

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.

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METWOOD, INC. AND SUBSIDIARY

FORM 10-K

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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.

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**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
- NUTRUSS 2.0 - a proprietary roof and floor truss system
- NUTRUSS - 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.

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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

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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.

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### 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.

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**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.

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**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

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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

Holders

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.

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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.

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**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

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

	June 30, 2012	2011
<b>ASSETS</b>		
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
<b>TOTAL ASSETS</b>	<b>\$1,828,928</b>	<b>\$2,185,815</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable	\$79,177	\$78,401
Note payable	—	5,359

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Customer deposits	74,688	—
Accrued expenses	10,187	33,500
<b>Total current liabilities</b>	<b>164,052</b>	<b>117,260</b>
<b>Long-term Liabilities</b>		
Note payable	—	24,529
Due to related company	112,711	136,942
<b>Total long-term liabilities</b>	<b>112,711</b>	<b>161,471</b>
<b>Total liabilities</b>	<b>276,763</b>	<b>278,731</b>
<b>Stockholders' Equity</b>		
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
<b>Total stockholders' equity</b>	<b>1,552,165</b>	<b>1,907,084</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,828,928</b>	<b>\$ 2,185,815</b>
See accompanying notes to consolidate financial statements		

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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.

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

	Common Shares (000s)	Common Shares (\$ .001Par)	Common Shares Not Yet Issued (000s)	Common Shares Not Yet Issued (\$ .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)

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

	2012	2011
<b>OPERATING ACTIVITIES</b>		
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
<b>INVESTING ACTIVITIES</b>		
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)
<b>FINANCING ACTIVITIES</b>		
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.

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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.

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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.

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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

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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
<b>Construction:</b>		
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)
<b>Engineering:</b>		
Total assets	\$ 1,828,928	\$ 2,200,858
Capital expenditures	\$ 39,361	\$ 235,017
Depreciation	\$ 97,821	\$ 103,308
Interest expense	\$ -	\$ -

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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	\$ -

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**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.

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**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.

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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**

<b>Title of Class</b>	<b>Name and Address of Benefial Owner</b>	<b>No. of Shares</b>	<b>Precent of Class</b>
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**

<b>Title of Class</b>	<b>Name and Address of Benefial Owner</b>	<b>No. of Shares</b>	<b>Precent of Class</b>
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.

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**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:

	<b>2012</b>	<b>2012</b>
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.

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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

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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

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