VICTOR INDUSTRIES INC
Form 10QSB
August 22, 2006

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

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**FORM 10 - QSB**

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

**For the quarterly period ended June 30, 2006**

**000-30237**
*(Commission File Number)*

**Victor Industries, Inc.**
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Idaho | 91-0784114 |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification Number) |

**180 Southwest Higgins Avenue**
**Missoula, Montana 59803**
*(Address of principal executive offices including zip code)*

**(406) 549-2261**
*(Registrant's telephone number, including area code)*

with a copy to:
SteadyLaw Group, LLP
6151 Fairmount Ave., Suite 201
San Diego, CA 92120
Tel: (619) 399-3090
Fax: (619) 330-1888

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 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 _____

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes ____ No _X_

As of August 14, 2006, the Registrant had 489,177,953 shares outstanding of its common stock.

**Quarterly Report on FORM 10-QSB For The Period Ended**

**June 30, 2006**

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**PART I.**
**Item 1. FINANCIAL STATEMENTS**

**VICTOR INDUSTRIES, INC. AND SUBSIDIARY**

Consolidated Balance Sheet

(Unaudited)

| **June 30,** | **2006** |
|---|---|
| | |
| | |
| Current Assets: | |
| Cash | **$ 12,060** |
| Prepaid expenses | **105,474** |
| Total Current Assets | **$ 117,534** |
| | |
| | |
| **Liabilities and Stockholders' Deficit** | |
| | |
| Current Liabilities: | |
| Accounts Payable and Accrued Expenses | **$ 133,544** |
| Notes Payable-Related Parties | **56,907** |
| Liabilities, net of assets, of discontinued operations-New Wave Media | **169,850** |
| Total Current Liabilities | **360,301** |
| | |
| Stockholders' Deficit | |
| Common stock, $0.0001 par value, 1,000,000,000 | |
| shares authorized, 489,177,953 shares | |
| issued and outstanding | **48,918** |
| Common stock issuable, 7,500,000 shares | **750** |
| Additional paid in capital | **6,578,654** |
| Accumulated deficit | **(6,871,089)** |
| | |
| Total stockholders' deficit | **(242,767)** |
| | |
| Total Liabilities and Stockholders' Deficit | **$ 117,534** |
| | |

**VICTOR INDUSTRIES, INC. AND SUBSIDIARY**

Consolidated Statements of Stockholders' Deficit

(Unaudited)

| | Common Shares | Common Stock | Paid In Capital | Issuable Common Shares | Common Stock Issuable | Subscription Receivable | Total Accumulated Deficit | Total Stockholders Deficit |
|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2005 | 263,941,913 | 26,394 | 5,718,249 | 7,500,000 | 750 | (54,200) | (6,454,394) | (763,199) |
| Issued for payment of debt | 175,054,990 | 17,505 | 542,601 | | | | | 560,106 |
| Issued for services | 34,222,300 | 3,422 | 237,625 | | | | | 241,047 |
| Issued for prepayment of expenses | 26,958,750 | 2,696 | 133,279 | | | | | 135,975 |
| Net Loss | | | | | | | (254,580) | (254,580) |
| Balance at March 31, 2006 | 500,177,953 | $ 50,018 | $6,631,753 | 7,500,000 | $ 750 | $ (54,200) | $ (6,708,972) | $ (80,651) |
| Black Star Shares Held cancelled | (11,000,000) | (1,100) | (53,100) | | | 54,200 | | - |
| Net Loss | | | | | | | (162,116) | (162,116) |
| Balance at June 30, 2006 | 489,177,953 | 48,918 | 6,578,654 | 7,500,000 | 750 | - | (6,871,089) | (242,767) |

**VICTOR INDUSTRIES, INC. AND SUBSIDIARY**

Consolidated Statements of Operations

(Unaudited)

| | Period from April 1, 2006 To June 30, 2006 | April 1, 2005 To June 30, 2005 |
|---|---|---|
| Revenue | $ - | $ 4,385 |
| Cost of sales | - | 1,092 |
| Gross profit | - | 3,293 |
| Operating expenses | | |
| Selling and administrative | 162,083 | 125,509 |
| Depreciation and Amortization | - | 760 |
| Other | 33 | 307 |
| Total Costs and Expenses | 162,116 | 126,576 |
| Loss from continuing operations | (162,116) | (123,283) |
| Loss from operations of New Wave Media | - | - |
| Net Loss | $ (162,116) | $ (123,283) |
| (Loss) earnings per weighted average share of common stock outstanding | | |
| From continuing operations | $ (0.00) | $ (0.00) |
| Total (loss) earnings per share | $ (0.00) | $ (0.00) |
| Weighted Average Shares | 490,507,623 | 236,672,957 |

**VICTOR INDUSTRIES, INC. AND SUBSIDIARY**

Consolidated Statements of Operations

(Unaudited)

| | Period from January 1, 2006 To June 30, 2006 | January 1, 2005 To June 30, 2005 |
|---|---|---|
| Revenue | $ - | $ 4,385 |
| Cost of sales | - | 1,092 |
| Gross profit | - | 3,293 |
| Operating expenses | | |
| Selling and administrative | 415,834 | 237,388 |
| Depreciation and Amortization | - | 1,519 |
| Other | 862 | 614 |
| Total Costs and Expenses | 416,696 | 239,521 |
| Loss from continuing operations | (416,696) | (236,228) |
| Loss from operations of New Wave Media | - | - |
| Net Loss | $ (416,696) | $ (236,228) |
| (Loss) earnings per weighted average share of common stock outstanding | | |
| From continuing operations | $ (0.00) | $ (0.00) |
| Total (loss) earnings per share | $ (0.00) | $ (0.00) |
| Weighted Average Shares | 489,846,461 | 236,595,366 |

**VICTOR INDUSTRIES, INC. AND SUBSIDIARY**

Consolidated Statements of Cash Flows

(Unaudited)

| | Period from January 1, 2006 To June 30, 2006 | January 1, 2005 To June 30, 2005 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net loss | $ (416,696) | $ (236,228) |
| Adjustments to reconcile net loss to net cash provided by operating activities, net of effects from discontinued operations: | | |
| Depreciation and amortization | - | 1,519 |
| Common stock issued for services | 241,047 | 1,300 |
| **Change in Assets and Liabilities** | | |
| Prepaid expenses | 30,500 | (2,816) |
| Accounts Receivable | | (4,434) |
| Accounts payable and accrued expenses | 255,406 | 156,183 |
| Change in net assets and liabilities of discontinued operations | | 6 |
| Cash provided by Operating Activities | 110,257 | (84,470) |
| | | |
| **Provided (Used) by Financing Activities** | | |
| Loans from Shareholders | 58,930 | 86,450 |
| Payments to Shareholders | (159,828) | - |
| Net cash provided by financing activities | (100,898) | 86,450 |
| | | |
| Net increase in cash | 9,358 | 1,980 |
| | | |
| Cash at beginning of period | 2,702 | 19 |
| | | |
| Cash at end of period | $ 12,060 | $ 1,999 |
| | | |
| SUPPLEMENTAL INFORMATION: | | |
| | | |
| Interest paid | $ - | $ - |
| Taxes paid | $ - | $ - |
| | | |
| SUPPLEMENTAL NON CASH INVESTING AND FINANCING ACTIVITIES: | | |
| | | |
| Common stock issued for debt | $ 560,106 | $ - |
| Common stock issued for prepaid services | 135,975 | 13,000 |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**Six months ended June 30, 2006**

**Note 1. Summary of Significant Accounting Policies**

Business Operations
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. After several name changes through the years, the name was changed to Victor Industries, Inc. on December 24, 1977. In 1993, the Company began zeolite mining and marketing operations. Zeolite is an ammonia absorbent, air purifier, and hazardous waste absorbent. Victor Industries, Inc. is presently refining the development of and marketing a fertilizer product using zeolite.

On April 20, 2006, Victor Industries, Inc. (the “Registrant”), with the approval of its Board of Directors, executed an Agreement and Plan of Merger ("APR Merger”) with San Diego, CA based Ethos Environmental, Inc. (“Ethos”), a Nevada corporation.

The closing of the APR Merger is still subject to various customary closing conditions, including but not limited to shareholder approval by both companies. Additionally, the APR Merger is subject to special closing conditions including effectuating a reverse stock split based on a ratio of approximately 1:1000 and the Registrant redomiciling to the State of Nevada.

Consolidation
The accompanying consolidated financial statements include the accounts of Victor Industries, Inc. and its wholly owned subsidiary, New Wave Media (collectively the "Company"). All inter-company accounts and transactions have been eliminated.

Interim Period Financial Statements
The interim period consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosure normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such SEC rules and regulations. The interim period consolidated financial statements should be read together with the audited consolidated financial statements and accompanying notes for the years ended December 31, 2005 and 2004, included in the Company's annual reports on Form 10-KSB. In the opinion of the Company, the unaudited consolidated financial statements contained herein contain all adjustments necessary (consisting of a normal recurring nature) to present a fair statement of the results of the interim periods presented.

The results of operation for the three and six months ended June 30, 2006, are not necessarily indicative of the results to be expected for the entire year ending December 31, 2006.

Discontinued Operations

The Company's subsidiary, New Wave Media, operated a radio station in Montana, utilizing a Time Brokerage Agreement. In July 2003, the licensee of the Time Brokerage Agreement shut down the radio station claiming non-payment of the required fees. On August 20, 2003, the Montana Eighth Judicial District Court awarded New Wave Media a permanent injunction. The Company has filed litigation against the licensee for monetary damages. During October 2003, the Company reported that the licensee once again turned the power off at the radio station. The Company has made the decision not to attempt to gain another injunction and instead exercise its legal rights in court. Accordingly, operating results of this segment have been presented as discontinued operations in these consolidated financial statements.

**Note 2. Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. However, the Company has incurred continuing operating losses and has an accumulated deficit of $6,871,089 as of June 30, 2006. The Company's ability to continue as a going concern is in substantial doubt and is dependent upon obtaining additional financing and achieving a sustainable profitable level of operations. The consolidated 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.

**Note 3. Earnings Per Share**

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted earnings per share takes into consideration common shares outstanding (computed under basic earnings per share) and potentially dilutive common shares. Diluted earnings per share takes into consideration common shares outstanding (computed under basic earnings per share) and potentially dilutive common shares. There were no dilutive securities outstanding at June 30, 2006 or 2005.

Common stock issuable is considered outstanding as of the original approved date for purposes of earnings per share computations.

**Note 4. Stock Based Compensation**

Prior to January 1, 2006, the Company accounted for stock-based awards under the intrinsic value method, which followed the recognition and measurement principles of APB Opinion No. 25, “Accounting for Stock Issued to Employees”, and related

**Note 4. Stock Based Compensation (continued)**

Interpretations. The intrinsic value method of accounting resulted in compensation expense for stock options to the extent that the exercise prices were set below the fair market price of the Company's stock at the date of grant.

As of January 1, 2006, the Company adopted SFAS No. 123(R) using the modified prospective method, which requires measurement of compensation cost for all stock-based awards at fair value on the date of grant and recognition of compensation over the service period for awards expected to vest. The fair value of stock options is determined
using the Black-Scholes valuation model, which is consistent with the Company's valuation techniques previously utilized for options in footnote disclosures required under

SFAS No. 123, "Accounting for Stock Based Compensation", as amended by SFAS No. 148, "Accounting for Stock Based Compensation Transition and Disclosure".

Since the Company did not issue stock options to employees during the six months ended June 30, 2006 or 2005, there is no effect on net loss or earnings per share had the Company applied the fair value recognition provisions of SFAS No. 123(R) to stock-based employee compensation. When the Company issues shares of common stock to employees and others, the shares of common stock are valued based on the market price at the date the shares of common stock are approved for issuance.

In April 2006 the Company cancelled 11,000,000 shares current being held by the Company on behalf of Black Star Petroleum. The original transaction was recorded as a subscription receivable, but on December 31, 2003 the Company cancelled the transaction as a result of Black Star Petroleum in ability to pay the receivable.

**Note 5. Related Party Transactions**

During the quarter ended June 30, 2006 Penny Sperry, a former officer and director loaned the Company $10,500 and Lana Pope, the current CEO and director loaned the Company $21,530.

**Note 6. Subsequent Events**

On August 10, 2006 the Company issued the following shares of restricted common stock:

Payment of accrued expenses 21,346,351 shares equaling $103,500
Payment of debt 14,013,482 shares equaling $ 54,900
Payment of services 1,626,894 shares equaling $ 15,500

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION**

This discussion and analysis should be read in conjunction with the accompanying Consolidated Financial Statements and related notes. Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis we review our estimates and assumptions. Our estimates are based on our historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but we do not believe such differences will materially affect our financial position or results of operations. Our critical accounting policies, the policies we believe are most important to the presentation of our financial statements and require the most difficult, subjective and complex judgments, are outlined below in ‘‘Critical Accounting Policies,’’ and have not changed significantly.

In addition, certain statements made in this report may constitute “forward-looking statements”. These forward-looking statements involve known or unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Specifically, 1) our ability to obtain necessary regulatory approvals for our products; and 2) our ability to increase revenues and operating income, is dependent upon our ability to develop and sell our products, general economic conditions, and other factors. You can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continues" or the negative of these terms or other comparable terminology. Although we believe that the expectations reflected-in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

**OVERVIEW**

The following management discussion and analysis relates to the business of Victor Industries, Inc., which develops, manufactures, and markets products related to the use of the mineral known as zeolite. Zeolites have the unique distinction of being nature's 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.

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 producing a marketable or profitable product.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. Although the Company's revenues and gross margins increased significantly in recent periods, it has sustained significant operating losses to date in 2006 and for the years ended 2005 and 2004. At June 30, 2006, the Company had stockholders' deficit of $242,767 and a working capital deficiency of $242,767. The Company believes its resources are sufficient to fund its needs through of the end of the third quarter 2006 and it is considering alternatives to provide for its capital requirements for the balance of 2006 and beyond in order to continue as a going concern. Its liquidity and cash requirements will depend on several factors. These factors include (1) the level of revenue growth; (2) the extent to which, if any, that revenue growth improves operating cash flows; (3) its investments in research and development, facilities, marketing, regulatory approvals, and other investments it may determine to make, and (4) the investment in capital equipment and the extent to which it improves cash flow through operating efficiencies. There are no assurances that it will be successful in raising sufficient capital.

**SECOND QUARTER HIGHLIGHTS**

During the period ended June 30, 2006, the Company had several important developments:

(1) On April 20, 2006, the Registrant, with the approval of its Board of Directors, executed an Agreement and Plan of Merger ("APR Merger") with San Diego, CA based Ethos Environmental, Inc. ("Ethos"), a Nevada corporation. The closing of the APR Merger is still subject to various customary closing conditions, including but not limited to shareholder approval by both companies. Additionally, the APR Merger is subject to special closing conditions. A Form 8-K filed by the Registrant on April 24, 2006, incorporated herein by reference, discusses the APR Merger in greater detail.

Subsequent to the quarter ended June 30, 2006, the Company announced the following:

(1) The Registrant, on or about July 20, 2006, concluded preliminary discussions with one of the top ten largest wine producers in the United States for a test of Victor's Envirolizer. Tests conducted in Europe have shown adding the main constituent of Envirolizer's formula increased fruit yield by as much as thirty percent. With vineyard establishment costs doubling in the past decade, the identification of adapted grape cultivars and soil additives which maximize their chances of successful introduction will allow growers to avoid significant losses associated with planting non-adapted cultivars. We are currently formulating a protocol for the proposed test and reviewing the request from the grower for exclusive use of Envirolizer in the area viticulture for a period of 3 years.

**Critical Accounting Policies and Estimates**

We believe that there are several accounting policies that are critical to understanding our historical and future performance, as these policies affect the reported amounts of revenue and the more significant areas involving management's judgments and estimates. These significant accounting policies relate to revenue recognition, research and development costs, valuation of inventory, valuation of long-lived assets and income taxes. For a summary of our significant accounting policies (which have not changed from December 31, 2005), see our annual report on Form 10-KSB for the period ended December 31, 2005.

**RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2006 AS COMPARED WITH THE THREE MONTHS ENDED JUNE 30, 2005**

The following analysis of historical financial condition and results of operations are not necessarily reflective of the on-going operations of the Company.

*Overall Operating Results - Comparison to Quarter Ended June 30, 2005*

We had no zeolite sales for during the quarter ended June 30, 2006. 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.

Selling & Administrative expenses incurred during the quarter totaled $162,083. These expenses were incurred primarily for the following reasons:

· Legal fees of approximately $23,050.
· Accounting, audit, bookkeeping and director fees totaling approximately $53,800.

· Business consulting fees of $84,132.

Outside services of $118.

Office expenses of $432.

.

Similar expenses incurred for the quarter ended June 30, 2005 were $125,509 and were incurred primarily for consulting services of a similar nature.

Also, for comparison purposes, there were no newly issued shares for the payment of services during the period ended June 30, 2006, just as there were no new shares issued for services during the period ended June 30, 2005.

We incurred a net loss for the current quarter of $162,116 as compared to a net loss of $123,283 for the comparable prior year quarter. These losses were attributable to the aforementioned operating expenses.

**Income Taxes**

We have accumulated approximately $6,871,089 million of net operating loss carry-forwards as of June 30, 2006, that may be offset against future taxable income. There will be limitations on the amount of net operating loss carry-forwards 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 carry-forwards will expire unused.

Accordingly, the potential tax benefits of the loss carry-forwards are offset by valuation allowance of the same amount.

**LIQUIDITY AND CAPITAL RESOURCES**

We have been financed through related parties as there has been no substantial revenue generated to date. During the quarter ended June 30, 2006 the Company received $58,930 in loans from Penny Sperry, Lana Pope and Blue Rock Minerals, officers and shareholders. They have agreed to accept restricted stock in satisfaction of the aforementioned loans and those payments for the period equal $54,900. The Company did not engage in any offering of any kind during the quarter ended June 30, 2006.

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.

**Inflation**

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

**RECENT DEVELOPMENTS AND VICTOR INDUSTRIES" PLAN OF OPERATIONS FOR THE NEXT TWELVE MONTHS**

Please see section entitled Overview and in particular the "Second Quarter Highlights."

**Fertilizer Business**

During 2005, and to date in 2006, the Company has made progress in marketing the Envirolizer product to large potential customers. A preeminent sod farm in Southern California has agreed to conduct a one acre test. Such tests have been conducted in the past and we are confident that the results will convince the sod company to begin to implement Envirolizer in the balance of their properties as well as influence other sod companies to begin using the product. This influential sod company has approximately 1000 retail outlets in the form of garden centers, nursery stores and landscape companies that will directly hear the Envirolizer story from the sod company. Our own labeling is being discussed. Sod beds are often alternated with vegetable crops and it is anticipated that the clear benefits of Envirolizer will be demonstrated for several growing seasons in sod as well as in alternated crops. This way we hope to attract further agricultural and horticultural interest.

Victor Industries has made progress in securing sales in Mainland China. We have developed a contact that has gained permission to conduct tests of Envirolizer at a prominent Chinese University, a necessary prerequisite for significant sales on the mainland. Awareness of the products ability to mitigate nitrogen compounds from migrating into the water table is of much interest to those in Beijing preparing for the 2008 Olympics.

Victor Industries has won approval to clean the waters of the Lakeside Shrine in Pacific Palisades, California to demonstrate the effectiveness of our products in absorbing ammonium produced by the large coy that live in the lake.

The shrine is well known and we believe our success there will lead to publicity regarding our products that no amount of advertising dollars could pay for.

The management has continued development of a diagnostic cat litter. Economic sources have been found for the three main components necessary to produce a cat premium cat litter which is capable of diagnosing FUS Feline Urinary Syndrome which effects as many as sixty percent of all cats and is often fatal if not diagnosed in a timely fashion.

Long-term price stability contracts are in process to ensure economical exclusive access to the world largest and purest form of the primary mineral which is the basis to all our products.

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 explore opportunities that have been presented to the Company from other private and public entities.

In our opinion, the Company will have to raise working capital from outside sources during the next twelve months 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 and loans from private investors.

If the merger agreement with Ethos closes as expected, the Company is expected to spin off its present operations into a new entity, Enviroteck Industrial Group, Inc., and issue a dividend share to all Company shareholders on the day prior to the closing of the anticipated merger with Ethos.

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.

**New Wave Media Corp.**

The station has been closed and all employees dismissed.

**ITEM 3. CONTROLS AND PROCEDURES**

*Evaluation of Disclosure Controls and Procedures*

As of the end of the period covered by this report, the Company conducted an evaluation under the supervision and with the participation of the principal executive officer and principal financial officer, of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)). Based on this evaluation, the principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

*Changes In Internal Controls Over Financial Reporting*

There have been no changes in internal controls over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

**PART II.**

**ITEM 1. LEGAL PROCEEDINGS**

*None.*

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

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

None during the quarter ended June 30, 2006. However, the Company did file a Preliminary Schedule 14A on April 25, 2006. Presently, the Company is working diligently to respond to certain comments by the Commission and expects that a response will completed no later than August 31, 2006, thereby allowing the Company to refile the Preliminary 14A incorporating a response to the Commission's comments. The Preliminary 14A is incorporated by reference herein.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

(a) Exhibits.

| EXHIBIT NUMBER | DESCRIPTION | LOCATION |
|---|---|---|
| 3.1 - 3.2 | Articles of Incorporation and Bylaws | Previously Filed. |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification (CEO) | Filed herewith |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification (CFO) | Filed herewith |
| 32.1 | Section 1350 Certification (CEO) | Filed herewith |
| 32.2 | Section 1350 Certification (CFO) | Filed herewith |

(b) Reports on Form 8-K.

The following reports on Form 8-K are incorporated by reference herein:

(a) Form 8-K filed on or about April 24, 2006.

**SIGNATURES**

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 undersigned thereunto duly authorized.

| | |
|---|---|
| DATE: August 21, 2006 | VICTOR INDUSTRIES, INC.<br>(Registrant)<br><br>By: /s/ Lana Pope |
| | Lana Pope<br>Director, CEO and CFO |