

S&W Seed Co
Form 10-Q
February 08, 2012

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 December 31, 2011

OR

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 001-34719

S&W SEED COMPANY

(Exact name of Registrant as Specified in its Charter)

Nevada

(State or Other Jurisdiction of Incorporation or Organization)

27-1275784

(I.R.S. Employer Identification Number)

25552 South Butte Avenue
Five Points, CA 93624

(Address of Principal Executive Offices, including Zip Code)

Edgar Filing: S&W Seed Co - Form 10-Q

(559) 884-2535

(Registrant's Telephone Number, including Area Code)

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 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 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

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
				(Do not check if a 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

As of February 8, 2012, 5,800,000 shares of the registrant's common stock were outstanding.

PDF, as a courtesy

S&W SEED COMPANY
Table of Contents

PART I. FINANCIAL INFORMATION	<u>Page No.</u>
Item 1. Financial Statements (Unaudited):	
<u>Consolidated Balance Sheets at December 31, 2011 and June 30, 2011</u>	3
<u>Consolidated Statements of Operations for the Three and Six Months Ended December 31, 2011 and 2010</u>	4
<u>Consolidated Statements of Stockholders' Equity for the Fiscal Year Ended June 30, 2011 and for the Six Months Ended December 31, 2011</u>	5
<u>Consolidated Statements of Cash Flows for the Six Months Ended December 31, 2011 and 2010</u>	6
<u>Notes to Consolidated Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	36
<u>Item 4. Controls and Procedures</u>	36
PART II. OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	37
<u>Item 1A. Risk Factors</u>	37
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	38
<u>Item 3. Defaults Upon Senior Securities</u>	38
<u>Item 4. Mine Safety Disclosures</u>	38
<u>Item 5. Other Information</u>	38
<u>Item 6. Exhibits</u>	39

Part I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

S&W SEED COMPANY
(A NEVADA CORPORATION)
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	December 31, 2011	June 30, 2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,808,285	\$ 3,738,544
Accounts receivable, net	4,064,315	1,803,909
Inventories	3,919,025	5,664,119
Prepaid expenses and other current assets	58,398	58,451
Deferred tax asset	352,393	352,393
TOTAL CURRENT ASSETS	15,202,416	11,617,416
Property, plant and equipment, net of accumulated depreciation	2,341,875	2,299,306
Other intangibles, net	637,044	502,436
Crop production costs	850,752	220,431
Deferred tax asset - long term	56,996	517,672
Other asset - long term	90,000	-
TOTAL ASSETS	\$ 19,179,083	\$ 15,157,261
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 2,651,445	\$ 207,074
Accounts payable - related party	829,868	218,863
Accrued expenses and other current liabilities	102,374	169,060
TOTAL CURRENT LIABILITIES	3,583,687	594,997
TOTAL LIABILITIES	3,583,687	594,997
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.001 par value; 50,000,000 shares authorized; 5,800,000 issued and outstanding at December 31, 2011 and June 30, 2011	5,800	5,800
Additional paid-in capital	14,672,019	14,604,716
Retained earnings (deficit)	917,577	(48,252)
TOTAL STOCKHOLDERS' EQUITY	15,595,396	14,562,264
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 19,179,083	\$ 15,157,261

See notes to consolidated financial statements.

S&W SEED COMPANY
(A NEVADA CORPORATION)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2011	2010	2011	2010
Revenue				
Seed revenue	\$ 4,073,865	\$ 516,613	\$ 9,959,177	\$ 1,195,739
Milling and other revenue	654,164	393,043	884,531	647,060
Total revenue	4,728,029	909,656	10,843,708	1,842,799
Cost of revenue				
Cost of seed revenue	2,960,857	369,734	7,258,802	893,513
Cost of milling and other revenue	243,379	77,207	309,821	115,248
Total cost of revenue	3,204,236	446,941	7,568,623	1,008,761
Gross profit	1,523,793	462,715	3,275,085	834,038
Operating expenses				
Selling, general and administrative expenses	761,765	490,851	1,469,718	1,025,413
Research and development expenses	61,629	127,850	154,505	262,128
Depreciation and amortization	65,516	60,306	136,611	119,697
Total operating expenses	888,910	679,007	1,760,834	1,407,238
Income (loss) from operations	634,883	(216,292)	1,514,251	(573,200)
Other (income) expense				
Loss on disposal of fixed assets	26,362	-	26,362	5,706
Interest (income) expense, net	4,260	(3,165)	8,422	(7,143)
Net income (loss) before income tax expense (benefit)	604,261	(213,127)	1,479,467	(571,763)
Income tax expense (benefit)	161,197	(130,930)	513,638	(235,487)
Net income (loss)	\$ 443,064	\$ (82,197)	\$ 965,829	\$ (336,276)
Net income (loss) per common share:				
Basic	\$ 0.08	\$ (0.01)	\$ 0.17	\$ (0.06)
Diluted	\$ 0.08	\$ (0.01)	\$ 0.17	\$ (0.06)
Weighted average number of common shares outstanding:				
Basic	5,800,000	5,800,000	5,800,000	5,800,000
Diluted	5,804,207	5,800,000	5,817,006	5,800,000

See notes to consolidated financial statements.

S&W SEED COMPANY
(A NEVADA CORPORATION)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings (Deficit)	Stockholders' Equity
Balance, June 30, 2010	5,800,000	\$ 5,800	\$ 14,482,531	\$ 763,196	\$ 15,251,527
Stock-based compensation	-	-	122,185	-	122,185
Net loss for the year ended June 30, 2011	-	-	-	(811,448)	(811,448)
Balance, June 30, 2011	5,800,000	\$ 5,800	\$ 14,604,716	\$ (48,252)	\$ 14,562,264
Stock-based compensation	-	-	67,303	-	67,303
Net income for the six months ended December 31, 2011	-	-	-	965,829	965,829
Balance, December 31, 2011	5,800,000	\$ 5,800	\$ 14,672,019	\$ 917,577	\$ 15,595,396

See notes to consolidated financial statements.

S&W SEED COMPANY
(A NEVADA CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended December 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 965,829	\$ (336,276)
Adjustments to reconcile net income (loss) from operating activities to net cash provided by (used in) operating activities		
Stock-based compensation	67,303	69,141
Change in allowance for doubtful accounts	(3,587)	-
Depreciation and amortization	136,611	119,697
Loss on disposal of fixed assets	26,362	5,706
Changes in:		
Accounts receivable	(2,256,819)	445,889
Inventories	1,745,094	(4,114,939)
Prepaid expenses and other current assets	53	(66,378)
Crop production costs	(630,321)	-
Deferred tax asset	460,676	(235,487)
Other asset - long term	(90,000)	
Accounts payable	2,444,371	1,274,012
Accounts payable - related party	611,005	842,612
Accrued expenses and other current liabilities	(66,686)	89,878
Net cash provided by (used in) operating activities	3,409,891	(1,906,145)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(175,150)	(231,982)
Acquisition of customer list	(165,000)	-