

SEAWRIGHT HOLDINGS INC  
Form 10QSB  
May 22, 2006

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

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED  
MARCH 31, 2006

TRANSITION REPORT UNDER 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 small business issuer as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or  
organization)

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

600 Cameron Street, Alexandria, VA 22314  
(Address of principal executive offices)

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

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

As of May 22, 2006, the total number of issued and outstanding shares of the issuer's common stock, par value \$.001, was 8,875,476.

Transitional Small Business Disclosure Format: Yes o No x

TABLE OF CONTENTS

Part I - Financial Information	Page
Item 1. Financial Statements (Unaudited)	3
Item 2. Management's Discussion and Analysis or Plan of Operations	19
Item 3. Controls and Procedures	23
Part II - Other Information	
Item 1. Legal Proceedings	24
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	24
Item 3. Defaults Upon Senior Securities	24
Item 4. Submission of Matters to a Vote of Security Holders	24
Item 5. Other Information	24
Item 6. Exhibits and Reports on Form 8-K	24

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED).

Index to Financial Statements

Condensed Consolidated Balance Sheet at March 31, 2006	4
Condensed Consolidated Statement of Operations For The Three Months Ended March 31, 2006 and 2005 and For the Period From October 14, 1999 (Date of Inception) Through March 31, 2006	4
Condensed Consolidated Statements of (Deficiency In) Stockholders' Equity For the Period From October 14, 1999 (Date of Inception) Through March 31, 2006	5
Condensed Consolidated Statements of Cash Flows For Three Months Ended March 31, 2006 and 2005 and For the Period From October 14, 1999 (Date of Inception) Through March 31, 2006	9
Notes to Unaudited Condensed Consolidated Financial Information March 31, 2006	10

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

	March 31, 2006 (Unaudited)
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalent	\$ 26,447
Marketable securities (Note B)	14,175
Deposits	125,300
Total current assets	165,922
Property and equipment:	
Land	1,725,000
Equipment	29,438
Building improvement	32,180
	1,786,618
Less: accumulated depreciation	3,707
Total property and equipment	1,782,911
Other assets:	
Financing costs, net of accumulated amortization of \$229,269 at March 31, 2006	472,175
Intangible asset	33,203
Total other assets	505,378
Total assets	\$ 2,454,211
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 139,447
Note payable - current portion (Note C)	500,000
Total current liabilities	639,447
Convertible notes payable, net of debt discount (Note D)	1,105,964
Other long-term liabilities	31,527
Total liabilities	1,776,938
<b>STOCKHOLDERS' EQUITY</b>	
Preferred stock, par value \$.001 per share; 100,000 shares authorized: (Note F)	
Series A Convertible Preferred stock, par value \$.001 per share; 60,000 shares authorized; none issued and outstanding at March 31, 2006	-
Common stock, par value \$.001 per share; 19,900,000 shares authorized; 8,875,476	8,876

Edgar Filing: SEAWRIGHT HOLDINGS INC - Form 10QSB

shares issued and outstanding at March 31,  
2006 (Note F)

Additional paid-in-capital	3,014,376
Preferred stock dividend	(25,000)
Accumulated deficit	(2,320,979)
Stockholders' equity	677,273

Total liabilities and stockholders' equity	\$	2,454,211
--	----	-----------

See accompanying notes to unaudited condensed consolidated financial information

4

---

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

	For the three months ended March 31,		For the Period from October 14, 1999 (date of inception) through March 31, 2006 (As restated - see Note I)
	2006	2005 (As restated - see Note I)	
Revenue, net	\$ 590	\$ 531	\$ 3,114
Gross profit	590	531	3,114
Costs and expenses:			
Selling, general and administrative	227,552	129,193	2,720,394
(Gain) loss on trading securities (Note B)	(200)	19,408	(39,126)
Depreciation expenses	658	658	7,613
Total operating expense	228,010	149,259	2,688,881
Loss from operations	(227,420)	(148,728)	(2,685,767)
Other income (expenses):			
Other income	-	6,912	61,948
Gain on early extinguishment of debt	-	60,000	807,103
Interest expense, net	(79,375)	(69,229)	(521,164)
	(79,375)	(2,317)	347,887
Loss from continuing operations before income taxes and discontinued operations	(306,795)	(151,045)	(2,337,880)
Provision for income tax	-	-	-
Loss from continuing operations before discontinued operations	(306,795)	(151,045)	(2,337,880)
Income from discontinued operations	-	-	16,901
Net loss	(306,795)	(151,045)	(2,320,979)
Preferred stock dividend	-	-	(25,000)
Net loss attributable to common shareholders	\$ (306,795)	\$ (151,045)	\$ (2,345,979)
Losses per common share (basic and assuming dilution)	\$ (0.03)	\$ (0.02)	
Weighted average common shares outstanding	8,875,476	8,875,476	

See accompanying notes to unaudited condensed consolidated financial information

---

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  
MARCH 31, 2006

	Preferred Shares	Preferred Stock Amount	Common Shares	Common Stock Amount	Additional Paid-in Capital	Common Stock Subscriptions	Preferred Stock Dividend	Deficit Accumulated During Development Stage	Total
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, 2001 in exchange for convertible debt at \$.50 per share	-	-	174,000	174	86,826	-	-	-	87,000
Common stock issued on January 2,									



Edgar Filing: SEAWRIGHT HOLDINGS INC - Form 10QSB

2001 to founders in exchange for services rendered at \$.001 per share	-	-	5,000,000	5,000	20	-	-	-	5,020
Common stock issued on January 2, 2001 in exchange for services rendered at \$.50 per share	-	-	90,000	90	44,910	-	-	-	45,000
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  
MARCH 31, 2006

	Preferred Shares	Preferred Amount	Common Shares	Common 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 options exercised at \$.5625 per share	(5,000)	(5)	160,000	160	64,845	-	-	-	65,000

Edgar Filing: SEAWRIGHT HOLDINGS INC - Form 10QSB

Common stock issued on April 8, 2004									
in exchange for cash at \$.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
Beneficial conversion feature of convertible debentures	-	-	-	-	274,499	-	-	-	274,499
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  
MARCH 31, 2006

	Preferred Share	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, 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 Beneficial conversion feature of convertible debentures	-	-	-	-	(13)	-	-	-	(13)
Value of warrants attached to	-	-	-	-	5,708	-	-	-	5,708

Edgar Filing: SEAWRIGHT HOLDINGS INC - Form 10QSB

convertible debentures	-	-	-	-	3,020	-	-	-	3,020
Expiration of put agreement	-	-	-	-	90,000				