

American Southwest Music Distribution, Inc  
Form 10QSB  
December 19, 2006

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington D.C. 20549**  
**FORM 10-QSB**

(Mark One)

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 31, 2006

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TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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

Commission File No.: **000-26753**

**AMERICAN SOUTHWEST MUSIC DISTRIBUTION, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**52-2190362**  
(I.R.S. Employer  
Identification No.)

**8721 Sunset Blvd., Penthouse 7**

**Hollywood, CA 90069**

(Address of principal executive offices)

Issuer's telephone number: **(310) 659-8770**

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

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Check whether the registrant filed all documents and reports required to be filed by Section 12, 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS**

As of December 14, 2006, 9,909,110 shares of our common stock were outstanding.

Transitional Small Business Disclosure Format: Yes  No

**PART 1: FINANCIAL INFORMATION**

**AMERICAN SOUTHWEST MUSIC DISTRIBUTION, INC.**  
**(FORMERLY KNOWN AS GL ENERGY AND EXPLORATION, INC.)**  
**( A DEVELOPMENT STAGE COMPANY)**  
**CONSOLIDATED BALANCE SHEETS**

	<b>October 31, 2006</b>	<b>April 30, 2006</b>
<b>ASSETS</b>		
Fixed assets:		
Equipment	\$ 43,266	\$ 40,501
Furniture and fixtures	42,488	42,488
Leasehold improvements	7,000	7,000
	92,754	89,989
Accumulated depreciation	(38,815)	(28,620)
Total fixed assets	53,939	61,369
Other assets:		
Music catalog, net of accumulated amortization of \$0	4,522,983	4,216,000
Security deposits	3,370	3,370
Total other assets	4,526,353	4,219,370
<b>TOTAL ASSETS</b>	<b>\$ 4,580,292</b>	<b>\$ 4,280,739</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses payable	\$ 242,020	\$ 118,539
Liability for legal settlement by Company on behalf of entity formerly owned by significant Company stockholder	1,268,333	1,244,583
Notes and loans payable, stockholders and entities owned by them	264,490	247,711
Notes and loans payable, others - unrelated third parties	1,378,298	689,869
<b>TOTAL LIABILITIES</b>	<b>3,153,141</b>	<b>2,300,702</b>
Stockholders' equity:		
Preferred stock - \$0.001 par value; 5,000,000 shares authorized, 0 shares issued and outstanding	-	24
Common stock - \$0.001 par value; 100,000,000 shares authorized, 8,992,933* and 59,977,042 issued and outstanding respectively	8,993	59,977
Additional paid-in capital	5,616,785	5,385,777

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Deficit accumulated during the development stage	(4,198,627)	(3,465,741)
Total stockholders' equity	1,427,151	1,980,037
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 4,580,292</b>	<b>\$ 4,280,739</b>

\* Adjusted for 74:1 reverse split effective August 24, 2006

**AMERICAN SOUTHWEST MUSIC DISTRIBUTION, INC.**  
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**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Three months ended October 31, 2006</b>	<b>Three months ended October 31, 2005</b>	<b>Six months ended October 31, 2006</b>	<b>Six months ended October 31, 2005</b>	<b>Inception (July 1, 2004) through April 30, 2006</b>	<b>Inception (July 1, 2004) through October 31, 2006</b>
EXPENSES						
Consulting fees and services:						
Related parties including through issuance common stock of \$60,000 for six months	\$ 74,122	\$ 66,845	\$ 139,947	\$ 66,845	\$ 348,975	\$ 488,922
Others, including incurred through issuance of common stock of \$120,000 for six months	80,470	45,000	226,120	45,000	-	226,120
	154,592	111,845	366,067	111,845	348,975	715,042
General and administrative	195,954	39,391	203,680	39,391	352,809	556,489
Depreciation and amortization	29,900	6,533	54,124	10,478	46,536	100,660
Total expenses	380,446	157,769	623,871	161,714	748,320	1,372,191
Loss from operations	(380,446)	(157,769)	(623,871)	(161,714)	(748,320)	(1,372,191)
Other costs and expenses						
Loss incurred on legal settlement by Company on behalf of entity formerly owned by significant Company	(11,876)	-	(23,750)	-	(1,244,583)	(1,268,333)

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stockholder							
Interest expense	(56,365)	(13,302)	(85,265)	(22,746)	(78,617)	(163,882)	
Total other costs and expenses	(68,241)	(13,302)	(109,015)	(22,746)	(1,323,200)	(1,432,215)	
NET LOSS	\$ (448,687)	\$ (171,071)	\$ (732,886)	\$ (184,460)	\$ (2,071,520)	\$ (2,804,406)	
Net loss per share - basic and diluted (adjusted for 74:1 reverse split)	\$ (0.53)	\$ -	\$ (0.80)	\$ -	\$ (2.56)	\$ (3.36)	
Weighted average shares outstanding:							
Basic and diluted (adjusted for 74:1 reverse split)	\$ 838,996	\$ -	\$ 917,739	\$ -	\$ 810,501	\$ -	

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**CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY**  
**Period from July 1, 2004 (Inception) through October 31, 2006**

	<b>Preferred Stock</b>		<b>Common Stock</b>		<b>Additional</b>	<b>Deficit</b>		
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Paid in</b>	<b>Accumulated</b>	<b>During the</b>	<b>Total</b>
					<b>Capital</b>	<b>Development</b>	<b>Stage</b>	
Issuance of common stock to Company's founders in exchange for music catalog, furniture and fixtures, and equipment	-	\$ -	4,292	\$ 4	\$ 4,292,733	\$ -		\$ 4,292,737
Capital contribution			2		2,000			2,000
Net loss for period from inception (July 1, 2004) to April 30, 2005						(117,246)		(117,246)
Balance, April 30, 2005	-	\$ -	4,294	\$ 4	\$ 4,294,733	\$ (117,246)		\$ 4,177,491
Recapitalization of common and preferred shares of GL Energy and Exploration, Inc., as acquiree in merger with Company as acquirer	23,980	24	59,972,748	59,973	1,091,044	(1,394,401)		(243,360)
Net loss						(1,954,094)		(1,954,094)
Balance, April 30, 2006	23,980	\$ 24	59,977,042	\$ 59,977	\$ 5,385,777	\$ (3,465,741)		\$ 1,980,037

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Common stock issued for services			6,000,000	6,000	174,000		180,000
74:1 reverse stock split	-		(65,085,460)	(65,085)	65,085		-
Preferred shares converted into common	(23,980)	(24)	8,101,351	8,101	(8,077)		-
Net loss						(732,886)	(732,886)
Balance, October 31, 2006	-	\$ -	8,992,933	\$ 8,993	\$ 5,616,785	\$ (4,198,627)	\$ 1,427,151



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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Six months ended October 31, 2006</b>	<b>Six months ended October 31, 2005</b>	<b>Inception (July 1, 2004) through April 30, 2006</b>	<b>Inception (July 1, 2004) through October 31, 2006</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net loss	\$ (732,886)	\$ (184,460)	\$ (2,071,520)	\$ (2,804,406)
Adjustments to reconcile net loss to cash used in operating activities:				
Depreciation and amortization	54,124	10,478	46,536	100,660
Loss incurred on legal settlement by Company on behalf of entity formerly owned by significant Company stockholder	23,750	-	1,244,583	1,268,333
Common stock issued for services	180,000	-		180,000
Net changes in:				
Decrease in prepaid expenses		6,378	-	
Increase in security deposits	-	-	(3,370)	(3,370)
Increase in accounts and accrued expenses payable	123,481	21,400	93,201	216,682
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(351,531)</b>	<b>(146,204)</b>	<b>(690,570)</b>	<b>(1,042,101)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Acquisition of music catalogs	(306,983)	-	-	(306,983)
Acquisition of leasehold improvements, furniture and equipment	(2,765)	(11,080)	(13,252)	(16,017)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(309,748)</b>	<b>(11,080)</b>	<b>(13,252)</b>	<b>(323,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Notes and loans payable, stockholders and entities owned by them	16,779	9,873	73,822	90,601

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Notes and loans payable, others - unrelated third parties	644,500	151,591	628,000	1,272,500
Common shares issued for cash	-	-	2,000	2,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	661,279	161,464	703,822	1,365,101
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	4,180	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	-	-	-	-