

SEAWRIGHT HOLDINGS INC  
Form 10QSB  
November 19, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED  
September 30, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM  
\_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER: 333-56848

SEAWRIGHT HOLDINGS, INC  
(Exact name of Company as specified in its charter)

Delaware  
(State or jurisdiction of incorporation)  
organization

54-1965220  
(I.R.S. Employer or Identification No.)

600 Cameron Street, Alexandria, VA  
(Address of principal executive offices)

22314  
(Zip Code)

Company's telephone number: (703) 340-1629

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common  
Stock, \$0.001 Par Value

Indicate by check mark whether the Company (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 Company was required to file such reports), and (2) been subject to such filing requirements for the past 90 days. Yes  No

Indicate the number of shares outstanding of each of the issuer's class of common stock. The Registrant had 13,462,980 shares of its common stock outstanding as of November 19, 2007.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

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**SEAWRIGHT HOLDINGS, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**(UNAUDITED)**

	September 30, 2007 (Unaudited)
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalent	\$ 475
Marketable securities (Note B)	24,878
Financing costs, net – current portion	22,818
Deposits	207,700
Total current assets	255,871
Property and equipment:	
Land	1,965,000
Equipment	32,167
Building	158,400
Building improvement	102,906
	2,258,473
Less: accumulated depreciation	(11,101)
Total property and equipment	2,247,372
Other assets:	
Financing costs, net – less current portion	4,065
Intangible asset, net	21,484
Total other assets	25,549
Total assets	\$ 2,528,792
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
Current liabilities:	
Cash disbursed in excess of available funds	\$ 4,348
Accounts payable and accrued liabilities	268,837
Incentive stock liability	26,500
Due to related party (Note G)	216,358
Notes payables – current portion (Note C)	1,259,041
Total current liabilities	1,775,084
Convertible notes payable, net of debt discount (Note D)	33,166
Notes payable – less current portion (Note C)	518,876
Other long-term liabilities	37,100
Total liabilities	2,364,226
<b>STOCKHOLDERS' EQUITY</b>	
<b>STOCKHOLDERS' EQUITY</b>	
Preferred stock, par value \$.001 per share; 100,000 shares authorized: (Note E)	-
Series A Convertible Preferred stock, par value \$.001 per share; 60,000 shares authorized; none issued and outstanding at September 30, 2007	-

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Common stock, par value \$.001 per share; 19,900,000 shares authorized; 13,462,980 shares issued and outstanding at September 30, 2007 (Note E)	13,463
Additional paid-in-capital	6,335,766
Preferred stock dividend	(25,000)
Accumulated deficit	(6,159,663)
Stockholders' equity	164,566
Total liabilities and stockholders' equity	\$ 2,528,792

See accompanying notes to unaudited condensed consolidated financial information

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**SEAWRIGHT HOLDINGS, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	For the three months ended September 30,		For the nine months ended September 30,		For the period from October 14, 1999 (Date of Inception) Through September 30, 2007
	2007	2006	2007	2006	
Revenue, net	\$ 4,183	\$ 522	\$ 6,267	\$ 2,122	\$ 12,095
Gross profit	4,183	522	6,267	2,122	12,095
Costs and expenses:					
Selling, general and administrative	119,891	343,368	662,404	927,211	4,540,102
(Gain) loss on trading securities (Note B)	6	737	255	1,268	(37,102)
Amortization and financing fees	14,164	-	562,121	-	558,215
Marketing expenses	30,971	-	326,783	-	326,783
Depreciation expenses	3,969	658	5,375	1,974	22,820
Total operating expense	169,001	344,763	1,556,938	930,453	5,410,818
Loss from operations	(164,818)	(344,241)	(1,550,671)	(928,331)	(5,398,723)
Other income (expenses):					
Other income	-	-	-	-	61,969
Gain/(loss) on early extinguishment of debt	-	-	-	-	807,103
Debt conversion expense	-	-	(273,365)	-	(273,365)
Interest expense, net	(94,841)	(125,580)	(536,056)	(289,593)	(1,373,548)
	(94,841)	(125,580)	(809,421)	(289,593)	(777,841)
Loss from continuing operations before income taxes and discontinued operations	(259,659)	(469,821)	(2,360,092)	(1,217,924)	(6,176,564)
Provision for income tax	-	-	-	-	-
Loss from continuing operations before discontinued operations	(259,659)	(469,821)	(2,360,092)	(1,217,924)	(6,176,564)
Income from discontinued operations	-	-	-	-	16,901
Net loss	\$ (259,659)	\$ (469,821)	\$ (2,360,092)	\$ (1,217,924)	\$ (6,159,663)
Preferred stock dividend	-	-	-	-	(25,000)
Net loss attributable to common shareholders	\$ (259,659)	\$ (469,821)	\$ (2,360,092)	\$ (1,217,924)	\$ (6,184,663)

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Losses per common share (basic and assuming dilution)	\$	(0.02)	\$	(0.05)	\$	(0.20)	\$	(0.13)
Weighted average common shares outstanding		13,413,048		9,081,996		11,993,105		8,989,761

See accompanying notes to unaudited condensed consolidated financial information

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SEAWRIGHT HOLDINGS, INC.  
(A DEVELOPMENT STAGE COMPANY)  
CONDENSED CONSOLIDATED STATEMENTS OF (DEFICIENCY IN) STOCKHOLDERS' EQUITY  
FOR THE PERIOD OCTOBER 14, 1999 (DATE OF INCEPTION) TO SEPTEMBER 30, 2007  
(Unaudited)

	Preferred		Common	Common	Additional	Common	Preferred	Deficit		
	Preferred	Stock	Shares	Stock	Paid-in	Stock	Stock	Accumulated	Total	
	Shares	Amount	Shares	Amount	Capital	Subscription	Dividend	During		
								Development		
								Stage		
Net loss	-	\$ -	-	\$ -	-	\$ -	-	\$ -	(1,291) \$	(1,291)
<b>Balance at December 31, 1999</b>	-	-	-	-	-	-	-	(1,291)	(1,291)	
Common stock issued on September 30, 2000 in exchange for convertible debt at \$.50 per share	-	-	78,000	78	38,922	-	-	-	39,000	
Common stock issued on November 27, 2000 in exchange for convertible debt at \$.50 per share	-	-	26,000	26	12,974	-	-	-	13,000	
Net loss	-	-	-	-	-	-	-	(157,734)	(157,734)	
<b>Balance at December 31, 2000</b>	-	-	104,000	104	51,896	-	-	(159,025)	(107,025)	
Common stock issued on January 1,	-	-	174,000	174	86,826	-	-	-	87,000	

2001 in exchange for convertible debt at \$.50 per share Common stock issued on January 2, 2001 to founders in exchange for services rendered at \$.001 per share Common stock issued on January 2, 2001 in exchange for services rendered at \$.50 per share	-	-	5,000,000	5,000	20	-	-	-	5,020
Net loss	-	-	-	-	-	-	-	(556,921)	(556,921)
<b>Balance at December 31, 2001</b>	-	-	5,368,000	5,368	183,652	-	-	(715,946)	(526,926)
Net loss	-	-	-	-	-	-	-	(357,588)	(357,588)
<b>Balance at December 31, 2002</b>	-	\$ -	5,368,000	\$ 5,368	\$ 183,652	\$ -	\$ -	\$ (1,073,534)	\$ (884,514)

See accompanying notes to unaudited condensed consolidated financial information

SEAWRIGHT HOLDINGS, INC.  
(A DEVELOPMENT STAGE COMPANY)  
CONDENSED CONSOLIDATED STATEMENTS OF (DEFICIENCY IN) STOCKHOLDERS' EQUITY  
(CONTINUED)  
FOR THE PERIOD OCTOBER 14, 1999 (DATE OF INCEPTION) TO SEPTEMBER 30, 2007  
(Unaudited)

	Preferred Shares	Preferred Stock Amount	Common Shares	Common Stock Amount	Additional Paid-in Capital	Common Stock Subscription	Preferred Stock Dividend	Deficit Accumulated During Development Stage	Total
<b>Balance at December 31, 2002</b>	-	\$ -	5,368,000	\$ 5,368	\$ 183,652	\$ -	\$ -	\$ (1,073,534)	\$ (884,514)
Preferred stock issued in exchange for cash at \$5 per share	55,000	55	-	-	274,945	-	-	-	275,000
Stock options issued in exchange for services rendered	-	-	-	-	5,276	-	-	-	5,276
Net income	-	-	-	-	-	-	-	506,846	506,846
<b>Balance at December 31, 2003</b>	55,000	\$ 55	5,368,000	\$ 5,368	\$ 463,873	\$ -	\$ -	\$ (566,688)	\$ (97,392)
Preferred stock cancelled in exchange for stock	(5,000)	(5)	160,000	160	64,845	-	-	-	65,000

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options exercised at \$0.5625 per share Common stock issued on April 8, 2004 in exchange for cash at \$0.30 per share	-	-	300,000	300	89,700	-	-	-	90,000
Common stock issued and subscribed in connection with private placement	-	-	2,404,978	2,405	1,359,491	25,581	-	-	1,387,477
Conversion of preferred stock to common stock	(50,000)	(50)	500,000	500	(450)	-	-	-	-
Preferred stock dividend	-	-	50,000	50	24,950	-	(25,000)	-	-
Warrants issued to consultants in exchange for services rendered	-	-	-	-	545,460	-	-	-	545,460
	-	-	-	-	274,499	-	-	-	274,499

Beneficial conversion feature of convertible debentures Value of warrants attached to convertible debentures	-	-	-	-	187,123	-	-	-	187,123
Return of contributed capital to shareholder	-	-	-	-	(144,006)	-	-	-	(144,006)
Reclassification of equity to liability upon issuance of put agreement	-	-	-	-	(90,000)				(90,000)
Net loss, as restated	-	-	-	-	-	-	-	(331,449)	(331,449)
<b>Balance at December 31, 2004</b>	-	\$ -	8,782,978	\$ 8,783	\$ 2,775,485	\$ 25,581	\$ (25,000)	\$ (898,137)	\$ 1,886,712

See accompanying notes to unaudited condensed consolidated financial information

SEAWRIGHT HOLDINGS, INC.  
(A DEVELOPMENT STAGE COMPANY)  
CONDENSED CONSOLIDATED STATEMENTS OF (DEFICIENCY IN) STOCKHOLDERS' EQUITY  
(CONTINUED)  
FOR THE PERIOD OCTOBER 14, 1999 (DATE OF INCEPTION) TO SEPTEMBER 30, 2007  
(Unaudited)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Common Stock Subscription	Preferred Stock Dividend	Deficit Accumulated During Development Stage	Total
<b>Balance at December 31, 2004</b>	-	\$ -	8,782,978	\$ 8,783	\$ 2,775,485	\$ 25,581	\$ (25,000)	\$ (898,137)	\$ 1,886,712
Common stock issued in connection with common stock subscribed in connection with private placement	-	-	54,998	55	25,526	(25,581)	-	-	-
Common stock issued in connection with private placement	-	-	37,500	38	25,150	-	-	-	25,188
Fractional share - return of proceeds	-	-	-	-	(13)	-	-	-	(13)
Beneficial conversion feature of convertible debentures	-	-	-	-	5,708	-	-	-	5,708
Value of warrants attached to convertible debentures	-	-	-	-	3,020	-	-	-	3,020
Expiration of put agreement	-	-	-	-	90,000	-	-	-	90,000
Contributed capital	-	-	-	-	89,500	-	-	-	89,500
Net loss, as restated	-	-	-	-	-	-	-	(1,116,048)	(1,116,048)

<b>Balance at December 31, 2005</b>	-	-	8,875,476	8,876	3,014,376	-	(25,000)	(2,014,185)	984,067
Common stock issued on May 1, 2006 in exchange for cash at \$0.45 per share	-	-	199,998	200	89,800	-	-	-	90,000
Contributed capital	-	-	-	-	54,505	-	-	-	54,505
Stock options issued to consultants in exchange for services rendered	-	-	-	-	38,490	-	-	-	38,490
Common stock issued on September 1, 2006 in exchange for cash at \$0.45 per share	-	-	20,000	20	8,980	-	-	-	9,000
Return of contributed capital to shareholder	-	-	-	-	(42,951)	-	-	-	(42,951)
Reacquisition and cancellation of shares	-	-	(160,000)	(160)	(81,440)	-	-	-	(81,600)
Net loss	-	-	-	-	-	-	-	(1,785,386)	(1,785,386)
<b>Balance at December 31, 2006</b>	-	\$ -	8,935,474	\$ 8,936	\$ 3,081,760	\$ -	\$ (25,000)	\$ (3,799,571)	\$ (733,875)

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SEAWRIGHT HOLDINGS, INC.  
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 CONDENSED CONSOLIDATED STATEMENTS OF (DEFICIENCY IN) STOCKHOLDERS' EQUITY  
 (CONTINUED)  
 FOR THE PERIOD OCTOBER 14, 1999 (DATE OF INCEPTION) TO SEPTEMBER 30, 2007  
 (Unaudited)

	Preferred	Preferred	Common	Common	Additional	Common	Preferred	Deficit	
	Shares	Stock	Common	Stock	Paid-in	Stock	Stock	Accumulated	
		Amount	Shares	Amount	Capital	Subscription	Dividend	During	Total
								Development	
								Stage	
<b>Balance at</b>									
<b>December 31,</b>									
<b>2006</b>	-	\$ -	-						