

METWOOD INC  
Form 10-Q  
November 13, 2014

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 September 30, 2014

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-05391

METWOOD, INC.

NEVADA  
(State or other jurisdiction of incorporation or organization)

83-0210365  
(IRS Employer Identification No.)

819 Naff Road, Boones Mill, VA 24065

(Address of principal executive offices) (Zip code)

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(540) 334-4294

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act:

Large accelerated filer  Non-accelerated filer   
Accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date (no shares of preferred stock were issue and outstanding).

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Common Stock, \$.001 Par Value - 15,221,647 shares as of November 14, 2014

Transitional Small Business Disclosure Format: Yes [ ] No [ X ]

(1)

(table of contents)

**PART 1**

**FINANCIAL INFORMATION**

As used in these footnotes, “we,” “us,” “our,” “Metwood,” “Company” or “our company” refers to Metwood, Inc. and its subsidiaries.

**ITEM 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND NOTES**

**General**

The accompanying reviewed interim unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q. Therefore, they do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles applicable in the United States of America. Except as disclosed herein, there has been no material change in the information disclosed in the notes to the consolidated financial statements included in our Company's annual report on Form 10-K for the year ended June 30, 2014. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three months ended September 30, 2014 are not necessarily indicative of the results that can be expected for the year ending June 30, 2015.

(2)

(table of contents)

**METWOOD, INC. AND SUBSIDIARY**

**TABLE OF CONTENTS - FORM 10-Q**

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013**

**TABLE OF CONTENTS**

<b>PART I - FINANCIAL INFORMATION</b>	<b>PAGE</b>
Item 1 Consolidated Financial Statements (unaudited) including	
Consolidated Balance Sheets	<b>4</b>
Consolidated Statements of Operations and Comprehensive Loss	<b>5</b>
Consolidated Statements of Cash Flows	<b>6</b>
Notes to the Financial Statements	<b>7-8</b>
Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations	<b>9-10</b>
Item 3 Quantitative and Qualitative Disclosures About Market Risk	<b>12</b>
Item 4. Controls and Procedures	<b>12</b>
 <b>PART II - OTHER INFORMATION</b>	
Item 1. Legal Proceedings	<b>13</b>
Item 1a Risk Factors	<b>13</b>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<b>14</b>
Item 3. Defaults Upon Senior Securities	<b>14</b>
Item 4 Mine Safety Disclosures	<b>15</b>
Item 5 Other information	<b>15</b>
Item 6 Exhibits	<b>15</b>

**CERTIFICATIONS**

Exhibit 31 – Management certification.....	<b>15</b>
--------------------------------------------	-----------

Exhibit 32 – Sarbanes-Oxley Act.....**15**

(3)

(table of contents)

METWOOD, INC. AND SUBSIDIARY  
 CONSOLIDATED BALANCE SHEETS  
 AS OF SEPTEMBER 30, 2014 AND JUNE 30, 2014

	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 37,223	\$ 36,836
Accounts receivable, net	132,780	149,671
Inventory	706,685	815,192
Other current assets	29,277	44,356
Total current assets	905,965	1,046,054
Property and Equipment		
Leasehold improvements	274,869	274,869
Furniture, fixtures and equipment	78,222	78,222
Computer hardware, software and peripherals	175,207	175,207
Machinery and shop equipment	479,236	467,166
Vehicles	392,024	387,443
Land improvements	67,959	67,959
	1,467,517	1,450,866
Less accumulated depreciation	(1,091,447)	(1,071,802)
Net property and equipment	376,070	379,064
Other Assets		
Deferred tax asset, less valuation reserve	249,033	246,163
	249,033	246,163
<b>TOTAL ASSETS</b>	<b>\$1,531,068</b>	<b>\$1,671,282</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable	\$ 141,069	\$ 205,037
Customer deposits	14,266	13,166
Accrued expenses	21,883	19,225
Total current liabilities	177,217	237,428
Long-term Liabilities		
Due to related companies and parties	85,169	94,815

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Total long-term liabilities	85,169	94,815
Total liabilities	262,387	332,243
Stockholders' Equity		
Common stock (\$.001 par, 100,000,000 shares authorized; 15,221,647 shares issued and outstanding at September 30, 2014 and June 30, 2014, respectively)	15,222	15,222
Common stock not yet issued (\$.001 par, 8,150 shares at September 30, 2014 and June 30, 2014, respectively)	8	8
Additional paid-in capital	1,899,773	1,899,773
Retained (deficit)	(646,322 )	(575,964 )
Total stockholders' equity	1,268,680	1,339,039
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$1,531,068</b>	<b>\$1,671,282</b>

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

(4)



(table of contents)

METWOOD, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013  
(UNAUDITED)

	Three Months Ended September 30,	
	2014	2013
<b>REVENUES</b>		
Gross sales	\$385,703	\$657,325
Cost of sales	259,874	397,277
Gross profit	125,829	260,048
<b>ADMINISTRATIVE EXPENSES</b>		
Payroll expenses	100,787	110,256
Other	96,308	68,334
Total administrative expenses	197,095	178,590
Operating loss	(71,266 )	81,458
Other Income (Expense)	(1,963 )	216
(Loss) before income taxes	(73,229 )	81,674
Income tax benefit	(2,870 )	—
Net (Loss)	\$(70,359 )	\$81,674
Basic and diluted loss per common share	**	\$0.01
Weighted average number of common shares	15,221,647	15,221,647

\*\*Less than \$0.01

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

(5)

(table of contents)

METWOOD, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013  
(UNAUDITED)

	Three Months Ended September 30,	
	2014	2013
<b>OPERATING ACTIVITIES</b>		
Net loss	\$(70,359 )	\$81,674
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation, net of property disposals	19,646	17,117
Issuance of common stock	—	—
Loss on prepertry disposals	—	—
(Increase) decrease in operating assets:		
Accounts receivable	7,246	(63,069 )
Impairment loss on intangible assets	—	—
Inventory	108,507	(41,079 )
Prepaid expenses	—	—
Other current assets	12,209	(19,591 )
Refundable income taxes	-	—
Increase in operating liabilities:		
Accounts payable, customer deposits and accrued expenses	(60,210 )	15,330
Net cash provided by (used in) operating activities	17,038	(9,618 )
<b>INVESTING ACTIVITIES</b>		
Property, plant and equipment:		
Purchases	(16,651 )	(13,746 )
Net cash provided by (used in) investing activities	(16,651 )	(13,746 )
<b>FINANCING ACTIVITIES</b>		
Net repayment to related party	—	—
Net borrowings from vehicle financing	—	—
Net cash (used in) financing activities	—	—
Net increase (decrease) in cash	387	(23,364 )
Cash, beginning of the year	36,836	174,650
Cash, end of the year	\$37,223	\$151,286

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

(6)

(table of contents)

METWOOD, INC. AND SUBSIDIARY

NOTES TO CONDENSED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

(UNAUDITED)

NOTE 1 - ORGANIZATION AND OPERATIONS

The Company was incorporated under the laws of the State of Wyoming on June 19, 1969. On January 28, 2000, the Company, through a majority shareholder vote, changed its domicile to Nevada through a merger with EMC Energies, Inc., a Nevada corporation. The Company also changed its par value to \$.001 and the amount of authorized common stock to 100,000,000 shares.

Prior to 1990, the Company was engaged in the business of exploring for and producing oil and gas in the Rocky Mountain and mid-continental areas of the United States. The Company liquidated substantially all of its assets in 1990 and was dormant until June 30, 2000, when it acquired, in a stock-for-stock, tax-free exchange, all of the outstanding common stock of a privately held Virginia corporation, Metwood, Inc. ("Metwood"), which was incorporated in 1993. Metwood has been in the metal and metal/wood construction materials manufacturing business since 1992. Following the acquisition, the Company approved a name change from EMC Energies, Inc. to Metwood, Inc.

Effective January