METWOOD INC
Form 10-K
March 12, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended **June 30, 2017**

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

For the transition period from ________ to ________

Commission fle number **000-05391**

METWOOD, INC.

(Exact name of registrant as specified in its charter)

NEVADA	**83-0210365**
(State or other jurisdiction of	(IRS Employer
incorporation or organization)	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 x

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

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 x 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 x

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 10-K. Yes x 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	¨	Smaller reporting company	x
(Do not check if a smaller reporting company)		Emerging growth company	x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standard pursuant to section 13(a) of the Exchange act x

Indicate by check mark is the company is a shell company. Yes ¨ No x

As of March 1, 2019 the aggregate market value of the common shares outstanding (based upon the average of the bid price ($.08) reported on the OTCQB Market) held by non-affiliates was $329,101.

As of March 1, 2019, the number of shares outstanding of the registrant's common stock, $0.001 par value (the only class of voting stock), was 17,766,647 shares.

METWOOD, INC. AND SUBSIDIARY

FORM 10-K

TABLE OF CONTENTS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Table of Contents

PART I

Item 1. Description of Business

Business Development

The Company was incorporated under the laws of the State of Wyoming on June 19, 1969. Following an involuntary dissolution for failure to file an annual report, the Company was reinstated as a Wyoming corporation on October 14, 1999. On January 28, 2000, the company, through a majority shareholder vote, changed its domicile to Nevada through a merger with EMC Energies, Inc., a Nevada corporation. The Plan of Merger provided for the dissenting shareholders to be paid the amount, if any, to which they would be entitled under the Wyoming Corporation Statutes with respect to the rights of dissenting shareholders. The Company also changed its par value to $.001 and the amount of authorized common stock to 100,000,000 shares.

Prior to 1990, the Company was engaged in the business of exploring for and producing oil and gas in the Rocky Mountain and mid-continental areas of the United States. The Company liquidated substantially all of its assets in 1990 and was dormant until June 30, 2000, when it acquired, in a stock-for-stock, tax-free exchange, all of the outstanding common stock of a privately held Virginia corporation, Metwood, Inc. ("Metwood"), which was incorporated in 1993. See Form 8-K and attached exhibits filed August 11, 2000. Metwood has been in the metal and metal/wood construction materials manufacturing business since 1992. Following the acquisition, the Company approved a name change from EMC Energies, Inc. to Metwood, Inc.

Effective January 1, 2002, Metwood acquired certain assets of Providence Engineering, PC ("Providence"), a professional engineering firm with customers in the same proximity as Metwood, for $350,000 and accounted for the transaction under the purchase method of accounting. As of June 30, 2012, Providence was no longer an operating segment of the Company. A decision was made that the majority of the engineering portion of the business could 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.

Table of Contents

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 are:

- TUFF BEAM - internally reinforced cold-formed steel beam
- TUFF JOIST - cold-formed steel joint system
- TUFF JOIST+ - internally reinforced cold-formed steel joist
- TUFF FLOOR SYSTEM - combinations of TUFFBEAM, NUJOIST and TUFFJOIST are utilized to make up a complete floor system
- TUFF DECK - concrete deck systems
- RIM BEAM - internally reinforced CFS load distribution member
- TUFF FRAME 3.5 & 5.5 - a fully proprietary panelized load bearing and non-load bearing CFS wall framing solution
- TUFF TRUSS 2.0 - a proprietary roof and floor truss system
- Aegis - Metwood is a distributor of Aegis Metal Framing's cold-formed steel trusses SURE-SPAN™
- Trimmable square columns
- Joist reinforcers
- Engineering, design and custom building services

Metwood's services include providing its customers, through a strategic partnership with an outside engineering firm, 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. Metwood also performs ongoing product research and development.

5

Table of Contents

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.

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, Builders First Source, Ferguson, and, many more local and regional suppliers. 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.

Table of Contents

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

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, New Millenium, Allied Tube & Conduit, and Vulcraft. Our main source of lumber is BlueLinx. Adelphia Metals, 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

At June 30, 2017 and 2016, the Company had the following customer concentrations:

	Sales		Accounts Receivable	
	2017	2016	2017	2016
Customer A	14%	13%	14%	15%
Customer B	12%	11%*	15%	23%
Customer C	*	*	16%	*
Customer D	*	*	13%	*
Customer E	*	*	*	20

*Amounts to less than 10%

7

Table of Contents

Patents

The Company has nine U.S. Patents:

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

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

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

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

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

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

Need for Government Approval of Principal Products

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

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

There is no fixed time that 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. Time and resources are utilized on research and development as required.

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 fourteen employees at June 30, 2017, thirteen of whom were full time.

Table of Contents

Item 1A. Risk Factors

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

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

Current volatility and disruption in the capital an d 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 $434,612 for the fiscal year ended June 30, 2017 and $ 659,896 for the year ended June 30, 2016. 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.

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

On June 27,2016 a law suit was filed against the Company alleging breach of a contract that would have transferred the publicly held part of the Company to a third party. Management does believe that the effect of this proceeding is of a material nature, but the Company has an affiermative defense to the matter. This matter was ajudicated in the Company’s favor in December 2017.

Item 4. Mine Safety Disclosures

Not applicable.

Table of Contents

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

Because there is no active trading market for Metwood, Inc. common stock, it is difficult to determine the market value of the stock. Based on the recent close of our common stock at February 4, 2019, of $.08 per share (with a 52-week high of $0..08), the market value of shares held by non-affiliates would be $329,101.

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, 2017	**High**	**Bid**
First Quarter	$ 0.30	$ 0.20
Second Quarter	$ 0.20	$ 0.15
Third Quarter	$ 0.15	$ 0.13
Fourth Quartet	$ 0.13	$ 0.10

Year Ended June 30, 2016		
First Quarter	$ 0.65	$ 0.12
Second Quarter	$ 0.51	$ 0.12
Third Quarter	$ 0.12	$ 0.18
Fourth quarter	$ 0.67	$ 0.25

The approximate number of holders of record of our common stock as of January 13, 2019 was 1,103. 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.

10

Table of Contents

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation

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.

Results of Operations

Below are selected financial data for the years ended June 30, 2017 and 2016:

	2017	2016
Revenues	$ 1,864,222	$ 1,781,062
Net loss	$ (434,612)	$ (659,896)
Net loss per common share	$ (0.02)	$ (0.04)
Weighted average common shares	17,766,647	17,766,647

At June 30, 2017 and 2016:

Total assets	$ 1,254,533	$ 1,314,406
Working capital	$ 505,886	$ 503,488
Stockholders’ equity	$ 960,814	$ 1,033,426

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

Revenues and cost of sales - Gross sales increased $82,125, or 5%, for the year ended June 30, 2017 ("fiscal 2017") compared to the year ended June 30, 2016 ("fiscal 2016"). Gross profit in creased $27,339 (4%) from fiscal 2016 to fiscal 2017.

The Company's sales increased for fiscal 2017 versus 2016 reflects an increase in the overall economy and in the building industry in particular, although the commercial market has continued to increase and the residential market is showing increased activity. 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 in creased $54,786, or 4.9%, in fiscal 2017 compared to fiscal 2016, representing a disproportionate increase compared to the 4% increase in gross sales. Material costs, primarily metal products, were significantly higher in fiscal 2017 compared to fiscal 2016 and accounted for much of the disproportional inecrease.

11

Table of Contents

Operating expenses - These costs increased $24,438 from fiscal 2016 to fiscal 2017. The increase was in large part from much higher rent expense. We are invested in decreasing expenditures where possible in order to maximize our net earnings.

Other income (expense) - Other i nc om e in fiscal 2017 were $8,697 compared to other income of $31,547 in fiscal 2016. The change was the result of the sale of assets that were no longer needed.

Income Taxes – Management determined in fiscal 2016 that the inability of the Company to generate profits made the utilization of the previously established tax valuation reserve unlikely,therefore it was charged against the current period operations resulting in an additional expense of $245,233.

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.

Table of Contents

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

Metwood, Inc.

Boones Mill, Virginia

We have audited the accompanying consolidated balance sheets of Metwood, Inc. and its subsidiary (the "Company") as of June 30, 2017 and 2016, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 its subsidiary as of June 30, 2017 and 2016, and the results of their consolidated operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Turner, Stone & Company, L.L.P.

Dallas, Texas

March 12, 2019

13

Table of Contents

METWOOD, INC.

CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2017 AND 2016

	2017	2016
Current Assets		
Cash and cash equivalents	$ 67,854	$ 91,309
Accounts receivable, net of reserve	184,290	201,502
Inventory	518,001	479,203
Other current assets	14,755	12,454
Total current assets	784,900	784,468
Property and Equipment improvements		
Leasehold Improvements	274,869	274,869
Furniture, fixtures and equipment	78,222	78,222
Computer and software	186,517	174,541
Machinery & Equipment	741,884	720,585
Vehicles	393,887	412,917
Land improvements	67,959	67,958
Total property and equipment	1,743,338	1,729,092
Less accumulated depreciation	(1,273,705)	(1,199,154)
Net property and equipment	469,633	529,938
Total assets	$ 1,254,533	$ 1,314,406
Current liabilities		
Accounts payable and accrued expenses	$ 178,928	$ 181,107
Accrued payroll expense	22,625	18,881
Note payable due on demand	77,460	80,992
Total current liabilities	279,013	280,980
Long term liabilities		
Convertible note payable-related party net of discount is $35,294 at June 30, 2017	14,706	0
Total long term liabilities	14,706	0
Total liabilities	293,719	280,980
Commitments and contingencies Note 4		
Shareholders' equity		
Preferred stock (par $.001) 40,000,000 shares authorized 0 outstanding		
Common stock (par $.001) 100,000,000 authorized outstanding 17,766,647	17,767	17,767
Paid in capital	3,550,236	3,500,236
Accumulated deficit	(1,671,189)	(1,236,577)

Contra equity-prepaid rent		(936,000)		(1,248,000)
Total stockholders' equity		960,814		1,033,426
Total liabilities and stockholders' equity	$	1,254,533	$	1,314,406

See accompanying notes to consolidated financial statements.

Table of Contents

METWOOD, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Gross sales	$ 1,864,222	$ 1,781,062
Cost of sales	1,169,569	1,113,748
Gross profit	694,653	667,314
Operating expenses		
Advertising	27,330	26,513
Bad debt recovery	(47)	1,202
Depreciation	27,676	35,260
Insurance	40,419	44,519
Payroll expense	445,573	422,261
Professional fees	39,089	43,588
Rent related party	379,640	380,491
Repairs and maintenance	6,670	52,495
Research and development	52,130	5,700
Telephone	25,621	29,105
Vehicle	24,407	19,558
Other	69,454	52,832
Total operating expenses	1,137,962	1,113,524
Operating income (loss)	(443,309)	(446,210)
Other Income (expense)		
Interest	(23,184)	(4,370)
Gain on sale of asset	25,988	28,682
Other Income (expense)	5,893	7,235
Total Other Income (expense)	8,697	31,547
Net income (loss) before taxes	(434,612)	(414,663)
Income taxes	0	(245,233)
Net (loss)	$ (434,612)	$ (659,896)
Basic loss per share	$ (0.02)	$ (0.04)
Weighted number of shares outstanding	17,766,647	17,766,647

See accompanying notes to consolidated financial statements.

15

Table of Contents

METWOOD, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

AS OF JUNE 30, 2017 AND 2016

	Common Shares (000s)	**Common shares ($.001 Par)**	**Common Shares not yet issued (000s)**	**Common Shares not yet issued ($0.001 Par)**	**Additional Paid-in Capital**	**Prepaid Rent**	**Retained Earnings**	**Total Shareholders' Equity**
Balances June 30, 2015	15,223	$ 15,223	53	$ 53	1,917,727	$ -	(576,681)	$ 1,356,322
Common stock issued for rent	2,400	2,400		0	1,557,600	(1,560,000)		0
Common stock subscribed	144	144	(53)	(53)	24,909			25,000
Amortization of prepaid rent						312,000		
Net loss for year							(659,896)	-659,896
Balances June 30 2016	17,767	$ 17,767	0	0	3,500,236	(1,248,000)	(1,236,577)	1,033,426
Amortization of prepaid rent						312,000		312,000
Convertible note					50,000			50,000
Net loss for year							(434,612)	(434,612)
Balances June 30, 2017	17,767	$ 17,767	0	$ 0	$ 3,500,236	$ (936,000)	(1,671,189)	$ 960,814

See accompanying notes to consolidated financial statements.

16

Table of Contents

METWOOD, INC.

CONSOLIDATED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

		2017		2016
Net loss	$	(434,612)	$	(659,896)
Adjustments to reconcile net loss to net cash provided by (used in)				
Depreciation		81,587		81,338
Gain on sale of assets		(25,988)		(28,682)
Allowance for inventory obsolescence		25,738		33,702
Amortization of prepaid rent		312,000		312,000
Amortization of convertible note discount		14,706		
(Increase) decrease in operating assets				
Accounts receivable		2,680		(90,704)
Inventories		(64,536)		(27,823)
Other current assets		(2,301)		23,889
Deferred tax asset		0		245,233
Increase (decrease) in liabilities				
Accounts payable and accrued expenses		8,821		59,106
Accrued payroll		3,744		12,501
Net cash provided (used) by investment activities		(78,161)		(39,336)
Investment activities				
Property and equipment purchases		(22,736)		(10,351)
Proceeds from disposal of property and equipment		27,442		28,682
Net cash provided by investment activities		4,706		18,331
Financing activities				
Convertible note-related party		50,000		0
Proceeds from sale of common stock		0		25,000
Total cash provided financing operations		50,000		25,000
Increase (decrease) in cash	$	(23,455)		3,994
Beginning cash		91,309		87,315
Ending cash	$	67,854		91,309
Supplemental Disclosure of cash flow information				
Interest paid	$	0		0
Income tax paid	$	0		0
Supplemental Disclosure of Non-cash flow information				
Common stock issued for prepaid rent	$	-	$	1,560,000
Capitalized inventory	$	-	$	243,419
Notes payable related party advances through Accounts payable	$	14,532	$	32,000

Notes payable related party payments through Accounts receivable	$	(11,000)	$	(16,792)
Discount on convertible debt	$	50,000		0

See accompanying notes to consolidated financial statements.

17

Table of Contents

METWOOD, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE 1 - ORGANIZATION AND OPERATIONS

Metwood, Inc. ("The Company", “we”, “us”) 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. 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.

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

Going Concern

The consolidated financial statements have been presented on the basis that we are a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. We have sustained significant operating losses which raises substantial doubt about the Company’s ability to continue as a going concern. During the year ended June 30, 2017, The Company incurred a loss from operations of $434,612 and has an accumulated deficit of $1,671,189. Management will continue its ongoing efforts to increase the customer base and seek lower cost suppliers to generate future profits.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern and do not include adjustments that might result from the outcome of this uncertainty. The basis of accounting contemplates the recovery of the Company’s assets and the satisfaction of liabilities in the normal course of business.

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. Actual results could differ from those estimates.

Table of Contents

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

Cash and Cash Equivalents – For purposes of the Consolidated Statements of Cash Flows, the Company considers liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash in bank deposit accounts, which, at times, may exceed the federally insured limit of $250,000. The Company has 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 – The Company grants credit in the form of unsecured accounts receivable to its customers based on an evaluation of their financial condition. We perform ongoing credit evaluations of 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 June 30, 2017 and 2016, the allowance for doubtful accounts was $8,362 and $8,362 respectively, 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, 2017 and 2016, the bad debt expense was $(47) and $1,202, respectively.

Inventory – Raw material 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, comparative inventory values are shown below:

	2017	2016
Raw materials	$ 433,637	$ 390,473
Work in process	84,364	88,730
Total inventory	$ 518,001	$ 479,203

The Company recorded an inventory reserve of $25,788 and $33,702 during the years ended June 30, 2017 and 2016, respectively.

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 consolidatedbalance sheet, and the resulting gain or loss is reflected in other income and expense. Maintenance and repairs are charged to operations as incurred.

19

Table of Contents

	Useful Life		2017		2016
Leasehold improvements	39	$	274,869	$	274,869
Furniture, fixtures and equipment	5		78,222		78,222
Computers and software	3		186,517		174,541
Machinery and equipment	10		741,884		720,585
Vehicles	5		393,887		412,917
Land improvements	39		67,959		67,958
Total property and equipment			1,743,338		1,729,092
Less accumulated depreciation			(1,273,705)		(1,199,154)
Total property and equipment		$	469,633	$	529,938

Impairment of Long-lived Assets – The Company evaluates its 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, 2017 and 2016.

Patents – The Company has 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.

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 – The Company performs 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, 2017, expenses were $52,130 and for the year ended June 30, 2016, expenses were $5,700.

Advertising – The Company expenses 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 good or services are received.

Earnings Per Common Share - Basic earnings per share amounts are based on the weighted average shares of common stock outstanding. If applicable, diluted earnings 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 for the years presented in the computation of diluted earnings per share.

Table of Contents

During the future fiscal years the Company may be required to issued up to fifty million shares of common stock to satisfy a convertible note entered into in August 2016. This note expires on June 30, 2019 and 10,000,000 shares of common stock can be issued in any year. When the contract noted in the subsequent events Note 9 is consummated the Company will be required to issue an additional 30,000,000 shares of common stock.

Recent Accounting Pronouncements

In February, 2016 the FASB issued ASU 20 16-0 2, “Leases (Topic 842)” requiring lessees to recognize lease assets and lease liabilities for most leases classified as operating leases under previous U.S. GAAP. The guidance is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company will be required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The adoption of this standard is not expected have a material impact on the Company’s consolidated financial statements.

Accounting Standard Update No. 2014-09, (“ASU 2014-09’) Revenue from Customers (Topic 606), became effective for us in the period ending June 30, 2019. No significant adjustment was required as a result of adopting the new revenue standard. The comparative information has not been restated and continues to be reported under the historic accounting standards in effect for those periods. The impact of the adoption of the new revenue standard is expected to be immaterial to the Company’s net income on an ongoing basis.

NOTE 3 - RELATED-PARTY TRANSACTIONS

The Company has executed a demand note with its controlling shareholder, Cahas Mountain, LLC, that Cahas Mountain will make available cash advances from time to time to bridge cash flow shortfalls. These advances are repaid to Cahas Mountain as cash flow allows. The unpaid balance due to Cahas Mountain at the end of each month is subject to an interest rate of 6% per year. At June 30, 2017 and 2016, advances payable to Cahas Mountain Properties of approximately $77,000 and 81,000, respectively. Accrued interest payable to Cahas Mountain Properties total approximately $28,000 and $19,000 for the years ended June 30, 2017 and 2016, respectively. The Company recognized interest expense of approximately $23,000 and $4,000 for the years ended June 30, 2017 and 2016, respectively. Sales to Cahas Mountain, LLC was approximately $12,000 and $19,000. As of June 30, 2017 and 2016, the related accounts receivable totaled approximately $0 and $2,000, respectively.

Table of Contents

On August 18, 2016 the Company entered into a convertible note with Cahas Mountain in the amount of $50,000 with an interest rate of 8% per year, this note expires on June 30, 2019. The note is convertible into common shares of Metwood, Inc. at par value of $.001 and if converted in its entirety will dilute the current shareholders by a maximum of 50,000,000 shares of common stock. The maximum conversion in any year is 10,000,000 shares of common stock. A debt discount of $50,000 was recorded at issuance and $14,706 was amortized and included in interest expense during the year ended June 30, 2017.

NOTE 4 - COMMITMENT AND CONTINGENCIES

During the year ended June 30, 2005, the Company entered into a sales and leaseback transaction with a related party. The Company sold various buildings at the corporate headquarters which house its manufacturing plants, executive offices and other buildings for $600,000 in cash. The Company simultaneously entered into a commercial lease agreement with the related party whereby the Company is committed to lease back these same properties for $6,800 per month over a ten-year term expiring December 31, 2014. On July 1, 2015 a new lease was entered into with the related party. This lease terms have a term of five years and the monthly rental is $5,500 in cash, in addition the Company issued common stock as part of the transaction, this portion of the lease is covered in Note 8.

Future annual commitments under the current operating lease are:

	Payments in cash	Amortization of Contra equity account
Fiscal year end June 30, 2018	66,000	312,000
Fiscal year end June 30, 2019	66,000	312,000
Fiscal year end June 30, 2020	66,000	312,000
Total commitments	$ 198,000	$ 936,000

At June 30, 2017 and 2016, the Company had the following customer concentrations:

	Sales		Accounts Receivable	
	2017	**2016**	**2017**	**2016**
Customer A	14%	13%	14%	15%
Customer B	12%	11%*	15%	23%
Customer C	*	*	16%	*
Customer D	*	*	13%	*

Customer E	*	*	*	20%

*Amounts to less than 10%

NOTE 5 - EQUITY

During the year ended June 30, 2017 the Company did not issue any preferred or common shares. There are 100,000,000 shares of common stock authorized and at the year end there are 17,766,647 shares issued and outstanding. The authorized preferred stock is 40,000,000 shares and there are -0- shares of preferred stock issued and outstanding.

If the convertible note that is covered in the related party transactions (Note 3) is converted into common stock of the Company, an additional 50,000,000 shares of common stock could be issued, resulting in dilution of the current shareholders. When the contract of October 11, 2018 is completed (see Note 8) there will be an additional 30,000,000 shares issued to the principals of Emerge Nutraceuticals, Inc.

NOTE 6 - INCOME TAXES

The Company determined that the future use of a Deferred Tax Asset was no longer appropriate and therefore the Deferred tax Asset previously shown on the Balance Sheet has been expensed during this year as a line item on the Statement of operations. The decision was made that the earnings in the near term would not be sufficient to allow the utilization of the deferred tax asset.

22

Table of Contents

The difference between the expected income tax expense (benefit) and the actual tax expense (benefit) computed by using the Federal statutory rate of 39% is as follows:

		2017	Tax Rate		2016	Tax Rate
Expected income tax benefit at statutory rate of 39%	$	169,000	39%	$	162,000	39%
Permanent differences		(124,000)	(30%)		(126,000)	(30%)
Change in estimate		(17,000)	(4%)		0	
Change in valuation allowance		(28,000)	(6%)		281,000	(68%)
Income tax expense (benefit)	$	-0-		$	245,000	59%

Deferred tax assets and liabilities are provided for significant income and expense items recognized in different years for tax and financial reporting purposes. Temporary differences, which give rise to a net deferred tax asset, are as follows:

Deferred tax assets:		2017		2016
Tax benefit of net operating loss carry-forward	$	465,000	$	451,000
Book and tax difference		89,000		75,000
Less: valuation allowance		(554,000)		(526,000)
Net deferred tax asset	$	0	$	0

The Company had a federal net operating tax loss carry-forward of approximately $1,177,000 as of June 30, 2017. The loss carry-forwards are available to offset future taxable income with the federal carry-forwards beginning to expire in 2020. .

At June 30, 2017 the deferred tax valuation allowance increased by $28,000. The realization of the tax benefits is subject to the sufficiency of taxable income in future years. The deferred tax assets represent the amounts expected to be realized before expiration. The Company periodically assesses the likelihood that it will be able to recover its deferred tax assets. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible profits. As of June 30, 2017 and 2016, the Company established valuation allowances equal to the full amount of the net deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

Table of Contents

For the years ended June 30, 2017 and 2016, no amounts have been recognized for uncertain tax positions and no amounts have been recognized related to interest or penalties related to uncertain tax positions. The Company has determined that it is not reasonably likely for the amounts of unrecognized tax benefits to significantly increase or decrease within the next twelve months. The Company is currently subject to a three-year statute of limitations by major tax jurisdictions.

NOTE 7: LEGAL PROCEEDINGS

On June 27, 2016 a lawsuit was filed alleging breach of contract. The contract in question would have changed the control of the public company to a third party. Management has determined that judgment will be in the favor of the Company, consequently no amounts have been accrued related to this matter.

See Note 9.

NOTE 8 – STOCKHOLDER’S EQUITY

On July 1, 2015, the Company entered into a ten-year commercial operation lease with a company related through common ownership. The related party is Cahas Mountain Properties in which Robert Callahan, our Chief Executive Officer, is a Managing Member. The lease covers various buildings and property which house our manufacturing plant, executive offices and other buildings with a current monthly rental of $5,500.00. As part of the lease agreement the Company issued 2,400,000 of its shares with a fair value of $1,560,000 at the date of the agreement. This amount is recorded on our books as a contra equity account, and is amortized over the five year term of the lease. See note 4 for commitments and contingencies.

NOTE 9 - SUBSEQUENT EVENTS

In October 2017 the legal matter referred to in Note 7 was decided by a court and confirmed on appeal that the Company was not in breach of contract.

On October 11, 2018, the Company entered into a contract with Emerge Nutraceuticals, a Florida corporation. When completed this contract will transfer all of Metwood’s assets and liabilities to its current controlling shareholder and

Emerge Nutraceuticals, Inc. will become the reporting entity.

Table of Contents

Item 9. Changes in and disagreements with Accountants on Accounting and Financial Disclosure

There is no change in Accountants, nor disagreements with the current or prior accountants, nor any changes to the prior years financial statements as issued.

Item 9A. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management conducted an evaluation of the effectiveness of our internal control over financial reporting and determined that our internal control over financial reporting was ineffective as of June 30, 2017 due to material weaknesses. A material weakness in internal control over financial reporting is defined by the Public Company Accounting Oversight Board's Audit Standard No. 130 5 as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting. Management's assessment identified the following material weaknesses in internal control over financial reporting:

- The small size of our Company limits our ability to achieve the desired level of separation in our internal controls and financial reporting. We do have a separate CEO and CFO; however, we do not have an Audit Committee to review and oversee the financial policies and procedures of the Company. Until such time we are able to install an audit committee, we do not meet the full requirement for separation. In the interim, we will continue to strengthen the role of our CEO and CFO and their review of our internal control procedures.

(b) Changes in internal control over financial reporting

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.

Table of Contents

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Identification of Directors and Executive Officers

The following table sets forth the names and the nature of all positions and offices held by all directors and executive officers of the Company for the year ending June 30, 2017 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:

Table of Contents

(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, 2017, 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.

27

Table of Contents

Item 11. Executive Compensation

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

Summary Compensation Table

	Fiscal Year	Annual Salary	Bonuses (1)	Other Compen-sation (2)	Restricted Stock Awards (3)	LTIP Options (4)	Restricted Stock Bonuses (4)
Robert M. Callahan	2017	$ 87,115	$ -0-	-0-	$ -0-	-0-	-0-
	2016	$ 55,192	$ -0-	-0-	-0-	-0-	-0-
	2015	$ 71,667	$ 7,800	-0-	-0-	-0-	-0-
Shawn A. Callahan	2017	$ 74,422	$ -0-	-0-	$ -0-	-0-	-0-
	2016	$ 74,538	$ -0-	-0-	-0-	-0-	-0-
	2015	$ 62,102	$ 7,580	-0-	-0-	-0-	-0-

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

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.

28

Table of Contents

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 March 7, 2019 based upon 17,766,647 shares outstanding:

Greater Than 5% Owners

Title of Class	**Name and Address of Beneficial Owner**	**No. of Shares**	**Percent of Class**
Common	Robert Callahan 819 Naff Boones Mill, Va.	11,776,647(1)	66.2%
Common	Ronald Shiflett 638 Patti Road Rocky Mount, Va.	1,000,000	5.6%

(1) Includes direct and indirect interests. There are 11,053,600 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 March 7, 2019

Management Ownership

Title of Class	**Name and Address of Beneficial Owner**	**No. of Shares**	**Percent of Class**
Common	Robert Callahan 819 Naff Road Boones Mill, VA 24065	11,776,634	66.2%

Ownership of shares by directors and officers of Metwood as a group: 66.2%

29

Table of Contents

Changes in Control

The Company entered into a contract on October 11, 2018 that will change control when completed. The new entity will be Emerge Nutraceuticals, Inc. a Florida corporation. This contract should be completed in the first quarter of 2019.

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:

During the year ended June 30, 2005, 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, 2017 and 2014 was $380,491 and $75,000, The large increase in rent was due to the prepaid rent as discussed previously.

On July 1, 2015, the Company entered into a renewed lease agreement with Cahas Mountain LLC, our controlling shareholder. This lease is for five years and involved the cash payment of $5,500.00 per month rent and annual prepaid rent amortization of $312,000.00

Item 14. Principal Accounting Fees and Services

The following table sets forth the aggregate fees billed or to be billed by , Turner Stone & co. and L&L Accountants CPAs for audit services rendered in connection with the consolidated financial statements and reports for the years ended June 30, 2017 and 2016:

	2017	2016
Audit fees	$ 30,000	$ 25,000
Audit-related fees	-	-

Tax fees		-		-
All other fees		-		-
Total	$	30,000	$	25,000

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.

Table of Contents

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

NUMBER	DESCRIPTION
3(i)*	Articles of Incorporation
3(ii)*	By-laws
10.1 **	Agreement with Emerge Nuetracueticals, Inc.
31.1	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.
31.2	Certification of Chief Financial Officer Pursuant to Securties Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes- Oxley Act of 2002.
32	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

* Incorporated by reference on Form 8-k filed February 16, 2000

** Incorporated by reference on Form 10-K filed February 22, 2019

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 12, 2019	By: */s/ Robert M. Callahan* Robert M. Callahan President, CEO and Director
Date: March 12, 2019	*/s/ Shawn A. Callahan* Shawn A. Callahan Secretary/Treasurer/CFO and Director