

METWOOD INC
Form 10-K
October 05, 2012

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

FORM 10-K

ANNUAL
REPORT
PURSUANT
TO SECTION
13 OR 15(d) OF
THE
SECURITIES
EXCHANGE
ACT OF 1934
For the fiscal
year ended June
30, 2012

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
000-05391

**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.)

819 Naff
Road, Boones
Mill, VA
24065
(Address of
principal
executive
offices)

(540)
334-4294
(Registrant's
telephone
number,
including area
code)

Securities
registered
pursuant to
Section 12(b)
of the Act:
None

Securities
registered
pursuant to
Section 12(g)
of the Act:
\$0.001 Par
Value
Common

Voting Stock
(Title of
Class)

Indicate by
check mark if
the registrant
is a
well-known
seasoned
issuer, as
defined in
Rule 405 of
the Securities
Act. Yes No

Indicate by
check mark if
the registrant
is not required
to file reports
pursuant to
Section 13 or
Section 15(d)
of the Act.
Yes No

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 S No
£

Indicate by
check mark
whether the
registrant has
submitted
electronically
and posted on
its corporate
web site,
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 for
such shorter
period that the
registrant was
required to
submit and
post such
files) Yes S
No £

Indicate by
check mark if
disclosure of
delinquent
filers pursuant
to Item 405 of
Regulation
S-K (§229.405
of this
chapter) is not
contained
herein, and

will not be
contained, to
the best of
registrant's
knowledge, in
definitive
proxy
or information
statements
incorporated
by reference in
Part III of this
Form 10-K or
any
amendment to
this Form 10K
Yes S 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. See the
definitions of "large
accelerated filer,"
"accelerated filer," and a
smaller reporting
company": in Rule 12b-2
of the Exchange Act.

Large accelerated filer
£ Accelerated filer £
Non-accelerated filer £
(Do not check if a
smaller reporting
company) Smaller
reporting company S

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

As of October 1, 2012,
the aggregate market
value of the 12,231,797

common shares
outstanding (based
upon
the average of the bid
price (\$.09) reported on
the OTCQB Market)
held by non-affiliates
was \$1,100,867

As of October 1, 2012,
the number of shares
outstanding of the
registrant's common
stock, \$0.001 par value
(the only class of voting
stock), was 12,231,797
shares.

(1)

Table of Contents

METWOOD, INC. AND SUBSIDIARY

FORM 10-K

TABLE OF CONTENTS

	Page #
PART I	
Item 1 Description of Business	4-6
Item 1A Risk Factors	7
Item 2 Properties	7
Item 3 Legal Proceedings	7
PART II	
Item 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	8
Item 7 Management's Discussion and Analysis or Plan of Operation	8
Item 8 Financial Statements and Supplementary Data	10-15
Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	16
Item 9A Controls and Procedures	18
Item 9B Other Information	18
PART III	
Item 10 Directors, Executive Officers and Corporate Governance	19
Item 11 Executive Compensation	20
Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	20
Item 13 Certain Relationships and Related Transactions, and Director Independence	21
Item 14 Principal Accounting Fees and Services	21
PART IV	
Item 15 Exhibits and Financial Statement Schedules	22
Signatures	23

(2)

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities for existing products, and plans and objectives of management. Statements that are not historical in nature and which include such words as "anticipate," "estimate," "should," "expect," "believe," "intend," and similar expressions are intended to identify forward-looking statements for the purpose of the safe harbor provided by Section 21E of the Exchange Act and Section 27A of the Securities Act.

(3)

Table of Contents

PART I

Item 1. Description of Business

Business Development

The company was incorporated under the laws of the State of Wyoming on June 19, 1969. Following an involuntary dissolution for failure to file an annual report, the company was reinstated as a Wyoming corporation on October 14, 1999. 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 Plan of Merger provided for the dissenting shareholders to be paid the amount, if any, to which they would be entitled under the Wyoming Corporation Statutes with respect to the rights of dissenting shareholders. 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. See Form 8-K and attached exhibits filed August 11, 2000. 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 1, 2002, Metwood acquired certain assets of Providence Engineering, PC ("Providence"), a professional engineering firm with customers in the same proximity as Metwood, for \$350,000 and accounted for the transaction under the purchase method of accounting. As of June 30, 2012, Providence is no longer an operating segment of the Company. We have concluded that the majority of the engineering portion of the business can best be handled through a strategic partnership with an outside engineering firm. We believe that continuing research and development efforts will soon enable us to meet code requirements for our products and will eliminate the need for individual engineering seals.

Metwood ("the Company," "We," "Us," "Our") provides construction-related products and engineering services to residential customers and contractors, commercial contractors, developers and retail enterprises, primarily in southwestern Virginia.

Principal Products or Services and Markets

Residential builders are aware of the superiority of steel framing vs. wood framing, insofar as steel framing is lighter; stronger; termite, pest, rot and fire resistant; and dimensionally more stable in withstanding induced loads. Although use of steel framing in residential construction has generally increased each year since 1980, many residential builders have been hesitant to utilize steel due to the need to retrain framers and subcontractors who are accustomed to a "stick-built" construction method where components are laid out and assembled with nails and screws. The Company's founders saw the need to combine the strength and durability of steel with the convenience and familiarity of wood and wood fasteners.

Metwood manufactures light-gage steel construction materials, usually combined with wood or wood fasteners, for use in residential and commercial applications in place of more conventional wood products, which are inferior in terms of strength and durability. The steel and steel/wood products

allow structures to be built with increased load strength and structural integrity and fewer support beams or support configurations, thereby allowing for structural designs that are not possible with wood-only products.

Metwood's primary products and services are:

- TUFFBEAM - internally reinforced cold-formed steel beam
- TUFFJOIST - internally reinforced cold-formed steel joist
 - TNT FLOOR SYSTEM - combinations of TUFFBEAM, NUJOIST and TUFFJOIST are utilized to make up a complete floor system
- TUFFDECK - concrete deck systems
- RIMBEAM - internally reinforced CFS load distribution member
- NUJOIST - Metwood is a national distributor for NUJOIST floor joist system by Nuconsteel
- NUFRAME 3.5 & 5.5 - a fully proprietary panelized load bearing and non-load bearing CFS wall framing solution
- NUTRUS 2.0 - a proprietary roof and floor truss system
- NUTRUS - CFS truss system
- Aegis - Metwood is a distributor of Aegis Metal Framing's cold-formed steel trusses
- Trimmable square columns
- Joist reinforcers
- Engineering, design and custom building services

Metwood is performing ongoing product research and development. Through a strategic partnership with an outside engineering firm, Metwood is able to offer its customers civil engineering capabilities which include rezoning and special use submissions; erosion and sediment control and storm-water management design; residential, commercial, and religious facility site development design; and utility design, including water, sewer and onsite treatment systems.

We also perform a variety of structural design and analysis work, successfully providing solutions for many projects, including retaining walls, residential framing, commercial building framing, light-gage steel fabrication drawings, metal building retrofits and additions, mezzanines, and seismic anchors and restraints.

The Company has designed numerous foundations for a variety of structures. Our foundation design expertise includes metal building foundations, traditional building construction foundations, atypical foundations for residential structures, tower foundations, and sign foundations for a variety of uses and applications.

(4)

Table of Contents

We have also designed and drafted full building plans for several applications. When subcontracting for local companies, we have the ability, in partnership with our outside engineering firm, to provide basic architectural, mechanical, electrical, and detailed civil and structural design services for these facilities.

We have reviewed designs by manufacturers for a variety of structures and structural components, including retaining walls, radio towers, tower foundations, sign foundations, timber trusses, light-gage steel trusses, and light-gage steel beams. This service enables clients to take generic designs and have them certified and approved for construction in the desired locality.

Distribution Methods of Products and Services

Our sales are primarily wholesale, directly to lumberyards, home improvement stores, hardware stores, and plumbing and electrical suppliers in Virginia and North Carolina. Metwood relies primarily on its own sales force to generate sales; additionally, however, the Company has distributors in Virginia, New York, Oklahoma, Arizona and Colorado and also utilizes the salespeople of wholesale yards stocking the Company's products as an additional sales force. We are an authorized vendor for Lowe's, Home Depot, 84 Lumber, Stock Building Supply, ProBuild, and many more. We have several stocking dealers of our square columns and reinforcing products. We will sell directly to contractors in areas where we do not have a dealer, but with our national dealer relationships, we typically have a dealer to use. Metwood intends to continue expanding the wholesale marketing of its unique products to retailers, to increase dealer sales, and to license the Company's technology and products to increase its distribution outside of Virginia, North Carolina and the South.

Status of Publicly Announced New Products or Services

Metwood has become a fabricator of the Aegis steel truss system and is a supplier of their products to both residential and commercial customers.

Seasonality of Market

Our sales are subject to seasonal impacts, as our products are used in residential and commercial construction projects which tend to be at peak levels in Virginia and North Carolina between the months of March and October. Accordingly, our sales are typically greater in our fourth and first fiscal quarters. We build an inventory of our products throughout the winter and spring to support our sales season. Due to the seasonality of our local market, we are continuing our efforts to expand into markets that are not so seasonally impacted. We have shipped projects to Florida, Georgia, South Carolina, Arizona, Washington, and more. These markets have some seasonality, but increased exposure in these markets will help maintain stronger sales year round.

Competition

Nationally, there are over one hundred manufacturers of the types of products produced by the Company. However, the majority of these manufacturers are using wood-only products or products without metal reinforcement. Metwood has identified only one other manufacturer in the United States that manufactures a wood-metal floor truss similar to ours. However, we have often found that our products are the only ones that will work within many customers' design specs.

Sources and Availability of Raw Materials and the Names of Principal Suppliers

Edgar Filing: METWOOD INC - Form 10-K

All of the raw materials we use are readily available on the market from numerous suppliers. The light-gage metal used by the Company is supplied primarily by Telling Industries, Nuconsteel, New Millenium, Allied Tube & Conduit, and Vulcraft. Our main source of lumber is BlueLinx. Re-Steel, Nucor and Gerdau Amersteel provide the majority of our rebar. Because of the number of suppliers available to us, our decisions in purchasing materials are dictated primarily by price and secondarily by availability. We do not anticipate a lack of supply to affect our production; however, a shortage might cause us to pass on higher materials prices to our buyers.

Dependence on One or a Few Major Customers

For the fiscal years ending June 30, 2012 and 2011, no customer accounted for 10% or more of total sales.

(5)

Table of Contents

Patents

The Company has nine U.S. Patents:

U.S. Patent Nos. 5,519,977 and 7,347,031, "Joist Reinforcing Bracket," a bracket that reinforces wooden joists with a hole for the passage of a utility conduit. The Company refers to this as its floor joist patch kit.

U.S. Patent No. 5,625,997, "Composite Beam," a composite beam that includes an elongated metal shell and a pierceable insert for receiving nails, screws or other penetrating fasteners.

U.S. Patent No. 5,832,691, a continuation in part of U.S. Patent No. 5,625,997, "Composite Beam," a composite beam that includes an elongated metal shell and a pierceable insert for receiving nails, screws or other penetrating fasteners.

U.S. Patent No. 5,921,053, "Internally Reinforced Girder with Pierceable Nonmetal Components," a girder that includes a pair of "c"-shaped members secured together so as to form a hollow box which permits the girder to be secured within a building structure with conventional fasteners such as nails, screws and staples.

U.S. Patent Nos. D472,791S; D472,792S; D472,793S; and D477,210S, all modifications of Metwood's Joist Reinforcing Bracket, which will be used for repairs of wood I-joists.

Each of the above-mentioned patents was originally issued to the inventors and Company founders, Robert Callahan and Ronald B. Shiflett, who licensed these patents to us.

Need for Government Approval of Principal Products

Our products must either be sold with an engineer's seal or applicable building code approval. Currently, we are seeking International Code Council ("ICC") code approval on our TUFFBEAMS. Once that approval is obtained, our products can be used in all fifty states and will eliminate the need for an engineer's seal on individual products. To date, the Company's 2x10 floor joist reinforcer has received both Bureau Officials Code Association approval (2001) and ICC approval (2004).

Time Spent During the Last Two Fiscal Years on Research and Development Activities

Approximately fifteen percent of our time and resources have been spent during the last two fiscal years researching and developing our metal/wood products, new product lines, and new patents.

Costs and Effects of Compliance with Environmental Laws

We do not incur any costs to comply with environmental laws. We are an environmentally friendly business in that our products are fabricated from recycled steel.

Number of Total Employees and Number of Full-Time Employees

We had eighteen employees at June 30, 2012, all of whom were full time.

Table of Contents

Item 1A. Risk Factors

Our business is subject to various risks, including those described below. You should carefully consider the following risk factors and all other information contained in this Form 10-K. If any of the following events or outcomes actually occurs, our business, operating results, and financial conditions would likely suffer.

Changing economic conditions could materially adversely affect us - Our operations and performance depend significantly on regional and national economic conditions and their impact on levels of spending by our customers and end users. Currently, those economic conditions have deteriorated and may remain depressed for the foreseeable future. These changing economic conditions could have a material adverse effect on demand for our products and on our financial condition and operating results.

Current volatility and disruption in the capital and credit markets may continue to exert downward pressure on our stock price - The capital and credit markets have been experiencing extreme volatility and disruption over the past year. Stock markets in general, and our stock price in particular, have experienced significant volatility over the past year. Our stock recently traded at historic lows. In the future, there can be no assurance that price volatility in the stock markets in general will abate or that our stock price in particular will rise. Additionally, the volatility in the credit markets could impact our ability to access new financing.

We have a history of operating losses and may incur future losses. We incurred net losses of \$354,919 for the fiscal year ended June 30, 2012 and \$86,262 for the year ended June 30, 2011. Our ability to generate significant revenues and maintain profitability is dependent in large part on our ability to expand our customer base; increase sales of our products to existing customers; manage our expense growth; enter into additional supply, license and collaborative arrangements; and successfully manufacture and commercialize products incorporating our technologies in new applications and in new markets.

Item 2. Properties

During the year ended June 30, 2005, we sold our facilities to a related party for \$600,000 and subsequently leased the facilities back under a long-term lease agreement. We now lease our facilities in Boones Mill, Virginia, which consist of corporate offices, warehouses, a garage/vehicle maintenance building, and other multi-use buildings. The condition of these buildings is very good.

We do not invest in real estate or interests in real estate, real estate mortgages or securities of or interests in persons primarily engaged in real estate activities and therefore have no policies related to such investments.

Item 3. Legal Proceedings

We are currently the complainant in two legal proceedings seeking to recover unpaid amounts from customers. We are not a party to any other legal proceedings, nor, to the best of our knowledge, are any such proceedings threatened or contemplated.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote during the year.

Table of Contents

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

Because there is no active trading market for Metwood, Inc. common stock, it is difficult to determine the market value of the stock. Based on the recent close of our common stock at October 1, 2012 of \$.09 per share (with a 52-week high of \$.43), the market value of shares held by non-affiliates would be \$1,100,867. There are no preferred shares authorized.

Our common stock is currently listed on the OTCQB Market, the middle tier of the OTC marketplace, under the symbol "MTWD.OB."

The following table sets forth high and low bid information for each full quarterly period within the two most recent fiscal years.

These over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Year Ended June 30, 2012	High	Bid
First Quarter	\$0.43	\$0.22

Edgar Filing: METWOOD INC - Form 10-K

Second Quarter	\$0.39	\$0.20
Third Quarter	\$0.37	\$0.21
Fourth Quarter	\$0.31	\$0.04

Year Ended June 30, 2011

First Quarter	\$0.25	\$0.13
Second Quarter	\$0.55	\$0.11
Third Quarter	\$0.43	\$0.18
Fourth Quarter	\$0.43	\$0.21

Holdings

The approximate number of holders of record of our common stock as of August 17, 2012 was 1,112. This number does not include an indeterminate number of stockholders whose shares are held by brokers in street name. The number of stockholders has been substantially the same during the past ten years.

Dividends

We have not paid any dividends on our common stock and do not intend to pay dividends in the foreseeable future.

Item 7.

Management's Discussion and

Analysis of
Financial
Condition and
Results of
Operation

Financial
Condition

We anticipate that the next twelve months will be a period of continued growth as we seek to further expand our presence in new markets throughout the United States through increased numbers of distributors, licensees and dealers. ICC code approval is being sought for our TUFFBEAM and is expected to be obtained within the coming fiscal year. If this approval is obtained, product marketability would be greatly enhanced and would likely lead to higher demand.

Higher product demand would likely increase the need for more capital as inventory

requirements grew, which could be met through borrowing or a stock offering. No decision has been made at the present time, however, as to which means might be used to raise capital.

Results of Operations

Below are selected financial data for the years ended June 30, 2012 and 2011:

	2012	2011
Revenues	\$ 1,940,526	\$ 2,212,757
Net loss	\$ (354,919)	\$ (86,262)
Net loss per common share	\$ (0.03)	\$ (0.01)
Weighted average common shares outstanding	12,231,797	12,231,797

At June 30, 2012 and 2011:

Total assets	\$ 1,828,928	\$ 2,185,815
Working capital	\$ 1,119,326	\$ 1,250,111
Shareholders' equity	\$ 1,552,165	\$ 1,907,084

No dividends have been declared or paid during the periods presented.

Revenues and Cost of Sales - Consolidated gross sales decreased \$272,231, or 12%, for the year ended June 30, 2012 ("fiscal 2012") compared to the year ended June 30, 2011 ("fiscal 2011"). Construction sales consisted of product sales, engineering, delivery and installation fees and decreased \$122,846 (6%) comparing fiscal 2012 to 2011. Engineering sales consisted of fees for engineering services and declined \$149,385 (91%) comparing fiscal 2012 to 2011. This decline results from the fact that Providence is no longer an operating segment of the Company. Gross profit decreased \$198,622

(22%) from fiscal 2011 to fiscal 2012, again reflecting the fact that Providence is not an active segment for us.

The sales decrease for fiscal 2012 versus 2011 continues to reflect an ongoing general downturn in the building industry. Although we have sold product in over twenty-five states, our local market is down more than 30%. Nonetheless, the commercial market has overcome some of the residential downturn. The potential for increased sales volume as the Company goes forward is enhanced by the fact that we are now an authorized fabricator for the Dynatruss light-gage

steel truss system, begun in March 2008.

Cost of sales decreased \$73,609 overall (6%) in fiscal 2012 compared to fiscal 2011.

On the construction side, cost of sales increased \$72,375 (6%), while cost of engineering sales decreased \$145,984 (88%). The change in construction and engineering costs was proportional to the change in sales for the same period.

Administrative expenses - These costs increased \$95,164, or 9%, to \$1,135,402 in fiscal 2012 from \$1,040,238 in fiscal 2011. The increase resulted from impairment losses on intangible assets. Aside from that

expense,
administrative
costs declined
in all but two
categories. We
are invested in
decreasing
expenditures
where possible
in order to
maximize our
net earnings.

(8)

Table of Contents

Other Income - Other income in fiscal 2012 was \$18,876, 28% higher than fiscal 2011. The increase resulted from higher customer finance charges and gains on asset disposals.

Income Taxes - In fiscal 2012 we recorded an income tax benefit of \$75,098 compared to a tax benefit of \$54,145 in fiscal 2011. An income tax benefit was recognized in both fiscal years because, in addition to the book loss experienced, temporary ("timing") differences between book and tax income gave rise to a higher tax loss, which will be carried forward and offset future taxable income. A deferred tax asset has been recorded to reflect the potential future benefit of such a carryforward. Since the realization of such an asset is uncertain, we have also recorded a valuation allowance to reduce this asset to its net realizable value.

Liquidity and Capital Reserves - Cash flows used for operating activities in fiscal 2012 were \$96,612 versus net cash provided by operating activities of \$47,395 in fiscal 2011. The decrease in cash

flows from operations for fiscal 2012 was primarily attributable to increases in the net loss and in inventory. We also used \$39,361 for capital improvements and purchases of fixed assets in fiscal 2012 compared to \$271,362 in fiscal 2011. Property disposals increased cash provided by investing activities by \$6,290 and fiscal 2012 compared to \$9,100 in 2011. Financing activities in fiscal 2012 used \$54,119 compared to \$8,197 used in fiscal 2011. The use of funds in 2012 was from amounts repaid to a related party and full repayment of a vehicle loan, while funds used in 2011 in financing activities were from amounts repaid to a related party.

We have historically funded our cash needs through operating income and credit line draws as needed. We will continue to rely on sales revenue as our main source of liquidity and will incur debt primarily to fund inventory purchases as sales growth produces increased product demand. Liquidity needs that cannot be met by current sales revenue may also arise in certain unusual circumstances such as has previously occurred

when rain and snow significantly slowed construction activity and resulted in a corresponding decline in demand for our products. In those circumstances, debt may be added to meet our fixed costs and to maintain inventory in anticipation of a spurt in product demand that generally occurs once a weather-related slowdown has ended.

On a long-term basis, we also anticipate that product demand will increase considerably as we continue to expand our marketing and advertising campaign, which may include the use of television, radio, print and internet advertising. Efforts are well underway to increase the number of out-of-state sales representatives/brokers who will market our products throughout the country. As sales increase, we can add a second shift to meet the additional product demand without having to use funds to expand our production facilities. If additional cash becomes necessary to fund our growth, we may raise this capital through an additional follow-on stock offering rather than taking on more debt. However, there

can be no assurance that we will be able to obtain additional equity or debt financing in the future. If we are unable to raise additional capital as needed, our growth potential will be adversely affected, and we would have to significantly modify our plans.

(9)

Table of Contents

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Metwood, Inc.

We have audited the accompanying consolidated balance sheets of Metwood, Inc. (a Nevada corporation) and subsidiary as of June 30, 2012 and 2011, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Metwood, Inc. and subsidiary as of June 30, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Bongiovanni & Associates, CPAs
Bongiovanni & Associates, CPAs
Cornelius, North Carolina

October 1, 2012

(10)

Table of Contents

METWOOD, INC.
AND
SUBSIDIARY
CONSOLIDATED
BALANCE
SHEETS
JUNE 30, 2012
AND 2011

	June 30, 2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$58,646	\$180,448
Accounts receivable, net	231,081	240,581
Inventory	961,780	855,864
Recoverable income taxes	—	42,606
Other current assets	31,871	47,872
Total current assets	1,283,378	1,367,371
Property and Equipment		
Leasehold improvements	264,820	259,490
Furniture, fixtures and equipment	93,458	98,458
Computer hardware, software and peripherals	167,763	159,261
Machinery and shop equipment	459,087	457,688
Vehicles	381,373	420,533
Land improvements	67,959	67,959
	1,434,460	1,463,389
Less accumulated depreciation	(1,001,068)	(935,093)
Net property and equipment	433,392	528,296
Other Assets		
Deferred tax asset	224,317	157,792
Less valuation reserve	(112,159)	(120,732)
	112,158	37,060
Goodwill	—	253,088
TOTAL ASSETS	\$1,828,928	\$2,185,815
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$79,177	\$78,401
Note payable	—	5,359

Edgar Filing: METWOOD INC - Form 10-K

Customer deposits	74,688	—
Accrued expenses	10,187	33,500
Total current liabilities	164,052	117,260
Long-term Liabilities		
Note payable	—	24,529
Due to related company	112,711	136,942
Total long-term liabilities	112,711	161,471
Total liabilities	276,763	278,731
Stockholders' Equity		
Common stock (\$.001 par, 100,000,000 shares authorized; 12,231,797 shares issued and outstanding at June 30, 2012 and 2011)	12,232	12,232
Common stock not yet issued (\$.001 par, 8,150 shares at June 30, 2012 and 2011)	8	8
Additional paid-in capital	1,544,268	1,544,268
Retained earnings (deficit)	(4,343)	350,576
Total stockholders' equity	1,552,165	1,907,084
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,828,928	\$ 2,185,815
See accompanying notes to consolidate financial statements		

(11)

Table of Contents

METWOOD, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED JUNE 30, 2012 and 2011

	2012	2011
REVENUES		
Sales	\$ 1,925,670	\$ 2,048,516
Cost of sales	1,218,251	1,161,821
Gross profit	707,419	886,695
ADMINISTRATIVE EXPENSES		
Advertising	40,115	77,253
Bad debt provision	1,973	11,548
Depreciation	32,997	30,541
Impairment losses on intangible assets	253,088	—
Insurance	23,269	18,235
Payroll expenses	489,196	559,136
Professional fees	49,757	55,876
Rent	80,600	79,200
Research and development	15,142	10,555
Telephone	17,694	18,240
Vehicle	47,498	44,117
Other	78,837	103,691
Total administrative expenses	1,130,166	1,008,392
Loss from operations	(422,747)	(121,697)
Other income	9,896	14,718
Income tax benefit	(65,654)	(41,142)
Loss from continuing operations	(347,197)	(65,837)
Discontinued operations	(7,722)	(20,425)
Net loss	\$(354,919)	\$(86,262)
Basic and diluted deficit per share	\$(0.03)	\$(0.01)
Loss per share from discontinued operations	**	**
Weighted average number of shares	12,231,797	12,231,797

**Less than \$.01

See accompanying notes to consolidated financial statements.

(12)

Table of Contents

METWOOD, INC. AND SUBSIDIARY
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	Common Shares (000s)	Common Shares (\$0.001Par)	Common Shares Not Yet Issued (000s)	Common Shares Not Yet Issued (\$0.001Par)	Additional Paid-in Capital	Retained Earnings
Balances July 1, 2010	12,232	\$12,232	8	\$8	\$ 1,544,268	\$ 436,838
Net loss for year	-	-	-	-	-	(86,262)
Balances June 30, 2011	12,232	\$12,232	8	\$8	\$ 1,544,268	\$350,576
Net loss for year	-	-	-	-	-	\$ (354,919)
Balances June 30, 2012	12,232	\$12,232	8	\$ 8	\$1,544,268	(\$4,343)

(13)

Table of Contents

METWOOD, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
OPERATING ACTIVITIES		
Net loss	\$(354,919)	\$(86,262)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation, net of property disposals	65,975	109,151
Impairment loss on intangible assets	253,088	—
Provision for deferred income taxes	(75,098)	(86,815)
(Increase) decrease in operating assets:		
Accounts receivable	9,500	47,208
Inventory	(105,915)	83,013
Other current assets	16,001	15,496
Refundable income taxes	42,606	41,777
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	52,150	(76,173)
Net cash provided by (used for) operating activities	(96,612)	47,395
INVESTING ACTIVITIES		
Property, plant and equipment:		
Purchases	(39,361)	(271,362)
Property disposals	68,290	9,100
Net cash provided by (used for) investing activities	28,929	(262,262)
FINANCING ACTIVITIES		
Net repayment to related party	(24,231)	(38,085)
Net borrowings (repayments) from vehicle financing	(29,888)	29,888
Net cash used for financing activities	(54,119)	(8,197)
Net (decrease) in cash	(121,802)	(223,064)
Cash, beginning of the year	180,448	403,512
Cash, end of the year	\$58,646	\$180,448

See accompanying notes to consolidated financial statements.

Table of Contents

METWOOD, INC.
AND
SUBSIDIARY
NOTES TO
CONSOLIDATED
FINANCIAL
STATEMENTS
JUNE 30, 2012
AND 2011

NOTE 1 -
ORGANIZATION
AND
OPERATIONS

Metwood, Inc. ("Metwood") was organized under the laws of the Commonwealth of Virginia on April 7, 1993. On June 30, 2000, Metwood entered into an Agreement and Plan of Reorganization in which the majority of its outstanding common stock was acquired by a publicly held Nevada shell corporation. The acquisition was a tax-free exchange for federal and state income tax purposes and was accounted for as a reverse merger in accordance with Accounting Principles Board ("APB") Opinion No. 16. Upon acquisition, the

name of the shell corporation was changed to Metwood, Inc., and Metwood, Inc., the Virginia corporation, became a wholly owned subsidiary of Metwood, Inc., the Nevada corporation. The publicly traded shell corporation had not had a material operating history for several years prior to the merger.

Effective January 1, 2002, Metwood acquired certain assets of Providence Engineering, PC (The "Providence"), a professional engineering firm with customers in the same proximity as Metwood, for \$350,000 and accounted for the transaction under the purchase method of accounting. As of June 30, 2012, Providence is no longer an operating segment of the Company. The Company has concluded that the majority of the engineering portion of the business can best be handled through a strategic partnership with an outside engineering firm. The Company believes that

continuing research and development efforts will soon enable us to meet code requirements for our products and will eliminate the need for individual engineering seals.

The Company provides construction-related products and engineering services to residential customers and contractors, commercial contractors, developers and retail enterprises, primarily in southwestern Virginia.

NOTE 2 -
SUMMARY OF
SIGNIFICANT
ACCOUNTING
PRACTICES

Basis of Presentation - The financial statements include the accounts of Metwood, Inc. (a Nevada corporation) and its wholly owned subsidiary, Metwood Inc. (a Virginia corporation) prepared in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission. All significant intercompany balances and transactions have been eliminated.

Management's Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. At June 30, 2012 and 2011, the significant estimates used by management include the valuation of its goodwill. Actual results could differ from those estimates.

Fair Value of Financial Instruments - For certain of our financial instruments, none of which are held for trading, including cash, accounts receivable, inventory, other current assets, accounts payable and accrued expenses, and the bank lines of credit, the carrying amounts approximate fair value due to their short maturities.

Cash and Cash Equivalents - For purposes of the Consolidated Statements of Cash Flows, we consider liquid investments with an original maturity of three months or less to be cash equivalents. We maintain our cash in bank deposit accounts, which, at times, may exceed the federally insured limit of \$250,000. We have not experienced any losses in such accounts and believe we are not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable - We grant credit in the form of unsecured accounts receivable to our customers based on an evaluation of their financial condition. We perform ongoing credit evaluations of our customers. The estimate of the allowance for doubtful accounts, which is charged off to bad debt expense, is based on management's assessment of current economic conditions and historical collection experience with each customer. At both June 30, 2012 and 2011, the allowance for doubtful accounts was \$5,000. Specific customer receivables are considered past due when they are outstanding beyond their contractual terms and are charged off to the allowance for doubtful accounts when determined uncollectible. For the years ended June 30, 2012 and 2011, the bad debt expense was \$15,058 and \$13,332, respectively.

Inventory - Inventory, consisting primarily of metal and wood raw materials, is located on our premises and is stated at the lower of cost or market using the first-in, first-out method.

Property and Equipment - Property and equipment are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives using the straight-line method. Recovery periods range from three to thirty-nine years. Upon retirement or sale, the cost and related accumulated depreciation are removed from the balance sheet, and the resulting gain or loss is reflected in other income and expense. Maintenance and repairs are charged to operations as incurred.

Impairment of Long-lived Assets - We evaluate our long-lived assets for indications of possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparing the carrying amounts to the future net undiscounted cash flows which the assets are expected to generate. Should an impairment exist, the impairment would be measured by the amount by which the carrying amount of the assets exceeds the projected discounted future cash flows arising from the asset. There have been no such impairments of long-lived assets through June 30, 2012 and 2011.

(15)

Table of Contents

Patents - We have been assigned several key product patents developed by certain Company officers. No value has been recorded in our financial statements because the fair value of the patents was not determinable within reasonable limits at the date of assignment.

Goodwill - We account for goodwill and intangibles under FASB ASC 350, "Goodwill and Other Intangible Assets." As such, goodwill is not amortized, but is subject to annual impairment reviews, or more frequent reviews if events or circumstances indicate there may be an impairment. Goodwill was recorded at the time of Metwood's acquisition of Providence Engineering. Since Providence is no longer an active company (it has no employees and carries on no business activities), all goodwill carried on the books is 100% impaired and accordingly has been written off.

Revenue

Recognition -

Revenue is recognized when goods are shipped and earned or when services are performed, provided collection of the resulting receivable is probable. If any material contingencies are present, revenue recognition is delayed until all material contingencies are eliminated. Further, no revenue is recognized unless collection of the applicable consideration is probable.

Income Taxes -

Income taxes are accounted for in accordance with FASB ASC 740, Income Taxes. A deferred tax asset

or liability is recorded for all temporary differences between financial and tax reporting and for net operating loss carryforwards, where applicable. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or the entire deferred tax asset will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

Research and Development -

We perform research and development on our metal/wood products, new product lines, and new patents. Costs, if any, are expensed as they are incurred. For the year ended June 30, 2012, expenses were \$15,142 and for

the year ended
June 30, 2011,
expenses were
\$10,555.

Advertising -

We expense
advertising costs
as incurred.
However, certain
expenditures are
treated as
prepaid (such as
trade show fees)
if they are for
goods or services
which will not be
received until
after the end of
the accounting
period. These
costs are
subsequently
recognized as
expenses in those
periods in which
the goods or
services are
received.

Earnings (loss)

Per Common

Share - Basic

earnings (loss)
per share
amounts are
based on the
weighted
average shares of
common stock
outstanding. If
applicable,
diluted earnings
(loss) per share
would assume
the conversion,
exercise or
issuance of all
potential
common stock
instruments such

as options, warrants and convertible securities, unless the effect is to reduce a loss or increase earnings per share. This presentation has been adopted for the years presented. There were no adjustments required to net income (loss) for the years presented in the computation of diluted earnings (loss) per share.

Recent Accounting Pronouncements

- In May 2011, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standards Update (“ASU”) No. 2011-04 amending Topic 820 that substantially converged the requirements for fair value measurement and disclosure between the FASB and the International Accounting Standards Board (“IASB”). This ASU is largely consistent with existing fair

value measurement principles under U.S. GAAP. This ASU was effective for the Company in its quarter beginning January 1, 2012 and has not had a material impact on the Company's financial statements.

In June 2011, the FASB issued ASU 2011-05 amending Topic 220 that addressed the presentation of comprehensive income in the financial statements. This accounting update allows an entity the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In addition, this ASU eliminates the option to

present the components of other comprehensive income as part of the statement of changes in stockholders' equity and does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. This ASU is effective for the Company in its quarter beginning January 1, 2012 and is not expected to have a material impact on the Company's financial statements other than modifying the presentation of comprehensive income.

(16)

Table of Contents

In June 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-05 "Comprehensive Income (Topic 220): Presentation of Comprehensive Income." The Update is intended to increase the prominence of other comprehensive income in financial statements. In U.S. GAAP, the ASU will supersede some of the guidance in Topic 220 of the accounting Codification. The main provisions of this Update provide that an entity that reports items of other comprehensive income has the option to present comprehensive income in either one or two consecutive financial statements. A single statement must present the components of net income and total net income, the components of other comprehensive income and total other comprehensive income, and a total for comprehensive income. In a two-statement approach, an entity must present the components of net income and total net income in the first statement. That statement must be immediately followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income, and a total for comprehensive income. The option in current GAAP that permits the presentation of other comprehensive income in the statement of changes in equity has been eliminated. The amendments in this Update should be applied retrospectively. For public entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. For nonpublic entities, the amendments are effective for fiscal years ending after December 15, 2012, and interim and annual periods thereafter. Early adoption is permitted, because compliance with the amendments is already permitted. We are evaluating the impact this Update will have on our consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08 amending Topic 350 that allows an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under this new ASU, if a Company chooses the qualitative method, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. This ASU is effective for annual and interim impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company does not expect this ASU to have a material impact on its financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

NOTE 3 - RELATED-PARTY TRANSACTIONS

For the years ended June 30, 2012 and 2011, the Company had sales of \$24,231 and \$112,062, respectively, to our shareholder and CEO, Robert Callahan. As of June 30, 2012 and 2011, the related receivable was \$-0-.

Also, from time to time, the Company contract with a construction company 50% owned by its CEO which provides capital improvements and maintenance work on our buildings and grounds. Billings for such services during the years ended June 30, 2012 and 2011 were \$-0-.

NOTE 4 -
COMMITMENT

In prior years, we implemented a stock-based incentive compensation plan for our employees. Participating employees have an after-tax deduction withheld by the Company throughout the calendar year. As of December 31 of each year, the employee is considered vested in the plan, and we will match the participating employee's withheld amounts. We may also make a discretionary contribution based upon pay incentives or attendance. Periodically, we will purchase restricted stock on behalf of the employee in the amount of his withholdings, our match, and any discretionary contributions.

NOTE
5 -
EQUITY

During the years ended June 30, 2012 and 2011, we did not issue any common shares for the benefit of employees included in our stock-based incentive compensation program.

NOTE 6 -
SALE OF
FIXED
ASSETS AND
RELATED
OPERATING
LEASE

During the year ended June 30, 2006, we entered into a sales and leaseback transaction with a related party. We sold the various buildings at our corporate headquarters which house our manufacturing plants, executive offices and other buildings for \$600,000 in

cash. We simultaneously entered into a commercial lease agreement with the related party whereby we are committed to lease back these same properties for \$6,800 per month over a ten-year term expiring December 31, 2014. Rent expense charged to operations for the years ended June 30, 2012 and 2011 was \$80,600 and \$79,200, respectively.

Future minimum lease payments under non-cancelable operating leases as of June 30, 2012 are as follows:

Year Ending June 30,	
2013	81,600
2014	81,600
2015 and beyond	40,800
	\$ 204,000

(17)

Table of Contents

NOTE 7 -
DISCONTINUED
OPERATIONS

In June 2012, the Company's subsidiary, Providence Engineering, PC, ceased operations because management concluded that most of the engineering portion of our business can best be handled through a strategic partnership with an outside engineering firm. The discontinued operations are reported in these consolidated financial statements for the two reporting years ended June 30, 2012 and 2011. See Note 9 for information on the revenues and expenses of this segment of our business.

NOTE 8 -
INCOME
TAXES

The components of income tax benefit consist of:

2012	2011
------	------

Current:

Federal \$	-	\$ (113,429)
State	-	(7,303)
	-	(120,732)

Deferred:

Federal (64,362)	67,636	
State (10,736)	(1,049)	
	(75,098)	66,587

Total		
income tax \$	(75,098)	\$ (54,145)
benefit		

The reconciliation of the provision for income taxes at the U. S. federal statutory income tax rate of 39% to the Company's income taxes is as follows:

Loss		
before		
income	\$ (430,017)	\$(140,407)
taxes		

Income		
tax benefit		
computed	(167,706)	(54,758)
at the		
statutory		
rate		

State		
income tax		
benefit, net	(15,459)	(5,095)
of federal		
tax effect		

Non-deductible	1,077	475
expenses		

Valuation	89,209	-
reserve		
adjustment		
Effect		
of		
graduated	15,881	5,233
income tax		
rates		

Total		
income tax \$	(75,098)	\$ (54,145)
benefit		

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for federal and state income tax purposes. We have recorded deferred tax assets at June 30, 2012 and 2011, net of a valuation reserve, of \$112,159 and \$37,060, respectively. The components of these amounts are as follows:

	2012	2011
Tax loss carryforward	\$ 99,047	\$ 66,587
Depreciation and miscellaneous	13,112	17,528
Amortization of goodwill		- (47,055)
Net deferred tax asset	\$ 112,159	\$ 37,060

NOTE 9 - SEGMENT INFORMATION

Until June 30, 2012, we operated in two principal business segments: (1) construction-related products and (2) engineering services. Performance of each segment is evaluated based on profit or loss from operations before income taxes. These reportable segments are strategic business units that offer different products and services. Summarized revenue and expense information by segment for the years ended June 30, 2012 and 2011 is as follows:

	2012	2011
Construction:		
Sales	\$ 1,925,670	\$ 2,048,516
Cost of sales	(1,234,196)	(1,161,821)
Intersegment expenses	(200)	(18,693)
Intersegment revenues	6,000	24,000
Corporate and other expenses	(1,032,671)	(952,532)
Segment loss	\$ (335,397)	\$ (60,530)
Total assets	\$ 1,828,928	\$ 2,200,858
Capital expenditures	\$ 39,361	\$ 235,017
Depreciation	\$ 97,821	\$ 103,308
Interest expense	\$ -	\$ -

Engineering:

Edgar Filing: METWOOD INC - Form 10-K

Sales	\$ 14,856	\$ 164,241
Cost of sales	(19,821)	(165,805)
Intersegment revenues	200	18,693
Intersegment expenses	(6,000)	(24,000)
Corporate and other expenses	(8,757)	(18,861)
Segment income	\$ (19,522)	\$ (25,732)
Total assets	\$ -	\$ 534,620
Capital expenditures	\$ -	\$ 36,345
Depreciation	\$ 4,120	\$ 13,575
Interest expense	\$ 111	\$ -

(18)

Table of Contents

Item 9.

Changes in and
Disagreements
with
Accountants on
Accounting
and Financial
Disclosure

None.

Item

9A.

Controls
and
Procedures

(a)
Evaluation
of
disclosure
controls
and
procedures

Our
management,
with the
participation of
our chief
executive
officer and
chief financial
officer,
evaluated the
effectiveness
of our
disclosure
controls and
procedures
pursuant to
Rule 13a-15
under the
Securities
Exchange Act
of 1934 as of
the end of the
period covered
by this Annual

Report on Form 10-K. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on our evaluation, our chief executive officer and chief financial officer concluded that

our disclosure controls and procedures as of June 30, 2012, were designed at a reasonable assurance level and were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information was accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes
in internal
control over
financial
reporting

We regularly review our system of internal control over financial reporting to ensure we maintain an effective internal control environment.

As we grow geographically and with new product offerings, we continue to create new processes and controls as well as improve our existing environment to increase efficiencies.

Improvements may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There were no changes in our internal control over financial reporting during our

most recent
fiscal quarter
that have
materially
affected, or are
reasonably
likely to
materially
affect, our
internal control
over financial
reporting.

Item
9B.
Other
Information

None.

(19)

Table of Contents

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Identification of Directors and Executive Officers

The following table sets forth the names and the nature of all positions and offices held by all directors and executive officers of the Company for the year ending June 30, 2011 and to the date of the filing of this report and the periods during which each such director or executive officer has served in his respective positions:

Name	Position and Background
Robert M. Callahan	President and CEO

Mr. Callahan has been involved in the building industry for over thirty years. He is well recognized in southwestern Virginia as an innovator in the uses of passive solar design and wood/metal products in custom home building. Along with Mr. Ronald Shiflett, he formed Metwood, Inc. in 1993 to bring light-gage construction, used in commercial building for years, into common use in residential construction.

Shawn A. Callahan	Secretary/Treasurer/CFO/VP/General Manager
-------------------	--------------------------------------------

Education: MBA Accounting, University of Phoenix
B.S. Computer Science and Mathematics, Virginia Military Institute

Since starting with Metwood, Inc. in May 1996, Mr. Callahan has played a major role in the restructuring of the Company, increasing production, improving efficiency, and developing computer aids for the Company.

Term of Office

The term of office of the current directors shall continue until new directors are elected or appointed.

Family Relationships

Robert Callahan is the father of Shawn Callahan.

Involvement in Certain
Legal Proceedings

Except as indicated below and to the knowledge of management, during the past five years, no present or former director, person nominated to become a director, executive officer, promoter or control person of the Company:

(1) was a general partner or executive officer of any business by or against which any bankruptcy petition was filed, whether at the time of such filing or two years prior thereto;

(2) was convicted in a criminal proceeding or named the subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;

(4) was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of

any federal or state authority barring, suspending or otherwise limiting for more than sixty days the right of such person to engage in any activity described above under this Item, or to be associated with persons engaged in any such activity; or

(5) was found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, nor has a judgment been reversed, suspended, or vacated.

Compliance with Section 16(a) of the Exchange

Act

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, officers and persons who own more than 10% of the Company's common stock or other registered class of equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than 10% shareholders are required to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of the forms received covering purchase and sale transactions in the

Company's common stock during the fiscal year ended June 30, 2012, the Company believes that each person who, at any time during that period, was a director, executive officer, or beneficial owner of more than 10% of the Company's common stock complied with all Section 16(a) filing requirements.

(20)

Table of Contents**Item****11.**Executive
Compensation

The following table sets forth in summary form the compensation received during each of the Company's last three fiscal years by our President and Chief Executive Officer, Robert M. Callahan:

Summary Compensation Table

Fiscal Annual	Other	Restricted	Restricted
Year	Compensation	Stock	Stock
Salary	Bonuses	Awards	Bonuses
(1)	(2)	(3)	(4)
2012	\$71,667\$ 7,800	-0-	-0-
2011	\$95,119\$ 7,200	-0-	-0-
2010	\$98,126\$ 2,400	-0-	-0-

(1) The dollar value of bonuses (cash and non-cash) received.

(2) During the periods covered by the table, the Company did not pay any other

annual compensation not properly categorized as salary or bonus, including perquisites and other personal benefits, securities or property.

(3) During the periods covered by the table, the Company did not make any award of restricted stock.

(4) The Company currently has no stock option or restricted stock bonus plans.

No member of our management has been granted any option or stock appreciation right; accordingly, no tables relating to such items have been included within this item.

Compensation
of
Directors

There are no standard arrangements pursuant to which our directors are compensated for any services provided as director. No additional amounts are payable to our directors for committee participation or special assignments.

There are no arrangements pursuant to which any of our directors was compensated during our last completed fiscal year or the previous two fiscal years for any services provided as director.

Termination
of
Employment
and
Change
of
Control
Arrangement

There are no compensatory plans or

arrangements, including payments to be received from the Company, with respect to any person named in the Summary Compensation Table set out above which would in any way result in payments to any such person because of his resignation, retirement or other termination of such person's employment with the Company or its subsidiaries, or any change in control of the Company, or a change in the person's responsibilities following a change in control of the Company.

Item 12.
Security
Ownership of
Certain
Beneficial
Owners and
Management
and Related
Stockholder
Matters

Security
Ownership
of
Certain
Beneficial
Owners

The
following
table sets
forth the
shares held
by those
persons who
owned more
than five
percent of
Metwood's
common
stock as of
October 1,
2012, based
upon
12,231,797
shares
outstanding:

Grater Than 5% Owners

Title of Class	Name and Address of Benefial Owner	No. of Shares	Precent of Class
Common	Robert Callahan 819 Naff Road Boones Mill, VA 24065	6,521,782 (1)	53.3%
Common	Ronald Shiflett 638 Patti Road Rocky Mount, VA 24151	2,101,282	17.2%

(1) Includes
direct and
indirect
interests.
There are

6,148,750
common
shares
included in
this amount
that are
owned in
the names
of family
members of
Mr.
Callahan.

Security
Ownership
of
Management

The
following
table sets
forth the
shares held
by Metwood
directors and
officers as of
October 1,
2012:

Management Ownership

Title of Class	Name and Address of Benefial Owner	No. of Shares	Precent of Class
Common	Robert Callahan 819 Naff Road Boones Mill, VA 24065	6,521,782 (1)	53.3%

(1) Includes
direct and
indirect
interests.
There are
6,148,750
common

shares
included in
this amount
that are
owned in
the names
of family
members of
Mr.
Callahan.

Ownership
of shares
by
directors
and
officers of
Metwood
as a
group:
53.3%

Changes
in
Control

We know of
no contractual
arrangements
which may at
a subsequent
date result in
a change of
control in the
Company.

(21)

Table of Contents

Item 13.

Certain Relationships and Related Transactions, and Director Independence

Following are the transactions between Metwood and members of management, directors, officers, 5% shareholders, and promoters of Metwood:

We contract with a construction company 50% owned by our CEO which provides capital improvements and maintenance work on our buildings and grounds.

During the year ended June 30, 2006, we entered into a sales and leaseback transaction with a related party. We sold the various buildings at our corporate headquarters which house our

manufacturing plants, executive offices and other buildings for \$600,000 in cash. We simultaneously entered into a commercial lease agreement with the related party whereby we are committed to lease back these same properties for \$6,800 per month over a ten-year term expiring December 31, 2014. Rent expense charged to operations for the years ended June 30, 2012 and 2011 was \$80,600 and \$79,200, respectively.

Item 14.
Principal Accounting Fees and Services

The following table sets forth the aggregate fees billed or to be billed by Bongiovanni & Associates, CPAs for audit services rendered in

connection
with the
consolidated
financial
statements and
reports for the
years ended
June 30, 2012
and 2011:

	2012	2012
Audit Fees	\$ 15,500	\$15,500
Audit-related fees -	-	-
Tax fees	-	-
All other fees	4,224	5,550
Total fees	\$ 19,724	\$21,050

Audit fees:
Consist of fees
billed for
professional
services
rendered for the
audits of our
consolidated
financial
statements and
reviews of the
interim
consolidated
financial
statements
included in
quarterly reports
and services that
are normally
provided by our
auditors in
connection with
statutory and
regulatory
filings or
engagements
and attest
services, except

those not required by statute or regulation.

Audit-related fees: Consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit fees." These services include accounting consultations in connection with the Sarbanes-Oxley Act of 2002.

Tax fees: Consist of fees billed for tax compliance, tax advice and tax planning services.

All other fees: Consist of fees billed for all other services other than those reported above.

(22)

Table of Contents**PART IV****ITEM 15. EXHIBITS
AND FINANCIAL
STATEMENT
SCHEDULES**

NUMBER DESCRIPTION

3(i)*	Articles of Incorporation
3(ii)*	By-Laws
31.1	<u>Certification of Chief Executive Officer Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>31.2</u>	<u>Certification of Chief Financial Officer Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32</u>	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18

U.S.C. 1350)

*Incorporate by reference on Form 8-K, filed February 16, 2000

(23)

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: October 1, 2012

By: /s/ Robert M.

Callahan

Robert M. Callahan

President, CEO and Director

Date: October 1, 2012

By:

/s/ Shawn A. Callahan

Shawn A. Callahan

Secretary/Treasurer/CFO and Director

(24)

Table of Contents