

American Southwest Music Distribution, Inc
Form 10QSB
March 22, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549
FORM 10-QSB

(Mark One)

x

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

For the quarterly period ended January 31, 2007

..

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

For the transition period from _____ to _____

Commission File No.: **000-26753**

AMERICAN SOUTHWEST MUSIC DISTRIBUTION, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

52-2190362
(I.R.S. Employer
Identification No.)

8721 Sunset Blvd., Penthouse 7

Hollywood, CA 90069

(Address of principal executive offices)

Issuer's telephone number: **(310) 659-8770**

(Former name, former address and former fiscal year, if changed since last report)

Check whether the registrant filed all documents and reports required to be filed by Section 12, 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 No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

As of March 21, 2007, 10,365,736 shares of our common stock were outstanding.

Transitional Small Business Disclosure Format: Yes No

PART 1: FINANCIAL INFORMATION

AMERICAN SOUTHWEST MUSIC DISTRIBUTION, INC.
(FORMERLY KNOWN AS GL ENERGY AND EXPLORATION, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

	January 31, 2007	April 30, 2006 (adjusted for 74:1 reverse split)
ASSETS		
Fixed assets:		
Equipment	\$ 43,266	\$ 40,501
Furniture and fixtures	42,488	42,488
Leasehold improvements	7,000	7,000
	92,754	89,989
Accumulated depreciation	(43,977)	(28,620)
Total fixed assets	48,777	61,369
Other assets:		
Music catalog, net of accumulated amortization of \$0	4,530,983	4,216,000
Security deposits	3,370	3,370
Total other assets	4,534,353	4,219,370
TOTAL ASSETS	\$ 4,583,130	\$ 4,280,739
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses payable	\$ 333,074	\$ 118,539
Liability for legal settlement by Company on behalf of entity formerly owned by significant Company stockholder	1,280,208	1,244,583
Notes and loans payable, stockholders and entities owned by them	86,000	247,711
Notes and loans payable, others - unrelated third parties	1,397,500	689,869
TOTAL LIABILITIES	3,096,782	2,300,702
Stockholders' equity:	-	24

Edgar Filing: American Southwest Music Distribution, Inc - Form 10QSB

Preferred stock - \$0.001 par value; 5,000,000 shares authorized, 0 shares issued and outstanding

Common stock - \$0.001 par value; 100,000,000 shares authorized, 10,365,736* and 59,977,042 issued and outstanding respectively

	10,327	59,977
Additional paid-in capital	7,247,730	5,385,777
Deficit accumulated during the development stage	(5,771,709)	(3,465,741)
Total stockholders' equity	1,486,348	1,980,037
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,583,130	\$ 4,280,739

* Adjusted for 74:1 reverse split effective August 24, 2006

AMERICAN SOUTHWEST MUSIC DISTRIBUTION, INC.
(FORMERLY KNOWN AS GL ENERGY AND EXPLORATION, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended January 31, 2007	Three months ended January 31, 2006	Nine months ended January 31, 2007	Nine months ended January 31, 2006	Inception (July 1, 2004) through April 30, 2006	Inception (July 1, 2004) through January 31, 2007
EXPENSES						
Consulting fees and services:						
Related parties, including through issuance common stock of \$1,393,847 and \$0 for nine months ended	\$ 1,362,271	\$ 78,950	\$ 1,517,218	\$ 145,795	\$ 348,975	\$ 1,866,193
Others, including incurred through issuance of common stock of \$60,000 and \$0 for nine months ended	-	30,000	131,120	75,000	-	131,120
	1,362,271	108,950	1,648,338	220,795	348,975	1,997,313
General and administrative, including through issuance of common stock for legal fees of \$60,400 and \$0 for nine months ended	157,576	36,025	361,256	75,416	352,809	714,065
Depreciation and amortization	33,317	10,575	87,441	21,053	46,536	133,977
Total expenses	1,553,164	155,550	2,097,035	317,264	748,320	2,845,355
Loss from operations	(1,553,164)	(155,550)	(2,097,035)	(317,264)	(748,320)	(2,845,355)

Other costs and expenses						
Loss incurred on legal settlement by Company on behalf of entity formerly owned by significant Company stockholder	(11,875)	-	(35,625)	-	(1,244,583)	(1,280,208)
Debt conversion costs	(46,232)		(46,232)			(46,232)
Interest expense	(41,811)	(18,445)	(127,076)	(41,191)	(78,617)	(205,693)
Total other costs and expenses	(99,918)	(18,445)	(208,933)	(41,191)	(1,323,200)	(1,532,133)
NET LOSS	\$ (1,653,082)	\$ (173,995)	\$ (2,305,968)	\$ (358,455)	\$ (2,071,520)	\$ (4,377,488)

Net loss per share - basic and diluted (adjusted for 74:1 reverse split)	\$ (1.52)	\$ -	\$ (2.54)	\$ -	\$ (2.56)	\$ (5.10)
--	-----------	------	-----------	------	-----------	-----------

Weighted average shares outstanding:						
Basic and diluted (adjusted for 74:1 reverse split)	\$ 1,087,905	\$ -	\$ 908,941	\$ -	\$ 810,501	\$

AMERICAN SOUTHWEST MUSIC DISTRIBUTION, INC.
(FORMERLY KNOWN AS GL ENERGY AND EXPLORATION, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
Period from July 1, 2004 (Inception) through January 31, 2007

	Preferred Stock		Common Stock		Additional	Deficit		
	Shares	Amount	Shares	Amount	Paid in	Accumulated		
					Capital	During the		Total
						Development		
						Stage		
Balance, April 30, 2005	-	\$ -	4,294	\$ 4	\$ 4,294,733	\$ (117,246)	\$	4,177,491
Recapitalization of common and preferred shares of GL Energy and Exploration, Inc., as acquiree in merger with Company as acquirer	23,980	24	59,972,748	59,973	1,091,044	(1,394,401)		(243,360)
Net loss						(1,954,094)		(1,954,094)
Balance, April 30, 2006	23,980	\$ 24	59,977,042	\$ 59,977	\$ 5,385,777	\$ (3,465,741)	\$	1,980,037
Common stock issued for consulting fees and services			7,062,352	7,024	1,507,223			1,514,247
74:1 reverse stock split	-		(65,085,460)	(65,085)	65,085			-
Shares issued in settlement of notes and loans payable, stockholders and entities owned by them			310,451	310	297,722			298,032
Preferred shares converted into common	(23,980)	(24)	8,101,351	8,101	(8,077)			-
Net loss						(2,305,968)		(2,305,968)
	-	\$ -	10,365,736	\$ 10,327	\$ 7,247,730	\$ (5,771,709)	\$	1,486,348

Balance, January
31, 2007

AMERICAN SOUTHWEST MUSIC DISTRIBUTION, INC.
(FORMERLY KNOWN AS GL ENERGY AND EXPLORATION, INC.)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended January 31, 2007	Nine months ended January 31, 2006	Inception (July 1, 2004) through April 30, 2006	Inception (July 1, 2004) through January 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	\$ (2,305,968)	\$ (358,455)	\$ (2,071,520)	\$ (4,377,488)
Adjustments to reconcile net loss to cash used in operating activities:				
Depreciation and amortization	87,441	21,053	46,536	133,977
Loss incurred on legal settlement by Company on behalf of entity formerly owned by significant Company stockholder	35,625	-	1,244,583	1,280,208
Common stock issued for consulting fees and services	1,514,247	-	-	1,514,247
Debt conversion costs	46,232	-	-	46,232
Accounting and legal fees added to notes and loans payable,				
stockholders and entities owned by them	25,000	-	-	25,000
Net changes in:				
Decrease in prepaid expenses	-	9,498	-	
Increase in security deposits	-	-	(3,370)	(3,370)
Increase in accounts and accrued expenses payable	227,892	45,046	93,201	321,093
NET CASH USED IN OPERATING ACTIVITIES	(369,531)	(282,858)	(690,570)	(1,060,101)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Decrease in officer loan receivable		7,347		-
Acquisition of music catalogs	(298,983)	-	-	(298,983)
Acquisition of leasehold improvements, furniture and equipment	(2,765)	(11,080)	(13,252)	(16,017)
	(301,748)	(3,733)	(13,252)	(315,000)

NET CASH USED IN INVESTING
ACTIVITIES

CASH FLOWS FROM FINANCING
ACTIVITIES:

Notes and loans payable, stockholders and entities owned by them	36,279	15,000	73,822	110,101
Notes and loans payable, others - unrelated third parties	635,000	271,591	628,000	1,263,000
Common shares issued for cash	-	-	2,000	2,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	671,279	286,591	703,822	1,375,101
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	-	-	-	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ -			