

American Southwest Music Distribution, Inc
Form 10QSB
December 20, 2007

UNITED STATES
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 October 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.: **000-31032**

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.)

13191 Crossroads Parkway

Industry, California 91746

(Address of principal executive offices)

Issuer's telephone number: **(562) 805-4530**

(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 December 10, 2007, 31,047,522 shares of our common stock were outstanding.

Transitional Small Business Disclosure Format: Yes No

TABLE OF CONTENTS

	<u>PAGE</u>
Part I Financial Information	
Item 1. Financial Statements	3
Item 2. Management's Discussion and Analysis or Plan of Operation	28
Item 3. Controls and Procedures	34
Part II Other Information	
Item 1. Legal Proceedings	35
Item 2. Changes in Securities and Use of Proceeds	36
Item 3. Defaults Upon Senior Securities	36
Item 4. Submission of Matters to a Vote of Security Holders	36
Item 5. Other Information	37
Item 6. Exhibits	37

PART 1: FINANCIAL INFORMATION

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

	October 31, 2007	April 30, 2007
ASSETS		
Current assets:		
Cash	\$ -	\$ 5
Fixed assets:		
Equipment	43,266	43,266
Furniture and fixtures	42,488	42,488
Leasehold improvements	7,000	7,000
	92,754	92,754
Accumulated depreciation	(59,466)	(49,140)
Total fixed assets	33,288	43,614
Other assets:		
Music catalog, net of accumulated amortization of \$0	299,983	299,983
Security deposits	-	3,370
Total other assets	299,983	303,353
TOTAL ASSETS	\$ 333,271	\$ 346,972
LIABILITIES AND STOCKHOLDERS DEFICIT		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses payable	\$ 493,741	\$ 374,930
Liability for legal settlement by Company on behalf of entity formerly owned	1,315,833	1,292,083

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by significant Company stockholder

Notes and loans payable, stockholders and entities owned by them	86,000	86,000
Notes and loans payable, others unrelated third parties	1,479,517	1,447,500
TOTAL LIABILITIES	3,375,091	3,200,513

Stockholders deficit:

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,

31,047,522* and 11,547,522* issued and outstanding respectively

31,047

11,547

Additional paid-in capital

8,260,463

7,344,963

Deficit accumulated during the development stage

(11,333,330)

(10,210,051)

Total stockholders deficit

(3,041,820)

(2,853,541)

TOTAL LIABILITIES AND STOCKHOLDERS DEFICIT

\$ 333,271

\$ 346,972

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

See the summary of significant accounting policies and the accompanying notes to the financial statements.

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

	Three months ended October 31, 2007	Three months ended October 31, 2006	Six months ended October 31, 2007	Six months ended October 31, 2006	Inception (July 1, 2004) Through April 30, 2007	Inception (July 1, 2004) Through October 31, 2007
EXPENSES						
Consulting fees and services:						
Related parties, including incurred through issuances of common stock of \$600,000 and \$0 for six months ended and \$1,393,847 and \$1,993,847 for periods from inception	\$ -	\$ 74,122	\$ 652,653	\$ 139,947	\$ 1,887,513	\$ 2,540,166
Others, including incurred through issuances of common stock of \$275,000 and \$0 for six months ended and \$141,000 and \$416,000 for periods from inception	-	80,470	275,000	226,120	211,334	486,334
	-	154,592	927,653	366,067	2,098,847	3,026,500
General and administrative,	31,973	195,954	60,740	203,680	764,760	825,500

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including through
issuance of
common stock for
legal fees of
\$60,400 and
\$60,400 for period
from inception

Depreciation and amortization	5,163	29,900	10,326	54,124	138,960	149,286
Total expenses	37,136	380,446	998,719	623,871	3,002,567	4,001,286

Loss from operations	(37,136)	(380,446)	(998,719)	(623,871)	(3,002,567)	(4,001,286)
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Other costs and
expenses

Loss on impairment of certain titles in Music Catalog	-	-	-	-	(4,216,000)	(4,216,000)
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Debt conversion costs	-	-	-	-	(46,232)	(46,232)
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Loss incurred on
legal settlement by
Company on behalf
of entity formerly
owned by
significant
Company
stockholder

Interest expense	(11,874)	(11,876)	(23,748)	(23,750)	(1,292,083)	(1,315,831)
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Total other costs and expenses	(50,564)	(56,365)	(100,812)	(85,265)	(258,768)	(359,580)
	(62,438)	(68,241)	(124,560)	(109,015)	(1,597,083)	(5,937,643)

NET LOSS	\$ (99,574)	\$ (448,687)	\$ (1,123,279)	\$ (732,886)	\$ (8,815,650)	\$ (9,938,929)
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Net loss per share -
basic and diluted
(adjusted for 74:1
reverse split)

	\$ (0.00)	\$ (0.53)	\$ (0.04)	\$ (0.80)	\$ (3.31)	\$ -
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Weighted average
shares outstanding:

Basic and diluted (adjusted for 74:1 reverse split)	25,726,850	838,996	28,387,176	917,739	2,664,619	-
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See the summary of significant accounting policies and the accompanying notes to the financial statements.

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 October 31, 2007

	Preferred Stock		Common Stock		Additional	Deficit		
	Shares	Amount	Shares	Amount	Paid in	Accumulated	During the	Total
					Capital	Development	Stage	
Issuance of common stock to Company's founders in exchange for music catalog, furniture and fixtures, and equipment	-	\$ -	4,292	\$ 4	\$ 4,292,733	\$		\$ 4,292,737
Capital contribution			2		2,000			2,000
Net loss for period from inception (July 1, 2004) to April 30, 2005							(117,246)	(117,246)
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	23,980	24	59,972,748	59,973	1,091,044		(1,394,401)	(243,360)

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Company as acquirer								
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			8,244,138	8,244	1,604,456			1,612,700
74:1 reverse stock split	-		(65,085,460)	(65,085)	65,085			-
Shares issued in settlement of notes and loans payable, stockholder's 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							(6,744,310)	(6,744,310)
Balance, April 30, 2007	-	\$ -	11,547,522	\$ 11,547	\$ 7,344,963	\$ (10,210,051)	\$	(2,853,541)
Common stock issued for cash			2,000,000	2,000	58,000			60,000
Common stock issued for consulting fees and services			17,500,000	17,500	857,500			875,000
Net loss							(1,123,279)	(1,123,279)
Balance, October 31, 2007	-	\$ -	31,047,522	\$ 31,047	\$ 8,260,463	\$ (11,333,330)	\$	(3,041,820)

See the summary of significant accounting policies and the accompanying notes to the financial statements.

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

	Six Months	Six Months	Inception	Inception
	Ended	Ended	(July 1, 2004)	(July 1, 2004)
	October 31,	October 31,	Through	Through
	2007	2006	April 30,	October 31,
			2007	2007
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	\$ (1,123,279)	\$ (732,886)	\$ (8,815,650)	\$ (9,938,929)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	10,326	54,124	139,140	149,466
Loss on impairment of certain titles in Music Catalog				