

METWOOD INC
Form 10-Q
May 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 March 31, 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.

(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of incorporation or organization)

83-0210365
(IRS Employer Identification No.)

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819 Naff Road, Boones Mill, VA 24065

(Address of principal executive offices) (Zip code)

(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

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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).

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

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

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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, 2013. 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 March 31, 2014 are not necessarily indicative of the results that can be expected for the year ending June 30, 2014.

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METWOOD, INC.

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| | (UNAUDITED) | (AUDITED) |
|--|---------------------|---------------------|
| | March 31, 2014 | June 30, 2013 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 72,050 | \$ 174,650 |
| Accounts receivable, net | 186,624 | 238,515 |
| Inventory: | | |
| Raw materials | 812,826 | 763,187 |
| Work in process | 185,737 | 167,485 |
| | 998,563 | 930,672 |
| Other current assets | | 30,160 |
| Total current assets | 1,257,237 | 1,373,997 |
| Property and Equipment | | |
| Leasehold and land improvements | 339,533 | 334,648 |
| Furniture, fixtures and equipment | 93,243 | 93,243 |
| Computer hardware, software and peripherals | 179,947 | 178,605 |
| Machinery and shop equipment | 473,507 | 465,085 |
| Vehicles | 418,515 | 372,646 |
| | 1,504,745 | 1,444,227 |
| Less accumulated depreciation | (1,116,369) | (1,063,326) |
| Net property and equipment | 388,376 | 380,901 |
| Other Assets | | |
| Deferred tax asset, net of valuation reserve | 191,898 | 189,308 |
| Total other assets | 191,898 | 189,308 |
| TOTAL ASSETS | \$ 1,837,511 | \$ 1,944,206 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 122,415 | \$ 146,039 |
| Customer deposits | 108,388 | 115,011 |
| Total current liabilities | 230,803 | 261,050 |
| Long-term Liabilities | | |
| Due to related company | 96,233 | 100,000 |
| Total long-term liabilities | 96,233 | 100,000 |

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| | | |
|---|--------------------|--------------------|
| Total liabilities | 327,036 | 361,050 |
| Stockholders' Equity | | |
| Common stock, \$.001 par, 100,000,000 shares authorized; 15,221,647 shares issued and outstanding at March 31, 2014 | 15222 | 15,222 |
| Common stock not yet issued (\$.001 par, 8,150 shares) | 8 | 8 |
| Preferred Stock, \$.001 par, 40,000,000 shares authorized; 0 shares issued and outstanding at March 31, 2014 | — | — |
| Additional paid-in capital | 1,899,773 | 1,899,773 |
| Retained earnings | (404,528) | (331,847) |
| Total stockholders' equity | 1,510,475 | 1,583,156 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$1,837,511 | \$1,944,206 |

See accompanying notes to consolidated financial statements.

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**METWOOD,
INC. AND
SUBSIDIARY
CONSOLIDATED
STATEMENTS
OF
OPERATIONS
(UNAUDITED)**

| | Three Months Ended March | | Nine Months Ended March | |
|-------------------------------------|--------------------------|-------------|-------------------------|--------------|
| | 31, | 2013 | 31, | 2013 |
| | 2014 | | 2014 | |
| REVENUES | | | | |
| Gross sales | \$355,267 | \$439,494 | \$1,431,251 | \$1,682,066 |
| Cost of sales | (273,415) | (291,292) | (901,658) | (1,054,517) |
| Gross profit | 81,852 | 148,202 | 529,593 | 627,549 |
| ADMINISTRATIVE EXPENSES | | | | |
| Advertising | 9,592 | 7,343 | 15,510 | 19,631 |
| Depreciation | 5,958 | 7,806 | 15,786 | 24,048 |
| Insurance | 5,466 | 5,327 | 16,573 | 16,868 |
| Payroll expenses | 122,331 | 125,040 | 346,748 | 394,283 |
| Professional fees | 7,099 | 13,332 | 29,372 | 49,730 |
| Rent | 18,710 | 20,400 | 55,735 | 61,200 |
| Vehicle | 4,259 | 9,961 | 17,697 | 23,810 |
| Other | 43,742 | 36,684 | 99,787 | 85,187 |
| Total administrative expenses | 217,157 | 225,893 | 597,208 | 674,757 |
| Operating loss | (135,305) | (77,691) | (67,615) | (47,208) |
| Other income (expense) | (1,294) | 6,161 | (7,656) | 9,316 |
| Loss before income taxes | (136,599) | (71,530) | (75,271) | (37,892) |
| Income tax benefit | (13,496) | (18,461) | (2,590) | (5,657) |
| Net loss from operations | \$(123,103) | \$(53,069) | \$(72,681) | \$(32,235) |
| Basic and diluted deficit per share | \$(0.01) | \$ ** | \$ ** | \$ ** |
| Weighted average number of shares | 15,221,647 | 14,951,664 | 15,221,647 | 13,850,632 |

**Less than \$0.01

See accompanying notes to condensed financial statements.

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**METWOOD, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)**

| | Nine Months Ending March 31, | |
|---|---------------------------------|-------------|
| | 2014 | 2013 |
| OPERATIONS | | |
| Net loss | \$(72,681) | \$(32,235) |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation | 53,043 | 41,919 |
| Reversal of deferred income taxes | (2,590) | (5,657) |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | 51,891 | 10,241 |
| Inventory | (67,891) | 43,904 |
| Prepaid expenses | — | (100,835) |
| Other operating assets | 30,160 | 543 |
| Decrease in operating liabilities: | | |
| Accounts payable and accrued expenses | (30,247) | (32,036) |
| Net cash used for operating activities | (38,315) | (74,156) |
| INVESTING | | |
| Issuance of common stock | — | 128,000 |
| Capital expenditures | (60,518) | (26,873) |
| Proceeds from disposal of assets | — | |