

SEAWRIGHT HOLDINGS INC  
Form 10-Q  
July 28, 2011

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

FORM 10-Q  
(Mark One)

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

For the quarterly period ended September 30, 2009

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 333-56848

SEAWRIGHT HOLDINGS, INC.  
(Exact name of registrant 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)

Registrant's telephone number, including area code: (703) 340-1629

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 requirement for the past 90 days. Yes  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

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 "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class	Shares Outstanding at June 30, 2011
Common Stock, \$0.001 Par Value	14,348,399

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## SEAWRIGHT HOLDINGS, INC.

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PART I.  
FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

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

	September 30, 2009 (unaudited)	December 31, 2008
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 580	\$ 580
Prepaid expense	-	31,000
Deferred financing costs, net - current portion	-	6,944
Total current assets	580	38,524
Property and equipment, net	1,275,512	1,286,585
Other assets	30,214	138,776
Total assets	\$ 1,306,306	\$ 1,463,885
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Bank overdraft	\$ 2,539	\$ 55
Accounts payable and accrued expenses	755,731	295,639
Line of credit	700,427	555,427
Convertible notes payable, net of debt discount	40,000	37,812
Other current liabilities	46,092	-
Notes payable, current portion	1,151,611	1,139,611
Total current liabilities	2,696,400	2,028,544
Long-term liabilities:		
Other long term liabilities	-	42,489
Total liabilities	2,696,400	2,071,033
Commitments and contingencies	-	-
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred stock, par value \$0.001 per share; 100,000 shares authorized		
Series A convertible preferred stock, par value \$0.001 per share; 60,000 shares authorized, none issued and outstanding as of September 30, 2009 and December 31, 2008	-	-
Common stock, par value \$0.001 per share; 19,900,000 shares authorized; 13,598,399 shares issued and outstanding as of September 30, 2009 and December 31, 2008	13,598	13,598

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Common shares to be issued	36,896	36,896
Additional paid in capital	6,973,033	6,967,566
Preferred stock dividend	(25,000 )	(25,000 )
Accumulated deficit during development stage	(8,388,621)	(7,600,208)
Total stockholders' deficit	(1,390,094)	(607,148 )
Total liabilities and stockholders' deficit	\$1,306,306	\$1,463,885

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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

	Three months ended September 30,		Nine months ended September 30,		For the period from October 14, 1999 (date of inception) through September 30, 2009
	2009	2008	2009	2008	
Revenue, net	\$-	\$704	\$-	\$4,403	\$19,611
Cost and expenses:					
Selling, general and administrative	57,476	265,011	370,189	562,449	5,841,993
Impairment of trade name	-	-	-	-	19,529
Gain on sale of trading securities	-	-	-	-	(37,356 )
Depreciation and amortization	3,691	3,729	11,073	11,666	61,031
	61,167	268,740	381,262	574,115	5,885,197
Operating loss	(61,167 )	(268,036 )	(381,262 )	(569,712 )	(5,865,586)
Other income (expense):					
Other income	-	-	-	-	61,969
Gain on sale of property	-	1,448,056	-	1,448,056	1,448,056
Gain on extinguishment of debt	-	-	-	-	807,103
Interest expense, net	(148,994 )	(157,038 )	(407,151 )	(408,061 )	(4,857,064)
Total other income (expense)	(148,994 )	1,291,018	(407,151 )	1,039,995	(2,539,936)
(Loss) Income from continuing operations before income taxes and discontinued operations	(210,161 )	1,022,982	(788,413 )	470,283	(8,405,522)
Provision for income taxes	-	-	-	-	-
(Loss) income from continuing operations before discontinued operations	(210,161 )	1,022,982	(788,413 )	470,283	(8,405,522)
Income from discontinued operations	-	-	-	-	16,901
Net (loss) income	(210,161 )	1,022,982	(788,413 )	470,283	(8,388,621)
Preferred stock dividend	-	-	-	-	(25,000 )
	\$(210,161 )	\$1,022,982	\$(788,413 )	\$470,283	\$(8,413,621)

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Net (loss) income attributable to common shareholders

(Loss) income per common share, basic      \$(0.02      ) \$0.08      \$(0.06      ) \$0.03

(Loss) income per common share, fully diluted

\$ (0.02      ) \$0.08      \$ (0.06      ) \$0.03

Weighted average number of common shares outstanding, basic

13,598,399      13,598,399      13,598,399      13,598,399

Weighted average number of common shares outstanding, fully diluted

13,598,399      13,645,458      13,598,399      13,645,458

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements



## SEAWRIGHT HOLDINGS, INC.

(A DEVELOPMENT STAGE COMPANY)  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	Nine months ended September 30,		For the period From October 14, 1999 (date of inception) through September 30, 2009
	2009	2008	2009
Net cash used in operating activities	\$(150,467 )	\$(705,216 )	\$(5,453,498)
Net cash provided by investing activities	-	2,289,520	1,273,145
Net cash provided by (used in) financing activities	150,467	(1,584,169)	4,180,933
Net increase in cash and cash equivalents	-	135	580
Cash and cash equivalents, beginning of period	580	445	-
Cash and cash equivalents, end of period	\$580	\$580	\$580

## Supplemental Disclosures of Cash Flow Information:

Cash paid for interest	\$-	\$-	\$1,485,063
Cash paid for income taxes	\$-	\$-	\$-

## Non cash investing and financing activities:

Common stock issued in exchange for notes payable	\$-	\$-	\$701,552
Common stock issued in exchange for convertible notes payable	\$-	\$-	\$1,447,104
Common stock to be issued in exchange for convertible notes payable	\$-	\$-	\$11,396
Common stock issued in connection with issuance of notes payable	\$-	\$-	\$25,500
Common stock issued in exchange for stock incentive liabilities	\$-	\$-	\$127,500
Transfer of deposit to property and equipment	\$-	\$-	\$57,600
Accounts payable converted to notes payable	\$-	\$-	\$47,300
Notes payable issued in connection with capital expenditures	\$-	\$-	\$1,200,000
Warrants issued in exchange for financing costs	\$-	\$-	\$545,460

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

SEAWRIGHT HOLDINGS, INC.

(a development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

(UNAUDITED)

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

### General

The accompanying unaudited condensed financial statements have been prepared in accordance with Regulation S-X of the Securities and Exchange Act, as amended, and the instructions to Form 10Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Certain information and notes disclosures normally included in annual consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Accordingly, the results from operations for the nine months ended September 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. The unaudited condensed financial statements should be read in conjunction with the December 31, 2008 financial statements and footnotes thereto included in the Company's SEC Form 10 K.

The condensed consolidated financial statements as of December 31, 2008 have been derived from the audited consolidated financial statements at that date but do not include all disclosures required by the accounting principles generally accepted in the United States of America.

### Business and Basis of Presentation

Seawright Holdings, Inc., (Company) was formed on October 14, 1999 under the laws of the state of Delaware. The Company is a development stage enterprise, as defined by Accounting Standards Codification subtopic 915-10, Development Stage Entities ("ASC 915-10") and is seeking to develop a spring water bottling and distribution business. From its inception through the date of these financial statements, the Company has recognized minimal revenues and has incurred significant operating expenses. Consequently, its operations are subject to all risks inherent in the establishment of a new business enterprise. For the period from inception through September 30, 2009, the Company has accumulated losses of \$8,388,621.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Seawright Springs LLC and Knox County Minerals, LLC. Significant intercompany transactions have been eliminated in consolidation.

### Reclassification

Certain amounts in the prior year's consolidated financial statements and the related notes have been reclassified to conform to the current period presentation. These reclassifications have no effect on previously reported results of operations or loss per share.

### Recent Accounting Pronouncements

There were various other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

SEAWRIGHT HOLDINGS, INC.  
(a development stage company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009  
(UNAUDITED)

NOTE 2 – GOING CONCERN MATTERS

The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying unaudited condensed consolidated financial statements during the nine months ended September 30, 2009, the Company incurred net losses of \$788,413, incurred net losses of \$8,388,621 from its inception on October 14, 1999 through September 30, 2009 and used \$5,453,498 in cash for operating activities from its inception through September 30, 2009. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's existence is dependent upon management's ability to develop profitable operations. Management is devoting substantially all of its efforts to developing its products and services and there can be no assurance that the Company's efforts will be successful. However, the planned principal operations have not commenced and no assurance can be given that management's actions will result in profitable operations or the resolution of its liquidity problems. The Company is also pursuing additional debt or equity financing through discussions with private investors. There can be no assurance that the Company will be successful in its effort to secure additional financing. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

NOTE 3 – PROPERTY AND EQUIPMENT

In October, 2003, the Company acquired approximately 140 acres of land and related improvements in Augusta County, Virginia, in exchange for \$1,000,000, comprised of \$300,000 of cash and a \$700,000 promissory note payable. In June 2005, the Company purchased a parcel of land located approximately 10 miles south of the Augusta County, Virginia location in Staunton, Virginia. The purchased parcel is 33.52 acres which the Company acquired for \$725,000, comprised of \$225,000 of cash and a \$500,000 promissory note payable. The Company anticipates entering the sale of bulk spring water and retail bottling business utilizing the properties' water resources. The Company also completed the purchase of the second Staunton, Virginia property on April 10, 2006. The purchase price for the second property was \$240,000, less a previously made \$10,000 refundable deposit. The Company paid \$90,000 of the remaining purchase price at settlement and has financed the remaining \$140,000.

Major classes of property and equipment at September 30, 2009 and December 31, 2008 consisted of the following:

	September 30, 2009	December 31, 2008
Land	\$1,023,537	\$1,023,537
Equipment	32,167	32,167
Building improvements	261,307	261,307
	1,317,011	1,317,011
Less - accumulated depreciation	(41,499 )	(30,426 )
	\$1,275,512	\$1,286,585



SEAWRIGHT HOLDINGS, INC.  
(a development stage company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009  
(UNAUDITED)

NOTE 3 – PROPERTY AND EQUIPMENT (Continued)

During the year ended December 31, 2008, the Company sold part of the property acquired in the years ended December 31, 2005 and 2006 with a cost basis of \$941,463 for proceeds of \$2,389,519 recording a net gain from sale of property of \$1,448,056. On September 30, 2009, the Company entered into an agreement to sell the remaining part of the property acquired in the years ended December 31, 2005 and 2006. Net proceeds of \$56,477 were received in October 2009 and the Company recognized a net gain of \$32,940 in connection with this transaction. Depreciation expense was \$11,073 and \$11,666 for the nine month periods ended September 30, 2009 and 2008, respectively.

NOTE 4 – LAND PURCHASE OPTIONS

On May 6, 2008, the Company's wholly owned subsidiary, Knox County Minerals LLC ("Knox Minerals"), entered into an Agreement Regarding Option (the "Assignment Agreement") with James R. Golden and John C. Slusher (the "Option Holders"), under which Knox Minerals agreed to acquire the Option Holders' rights under a Real Estate Purchase Option dated August 2, 2004 (the "Original Option Agreement") with Dan D. Stewart and Betsy Stewart (the "Stewarts") regarding certain land owned by the Stewarts in Knox County, Kentucky (the "Knox Land"). At the time the parties entered into the Assignment Agreement, the Option Holders had allegedly exercised their option to acquire the Knox Land under the Original Option Agreement, which was contested by the Stewarts, and the dispute was before the Kentucky Supreme Court.

Under the Assignment Agreement, the parties agreed that the purchase price for the Option Holder's rights under the Original Option Agreement was \$3,000,000. Knox Minerals deposited \$100,000 in escrow, and had 30 days to conduct due diligence to determine whether it wanted to complete the purchase. If Knox Minerals notified the Option Holders that it was declining to complete the purchase within 35 days after the date of the Assignment Agreement, then it was entitled to a full refund of the \$100,000 deposit. If it did not elect to terminate the Assignment Agreement, the \$100,000 deposit was to be paid to the Option Holders, and would be credited against the purchase price. Knox Minerals was obligated to close within 30 days after the end of the due diligence period in the event it did not elect to terminate the Assignment Agreement. The \$100,000 deposit was included in other noncurrent assets of the Company's consolidated balance sheet as of December 31, 2008.

On June 12, 2008, Knox Minerals and the Option Holders entered into a First Amendment to the Assignment Agreement, under which the parties agreed that the due diligence period would be extended to June 30, 2008, and the deadline for Knox Minerals to terminate the Assignment Agreement would be extended to June 30, 2008.

On July 28, 2008, Knox Minerals and the Option Holders entered into a Second Amendment to the Assignment Agreement, under which the parties agreed that the \$100,000 deposit would be paid to the Option Holders and the deposit would be credited against the purchase price, the due diligence period and closing date would be extended to August 14, 2008, and that Knox Minerals had the option to extend the due diligence period to September 2, 2008 provided it notified the Option Holders in writing that it was exercising said option prior to August 14, 2008 and paid the Option Holders an extension fee of \$1,000 for each day the periods were extended. Knox Minerals subsequently exercised its option to extend the due diligence date to September 2, 2008, and paid the Option Holders an extension fee of \$18,000. The extension fees paid were charged to operations during the year ended December 31, 2008.

On August 25, 2008, Knox Minerals and the Option Holders entered into a Third Amendment to the Assignment Agreement, under which the parties agreed that the due diligence period would be extended to September 30, 2008 in consideration for an additional extension fee of \$28,000. The extension fees paid were charged to operations during the year ended December 31, 2008.

SEAWRIGHT HOLDINGS, INC.

(a development stage company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

(UNAUDITED)

NOTE 4 – LAND PURCHASE OPTIONS (continued)

On September 30, 2008, Knox Minerals and the Option Holders entered into a Fourth Amendment to the Assignment Agreement, under which the parties agreed that the due diligence period would be extended to October 31, 2008 in consideration for an additional extension fee of \$31,000, that 50% of the extension fee of \$31,000 would be credited against the purchase price, and that Knox Minerals had the option to extend the due diligence period to December 31, 2008 provided it notified the Option Holders in writing that it was exercising said option prior to October 31, 2008 and paid the Option Holders an extension fee of \$61,000. The Company paid the extension fees of \$31,000 which extended the option through October 31, 2008, the \$61,000 extension fees was not paid as the Fifth Amendment to the Assignment Agreement was entered into (see below) on October 31, 2008. The Company accounted for \$15,500 (50% of the extension fee of \$31,000 paid) as other noncurrent assets as of December 31, 2008.

On October 31, 2008, Knox Minerals and the Option Holders entered into a Fifth Amendment to the Assignment Agreement, under which the parties agreed that the due diligence date would be extended to January 30, 2009 if Knox Minerals paid an extension fee of \$91,000 within five days, which Knox Minerals paid. The Company charged \$60,000 of this extension fee to operations for the year ended December 31, 2008, and accounted for the remaining \$31,000 as prepaid expense and included in other current assets of the Company's consolidated balance sheet as of December 31, 2008. The \$31,000 prepaid expense was amortized and charged to operations in January 2009.

On January 23, 2009, Knox Minerals and the Option Holders entered into a Sixth Amendment to the Assignment Agreement. Prior to the execution of the Sixth Amendment, on January 10, 2009, the Option Holders acquired the Knox Land from the Stewarts. Under the Sixth Amendment, the parties agreed to increase the purchase price for the Knox Land by the amount the Option Holders paid the Stewarts for the Knox Land. However, the parties also agreed that the total final purchase price would be reduced by \$140,000 as compared to the original purchase price due to the decline in market value of real estate since the time the option agreement was entered into. In addition, the parties agreed that the due diligence date would be extended to February 28, 2009. No additional consideration was required by the Option Holders for this extension. The parties further agreed that if the closing occurred, Knox Minerals would be entitled to a credit against the purchase price of \$155,500. That is, the original agreed deposit of \$100,000, together with credit of \$15,500 (50% of the extension fee of \$31,000 from the Fourth Amendment), and additional credit of \$40,000 the Option Holders granted to Knox Minerals. In addition, certain parts of the Knox Land would be conveyed subject to a 1/32 royalty on any oil and gas produced from the property, or 1% of the gross proceeds paid by a subsequent purchaser of the property. Knox Minerals ultimately did not close on Knox Land by the deadline therefore, and the Assignment Agreement lapsed. The Company wrote off and charged to operations an aggregate of \$115,500 (deposit of \$100,000 from the Assignment Agreement and the \$15,500 of potential credit from the Fourth Amendment) upon the expiration of the Sixth Amendment in the first quarter of the fiscal year 2009.

Subsequent to the date of the financial statements, Knox Minerals entered into a Real Estate Purchase Option (the "2010 Option") with the Option Holders, and in April 2010 Knox Minerals entered into an Assignment and Assumption Agreement with Next Generation Energy Corp. ("NGEC"), under which Knox Minerals assigned all of its right, title and interest under the 2010 Option to NGEC. NGEC ultimately did not close and the 2010 Option lapsed by its terms. Subsequent to the assignment and before the expiration of the 2010 Option to NGEC, the President of the Company, Joel Sens, became a significant shareholder and a director of NGEC (see Note 9 – Subsequent Events).





SEAWRIGHT HOLDINGS, INC.  
(a development stage company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009  
(UNAUDITED)

## NOTE 5 – NOTES PAYABLE

Notes payable at September 30, 2009 and December 31, 2008 are as follows:

	September 30, 2009	December 31, 2008
15% per annum note payable, monthly interest payments, principal due June 8, 2008, collateralized by land – The Company is in default under the terms of the note agreement.	283,000	283,000
7% per annum note payable, due on or before July 1, 2008, uncollateralized. Default interest rate is 2% per month. The Company is in default under the terms of the note agreement.	187,530	187,530
12% per annum note payable, due July 3, 2008, uncollateralized. The Company was in default under the term of the note agreement. This note was acquired by Amicus Funding, Inc. and settled as part of the \$112,000 note (see below).	-	50,000
12% per annum note payable, due June 26, 2008, uncollateralized; The Company was in default under the term of the note agreement. This note was acquired by Amicus Funding, Inc. and settled as part of the \$112,000 note (see below).	-	50,000
15% per annum (default rate 21%) note payable, due October 13, 2008, collateralized by land. The Company is in default under the term of the note agreement.	375,000	375,000
24% per annum (default rate 30%) note payable, due September 19, 2008, collateralized by common stock of principle stockholder. The Company is in default under the terms of the note agreement.	135,000	135,000
6% per annum note payable, due November 15, 2008, collateralized by personal guarantee of principle stockholder. The Company is in default under the terms of the note agreement	47,300	47,300
Loan against cash value of principle stockholder's life insurance	11,781	11,781
12% per annum note payable, due on or before March 31, 2009, uncollateralized. The Company became in default after the maturity of the note and in November 2009 entered into a settlement and new note with the lender.	112,000	-
	1,151,611	1,139,611
Less: current portion	1,151,611	1,139,611
Note payable – long term	\$-	\$-

SEAWRIGHT HOLDINGS, INC.  
(a development stage company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009  
(UNAUDITED)

NOTE 5– NOTES PAYABLE (Continued)

Amicus Funding, Inc. Loan

On February 26, 2008, the Company issued a \$50,000 unsecured note payable with 12% per annum interest rate due June 26, 2008. On March 3, 2008, the Company issued a \$50,000 unsecured note payable with 12% per annum interest rate due July 3, 2008. The Company did not pay either note on its maturity date. Amicus Funding, Inc. (“Amicus”) later acquired both notes from the original lenders.

On February 10, 2009, the Company, Amicus and the President of the Company, Joel Sens, entered into a settlement agreement with respect to the two notes owned by Amicus, in which the Company paid Amicus \$12,000 in cash and executed a note payable to Amicus in the amount of \$112,000, and Mr. Sens executed a promissory note payable to Amicus in the amount of \$85,000 to evidence a personal debt Mr. Sens owed to Amicus resulted from options and stock purchase agreement between Amicus and Mr. Sens. The note executed by the Company bore interest at 12% per annum. All principal and interest due under the note was due and payable on March 31, 2009.

Subsequent to the date of the financial statements, the Company, Amicus and Mr. Sens entered into a settlement agreement with respect to the notes issued to Amicus under the February 10, 2009 settlement agreement (see Note 9 – Subsequent Events).

NOTE 6 – LINE OF CREDIT

On August 28, 2008, the Company entered into a revolving line of credit agreement with American Marketing and Capital, Inc. (“AMC”) and issued a Revolving Credit promissory note to AMC in the amount of \$200,000. The note bore interest at 2% per month, and matures on October 27, 2008. The note was secured by all non-real estate assets of the Company, and by 980,000 shares of common stock of the Company owned by Joel Sens. On November 7, 2008, the Company and AMC amended their line of credit agreement to increase the amount that the Company could borrow by \$360,000, to a maximum of \$560,000. The amendment also extended the maturity date of the note to January 6, 2009. Under the amendment, the Company granted AMC a lien on the certain property of the Company located in Augusta County, Virginia to secure the loan, in addition to the collaterals as defined pursuant to the original line of credit agreement dated August 28, 2008. The Company's outstanding balance as of September 30, 2009 and December 31, 2008 is \$700,427 and \$555,427, respectively.

Subsequent to the date of the financial statements, AMC converted the outstanding amount as of May 5, 2010 into a Convertible Note in the principal amount of \$440,000. And in November 2010, the Company and AMC entered an agreement under which AMC converted all principal and interest due under the Convertible Note, which was \$466,400, into 1,166,000 shares of the Company's common stock. (See Note 9 – Subsequent Events)

NOTE 7 – COMMON STOCK

The Company was incorporated under the laws of the State of Delaware on October 14, 1999 under the name of Pre-Settlement Funding Corporation. The Company has authorized 100,000 shares of preferred stock, with a par value of \$0.001 per share. The Company has designated 60,000 of its preferred stock as Series A Convertible Preferred

Stock. As of September 30, 2009 and December 31, 2008, the Company does not have any shares of Series A Convertible Preferred Stock issued and outstanding. The Company has authorized 19,900,000 shares of common stock, with a par value of \$0.001 per share. As of September 30, 2009 and December 31, 2008, there were 13,598,399 shares of common stock issued and outstanding.

SEAWRIGHT HOLDINGS, INC.  
(a development stage company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009  
(UNAUDITED)

NOTE 8 – RELATED PARTY TRANSACTIONS

From time to time, the Company's President has advanced funds to the Company for working capital purposes. The Company had repaid the advances in full as of December 31, 2008. In addition, the Company's President withdrew funds or incurred personal expenses in the net amount of \$648,379 from the Company. The Company has accounted for the funds withdrawn of \$648,379 by the Company's President as a nonreciprocal transfer to a shareholder and, accordingly, has reflected the withdrawal as a direct reduction of additional paid-in capital at December 31, 2008.

During the nine months ended September 30, 2009, the Company's President withdrew additional net amount of \$5,467. The Company has accounted for the additional funds withdrawn as a nonreciprocal transfer to a shareholder and, accordingly, has reflected the withdrawal as a direct reduction of additional paid-in capital at September 30, 2009.

Subsequent to the date of the financial statements, the President of the Company pledged certain of his personal property including common shares of the Company he owned in connection with certain loan transactions. Certain loans were also partially repaid by personal property of the President of the Company. (See Note 9 – Subsequent Events)

NOTE 9 – SUBSEQUENT EVENTS

Amicus Funding, Inc. Loan Transactions

As described in Note 5, in February and March 2008 the Company issued two \$50,000 unsecured notes payable. The Company did not pay either note on its maturity date. Amicus Funding, Inc. ("Amicus") later acquired both notes from the original lenders. On February 10, 2009, the Company, Amicus and the President of the Company, Joel Sens, entered into a settlement agreement with respect to the two notes owned by Amicus, in which the Company paid Amicus \$12,000 in cash and executed a note payable to Amicus in the amount of \$112,000, and Mr. Sens executed a promissory note payable to Amicus in the amount of \$85,000 to evidence a personal debt Mr. Sens owed to Amicus resulted from options and stock purchase agreement between Amicus and Mr. Sens.

On November 10, 2009, the Company, Amicus and Mr. Sens entered into a settlement agreement with respect to the notes issued to Amicus under the February 10, 2009 settlement agreement. Under the November 10, 2009 settlement agreement, the Company issued Amicus a note in the amount of \$140,000 which bore interest at 10% per annum and was due and payable on January 29, 2010. The note was subject to a late charge of 5% for any payment not received by its due date. The note was also secured by a subordinate lien on certain property of the Company located in Augusta County, Virginia.

On November 10, 2010, Amicus agreed to convert the \$140,000 note and total unpaid accrued interest of \$10,000 into 375,000 shares of the Company's common stock. Amicus has the right, until March 30, 2011, to put any of the shares back to the Company for cash in the amount of \$0.40 per share. The note was converted and the common shares were issued to Amicus in December 2010.



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NOTE 9 – SUBSEQUENT EVENTS (continued)

American Marketing and Capital, Inc. Loan Transactions

As described in Note 6, the Company obtained a line of credit from American Marketing and Capital, Inc. (“AMC”) with balance due AMC in the amount of \$700,427 and \$555,427 at September 30, 2009 and December 31, 2008, respectively. On May 5, 2010, the Company and AMC converted the outstanding amount owed to AMC into a Convertible Note in the principal amount of \$440,000. The Convertible Note was due on October 30, 2010, bore interest at 6% per annum, and was convertible into the Company’s common stock at \$0.40 per share.

On November 9, 2010, the Company and AMC entered an agreement under which AMC converted all principal and interest due under the Convertible Note, which was \$466,400, into 1,166,000 shares of the Company’s common stock. Of the shares issued to AMC, 375,000 shares were issued by the Company in December 2010 and 791,000 shares were supplied by Mr. Sens.

Theodore J. Kanakis Loan Transactions

As described in Note 5, Theodore J. Kanakis loaned the Company \$300,000 pursuant to an unsecured promissory note bearing interest at 7% per annum and due July 1, 2008. The Company made partial repayment during the year ended December 31, 2008, with remaining outstanding principal in the amount of \$187,530 at September 30, 2009 and December 31, 2008. On January 15, 2010, the Company, Mr. Kanakis and Mr. Sens entered into a settlement agreement, under which Mr. Sens allowed Mr. Kanakis to retain a coin collection, which the parties agreed and had a fair value of \$105,000, Mr. Sens pledged as part of the settlement agreement. In addition, the Company issued Mr. Kanakis a note in the amount of \$150,000 in settlement of the Company’s remaining liability to Mr. Kanakis. The note is secured by a subordinate lien on certain property of the Company in Augusta County, Virginia. The note entitled the Company to satisfy the entire amount due under the note by a payment of \$125,000 on or before March 30, 2010. If the note is not paid by March 30, 2010, interest began to accrue on the note at the rate of 1% per month, with monthly interest payments being due on the 5th day of each month. In addition, note provided that if the price of gold increased by more than 10% from the date of execution of the note, the principal amount due on the note would increase by the same percentage that the price of gold increased. The note was due and payable on December 31, 2010. In addition, Mr. Kanakis granted Mr. Sens an option to purchase 500,000 shares (the “Option Shares”) of the Company’s common stock owned by Mr. Kanakis for \$51,000.

On January 22, 2011, the Company, Mr. Kanakis and Mr. Sens entered into an agreement, under which Mr. Kanakis agreed to convert the January 15, 2010 note and unpaid accrued interest and fees into 650,000 shares of the Company’s common stock (the “Conversion Shares”). Mr. Kanakis has the right to put the Conversion Shares back to the Company at any time from March 31, 2011 to June 30, 2011 in the event he does not receive total proceeds of \$186,500 from the sale of the Conversion Shares and the Option Shares, in which event the put price for the Conversion Shares shall be the January 15, 2010 note. Mr. Kanakis had sold 100,000 of the Option Shares for \$12,500, and the parties agreed as part of the settlement that he could sell the remaining Option Shares, subject to a limit price of \$0.16 per share. Mr. Kanakis has a potential buyer to purchase the Conversion Shares for \$110,000, and if Mr. Kanakis is not paid by the buyer of the Conversion Shares, he has the right to put his rights and claims against the buyer to the Company in lieu of the Conversion Shares. If Mr. Kanakis is able to sell the remaining Option Shares, but does not sell or receive

payment for the Conversion Shares, then Mr. Kanakis may put the Conversion Shares back to the Company for the January 15, 2010 note, in which event the Company shall be entitled to a credit of \$15,000 on the note. To date the 650,000 shares of common stock have not been issued to Mr. Kanakis.



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NOTE 9 – SUBSEQUENT EVENTS (continued)

None of the transactions contemplated by the January 22, 2011, were completed. On June 29, 2011, the Company, Mr. Kanakis and Mr. Sens entered into a modification to the January 22, 2011 agreement. Under the modification, Mr. Kanakis agreed that he would sell the remaining Option Shares to an investor identified by Mr. Sens for \$0.18 per share, or \$72,000 by August 15, 2011; provided that he could sell any Option Shares on the open market at a price greater than \$0.18 per share prior to such investor purchasing the Option Shares. The parties also agreed that Mr. Kanakis would sell the Conversion Shares to an investor identified by Mr. Sens for \$110,000 by July 31, 2011.

Charter House, LLC Loan Transactions

As described in Note 5, the Company had total outstanding notes due to Charter House, LLC in the aggregate amount of \$418,000 (\$283,000 and \$135,000 notes) as of September 30, 2009 and December 31, 2008. On May 10, 2010, the Company and Charter House, LLC entered into a forbearance agreement with regards to the outstanding liability. The unpaid accrued interest, penalty and fees were partially repaid by the Company pursuant to the agreement, and Charter House, LLC agreed not to exercise any remedies under the note until December 31, 2010. The interest rate was agreed to be 21% per annum. The Company also prepaid interest that would accrue under the note from May 10, 2010 to December 31, 2010 in the amount of \$51,478. The forbearance agreement defined the default rate of interest as 24% per annum, and provided that a default on a note to Kent Carr in the amount of \$750,000 (see below) would constitute a default under the note. If the Company fails to make payment in full of the amount due on or before December 31, 2010, a late charge of 10% of such payment will be added to the amount due. The Company did not repay the loan as of December 31, 2010 and is currently in default.

Pierre Palian Loan Transactions

As described in Note 5, the Company had an outstanding note to Pierre Palian in the amount of \$375,000 as of September 30, 2009 and December 31, 2008. The note bore interest at 15% per annum, and matured on October 13, 2008. The note was secured a lien on certain real estate of the Company in Augusta County, Virginia. The note was guaranteed by Mr. Sens. On May 5, 2010, the Company and Mr. Palian entered into a forbearance agreement with regards to the outstanding liability. The unpaid accrued interest, penalty and fees were partially repaid by the Company pursuant to the agreement, and Mr. Palian agreed not to exercise any remedies under the note until December 31, 2010, and increased the interest rate under the note to 21% per annum. The Company also prepaid interest that would accrue under the note from May 10, 2010 to December 31, 2010 in the amount of \$48,972. The forbearance agreement also increased the default rate of interest to 24% per annum, and provided that a default on a note to Kent Carr in the amount of \$750,000 (see below) would constitute a default under the note. The Company did not repay the loan as of December 31, 2010 and is currently in default.

Kent Carr Loan Transaction

On May 5, 2010, the Company issued a note to Kent Carr in the amount of \$750,000 secured by a first lien on certain real estate property of the Company in Augusta County, Virginia. The note bore interest at 12% per annum and is due on November 1, 2011. The proceeds of the note were used to partially repay indebtedness to Charter House, LLC and Pierre Palian, and miscellaneous fees and charges, and resulted in net proceeds to the Company of \$118,000. As part

of the transaction, Charter House, LLC and Mr. Palian subordinated their first mortgage on certain property of the Company in Augusta County, Virginia to the mortgage lien of Mr. Carr.

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NOTE 9 – SUBSEQUENT EVENTS (continued)

Miscellaneous Note or Finance Transactions

On November 5, 2009, the Company issued a \$7,500 note payable with 6% per annum interest, due on demand, unsecured.

Loans to Officer/Significant shareholder

From time to time, the President of the Company, Joel Sens, advanced funds to the Company for working capital purposes. As described in Note 8, the total balance due to Mr. Sens was paid in full as of December 31, 2008 and the total payments the Company remitted exceeded the total balance due to Mr. Sens. Total overpayment to Mr. Sens amounted to \$666,947 as of December 31, 2009. The excess payment made to Mr. Sens was accounted for as a nonreciprocal transfer to Mr. Sens and, accordingly, a direct reduction of additional paid-in capital. The total overpayment was reduced in 2010 by approximately \$120,000, representing salary (excluding tax withholdings) due Mr. Sens for the year ended December 31, 2010, \$105,000 in January 2010 for the value of a coin collection conveyed to a lender of the Company in partial settlement of the loan, and the fair value of 791,000 shares of common stock Mr. Sens personally owned and assigned to another lender as partial settlement of the loan to the Company.

Issuance of Common Stock

As described above, in December 2010 the Company issued 375,000 shares of common stock to Amicus Funding Inc. in connection with the settlement agreement entered into on November 10, 2010, and issued 375,000 shares of common stock to American Marketing and Capital, Inc. pursuant to the settlement agreement dated November 9, 2010.

Land Purchase Options

As described in Note 4, the Company's wholly owned subsidiary Knox County Minerals, LLC ("Knox Minerals") entered into an Agreement Regarding Option (the "Assignment Agreement") in May 2008 and had several Amendments to the Assignment Agreement. Knox Minerals ultimately did not close on Knox Land by the deadline therefore, and the Assignment Agreement lapsed upon the expiration of the Sixth Amendment in the first quarter of the fiscal year 2009.

On March 25, 2010, Knox Minerals entered into a Real Estate Purchase Option (the "2010 Option") with the Option Holders, under which Knox Minerals agreed to pay the Option Holders \$100,000 for an option to purchase the oil and gas (including coal bed methane) rights under the Knox Land for an aggregate price of \$1,575,000. The option period was 120 days, except that Knox Minerals had the right to extend the closing date for four additional 30 day periods upon payment of \$25,000 for each period. Next Generation Media Corp., n/k/a Next Generation Energy Corp. ("NGEC"), loaned the Company \$125,000, of which \$100,000 used by Knox Minerals to make the initial option payment to the Option Holders and the remaining \$25,000 was used to pay a brokerage commission due to a broker who arranged the 2010 Option. NGEC's loan is evidenced by a promissory note dated March 25, 2010 in the principal amount of \$125,000 that is payable in full with interest at 6% per annum twenty-four months after the date of the note.



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NOTE 9 – SUBSEQUENT EVENTS (continued)

On April 16, 2010, Knox Minerals entered into an Assignment and Assumption Agreement with NGEC, under which Knox Minerals assigned all of its right, title and interest under the 2010 Option to NGEC. Under the Assignment and Assumption Agreement, NGEC paid Knox Minerals \$600,000 in the form of a promissory note payable in full in sixty months with interest at 6% per annum. NGEC also agreed to grant Knox Minerals a 9% overriding royalty in the property, and to convey to Knox Minerals one of the parcels covered by the option. NGEC made one extension payment to extend the closing date under the 2010 Option, but did not close and the 2010 Option lapsed by its terms.

Subsequent to the assignment and before the expiration of the 2010 Option to NGEC, the President of the Company, Joel Sens, became a significant shareholder and a director of NGEC.

The Company has not netted the \$125,000 loan from NGEC against NGEC's \$600,000 promissory note payable to Knox Minerals because the obligations are not mutual obligations that are subject to offset under the law. A note payable of \$125,000 due to NGEC was accounted for in March 2010, however, the Company did not recognize a gain or a note receivable for the \$600,000 promissory note due from NGEC, based on the assessment that NGEC had limited ability to repay this note and that collection could not be reasonably assured at that time the agreement was entered into. The Company will account for future amounts, if any, that it collects from NGEC as other income only at the time such collection occurs.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### Disclosure Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q includes forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("Forward Looking Statements"). All statements other than statements of historical fact included in this report are Forward Looking Statements. In the normal course of its business, the Company, in an effort to help keep its shareholders and the public informed about the Company's operations, may from time-to-time issue certain statements, either in writing or orally, that contain or may contain Forward-Looking Statements. Although the Company believes that the expectations reflected in such Forward Looking Statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies, past and possible future, of acquisitions and projected or anticipated benefits from acquisitions made by or to be made by the Company, or projections involving anticipated revenues, earnings, levels of capital expenditures or other aspects of operating results. All phases of the Company operations are subject to a number of uncertainties, risks and other influences, many of which are outside the control of the Company and any one of which, or a combination of which, could materially affect the results of the Company's proposed operations and whether Forward Looking Statements made by the Company ultimately prove to be accurate. Such important factors ("Important Factors") and other factors could cause actual results to differ materially from the Company's expectations are disclosed in this report. All prior and subsequent written and oral Forward Looking Statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the Important Factors described below that could cause actual results to differ materially from the Company's expectations as set forth in any Forward Looking Statement made by or on behalf of the Company.

### Plan of Operation

In 2003, we purchased property containing a spring located in Mt. Sidney, Virginia in the Shenandoah Valley with the intention of developing a spring water distribution business. The spring has a flow in excess of 1,000,000 gallons of water daily.

We chose to develop and acquire packaging for selling our water under the brand names Seawright Springs and Quibell. We developed two proprietary Polyethylene Terephthalate, or PET, bottles in a 16.9 ounce size and a 33.8 ounce size. In addition, in June 2005 we acquired from Quibell glass bottle designs for various sized bottles (including 237 ml, 385 ml, 750 ml and 1 liter sizes) as well as labels for various sized sparkling water bottles, spring water bottles and tea bottles (including 237 ml, 385 ml, 750 ml, 1 liter, 1.5 liter and 16.9 ounce bottles).

We ultimately determined that we did not have the capital resources to market and distribute our bottled water as a retail brand, and therefore we discontinued that business strategy. Our business strategy is now focused on negotiating bulk sales of our water to other bottlers, or to municipal, commercial or agricultural users. The fair value of the intangible assets acquired from Quibwell was impaired and reduced to \$0 as of December 31, 2007.

We do not anticipate that our business will require substantial additional capital to the extent it involves the sale of water in bulk from our existing property, because we expect that such sales will be handled by our existing officer. However, we are also considering complimentary acquisitions of other natural resources properties, and will need to raise new capital to complete any acquisitions.

In 2008, we decided to enter the business of owning oil and gas properties, and procured an option on certain properties in Knox County, Kentucky. However, we were unable to close on the purchase and the option lapsed in 2009. In 2010, we procured a new option on the oil and gas rights underlying the same properties, and shortly thereafter assigned the option to a third party. Subsequent to the assignment of the option in 2010, the President of the Company became a significant shareholder and a director of that entity the option was assigned to. This 2010 option also lapsed later in 2010.

## Comparison of Financial Results

Three and Nine months ended June 30, 2009 and 2008

### Revenues

During the three and nine months ended September 30, 2009, we generated \$0 and \$0 of revenue, respectively, from the Mt. Sidney spring from on-site sales, as compared to \$704 and \$4,403 of revenues for the same periods in fiscal year 2008. We have discontinued trying to market our bottled water as a retail brand, and have shifted our focus to negotiating bulk sales of our water to other bottlers, or to municipal, commercial or agricultural users. Because of the change in our business strategy, we do not believe that past revenues are reflective of our future revenues.

### Costs and Expenses

From our inception through September 30, 2009, we have incurred net losses of \$8,388,621. These losses were associated principally with maintenance and engineering costs associated with the spring site, including testing of water quality, stock issuances to our founders, legal, consulting and accounting fees and costs in connection with the development of our business plan, market research, interest and financing expenses, and the preparation of our registration statements.

We incurred operating expenses of \$61,167 and \$381,262, respectively, during the three and nine months ended September 30, 2009 as compared to expenses of \$268,740 and \$574,115, respectively, during the three and nine months ended September 30, 2008. Expenses for the three and nine months ended September 30, 2009 and 2008 are composed principally of salary, legal and accounting fees, and consulting fees. The Company's operations were further reduced in the three and nine months ended September 30, 2009 as compared to the same periods in the fiscal year 2008 as a result of our change in strategy with respect to sales of water from our properties. The operating expenses for the nine months ended September 30, 2009 included \$115,500 of wrote off of investment in a land purchase option upon expiration in the first quarter of the fiscal year 2009.

We incurred total other expenses of \$148,994 and \$407,151, respectively, for the three and nine months ended September 30, 2009, as compared to income of \$1,291,018 and \$1,039,995, respectively, for the three and nine months ended September 30, 2008. Other expense in both periods was mainly attributable to interest and financing expense on borrowed funds. However, in the three and none months ended September 30, 2008, we generated other income of \$1,448,056 from the sale of certain real estate property.

During the nine months ended September 30, 2009 and 2008, we incurred net income (loss) of (\$788,413) and \$470,283, respectively. During the three months ended September 30, 2009 and 2008, we incurred net income (loss) of (\$210,161) and \$1,022,982, respectively.

### Liquidity and Capital Resources

The following table sets forth the major sources and uses of cash for the nine months ended September 30, 2009 and 2008:

	Nine months ended September 30,	
	2009	2008
Net cash used in operating activities	\$(150,467 )	\$(705,216 )
Net cash provided by investing activities	-	2,289,520



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Net cash provided by (used in) financing activities	150,467	(1,584,169)
Net increase in cash and cash equivalents	\$-	\$ 135

As of September 30, 2009, we had working capital deficit (total current liabilities in excess of total current assets) of (\$2,695,820), an available cash balance of \$580, an accounts payable and accrued liabilities balance of \$755,731, a line of credit balance of \$700,427, notes payable and convertible notes payable of \$1,191,611, and other current liabilities of \$46,092.

While we have raised the capital necessary to meet our working capital and financing needs in the past, additional financing is required in order to meet our current and projected cash flow deficits from operations and development. Funds will be needed to meet certain of our obligations that are secured by our property in Mt. Sydney, Virginia, and to fund general and administrative expenses. We have been working on business development in recent years to fund our cash needs from the bulk sale of our spring water, but if we are not able to negotiate a bulk sales agreement in a timely fashion, we will need to raise new capital to fund our cash needs.

If we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources on terms acceptable to us, this could have a material adverse effect on our business, results of operations, liquidity and financial condition.

#### Going Concern

Our financial statements have been presented on the basis that we continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, we have significant recurring losses, and have minimal revenues at this time. These factors create an uncertainty about our ability to continue as a going concern. Management is devoting substantially all of its efforts to developing its products and services and there can be no assurance that the Company's efforts will be successful. However, the planned principal operations have not commenced and no assurance can be given that management's actions will result in profitable operations or the resolution of its liquidity problems. The Company is also pursuing additional debt or equity financing through discussions with private investors. There can be no assurance that the Company will be successful in its effort to secure additional financing. The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

#### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

#### Critical Accounting Policies and Estimates

Our significant accounting policies are described in Note 1 of notes to our audited financial statements for the year ended December 31, 2008, which are included in our Annual Report on Form 10-K filed on June 15, 2011. Financial Reporting Release No. 60, published by the SEC, recommends that all companies include a discussion of critical accounting policies used in the preparation of their financial statements. While all these significant accounting policies impact our consolidated financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our consolidated financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates.

We believe that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause a material effect on our consolidated results of operations, financial position or liquidity for the periods presented in this report.

#### Recent accounting pronouncements

Recent accounting pronouncements issued by the FASB and the SEC did not, or are not believed by management to, have a material impact on the Company's present or future consolidated financial statements.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Because the Company is a smaller reporting company, it is not required to provide the information called for by this Item.

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#### ITEM 4. CONTROLS AND PROCEDURES.

##### Evaluation of Disclosure Controls and Procedures

Joel Sens, our chief executive officer and chief financial officer, is responsible for establishing and maintaining our disclosure controls and procedures. Disclosure controls and procedures means controls and other procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in those reports is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Mr. Sens evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of September 30, 2009. Based on that evaluation and because of the Company's limited resources and limited number of employees, it is concluded that our disclosure controls and procedures were ineffective as of September 30, 2009.

##### Changes in internal controls

There were no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### PART II. OTHER INFORMATION.

##### ITEM 1. LEGAL PROCEEDINGS.

In 2009, Amicus Funding, LLC ("Amicus") filed a lawsuit against the Company and Joel Sens in the Circuit Court for Arlington County, Virginia. Amicus asserted claims against the Company under two promissory notes for \$50,000 each which Amicus had acquired from the original lenders. Amicus asserted claims against Mr. Sens based upon two agreements under which Amicus alleged Mr. Sens defaulted on commitments to purchase shares of the Company's common stock from Amicus. The lawsuit was dismissed in February 2009 as part of a settlement under which the Company paid Amicus \$12,000, and the Company executed a new note to Amicus for \$112,000 and Mr. Sens executed a note to Amicus for \$85,000.

On May 9, 2009, Amicus filed another lawsuit against the Company and Mr. Sens in the Circuit Court for Arlington County, Virginia to recover amounts due under the promissory notes issued pursuant to the February 2009 settlement agreement. The second lawsuit was dismissed in November 2009 pursuant to a settlement agreement under which the Company and Mr. Sens jointly agreed to pay Amicus \$140,000 on or before January 29, 2010, and to secure the obligation by a subordinate lien on certain real property owned by the Company in Augusta County, Virginia.

On August 10, 2009, Theodore Kanakis filed a lawsuit against the Company in the Circuit Court for Arlington County, Virginia to recover a loan in the original principal amount of \$300,000 that he made to the Company in 2007. The lawsuit was dismissed in January 2010 as part of a settlement under which Mr. Sens conveyed a coin collection that both parties valued at \$105,000 to Mr. Kanakis as partial payment of the amount owed Mr. Kanakis, and the Company issued a note to Mr. Kanakis for \$150,000 in settlement of the remainder of the liability.

##### ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

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ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

At September 30, 2009, the Company was in default under certain loan agreements as described in Note 5 to its unaudited consolidated financial statements.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Reference is made to the Index to Exhibits following the signature page to this report for a list of all exhibits filed as part of this report.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEAWRIGHT HOLDINGS, INC.

Date: July 28, 2011

/s/ Joel Sens

By: Joel Sens, Chief Executive Officer  
(principal executive officer, and principal  
financial and accounting officer)

EXHIBIT INDEX

Exhibit No. Description

3.1	Amended and Restated Certificate of Incorporation of Pre-Settlement Funding Corporation.(1)
3.2	Certificate of Designation of Series A Convertible Preferred Shares of Seawright Holdings, Inc.(1)
3.3	Amended and Restated By-laws of Seawright Holdings, Inc.(1)
4.1	Form of Common Stock Certificate.(2)
10.1	Asset Purchase Agreement dated as of June 27, 2005, by and between Seawright Holdings, Inc. and QuiBell Partners, LLC(3)
10.2	Deed of Trust Note dated June 8, 2006, by and between Seawright Springs, Inc. and Charter House, LLC. (4)
10.3	Modification Agreement dated October 5, 2006 to the Deed of Trust Note dated June 8, 2006, by and between the Seawright Springs, Inc., Palma Collins as Trustee and Charter House, LLC. (5)
10.4	Forbearance Agreement among Seawright Springs, LLC, Seawright Holdings, Inc. and Charter House, LLC dated May 5, 2010 (6)
10.5	Deed of Trust Note executed by Seawright Holdings, Inc. and Seawright Springs, LLC to Pierre Palian in the original principal amount of \$375,000 dated April 14, 2008 (6)
10.6	Deed of Trust executed by Seawright Holdings, Inc. and Seawright Springs, LLC in favor of Pierre Palian dated April 14, 2008 (6)
10.7	Forbearance Agreement among Seawright Springs, LLC, Seawright Holdings, Inc. and Pierre Palian dated May 5, 2010 (6)
10.8	Note executed by Seawright Springs, LLC to Kent Carr in the original principal amount of \$750,000 dated May 5, 2010 (6)
10.9	Deed of Trust executed by Seawright Springs, LLC in favor of Kent Carr dated May 5, 2010 (6)
10.10	Confessed Judgment Promissory Note executed by Seawright Holdings, Inc. to Theodore J. Kanakis in the original principal amount of \$150,000 dated January 15, 2010 (6)
10.11	Deed of Trust executed by Seawright Springs, LLC in favor of Theodore J. Kanakis dated January 15, 2010 (6)
10.12	Settlement Agreement between Seawright Holdings, LLC, Joel Sens and Theodore J. Kanakis dated January 22, 2011 (6)
10.13	6% Convertible Promissory Note executed by Seawright Holdings, Inc. to American Marketing and Capital, Inc. in the original principal amount of \$440,000 dated May 5, 2010 (6)



- 10.14 Settlement Agreement and Mutual Release of Claims between Seawright Holdings, Inc., Joel Sens and Amicus Funding, Inc. dated November 9, 2009 (6)
- 10.15 Letter Agreement between Seawright Holdings, Inc. and American Marketing and Capital, Inc. dated November 9, 2010 (6)
- 10.16 Letter Agreement between Seawright Holdings, Inc. and Amicus Funding, Inc. dated November 10, 2010 (6)
- 31\* Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
- 32\* Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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\* Filed herewith.

- (1) Incorporated by reference from Form 8-K as filed with the SEC on October 24, 2003.
- (2) Incorporated by reference from exhibit 4(i) of Form 10-QSB as filed with the SEC on May 23, 2005.
- (3) Incorporated by reference from Form 8-K as filed with the SEC on June 30, 2005.
- (4) Incorporated by reference from Registration Statement on Form SB-2 as filed with the SEC on July 17, 2006.
- (5) Incorporated by reference from Form 8-K as filed with the SEC on October 11, 2006.
- (6) Incorporated by reference from Form 10-K for the fiscal year ended December 31, 2007 as filed with the SEC on June 14, 2011.