

S&W Seed Co
Form 10-Q
November 14, 2011

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

FORM 10-Q

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

For the quarterly period ended September 30, 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)

Delaware

(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)

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(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 November 14, 2011, 5,800,000 shares of the registrant's common stock were outstanding.

PDF, as a courtesy

S&W SEED COMPANY
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Part I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

| ASSETS | September 30, 2011 | June 30, 2011 |
|---|-----------------------|----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 4,191,898 | \$ 3,738,544 |
| Accounts receivable, net | 6,099,608 | 1,803,909 |
| Inventories | 5,775,159 | 5,664,119 |
| Prepaid expenses and other current assets | 102,985 | 58,451 |
| Deferred tax asset | 352,393 | 352,393 |
| TOTAL CURRENT ASSETS | 16,522,043 | 11,617,416 |
| Property, plant and equipment, net of accumulated depreciation | 2,336,807 | 2,299,306 |
| Other intangibles, net | 652,240 | 502,436 |
| Crop production costs | 554,988 | 220,431 |
| Deferred tax asset - long term | 203,743 | 517,672 |
| TOTAL ASSETS | \$ 20,269,821 | \$ 15,157,261 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 3,845,087 | \$ 207,074 |
| Accounts payable - related party | 1,232,943 | 218,863 |
| Accrued expenses and other current liabilities | 82,442 | 169,060 |
| TOTAL CURRENT LIABILITIES | 5,160,472 | 594,997 |
| TOTAL LIABILITIES | 5,160,472 | 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 September 30, 2011 and June 30, 2011 | 5,800 | 5,800 |
| Additional paid-in capital | 14,629,036 | 14,604,716 |
| Retained earnings (deficit) | 474,513 | (48,252) |
| TOTAL STOCKHOLDERS' EQUITY | 15,109,349 | 14,562,264 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 20,269,821 | \$ 15,157,261 |

See notes to consolidated financial statements.

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

| | Three Months Ended September 30, | |
|---|-------------------------------------|--------------|
| | 2011 | 2010 |
| Revenue | | |
| Seed revenue | \$ 5,885,312 | \$ 679,126 |
| Milling and other revenue | 230,367 | 254,017 |
| Total revenue | 6,115,679 | 933,143 |
| Cost of revenue | | |
| Cost of seed revenue | 4,297,945 | 523,779 |
| Cost of milling and other revenue | 66,442 | 38,041 |
| Total cost of revenue | 4,364,387 | 561,820 |
| Gross profit | 1,751,292 | 371,323 |
| Operating expenses | | |
| Selling, general and administrative expenses (including stock-based compensation expense of \$24,320 and \$46,248) | 707,953 | 534,562 |
| Research and development expenses | 92,876 | 134,278 |
| Depreciation and amortization | 71,095 | 59,391 |
| Total operating expenses | 871,924 | 728,231 |
| Income (loss) from operations | 879,368 | (356,908) |
| Other (income) expense | | |
| Loss on sale of fixed assets | - | 5,706 |
| Interest (income) expense, net | 4,162 | (3,978) |
| Net income (loss) before income tax expense (benefit) | 875,206 | (358,636) |
| Income tax expense (benefit) | 352,441 | (104,557) |
| Net income (loss) | \$ 522,765 | \$ (254,079) |
| Net income (loss) per common share: | | |
| Basic | \$ 0.09 | \$ (0.04) |
| Diluted | \$ 0.09 | \$ (0.04) |
| Weighted average number of common shares outstanding: | | |
| Basic | 5,800,000 | 5,800,000 |
| Diluted | 5,836,607 | 5,800,000 |

See notes to consolidated financial statements.

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

| | Common Stock | | Additional | Retained | Total |
|--|--------------|----------|---------------|-------------|---------------|
| | Shares | Amount | Paid-In | Earnings | Stockholders' |
| | | | Capital | (Deficit) | 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 | - | - | 24,320 | - | 24,320 |
| Net income for the three months ended September 30, 2011 | - | - | - | 522,765 | 522,765 |
| Balance, September 30, 2011 | 5,800,000 | \$ 5,800 | \$ 14,629,036 | \$ 474,513 | \$ 15,109,349 |

See notes to consolidated financial statements.

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

| | Three Months Ended September 30, | |
|---|-------------------------------------|--------------|
| | 2011 | 2010 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | \$ 522,765 | \$ (254,079) |
| Adjustments to reconcile net income (loss) from operating activities to net cash provided by (used in) operating activities | | |
| Stock-based compensation | 24,320 | 46,248 |
| Change in allowance for doubtful accounts | (3,587) | - |
| Depreciation and amortization | 71,095 | 59,391 |
| Loss on disposal of fixed assets | - | 5,706 |
| Changes in: | | |
| Accounts receivable | (4,292,112) | (348,878) |
| Inventories | (111,040) | (4,113,907) |
| Prepaid expenses and other current assets | (44,534) | (53,094) |
| Crop production costs | (334,557) | - |
| Deferred tax asset | 313,929 | (104,557) |
| Accounts payable | | |