipates to incur in the future, are forward-looking statements. These forward-looking statements are based on our management's current views and assumptions regarding future events and operating performance. Many factors could cause actual results to differ materially from estimates contained in our management's forward-looking statements including the risk factors listed at pages 25-28. The differences may be caused by a variety of factors, including but not limited to assumptions relating to the execution and timing of restructuring our business, the inability to implement our new business model, adverse economic conditions, competitive pressures, inadequate capital, unexpected costs, lower revenues, increased net loss, the possibility of fluctuation and volatility of our operating results and financial condition and the loss of key executives, among other things. Because of these and other factors that may affect our operating results, past performance should not be considered an indicator of future performance and investors should not use historical results to anticipate results or trends in future periods. Opta assumes no obligation and does not intend to update these forward-looking statements.

## PART I. FINANCIAL INFORMATION

## Item 1 - Financial Statements:

**OPTA CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(in thousands)*

	March 31, 2006 (Unaudited)	June 30, 2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,749	\$ 1,713
Accounts receivable, net	382	10,637
Inventories, net	200	10,234
Income tax receivable		1,574
Prepaid expenses and other current assets	132	480
Current assets of discontinued operations		18,058
Total current assets	6,463	42,696
Property and equipment, net	159	335
Tradenames		2,456
Total assets	\$ 6,622	\$ 45,487
<b>LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)</b>		
Current liabilities:		
Line of credit	\$	\$ 6,172
Notes and interest payable to related parties	996	12,294
Accounts payable and accrued expenses	10,334	18,656
Accounts payable to related parties	360	-
Accrued restructuring charges	24	-
Warranty reserve	490	490
Current liabilities of discontinued operations		10
Total current liabilities	12,204	37,622
Non-controlling interest in subsidiaries		6,435
Commitments and contingencies		
Stockholders' equity (deficit):		
Preferred stock, Series A \$.001 par value, 100 authorized, 4 shares issued and outstanding at March 31, 2006 and June 30, 2005		
Common stock \$.001 par value, 100,000 authorized, 64,241 shares issued and 50,037 outstanding at March 31, 2006 and June 30, 2005	64	64
Additional paid-in capital	128,442	128,442
Less: treasury stock at cost, 14,204 shares at March 31, 2006 and June 30, 2005	(2,478)	(2,478)
Accumulated deficit	(131,610)	(124,472)
Accumulated other comprehensive loss		(126)
Total stockholders' equity (deficit)	(5,582)	1,430
Total liabilities and stockholders' equity (deficit)	\$ 6,622	\$ 45,487

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

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**OPTA CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**  
*(in thousands, except per share amounts)*

	Three Months Ended		Nine months ended	
	March 31, 2006	2005	March 31, 2006	2005
Net revenues (returns)	\$ (100 )	\$ 18,980	\$ 8,012	\$ 108,521
Cost of net revenues	34	20,850	11,388	109,129
Gross profit (loss)	(134 )	(1,870 )	(3,376 )	(608 )
Operating expenses:				
Selling, general and administrative				