

Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10QSB/A

ENVIRO VORAXIAL TECHNOLOGY INC
Form 10QSB/A
October 06, 2008

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2 to

FORM 10-QSB
(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended September 30, 2007

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

For the transition period from _____ to _____

Commission File Number: 0-27445

Enviro Voraxial Technology, Inc.

(Exact name of Small Business Issuer as specified in its Charter)

IDAHO

(State or other jurisdiction of
incorporation or organization)

82-0266517

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

821 NW 57th Place, Fort Lauderdale, Florida 33309

(Address of principal executive offices)

(954) 958-9968

(Issuer's telephone number)

(Former Name, former address and former fiscal year, if changed since
last Report.)

Check mark whether the Issuer (1) has 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 No

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

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common
equity, as of the latest practicable date: September 30, 2007, we had 22,872,235
shares of our Common Stock outstanding.

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

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Item 1. Financial Statements.

ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash and cash equivalents
Accounts receivable, net
Inventory

\$

Total current assets

FIXED ASSETS, NET

OTHER ASSETS

Total assets

\$

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued expenses

\$

Total current liabilities

LONG TERM LIABILITIES

Note Payable - Equipment

TOTAL LIABILITIES

COMMITMENTS AND CONTINGENCIES

SHAREHOLDERS' EQUITY:

Common stock, \$.001 par value, 42,750,000 shares authorized;
22,872,235 shares issued and outstanding
Additional paid-in capital
Accumulated deficit

Total shareholders' equity

Total liabilities and shareholders' equity

\$

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

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ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

| | Three Months Ended September 30, | | Nine |
|---|----------------------------------|--------------|---------|
| | 2007 | 2006 | 20 |
| | (as restated) | | (as res |
| Revenues, net | \$ 22,518 | \$ 46,261 | \$ |
| Cost of goods sold | 40,669 | 6,423 | |
| Gross profit (loss) | (18,151) | 39,838 | |
| Costs and operating expenses: | | | |
| Research and development | 135,479 | 102,408 | |
| General and administrative | 219,100 | 135,748 | 1, |
| Total costs and operating expenses | 354,579 | 238,156 | 1, |
| Loss from operations | (372,730) | (198,318) | (1, |
| Provision for income taxes | - | - | |
| NET LOSS | \$ (372,730) | \$ (198,318) | \$ (1, |
| Weighted average number of common shares outstanding-basic & diluted | 22,872,235 | 20,751,262 | 22, |
| Basic and diluted loss per common share | \$ (0.02) | \$ (0.01) | \$ |

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

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ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY-RESTATED

| | Common Stock | | Additional Paid-in Capital | Deferred Compensatio |
|--|--------------|-----------|----------------------------------|-------------------------|
| | Shares | Amount | | |
| Balance at December 31, 2004 | 17,676,402 | \$ 18,000 | \$ 4,953,000 | \$ (11,000) |
| Issuance of common stock for consulting services | 300,000 | 300 | 141,519 | (56,875) |
| Issuance of options for services | - | - | 21,000 | - |
| Issuance of restricted common stock at \$.40 per share | 1,468,333 | 1,144 | 586,189 | - |
| Issuance of common stock for consulting services | 15,000 | 15 | 7,635 | - |
| Amortization of deferred compensation | - | - | - | 14,438 |
| Net loss | - | - | - | - |
| Balance - December 31, 2005 | 19,459,735 | \$ 19,459 | \$ 5,709,343 | \$ (53,437) |
| Issuance of common stock for investments | 2,232,500 | 2,232 | 890,768 | - |
| Issuance of restricted common stock at \$.40 per share | 300,000 | 300 | 119,700 | (13,333) |
| Amortization of deferred compensation | - | - | - | 53,437 |
| Net loss | - | - | - | - |
| Balance - December 31, 2006 | 21,992,235 | \$ 21,991 | \$ 6,719,811 | \$ (13,333) |
| Issuance of options for accrued salary | - | - | 360,000 | - |
| Issuance of options for services | - | - | 86,676 | - |
| Issuance of common stock for consulting services | 100,000 | 100 | 39,900 | (13,333) |
| Extension of options issued | - | - | 697,500 | - |
| Amortization of deferred compensation | - | - | - | 13,333 |
| Net loss | - | - | - | - |
| Balance - March 31, 2007 | 22,092,235 | \$ 22,091 | \$ 7,903,887 | \$ (13,333) |
| Issuance of common stock | 780,000 | 780 | 467,220 | - |
| Amortization of deferred compensation | - | - | - | 13,333 |
| Net loss | - | - | - | - |

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| | | | | | | | |
|------------------------------|------------|----|--------|----|-----------|----|-----|
| Balance - June 30, 2007 | 22,872,235 | \$ | 22,871 | \$ | 8,371,107 | \$ | (0) |
| Net loss | - | | - | | - | | - |
| Balance - September 30, 2007 | 22,872,235 | \$ | 22,871 | \$ | 8,371,107 | \$ | - |

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

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ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN CASH FLOWS

| | For Nine Months Ended | |
|---|-----------------------|-------------|
| | 2007 | |
| | (Restated) | |
| Cash Flows From Operating Activities: | | |
| Net loss | \$ | (1,516,627) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Depreciation | | 6,218 |
| Common stock issued for services | | 40,000 |
| Amortization of deferred compensation | | 13,333 |
| Deferred compensation | | - |
| Issuance of common stock for consulting services | | 446,676 |
| Extension of stock options issued | | 697,500 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | | 1,479 |
| Inventory | | (218,895) |
| Prepaid insurance | | - |
| Accounts payable and accrued expenses | | (33,685) |
| Deposits | | (3,695) |
| Net cash used in operating activities | | (567,696) |
| Cash Flows From Investing Activities: | | |
| Purchase of equipment | | (220,655) |
| Net cash used in investing activities | | (220,655) |
| Cash Flows From Financing Activities: | | |
| Equipment financing | | 180,098 |
| Proceeds from sales of common stock | | 468,000 |

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| | | |
|---|------------|----|
| Net cash provided by financing activities | 648,098 | |
| Net increase in cash and cash equivalents | (140,253) | |
| Cash and cash equivalents, beginning of period | 390,393 | |
| Cash and cash equivalents, end of period | \$ 250,140 | \$ |
| Supplemental Disclosures | | |
| Cash paid during the year for interest | \$ - | \$ |
| Cash paid during the year for taxes | \$ - | \$ |
| Common stock issued for deferred consulting | \$ - | \$ |
| Common stock issued for consulting services | \$ 40,000 | \$ |
| Common stock options issued for accrued salaries | \$ 360,000 | \$ |
| Common stock options issued for consulting services | \$ 86,676 | \$ |
| Extention of stock options | \$ 697,500 | \$ |

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

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ENVIRO VORAXIAL TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE A - ORGANIZATION AND OPERATIONS

Organization

Enviro Voraxial Technology, Inc. (the "Company") is a provider of environmental and industrial separation technology. The Company has developed and patented the Voraxial(R) Separator, which is a technology that efficiently separates solids and liquids with distinct specific gravities. Potential commercial applications and markets include oil exploration and production, oil and water separation, environmental cleanup and pre-treatment of wastewater at municipal wastewater (headworks) facilities.

Florida Precision Aerospace, Inc. (FPA) is the wholly owned subsidiary of the Company and is used to do contract work with the aerospace, automotive and defense contracting activity.

NOTE B - GOING CONCERN

The Company has experienced net losses and negative cash flows from operating activities. They will need to raise capital to sustain operations. There is no

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assurance that the Company will ever have commercially accepted products, that their developmental and marketing efforts will be successful or that they will achieve a level of revenue sufficient to provide cash inflows to sustain operations. The Company will continue to require the infusion of capital until operations become profitable. During 2007, the Company anticipates seeking additional capital, increasing sales of the Voraxial(R) Separator and continuing to restrict expenditures. As a result of the above, the accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements

The interim financial statements presented herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The interim financial statements should be read in conjunction with the Company's annual financial statements, notes and accounting policies included in the Company's annual report on Form 10-KSB for the year ended December 31, 2006 as filed with the SEC. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to provide a fair presentation of financial position as of September 30, 2007 and the related operating results and cash flows for the interim period presented have been made. The results of operations, for the period presented are not necessarily indicative of the results to be expected for the year.

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ENVIRO VORAXIAL TECHNOLOGY, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2007

Recent Accounting Pronouncements

In February 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115" ("SFAS No. 159"). SFAS No. 159 allows companies to choose to measure many financial instruments and certain other items at fair value. SFAS No. 159 will become effective for the Company beginning in fiscal 2009. The Company is currently evaluating what effects the adoption of SFAS No. 159 will have on the Company's future results of operations and financial condition

NOTE D - CAPITAL TRANSACTIONS

Common stock

In February 2007, the company entered into a three month consulting agreement and agreed to issue 100,000 shares of common stock for services preformed by a consultant which were valued at \$40,000.

During the nine months ended September 30, 2007 the Company sold 780,000 shares of common stock for \$.60 per share in a private placement offering. Total proceeds from the sale were \$468,000.

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Warrants

In January 2007, the Company extended the exercisable life of certain warrants issued to investors to purchase an aggregate of 243,200 shares of common stock issued in 2000 for a period of one year. The warrants now expire in February 2008. The purchase price of these warrants ranges from \$6.00 - \$9.00 per share. The Company calculated the fair value of the extended warrants by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 25%; risk-free interest rate of 5% and an expected life of five years. No increase in fair value was noted and, therefore, no adjustment has been made to the financial statements as of September 30, 2007.

In January 2007, the Company extended the exercisable life of certain warrants issued to investors to purchase an aggregate of 200,000 shares of common stock issued in 2001 for a period of one year. The warrants now expire in April 2008. The purchase price of the stock under these warrants ranges from \$3.00-\$4.00 per share. The Company calculated the fair value of the extended warrants by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 25%; risk-free interest rate of 5% and an expected life of five years. No increase in fair value was noted and, therefore, no adjustment has been made to the financial statements as of September 30, 2007.

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ENVIRO VORAXIAL TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE D - CAPITAL TRANSACTIONS (CONTINUED)

Options extended

In January 2007, the Company extended the exercisable life of certain options issued to an employee and consultant to purchase an aggregate of 2,000,000 shares of common stock issued in 2002 for a period of five years. The options continue to be exercisable at \$0.15 per share, fully vested and now expire on January 31, 2012. The Company calculated the fair value of the options at the extended grant date by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 55%; risk-free interest rate of 5% and an expected life of five years. This results in fair value of approximately \$687,000, which has been recorded as compensation expense for the nine months ended September 30, 2007.

In January 2007, the Company extended the exercisable life of certain options issued to an employee and consultant to purchase an aggregate of 200,000 shares of common stock issued in 2002 for a period of five years. The options continue to be exercisable at \$0.77 per share, fully vested and now expire on January 31, 2012. The Company calculated the fair value of the options at the extended grant date by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 55%; risk-free interest rate of 5% and an expected life of five years. No fair value was associated with these options as a result and not adjustment has been made to the financial statements as of September 30, 2007.

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In January 2007, the Company extended the exercisable life of certain options issued an employee to purchase an aggregate of 45,000 shares of common stock issued in 2001 for a period of five years. The options now expire in February 2011. These options are fully vested and continue to be exercisable at \$0.30 per share. The Company calculated the fair value of the options at the extended grant date by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 55%; risk-free interest rate of 5% and an expected life of five years. This results in a fair value of approximately \$10,500, which has been recorded as compensation expense for the nine months ended September 30, 2007.

Options granted

In January 2007, the Company granted 2,000,000 stock options to officers to reduce the amount of accrued salaries and consulting fees due to them by \$300,000. The options are exercisable at \$0.40 per share. These options are fully vested and expire on January 31, 2012. The Company calculated the fair value of the options at the grant date by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 55%; risk-free interest rate of 5% and an expected life of five years. This results in a fair value of approximately \$360,000, of which \$300,000 was previously recorded as compensation expense. The

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ENVIRO VORAXIAL TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE D - CAPITAL TRANSACTIONS (CONTINUED)

remaining \$60,000 has been recorded as compensation expense for the nine months ended September 30, 2007.

In January 2007, the Company granted 606,000 stock options to employees or outside consultants, exercisable at \$0.40 per share. These options vest equally over the life of the options, which range from 1 to 5 years. The Company calculated the fair value of the options at the grant date by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 55%; risk-free interest rate of 5% and an expected life of 1 to 5 years, resulting in a fair value of approximately \$86,000.

In January 2007, the Company issued 375,000 stock options to a consultant, exercisable at \$0.80 - \$1.00 per share. These options are fully vested and expire on October 31, 2007. The Company calculated the fair value of the options at the grant date by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 55%; risk-free interest rate of 5% and an expected life of 10 months. Based on the above, the options were not considered to have a fair value associated with them.

Options-additional information

Information with respect to employee stock options outstanding and employee stock options exercisable at September 30, 2007 is as follows:

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| | Options Outstanding | Vested Shares | Exercise Pr Common S |
|---|------------------------|------------------|-------------------------|
| Balance, December 31, 2006 | 3,729,666 | 3,709,666 | \$0.15- |
| Granted/vested during the period ended September 30, 2007 | 2,981,000 | 2,981,000 | |
| Balance, September 30, 2007 | 6,710,666 | 6,690,666 | \$0.15- |

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ENVIRO VORAXIAL TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE D - CAPITAL TRANSACTIONS (CONTINUED)

The following table summarizes information about the stock options outstanding at September 30, 2007:

| Exercise Price | Number Outstanding at September 30, 2007 | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | Number Exe Septembe |
|----------------|--|---|---------------------------------|------------------------|
| 0.30 | 45,000 | 3.25 | 0.30 | 4 |
| 0.77 | 200,000 | 4.25 | 0.77 | 20 |
| 0.15 | 2,000,000 | 4.25 | 0.15 | 2,00 |
| 1.00 | 10,000 | .08 | 1.00 | 1 |
| 0.60 | 697,333 | 1.25 | 0.60 | 69 |
| 1.00 | 697,333 | 1.25 | 1.00 | 69 |
| 1.00 | 50,000 | 3.00 | 1.00 | 5 |
| 0.71 | 30,000 | .25 | 0.71 | 3 |
| 0.40 | 2,981,000 | 4.25 | 0.40 | 2,98 |
| | 6,710,666 | | | 6,71 |
| | ===== | | | ===== |

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ENVIRO VORAXIAL TECHNOLOGY, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007

NOTE D - CAPITAL TRANSACTIONS (CONTINUED)

Warrants

Information with respect to warrants outstanding and exercisable at September 30, 2007 is as follows:

| | Number Outstanding | Range of Exercise Price |
|-----------------------------|-----------------------|----------------------------|
| Balance, December 31, 2006 | 5,589,367 | \$0.75 - \$9.00 |
| Issued | - | |
| Balance, September 30, 2007 | 5,589,367 | \$0.75-\$9.00 |

NOTE E - RELATED PARTY TRANSACTIONS

For the nine months ended September 30, 2007, the Company incurred consulting expenses from the chief executive officer and majority stockholder of the Company of \$173,750. Of these amounts, \$43,000 has been paid out for the nine months ended September 30, 2007. The accumulated unpaid balance has been included in accrued expenses.

NOTE F - CONCENTRATION

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Revenues

For the nine months ended September 30, 2007, the Company generated over 80% of its revenues from one customer.

NOTE G - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company has amended its interim financials for the quarter ended September 30, 2007 to reflect certain adjustments for options issued as repayment for accrued salaries and the extension of previously issued options.

In addition, we have included updates that were made to the supplemental disclosures contained within the Statement of Cash Flows.

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ENVIRO VORAXIAL TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE G - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (CONTINUED)

The following table reflects the effects of the restatements.

| | Three Months Ended September 30, 2007 | Three Months Ended September 30, 2006 | Nine Months Ended September 30, 2007 | Nine M End Septemb 20 |
|---|--|---|---|--------------------------------|
| Balance Sheet/Statement of Shareholders' Equity | | | | |
| Common Stock | | | | |
| As previously reported | 22,971 | - | - | |
| As restated | 22,871 | - | - | |
| Difference | 100 | - | - | |
| APIC | | | | |
| As previously reported | - | - | - | |
| As restated | - | - | - | |
| Difference | - | - | - | |
| Deferred Compensation | | | | |
| As previously reported | - | - | - | |
| As restated | - | - | - | |
| Difference | - | - | - | |

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| | | | |
|--|-------------|---|---|
| ----- | | | |
| Accumulated Deficit | | | |
| ----- | | | |
| As previously reported | (8,272,163) | - | - |
| ----- | | | |
| As restated | (8,232,163) | - | - |
| ----- | | | |
| Difference | 40,000 | - | - |
| ----- | | | |
| General and administrative expense | | | |
| ----- | | | |
| As previously reported | 192,433 | - | - |
| ----- | | | |
| As restated | 219,100 | - | - |
| ----- | | | |
| Difference | (26,667) | - | - |
| ----- | | | |
| Loss from operations before provision for income taxes | | | |
| ----- | | | |
| As previously reported | (346,063) | - | - |
| ----- | | | |
| As restated | (372,730) | - | - |
| ----- | | | |
| Difference | 26,667 | - | - |
| ----- | | | |
| Net Income (Loss) | | | |
| ----- | | | |
| As previously reported | (346,063) | - | - |
| ----- | | | |
| As restated | (372,730) | - | - |
| ----- | | | |
| Difference | (26,667) | - | - |
| ----- | | | |
| Earnings per Share- Basic | | | |
| ----- | | | |
| As previously reported | - | - | - |
| ----- | | | |
| As restated | - | - | - |
| ----- | | | |
| Difference | - | - | - |
| ----- | | | |
| Statement of Cash Flow- Supplemental Disclosures of Non-Cash Financing and Investing Activities | | | |
| ----- | | | |
| Common stock issued for consulting services | | - | - |
| ----- | | | |
| As previously reported | 40,000 | - | - |
| ----- | | | |
| As restated | 40,000 | - | - |
| ----- | | | |
| Difference | - | - | - |
| ----- | | | |

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Common stock issued for accrued salaries

| | | | |
|------------------------|---------|---|---|
| As previously reported | - | - | - |
| As restated | 360,000 | - | - |
| Difference | 360,000 | - | - |

Common stock options issued for consulting services

| | | | |
|------------------------|--------|---|---|
| As previously reported | - | - | - |
| As restated | 86,676 | - | - |
| Difference | 86,676 | - | - |

Extension of stock options

| | | | |
|------------------------|---------|---|---|
| As previously reported | - | - | - |
| As restated | 697,500 | - | - |
| Difference | 697,500 | - | - |

Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations

General

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Forward-Looking Statements

The following discussion of the financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes thereto. The following discussion contains forward-looking statements. Enviro Voraxial(R) Technology is referred to herein as "the Company", "we" or "our." The words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions are intended to identify "forward-looking statements". Such statements include those concerning our expected financial performance, our corporate strategy and operational plans. Actual results could differ materially from those projected in the forward-looking statements as a result of a number of risks and uncertainties. Statements made herein are as of the date of the filing of this Form 10-QSB with the Securities and Exchange Commission and should not be relied upon as of any subsequent date. Unless otherwise required by applicable law, we do not undertake, and we specifically disclaim any obligation, to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

Application of Critical Accounting Policies

The Company's consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Certain accounting policies have a significant impact on amounts reported in the financial statements. A summary of these significant accounting policies can be found in Note B to the Company's financial statements in the Company's 2006 Annual Report on Form 10-KSB. The Company has not adopted any significant new policies during the quarter ended September 30, 2007.

Among the significant judgments made in preparation of the Company's financial statements are the determination of the allowance for doubtful accounts and adjustments of inventory valuations. These adjustments are made each quarter in the ordinary course of accounting.

Results of Operations for the Three Months ended September 30, 2007 and 2006:

Revenue

Our revenues decreased to \$22,518 for the three months ended September 30, 2007 as compared to \$46,261 for the three months ended September 30, 2006. Revenues from both periods relate to the sales of Voraxial(R) Separator Equipment. The Company continues to focus on its sales and marketing program for the Voraxial(R) Separator, specifically in the oil exploration and production market. Management believes such efforts will result in more clients and increasing revenues in 2008.

Research and Development Expenses

Research and Development expenses increased by 32% to \$135,479 for the three months ended September 30, 2007, as compared to \$102,408 for the previous three

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months ended September 30, 2006. Although the Company has finalized the development of the Voraxial(R) Separator, we targeted expenditures for specific applications for the technology within the oil industry during the three months ended September 30, 2007.

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General and Administrative Expenses

General and Administrative expenses increased by 61% to \$219,100 for the three months ended September 30, 2007 up from \$135,748 for the three months ended September 30, 2006. The increase was primarily due to the increase in sales and marketing activity in the oil exploration and production industry. We continue to focus our efforts on marketing the Voraxial(R) Separator in the oil industry.

Results of Operations for the Nine Months ended September 30, 2007 and 2006:

Revenue

Our revenues increased 38% to \$286,676 for the nine months ended September 30, 2007 as compared to \$208,425 for the nine months ended September 30, 2006. The increase in revenue was due to the sales of Voraxial(R) Separator equipment. The Company continues to focus on its sales and marketing program for the Voraxial(R) Separator, specifically in the oil exploration and production market. Interest in the Voraxial Separator has increased significantly in the past several quarters, as such, Management believes such efforts will continue to result in additional clients and increasing revenues in 2008.

Research and Development Expenses

Research and Development expenses increased by 9% to \$305,327 for the nine months ended September 30, 2007, as compared to \$281,124 for the previous nine months ended September 30, 2006. The Company has finalized the development of the Voraxial(R) Separator and has begun the sales and marketing of the product. However, we continue to seek improvements to the product, specifically within the oil industry.

General and Administrative Expenses

General and Administrative expenses increased by 222% to \$1,420,730 for the nine months ended September 30, 2007 up from \$441,257 for the nine months ended September 30, 2006. The increase was primarily due to non cash expenses relating to the issuance and re-pricing of options to employees and consultants in the first quarter.

Liquidity and Capital Resources:

Cash at September 30, 2007 was \$250,140. Working capital at September 30, 2007 was \$109,026 as compared to a working capital deficit at December 31, 2006 of \$1,822.

At September 30, 2007 the Company had an accumulated deficit of \$8,232,163. We anticipate generating positive cash flow from the Voraxial(R) Separator by the end of 2008. To the extent such revenues and corresponding cash flows do not materialize, we will continue to require infusion of capital to sustain our operations. We cannot be assured that we will generate revenues or that the level of any future revenues will be self-sustaining. Furthermore, we cannot

provide any assurances that required capital will be obtained or that terms of such required capital may be acceptable to us.

The Company has funded working capital requirements and intends to fund current

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working capital requirements through third party financing, including the private placement of securities. However, the Company cannot provide any assurances that it will be able to obtain adequate financing. If the Company is unable to obtain adequate financing, it may reduce its operating activities until sufficient funding is secured or revenues are generated to support operating activities.

The Company has expanded its sales and marketing efforts for produced water separation in the oil exploration and production market. During the nine months ended September 30, 2007 the Company deployed several units of the Voraxial 4000 Separators and Voraxial 2000 Separators for the oil exploration and production industry. Although the Company is focusing its efforts in the produced water market, it has deployed units within the oil industry for Deckwater Treatment, under-balanced drilling, refinery applications and liquid/solid separation. The Company also installed a Voraxial 2000 Offshore Deck Water Drainage System on a Transocean Inc. semi-submersible rig Sedco 702. The system will be utilized to handle and separate contaminated drill floor run-off water containing solids and drilling fluids on their offshore rig.

Continuing Losses

We may be unable to continue as a going concern, given our limited operations and revenues and our significant losses to date. Since 2001, we have encountered greater expenses in the development of our Voraxial(R) Separators and have had limited sales income from this development. Consequently, our working capital may not be sufficient and our operating costs may exceed those experienced in our prior years. In light of these recent developments, we may be unable to continue as a going concern. However, we believe that the exposure received in the past year for the Voraxial Separator has positioned the Company to begin generating sales and supply us with sufficient working capital. As a result of the above, the accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Subsequent Event

Subsequent to the period covered by this report, the Company received \$150,000 from an accredited investor in consideration of 250,000 shares of restricted common stock of the Company. The issuance was exempt from registration under Section 4(2) of the Securities Act. The investor received information concerning the Company and had the opportunity to ask questions concerning the viability of the Company. The certificate representing the shares contains a legend restricting its transferability absent registration or applicable exemption.

Item 3. Controls and Procedures

Evaluation of disclosure controls and procedures

As of the end of the period covered by this report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). This evaluation was done under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer. Based upon that evaluation, our

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Principal Executive Officer and Principal Financial Officer concluded that the design and operation of our disclosure controls and procedures are effective.

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Changes in internal controls

There were no changes in our internal controls or in other factors during the period covered by this report that have materially affected, or are likely to materially affect the Company's internal controls over financial reporting.

PART II. OTHER INFORMATION -----

Item 1. Legal Proceedings

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Default Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Securities

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibits required by Item 601 of Regulation S-B

31.1 Form 302 Certification of Chief Executive Officer

31.2 Form 302 Certification of Principal Financial Officer

32.1 Form 906 Certification of Chief Executive Officer and
Principal Financial Officer

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the

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undersigned as a duly authorized officer of the Registrant.

Enviro Voraxial Technology, Inc.

By: /s/ Alberto DiBella

Alberto DiBella
Chief Executive Officer and
Principal Financial Officer

DATED: October 1, 2008