USANA HEALTH SCIENCES INC
Form 4
February 06, 2014

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Macuga Daniel A.

(Last) (First) (Middle)

3838 WEST PARKWAY BLVD.

(Street)

SALT LAKE CITY, UT 84120

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
USANA HEALTH SCIENCES INC [USNA]

3. Date of Earliest Transaction (Month/Day/Year)
02/03/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Communications Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amo Underlying Secu (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Am or Nu of
Stock Settled Stock Appreciation Rights	$ 57.62	02/03/2014		A		34,500		08/15/2016 [(1)](#)	03/15/2018	Common Stock	34

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Macuga Daniel A. 3838 WEST PARKWAY BLVD. SALT LAKE CITY, UT 84120			Chief Communications Officer	

Signatures

James Bramble, as attorney in fact	02/06/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Stock-Settled Stock Appreciation Rights vest 50% on August 15, 2016 and 50% on August 15, 2017.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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RESULTS OF OPERATIONS

The Company owns two subsidiaries that operated in the manufacturing segment and the fiberglass segment during the fiscal year ended February 29, 2008 and 2007. To facilitate the readers understanding of the Company s financial performance, this discussion and analysis is presented on a segment basis.

MANUFACTURING SEGMENT

The manufacturing subsidiary, International Machine and Welding, Inc., generates its revenues from three divisions. Division 1 provides specialized machining and repair services to heavy industry and original equipment manufacturers. Division 2 provides repair and rebuild services on heavy equipment used in construction and mining as well as sales of used equipment. Division 3 provides parts sales for heavy equipment directly to the customer. The primary market of this segment is the majority of central and south Florida with parts sales expanding its market internationally. The current operations can be significantly expanded using the 38,000 square foot structure owned by International Machine and Welding, Inc.

FIBERGLASS SEGMENT

Chariot Manufacturing Company, which was acquired on October 11, 2003 from a related party, manufactures motorcycle trailers with fiberglass bodies. These trailers are sold on the retail level. The company also provides non warranty repairs, modification of existing Chariot Trailers.

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FISCAL YEAR 2008 COMPARED TO FISCAL YEAR 2007

General

The Company s consolidated net sales increased to $2,850,768 for the fiscal year ended February 29, 2008, an increase of $499,480 or 21%, from $2,351,288 for the fiscal year ended February 28, 2007. The increase in net sales was due to a normal fluctuation in our customer s requirements.

Gross profit for the consolidated operations increased to $1,213,454 for the fiscal year ended February 29, 2008 from $839,293 for the fiscal year ended February 28, 2007. Gross profit as a percentage of sales increased in fiscal year 2008 to 43% from 36% in fiscal year ended 2007. The increase in gross profit margin was due to an emphasis on more profitable business, including the change in the mix between machining and sales of parts and services and additional fees for services that the Company had previously not been charging for.

Consolidated interest expense in fiscal 2008 was $193,192 compared to $150,311 in fiscal 2007. The overall increase in interest expense was due to the Company increasing the amount of outstanding debt.

Selling, general and administrative expenses decreased to $2,057,215 for fiscal 2008 from $2,151,609 for fiscal 2007, a decrease of $94,394 or 4%. The decrease in selling, general and administrative expenses is due to better control over costs.

The Company incurred a net consolidated loss of $1,036,246 for the year ended February 29, 2008 compared to a loss of $1,450,388 for the year ended February 28, 2007. The decrease in the consolidated net loss is primarily due to the overall increase in revenues, while at the same time, controlling costs. As a result of the continued losses, the Independent Auditors have questioned the Company s continuation as a going concern.

Manufacturing Segment

The manufacturing operation, International Machine and Welding, Inc. provided net sales of $2,640,796 for the fiscal year ended February 29, 2008 compared to $2,176,391 for the fiscal year ended February 28, 2007. The machining operations provided $818,280 or 31% of net sales with parts and service providing $1,822,516 or 69% of net sales for the fiscal year ended February 29, 2008 as compared to machining operations contributing $699,340 or 32% of net sales with parts and service providing $1,477,051 or 68% of net sales for the fiscal year ended February 28, 2007.

Gross profit from International Machine and Welding, Inc. was $1,195,589 for the fiscal year ended February 29, 2008 compared to $858,328 in fiscal 2007 providing gross profit margins of 45% and 39%, respectively. This increase is due to the Company shifting its focus to more sales of parts and services where the margin is greater.

Selling, general and administrative expenses for International Machine and Welding, Inc. were $1,009,069 for the fiscal year ended February 29, 2008 compared to $975,859 for the fiscal year ended February 28, 2007. The increase in selling, general and administrative expenses is due to an overall increase in payroll and payroll related expenses.

Interest expense was $138,405 for the fiscal year ended February 29, 2008 compared to $116,259 for the fiscal year ended February 28, 2007. The increase in interest expense, net is due to the full year of interest expense from the Company s additional debt that had been taken on during the year ended February 29, 2008.

The Company does not have discrete financial information on each of the three manufacturing divisions, nor does the Company make decisions on the divisions separately; therefore they are not reported as segments.

Fiberglass Segment

The fiberglass manufacturing operation, Chariot Manufacturing Company was acquired during the year ended February 2004 and provided net sales of $209,972 for the fiscal year ended February 29, 2008 as compared to $174,897 for the fiscal year ended February 28, 2007. The increase in net sales was mainly due to completion of tooling and concentration on sales.

Gross profit from Chariot was $17,864 for the fiscal year ended February 29, 2008 as compared to $(19,035) for the fiscal year ended February 28, 2007 providing a gross profit margin of 9% and -11%, respectively. The increase in gross profit and the related gross profit margin was due to the prior year classification of additional labor and material expenses to cost of goods sold without a related sale, the costs were incurred to maintain inventory, but were not of a capital nature. During 2008, the Company incurred labor and material in the tooling and molds

project that could be capitalized. In the prior year, there were no costs incurred that could be capitalized.

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Selling, general and administrative expenses were $306,375 for 2008 and $314,593 for 2007. The decrease in selling, general and administrative expenses was due to the reduction in the cost of goods sold during the period of substantial completion of the tooling assets which are not goods to be sold.

LIQUIDITY AND CAPITAL RESOURCES

During the fiscal years ended February 29, 2008 and February 28, 2007, the Company used net cash for operating activities of $381,185 and $576,834, respectively. The decrease in use of cash is mainly due to the decrease in the net loss.

During the years ended February 29, 2008 and February 28, 2007, the Company (used) provided funds for investing activities of ($155,897) and $215,110, respectively. This increase in cash used from investing activities is mainly due to acquisition of property and equipment.

During the years ended February 29, 2008 and February 28, 2007, the Company provided cash from financing activities of $526,909 and $360,226, respectively. The increase in net cash provided by financing activities is due to an increase in the cash received from the issuance of notes payable.

Cash flows from investing and financing activities provided for working capital needs and principal payments on long-term debt through fiscal 2008. As of February 29, 2008, the Company had a working capital deficit of $2,561,319. To the extent that the cash flows from investing and financing activities are insufficient to finance the Company s anticipated growth, or its other liquidity and capital requirements during the next twelve months, the Company will seek additional financing from alternative sources including bank loans or other bank financing arrangements, other debt financing, the sale of equity securities (including those issuable pursuant to the exercise of outstanding warrants and options), or other financing arrangements. However, there can be no assurance that any such financing will be available and, if available, that it will be available on terms favorable or acceptable to the Company.

Management has revised its business strategy to include the manufacture of additional products. Although management has reduced debt, new financing to finance operations and to facilitate additional production is still being sought. However, there can be no assurance that the Company will be able to raise capital, obtain debt financing, or improve operating results sufficiently to continue as a going concern.

SEASONALITY

The diversity of operations in the manufacturing segment protects it from seasonal trends except in the sales of agricultural processing where the majority of the revenue is generated while the processors await the next harvest.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The accompanying consolidated financial statements include the activity of the Company and its wholly owned subsidiaries. All intercompany transactions have been eliminated in consolidation. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews its estimates, including but not limited to, recoverability of long-lived assets, recoverability of prepaid expenses and allowance for doubtful accounts, on a regular basis and makes adjustments based on historical experiences and existing and expected future conditions. These evaluations are performed and adjustments are made as information is available. Management believes that these estimates are reasonable; however, actual results could differ from these estimates.

We believe that the following critical policies affect our more significant judgments and estimates used in preparation of our consolidated financial statements.

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We base our estimate on an analysis of the Company s prior collection experience, customer credit worthiness, and current economic trends. If the financial condition of our customers were to deteriorate, additional allowances may be required.

We value our inventories at the lower of cost or market. Cost is determined on a standard cost basis that approximates the first-in, first-out method; market is determined based on net realizable value. We write down inventory balances for estimated obsolescence or unmarketable inventory equal to the difference between the cost of the inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may

be required.

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We value our property and equipment at cost. Amortization and depreciation are calculated using the straight-line and accelerated methods of accounting over the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Fair value estimates used in preparation of the consolidated financial statements are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash, accounts receivable, accounts payable, and accrued expenses. Fair values were assumed to approximate carrying values for these financial instruments since they are short-term in nature and their carrying amounts approximate fair values or they are receivable or payable on demand. The fair value of the Company s notes payable is estimated based upon the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the consolidated financial statements carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that included the enactment date. See consolidated financial statements footnote 11.

NEW ACCOUNTING PRONOUNCEMENTS

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. SFAS 159 permits the measurement of specified financial instruments and warranty and insurance contracts at fair value on a contract-by-contract basis, with changes in fair value recognized in earnings each reporting period. We do not anticipate that adoption of this statement will have a material impact on our financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007), Business Combinations (SFAS 141R). SFAS 141R establishes the principles and requirements for how an acquirer: 1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; 2) in a business combination achieved in stages, sometimes referred to as a step acquisition, recognizes the identifiable assets and liabilities, as well as the non-controlling interest in the acquiree, at the full amounts of their fair values; 3) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase. SFAS 141R establishes disclosure requirements to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This Statement is to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after December 15, 2008. The adoption of SFAS 141R will have an impact on our accounting for future business combinations; however, the materiality of that impact cannot be determined.

In December 2007, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 110 (SAB 110) which allows companies that do not have sufficient historical experience for estimating the expected term of plain vanilla share option grants to provide a reasonable estimate and to continue use of the simplified method after December 31, 2007. SAB 110 extends the opportunity to use the simplified method beyond December 31, 2007, as was allowed by Staff Accounting Bulletin No. 107 (SAB 107). Adoption of SAB 110 will not impact our financial statements as we did not use the simplified method to estimate lives of share-based awards.

Other recent accounting pronouncements issued by the FASB (including its EITF), the AICPA, and the SEC did not or are not believed by management to have a material impact on the Company s present or future financial statements.

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ITEM 7. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

American Commerce Solutions, Inc. and Subsidiaries

As of February 29, 2008 and for the

Years Ended February 29, 2008 and February 28, 2007

Report of Independent Registered Public Accounting Firm

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American Commerce Solutions, Inc. and Subsidiaries

Consolidated Financial Statements

As of February 29, 2008 and

For the Years Ended February 29, 2008 and February 28, 2007

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Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors

American Commerce Solutions, Inc. and Subsidiaries

Bartow, Florida

We have audited the accompanying consolidated balance sheet of American Commerce Solutions, Inc. and Subsidiaries as of February 29, 2008 and the related consolidated statements of operations, changes in stockholders equity and cash flows for the years ended February 29, 2008 and February 28, 2007. These consolidated financial statements are the responsibility of the management of American Commerce Solutions, Inc. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Commerce Solutions, Inc. and Subsidiaries as of February 29, 2008 and the results of its operations and its cash flows for the years ended February 29, 2008 and February 28, 2007 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2, the Company incurred a net loss of $1,036,246 during the year ended February 29, 2008 and has an accumulated deficit of $18,250,936 and negative working capital of $2,561,319 at February 29, 2008. In addition, the Company is in default on several notes payable at February 29, 2008. These factors, among others, raise substantial doubt about the Company s ability to continue as a going concern. Management s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Pender Newkirk & Company LLP

Certified Public Accountants

Tampa, Florida

April 18, 2008

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American Commerce Solutions, Inc. and Subsidiaries

Consolidated Balance Sheet

February 29, 2008

Assets	
Current assets:	
Cash	$ 6,461
Accounts receivable, net of allowance of $1,328	36,260
Accounts receivable, factored	57,104
Inventories	210,096
Other receivables	47,123
Other current assets	39,699
Total current assets	396,743
Property and equipment, net of accumulated depreciation of $2,630,808	4,702,248
Intangible assets, net of accumulated amortization of $166,778	23,222
	$ 5,122,213
Liabilities and Stockholders Equity	
Current liabilities:	
Current portion of notes payable	$ 1,349,377
Current portion of notes payable, related party	591,336
Bank overdraft	6,571
Accounts payable; including related party balances of $216,158	507,290
Accrued expenses	178,377
Accrued interest	208,456
Deferred revenue	116,655
Total current liabilities	2,958,062
Notes payable, net of current portion	44,867
Due to stockholders	1,075,110
Total Liabilities	4,078,039
Stockholders equity:	
Preferred stock, total authorized 5,000,000 shares:	
Series A; cumulative and convertible; $.001 par value; 600 shares authorized; 102 shares issued and outstanding; liquidating preference $376,125	
Series B; cumulative and convertible; $.001 par value; 3,950 shares authorized; 3,944 shares issued and outstanding; liquidating preference $3,944,617	3
Common stock; $.002 par value; 350,000,000 shares authorized; 251,272,293 shares issued; 250,750,293 shares outstanding	502,545
Additional paid-in capital	19,068,088
Stock subscription receivable	(10,000)
Treasury stock, at cost	(265,526)
Accumulated deficit	(18,250,936)
Total stockholders equity	1,044,174
	$ 5,122,213

The accompanying notes are an integral part of the consolidated financial statements.

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American Commerce Solutions, Inc. and Subsidiaries

Consolidated Statements of Operations

	Years Ended	
	February 29, 2008	**February 28, 2007**
Net sales	$ 2,850,768	$ 2,351,288
Cost of goods sold	1,637,314	1,511,995
Gross profit	1,213,454	839,293
Selling, general and administrative expenses	2,057,215	2,151,609
Loss from operations	(843,761)	(1,312,316)
Other (expense) income:		
Other	707	12,239
Interest expense	(193,192)	(150,311)
Total other (expense) income	(192,485)	(138,072)
Net loss	$ (1,036,246)	$ (1,450,388)
Net loss per common share	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding	249,565,938	237,735,752

The accompanying notes are an integral part of the consolidated financial statements

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American Commerce Solutions, Inc. and Subsidiaries

Consolidated Statements of Changes in Stockholders Equity

Years Ended February 29, 2008 and February 28, 2007

	Common Stock		Preferred Stock							
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Stock Subscription Receivable	Accumulated Deficit	Treasury Stock	Loan Costs	Total
Balance, February 28, 2006	226,922,415	$ 453,845	3,944	$ 3	$ 18,822,111	$ (10,000)	$ (15,764,302)	$ (265,526)	$	$ 3,236,131
Common shares issued for guaranty	3,216,712	6,434			33,486					39,920
Common shares issued for pledge of assets	6,433,424	12,868			66,972					79,840
Common shares issued for services	1,250,000	2,500			8,125					10,625
Common shares issued for assignment of a note payable	1,376,671	2,753			15,695					18,448
Common shares issued for accrued expenses	340,095	680			9,522					10,202
Net loss							(1,450,388)			(1,450,388)
Balance, February 28, 2007	239,539,317	$ 479,080	3,944	$ 3	$18,955,911	$ (10,000)	$ (17,214,690)	$ (265,526)	$	$ 1,944,778
Common shares issued for guaranty	3,272,103	6,544			31,003					37,547
Common shares issued for pledge of assets	6,544,206	13,088			62,007					75,095
Common shares issued for assignment of a note payable	1,916,667	3,833			19,167					23,000
Net loss							(1,036,246)			(1,036,246)
Balance, February 29, 2008	251,272,293	$ 502,545	3,944	$ 3	$19,068,088	$ (10,000)	$ (18,250,936)	$ (265,526)	$	$ 1,044,174

The accompanying notes are an integral part of the consolidated financial statements

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American Commerce Solutions, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended February 29, 2008 and February 28, 2007

	2008	2007
Operating activities:		
Net loss	$ (1,036,246)	$ (1,450,388)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	417,293	429,729
Stock issued for services		130,385
Amortization of loan costs	112,642	
Loss (gain) on disposal of property	2,202	(4,500)
(Decrease) increase in allowance for doubtful accounts	(1,296)	15,624
Decrease (increase) in:		
Accounts receivables	32,430	(52,882)
Inventories	3,703	(65,265)
Other receivables and other assets	83	59,442
Increase in:		
Accounts payable and accrued expenses	84,108	289,820
Deferred income	3,896	71,201
Net cash used by operating activities	(381,185)	(576,834)
Investing activities:		
Decrease in other receivables	13,625	49,701
Payments received on note receivable		239,016
Proceeds from sale of assets		4,500
Acquisition of property and equipment	(169,522)	(78,107)
Net cash (used) provided by investing activities	(155,897)	215,110
Financing activities:		
(Decrease) increase in bank overdraft	(4,602)	11,173
Decrease (increase) in due from factor	2,349	(17,041)
Proceeds from notes payable and long-term debt	602,831	239,585
Principal payments on notes payable and capital leases	(306,069)	(129,391)
Increase in advances from stockholders	232,400	255,900
Net cash provided by financing activities	526,909	360,226
Net decrease in cash	(10,173)	(1,498)
Cash, beginning of year	16,634	18,132
Cash, end of year	$ 6,461	$ 16,634
Supplemental disclosures of cash flow information and noncash investing and financing activities:		
Cash paid during the period for interest	$ 137,149	$ 120,786

During the years ended February 29, 2008 and February 28, 2007, the Company increased notes payable by $24,265 and $24,418 respectively for an accrual of interest.

During the year ended February 29, 2008, the Company issued 1,916,667 shares of common in relief of a note payable and related accrued interest, valued at $23,000.

During the years ended February 29, 2008 and February 28, 2007, the Company issued 9,816,309 and 9,650,136 shares of common stock to a related party and related company, respectively, valued at $112,642 and $119,758, respectively, in exchange for guarantees of a note payable. As of February 29, 2008 and February 28, 2007, all of these guarantee fees have been amortized.

During the year ended February 28, 2007, the Company issued 340,095 shares of common stock for repayment of $10,202 worth of accrued expenses.

During the year ended February 28, 2007, the Company issued 1,376,671 shares of common stock, valued at $18,448, for the assignment of a note payable.

The accompanying notes are an integral part of the consolidated financial statements.

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American Commerce Solutions, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

As of February 29, 2008 and for the

Years Ended February 29, 2008 and February 28, 2007

1. BACKGROUND INFORMATION

American Commerce Solutions, Inc. was incorporated in Rhode Island in 1991 under the name Jaque Dubois, Inc., and was re-incorporated in Delaware in 1994. In July 1995, Jaque Dubois, Inc. changed its name to JD American Workwear, Inc. In December 2000, the stockholders voted at the annual stockholders meeting to change the name of JD American Workwear, Inc. to American Commerce Solutions, Inc. (the Company).

The Company is primarily a holding company with two wholly owned subsidiaries; International Machine and Welding, Inc. is engaged in the machining and fabrication of parts used in industry, and parts sales and service for heavy construction equipment; Chariot Manufacturing Company, Inc., which was acquired on October 11, 2003 from a related party, manufactures motorcycle trailers with fiberglass bodies.

2. GOING CONCERN

The Company has incurred substantial operating losses since inception and has used approximately $381,185 of cash in operations for the year ended February 29, 2008. The Company recorded losses from continuing operations of $1,036,246 and $1,450,388 for the years ended February 29, 2008 and February 28, 2007, respectively. Current liabilities exceed current assets by $2,561,319 at February 29, 2008. Additionally, the Company is in default on several notes payable. These factors raise substantial doubt about the Company s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon its ability to reverse negative operating trends, raise additional capital, and obtain debt financing.

Management has revised its business strategy to include expansion into other lines of business through the acquisition of other companies in exchange for the Company s stock to facilitate manufacturing contracts under negotiation. In conjunction with the anticipated new contracts, management is currently negotiating new debt and equity financing, the proceeds from which would be used to settle outstanding debts at more favorable terms, to finance operations, and to complete additional business acquisitions. However, there can be no assurance that the Company will be able to raise capital, obtain debt financing, or improve operating results sufficiently to continue as a going concern.

The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary if the Company is unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are:

The accompanying consolidated financial statements include the activity of the Company and its wholly owned subsidiaries. All intercompany transactions have been eliminated in consolidation.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable. Accounts receivable consist of billed services or products. The Company records an allowance for doubtful accounts to allow for any amounts that may not be recoverable, which is based on an analysis of the Company s prior collection experience, customer credit worthiness, and current economic trends. Based on management s review of accounts receivable, an allowance for doubtful accounts of $1,328 is considered adequate at February 29, 2008. Receivables are determined to be past due based on payment terms of original invoices. The Company does not charge significant amounts of interest on past due receivables.

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The Company follows SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities to account for its factoring of accounts receivable by selling and assigning all rights, title, and interest to certain of the Company s accounts receivable. The Company receives 80% of all approved invoices sold to the Factoring Company, which assumes the credit risk. Based on the Factoring Company s collections of these invoices the Company may receive additional consideration of up to 18%. The Company records the 80% as payment against the invoices sold and records 18% as an amount due from Factoring Company. Once the invoice exceeds 120 days outstanding, the remaining 18% of the receivable is recorded as expense.

Inventories are stated at the lower of cost or market. Cost is determined on a standard cost basis that approximates the first-in, first-out method; market is determined based on net realizable value. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

Property and equipment are stated at cost. Depreciation and amortization expense are calculated using the straight-line and accelerated methods of accounting over the following estimated useful lives of the assets:

Building and improvements	15 - 39 years
Machine and equipment	5 - 30 years
Office furniture and equipment	5 - 10 years
Trucks and vehicles	5 - 7 years

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Acquired identifiable intangible assets with a cost of approximately $190,000 consist of values assigned to brand recognition, customer list and web site of Chariot Manufacturing Company. These intangibles are amortized on a straight-line method over 5 years. During the years ended February 29, 2008 and February 28, 2007, approximately $38,000 was recognized as amortization expense related to these identifiable intangible assets.

Direct costs incurred with the issuance of notes payable are deferred and amortized over the life of the guaranty. As of February 29, 2008 and February 28, 2007, the Company incurred amortization expense of $112,642 and $119,760, respectively.

The Company records amounts billed to customers for shipping and handling costs as sales revenue. Costs incurred by the Company for shipping and handlings are included in cost of sales.

Sales are recorded when products, repairs, or parts are delivered to the customer. Provisions for discounts and rebates to customers, estimated returns, allowances, and other adjustments are provided for in the same period the related sales are recorded. No products or parts are delivered with any contingencies except for defects.

The Company has adopted SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 addresses the financial accounting and reporting for the impairment of long-lived assets, excluding goodwill and intangible assets, to be held and used or disposed of. The adoption of SFAS No. 144 did not have an impact on the Company s financial position or results of operations. In accordance with SFAS No. 144, the carrying values of long-lived assets are periodically reviewed by the Company and impairments would be recognized if the expected future operating non-discounted cash flows derived from an asset were less than its carrying value and if the carrying value is more than the fair value of the asset. At February 29, 2008, the Company did not have any asset that it considered impaired.

The Company previously applied the intrinsic value method provisions of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations for stock-based compensation. Accordingly, the Company recognized compensation expense on our restricted stock awards, but no compensation expense was recognized for fixed option plans as all option grants under the plan had an exercise price equal or greater to the fair market value of the underlying common stock on the date of grant. As permitted, the Company had previously elected to adopt the disclosure-only provisions of Statement of Financial Accounting Standard No. 123, *Accounting for Stock-Based Compensation*.

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In December 2004, the FASB issued SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R), which replaces SFAS No. 123; *Accounting for Stock-Based Compensation*, (SFAS 123) and supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, (APB 25). SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. Under SFAS 123R, the Company is required to measure the cost of employee services received in exchange for stock options and similar awards based on the grant-date fair value of the award and recognize this cost in the income statement over the period during which an employee is required to provide service in exchange for the award. The pro forma disclosures previously permitted under SFAS 123 are no longer an alternative to financial statement recognition. The Company adopted SFAS 123R using the modified prospective method, which did not require the recognition of any non-cash charges, as there were no unvested stock options on that date.

The fair value concepts were not changed significantly in FAS 123R; however, in adopting FAS 123R, companies must choose among alternative valuation models and amortization assumptions. After assessing alternative valuation models and amortization assumptions, the Company will continue using the Black-Scholes valuation model and has elected to use the ratable method to amortize compensation expense over the vesting period of the grant.

The value of each grant under FAS 123R is estimated at the grant date using the Black-Scholes option model. There were no options granted during the years ended February 29, 2008 and February 28, 2007.

During 2008 and 2007, there was $0 of cash received from the exercise of stock options.

The aggregate intrinsic value of options outstanding and exercisable at February 29, 2008, based on the Company s closing stock price of $0.007 as of the last business day of the year ended February 29, 2008, which would have been received by the optionees had all options been exercised on that date was $0. There were no options exercised during the years ended February 29, 2008 and February 28, 2007.

At February 29, 2008, the Company has two stock-based employee compensation plans, all of which have been approved by the shareholders. The Company did not incur any stock-based employee compensation during the years ended February 29, 2008 and February 28, 2007.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash, accounts receivable, accounts payable, and accrued expenses. Fair values were assumed to approximate carrying values for these financial instruments since they are short-term in nature and their carrying amounts approximate fair values or they are receivable or payable on demand. The fair value of the Company s notes payable is estimated based upon the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities and approximates the carrying amounts of the notes.

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the consolidated financial statements carrying amounts of existing assets and liabilities and their respective income tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that included the enactment date. Due to the Company s continued losses, the Company has placed a full valuation allowance against the deferred tax asset.

The Company records stock as issued at the time consideration is received or the obligation is incurred.

Earnings per common share are computed in accordance with SFAS No. 128, Earnings per Share, which requires companies to present basic earnings per share and diluted earnings per share. Basic earnings per share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share are computed by dividing net income by the weighted average number of shares of common stock outstanding and dilutive options outstanding during the year. The diluted weighted average number of shares was 249,658,419 and 237,735,752 for the years ended February 29, 2008 and February 28, 2007, respectively.

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, (FIN 48) Accounting for uncertainty in income taxes an interpretation of SFAS No. 109. This Interpretation provides guidance for recognizing and measuring uncertain tax positions, as defined in FASB No. 109, Accounting for income taxes. FIN 48 prescribes a threshold condition that a tax position must meet for any of the benefit of an uncertain tax position to be recognized in the financial statements. Guidance is also provided regarding derecognition, classification and disclosure of uncertain tax positions. FIN 48 is effective for fiscal years beginning after December 15, 2006. The implementation did not have a material impact on the Company s financial position, results of operations or cash flows.

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In September 2006, the FASB issued SFAS No. 157 (SFAS 157), Fair Value Measurements. SFAS 157 clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing an asset or liability. Additionally, it establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company does not expect the adoption of SFAS 157 to have a material impact on their financial position, results of operations or cash flows.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. SFAS 159 permits the measurement of specified financial instruments and warranty and insurance contracts at fair value on a contract-by-contract basis, with changes in fair value recognized in earnings each reporting period. We do not anticipate that adoption of this statement will have a material impact on our financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007), Business Combinations (SFAS 141R). SFAS 141R establishes the principles and requirements for how an acquirer: 1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; 2) in a business combination achieved in stages, sometimes referred to as a step acquisition, recognizes the identifiable assets and liabilities, as well as the non-controlling interest in the acquiree, at the full amounts of their fair values; 3) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase. SFAS 141R establishes disclosure requirements to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This Statement is to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after December 15, 2008. The adoption of SFAS 141R will have an impact on our accounting for future business combinations; however, the materiality of that impact cannot be determined.

In December 2007, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 110 (SAB 110) which allows companies that do not have sufficient historical experience for estimating the expected term of plain vanilla share option grants to provide a reasonable estimate and to continue use of the simplified method after December 31, 2007. SAB 110 extends the opportunity to use the simplified method beyond December 31, 2007, as was allowed by Staff Accounting Bulletin No. 107 (SAB 107). Adoption of SAB 110 will not impact our financial statements as we did not use the simplified method to estimate lives of share-based awards.

Other recent accounting pronouncements issued by the FASB (including its EITF), the AICPA, and the SEC did not or are not believed by management to have a material impact on the Company s present or future financial statements.

4. ACCOUNTS RECEIVABLE, FACTORED

During the year ended February 29, 2008, the Company factored receivables of approximately $1,942,662. In connection with the factoring agreement, the Company incurred fees of approximately $69,300 and $52,000 during the years ended February 29, 2008 and February 28, 2007, respectively. As of February 29, 2008, certain customers had remitted $16,237 to the Company on factored receivables, the Company has recorded this amount as due to the factor and is included in accrued expenses on the accompanying consolidated balance sheet. Any and all of the Company s indebtedness and obligations to the Factoring Company is guaranteed by two stockholders and collateralized by the Company s inventory and fixed assets.

5. INVENTORIES

Inventories consist of the following at February 29, 2008:

Work-in-process	$ 15,941
Raw materials	194,155
Total inventories	$ 210,096

6. PROPERTY AND EQUIPMENT

Property and equipment at February 29, 2008 consist of:

Land	$ 186,045
Building and improvements	2,797,268
Machinery and equipment	3,696,831
Office furniture and equipment	91,756
Trucks and automobiles	382,395
Equipment held for lease	178,761
	7,333,056
Less accumulated depreciation	2,630,808
	$ 4,702,248

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Depreciation expense for the years ended February 29, 2008 and February 28, 2007 was $379,293 and $391,729, respectively.

7. INTANGIBLE ASSETS

The following is a summary of intangible assets at February 29, 2008

	Gross Amount	Accumulated Amortization
Web Site	$ 86,125	$ 75,599
Brand Recognition	59,455	52,188
Customer List	44,420	38,991
	$ 190,000	$ 166,778

Amortization expense for the years ended February 29, 2008 and February 28, 2007 was $38,000 and $38,000; respectively, and estimated amortization expense through February 28, 2009 is $23,222.

8. NOTES PAYABLE

Notes payable at February 29, 2008 consist of:

Notes payable to the parents of the former president of the Company, stockholders; 10% interest, past maturity, unsecured	$ 185,291
Notes payable to the parents and sister of the former president of the Company; stockholders; 10% interest; past maturity; unsecured	31,697
Note payable; 14.66% interest; monthly payments of principal and interest of $278; due October 18, 2008; collateralized by equipment	2,108
Note payable; related party; no interest; past maturity, unsecured	29,304
Note payable; related party; 12% interest; due on demand; unsecured	72,147
Notes payable; related party; interest payable in the amount of $1,000; due on demand; unsecured	5,850
Note payable; related party; 3% fee for the first 30 days, 16.5% interest thereafter; due on demand; convertible into common stock at $0.01 per share	48,000
Note payable; related party; 3% fee for the first 30 days, 16.5% interest thereafter; due on demand; convertible into common stock at $0.01 per share	49,500
Note payable; related party; 3% fee for the first 30 days, 16.5% interest thereafter; due on demand; convertible into common stock at $0.01 per share	60,000
Note payable; related party; 8% interest; due on demand, unsecured	13,936
Note payable; related party; 15% interest; due on demand; unsecured	67,021
Note payable; related party; 10% interest; due on demand; unsecured	9,654
Note payable; related party; no interest; past maturity; unsecured	20,205
Note payable; related party; 18% interest; due on demand; unsecured	570
Note payable; related party; 18% interest; due on demand; unsecured	59,195
Note payable; related party; 15% interest; due on demand; unsecured	24,416
Notes payable; related party; 15% interest; due on demand; unsecured	25,650
Notes payable, individual, past maturity, interest payable in the amount of $10,000, in addition to principal, unsecured	10,000
Note payable; related party; 6.50% interest; due 2010; secured by vehicle	9,312
Note payable; related party; 15% interest; due on demand; unsecured	300
Note payable; related party; 15% interest; due on demand; unsecured	30,582
Note payable; related party; 15% interest; due on demand; unsecured	17,375
Note payable; related party; 12% interest; due on demand; unsecured	6,000
Note payable; related party; 8% interest; due on demand; unsecured	5,000
Note payable; related party; 15% interest; monthly principal and interest payments of $970; past maturity; unsecured	13,189
	15,231

Note payable; 13.70% interest; monthly principle and interest payments of $1,490; due February 12, 2009; secured by a vehicle

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Note payable; related party; 10% interest; due on demand; unsecured	18,800
Note payable; 20% interest; due on demand; unsecured	13,000
Note payable; 8.5% interest; due March 9, 2022; secured by trailer	28,804
Note payable; 10.99% interest; matures December 14, 2011; secured by a 16 foot enclosed trailer	18,375
Note payable; related party; 7% interest; due on demand; unsecured	8,392
Note payable to Internal Revenue Service pursuant to a Chapter 11 reorganization plan; 8% interest; secured by tax lien; monthly payments of $1,500 of principal and interest; past maturity	364,750
Note payable to a financial institution; 7.5% interest; monthly principal and interest payments of $6,756; collateralized by fixed assets, key man life insurance policy and 1,000,000 shares of common stock owned by a stockholder; guaranteed by a stockholder; due December 30, 2008	721,926
	1,985,580
Less current portion	(1,940,713)
	$ 44,867

As of February 29, 2008, the notes payable listed above include $654,436, which are currently in default.

The aggregate principal maturing in subsequent years is:

Year Ending February 28,	
2009	$ 1,940,713
2010	9,024
2011	6,610
2012	6,345
2013	1,819
Thereafter	21,069
	$ 1,985,580

The above notes payable to related parties in the amount of $591,336 are not necessarily indicative of the terms and amounts that would have been incurred had comparable agreements been made with independent parties.

9. CONVERTIBLE PREFERRED STOCK

Holders of Series A convertible preferred stocks vote on a converted basis with the common stockholders on all matters to be brought to a vote of the stockholders. Each share of Series A convertible preferred stock can be converted into 1,289 shares of common stock. Dividends are payable in kind at the Company s option at a rate of ten percent annually. Payments of annual dividends have been deferred by the Company s Board of Directors on the outstanding Series A shares because of losses sustained by the Company. As of February 29, 2008, preferred dividends in arrears amounted to $118,377 or $1,161 per share.

The Series B convertible preferred stock has rights to receive cumulative six percent in kind dividends in preference to the payment of dividends on all other shares of capital stock of the Company. No dividends may be declared or paid on any other shares of stock until the full amount of the cumulative dividends on the Series B preferred stock has been paid. Each share of Series B convertible preferred stock can be converted into 1,000 shares of common stock. Cumulative dividends amounted to $1,053,102 and $766,213 at February 29, 2008 and February 28, 2007, respectively. Dividends may be paid in stock through May 31, 2004 at a conversion rate of $1.00 per share. For the years ended February 29, 2008 and February 28, 2007, no dividends were paid with additional shares of preferred stock.

Holders of Series B preferred stock vote on a converted basis with the common stockholders on all matters to be brought to a vote of the stockholders. The Series B preferred stockholders are entitled to elect one director out of the seven authorized directors of the Company s board.

10. CAPITALIZATION

On July 10, 2002, the Company adopted a Non-Qualified Option/Stock Appreciation Rights Plan that authorizes 7,000,000 shares of common stock for grant to key management employees or consultants. Options granted under the plan must be exercised within ten years of the date of grant. The exercise price of options shall not be less than par value and shall be determined by the Stock Option Plan Committee and the Board of Directors. As of February 29, 2008, the Company has 57,400 options available for future issuance under this plan.

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During the year ended February 29, 2004, the Company adopted an employee stock incentive plan (the Plan) that authorizes up to 20,000,000 shares of common stock for grants of both incentive stock options and non-qualified stock options to designated officers, employees, and certain non-employees. Effective July 2003, October 2003 and August 2004, the Company amended this plan to include an additional 20,000,000, 25,000,000 and 20,000,000 shares of common stock, respectively. Effective December 2004, the Company amended the plan to reduce the number of shares of common stock by 7,000,000 shares. Options granted under the Plan must be exercised within 10 years of the date of grant. The exercise price of options granted may not be less than 85 percent of the fair market value of the stock. As of February 28, 2008, the Company has issued all of the options available under this plan.

During the year ended February 29, 2004, the Company also adopted a non-employee directors and consultants retainer stock plan. This plan authorizes up to 5,000,000 shares of common stock to be issued in the amount of compensation for services to directors and consultants at the deemed issuance price of not less than 85 percent of the fair market value of the stock. Effective July 2003, October 2003 and December 2004, the Company amended this plan to include an additional 1,000,000, 15,000,000 and 7,000,000 shares of common stock, respectively. As of February 29, 2008, the Company has issued all of the options available under this plan.

A summary of the Company s stock option activity is as follows:

	Number of Shares	Weighted-Average Exercise Price per Share
Options outstanding, February 28, 2006	362,500	0.27
Granted	0	
Exercised	0	
Expired, forfeited	0	
Options outstanding, February 28, 2007	362,500	0.27
Granted	0	
Exercised	0	
Expired, forfeited	0	
Options outstanding, February 29, 2008	362,500	0.27

The following table summarizes information about options outstanding and exercisable as of February 29, 2008:

Range of	Outstanding Options			Exercisable Options		
Exercise Price	Number Outstanding	Weighted Average Remaining Life	Weighted Average Price	Weighted Average Remaining Life	Number Exercisable	Weighted Average Price
$0.04-$0.57	362,500	4.29 years	$ 0.27	4.29 years	362,500	$ 0.27

11. INCOME TAXES

The Company has incurred significant operating losses since its inception and, therefore, no tax liabilities have been incurred for the periods presented. The amount of Federal and State unused tax losses available to carry forward and apply against taxable income in future years totaled approximately $20,460,300 and $10,000,000, respectively. The loss carry forwards expire beginning in 2008. Due to the Company s continued losses, management has established a valuation allowance equal to the amount of deferred tax asset because it is more likely than not that the Company will not realize this benefit.

Temporary differences giving rise to the deferred tax assets at February 29, 2008, are as follows:

Unused operating loss carry forward	$ 7,318,700
Excess depreciation for tax purposes over the amount for financial reporting purposes	(1,042,500)
Other	17,600

	6,291,600
Valuation allowance	(6,291,600)
	$ 0

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The valuation allowance increased by $98,400 during the year ended February 28, 2008. Differences between the federal benefits computed at a statutory rate and the Company s effective tax rate and provision are as follows for the years ended February 29, 2008 and February 28, 2007:

	2008	2007
Statutory benefit	$ (352,300)	$ (493,100)
State tax benefit, net of federal effect	(37,000)	(50,600)
Other	4,500	17,200
Expiration of net operating loss carryforwards	286,400	0
Increase in deferred income tax valuation allowance	98,400	526,500
	$ 0	$ 0

The Internal Revenue Code contains provisions that may limit the net operating loss carry forwards available for use in any given year if significant changes in ownership interest of the Company occur.

12. RELATED PARTY TRANSACTIONS

During the years ended February 29, 2008 and February 28, 2007, two executives who are stockholders of the Company deferred approximately $232,400 and $255,900, respectively, of compensation earned during the year. The balance due to stockholders at February 29, 2008 totaled $1,075,110. The amounts are unsecured, non-interest bearing, and have no specific repayment terms.

During the years ended February 29, 2008 and February 28, 2007, the Company issued 9,816,309 and 9,650,136 shares of common stock to a related party and related company, respectively, valued at $112,642 and $119,758, respectively, in exchange for guarantees of a note payable. As of February 29, 2008 and February 28, 2007, all of these guarantee fees have been amortized.

The above amounts are not necessarily indicative of the amounts that would have been incurred had comparable transactions been entered into with independent parties.

13. SEGMENT INFORMATION

The Company has two reportable segments during 2008 and 2007, manufacturing and fiberglass. Although both of these segments are in the manufacturing industry, they provide different types of products and services and each segment is subject to different marketing, production and technology strategies. Therefore, for the years ended February 29, 2008 and February 28, 2007 the Company has included segment reporting.

For the year ended February 29, 2008, information regarding operations by segment is as follows:

	Manufacturing	Fiberglass	Other	Total
Revenue	$ 2,640,796	209,972	0	2,850,768
Interest expense	$ 138,405	25,016	29,771	193,192
Depreciation	$ 267,737	110,866	690	379,293
Net (loss)	$ 48,330	(312,827)	(771,749)	(1,036,246)
Property and equipment, net of accumulated depreciation	$ 3,974,876	726,969	403	4,702,248
Segment assets	$ 4,293,641	787,379	41,193	5,122,213

For the year ended February 28, 2007, information regarding operations by segment is as follows:

Manufacturing	Fiberglass	Other	Total

Revenue	$	2,176,391	174,897	0	2,351,288
Interest expense	$	116,259	8,748	25,304	150,311
Depreciation	$	285,343	105,696	690	391,729
Net (loss)	$	(229,291)	(336,090)	(885,007)	(1,450,388)
Property and equipment, net of accumulated depreciation	$	4,183,858	729,271	1,092	4,914,221
Segment assets	$	4,467,613	889,983	75,657	5,433,253

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Segment 1, manufacturing, consists of International Machine and Welding, Inc. and derives its revenues from machining operations, sale of parts and service. Segment 2, fiberglass, consists of Chariot Manufacturing Company and derives its revenues from the manufacture, sale and service of fiberglass trailers.

The manufacturing segment, International Machine and Welding, Inc. has a broad and diverse base of customers. The segment does not rely on any single customer, the loss of which would have a material adverse effect on the segment. However, this segment does generate a significant amount of revenues from sales and services provided to three different industries. For the year ended February 29, 2008, the construction industry accounted for approximately 32% of the segment s revenues, while the industrial and mining industries accounted for approximately 20% and 47%, respectively, of the segment s total revenues.

Although the division does not rely on a single customer, during the year ended February 29, 2008, three of the Company s customers accounted for approximately 48% of total revenues. These customers were the Mosaic Company 36%, Bul-Head Corporation 6% and Marden Industries 6%. During the year ended February 28, 2007, three of the Company s customers accounted for approximately 32% of total revenues. These customers were the Mosaic Company 18%, Vehicare 8% and Marden Industries 6%.

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ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE
NONE

ITEM 8A. CONTROLS AND PROCEDURES
The Company s Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the fiscal period ending February 29, 2008 covered by this Annual Report on Form 10-KSB. Based upon such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company s disclosure controls and procedures were not effective as required under Rules 13a-15(e) and 15d-15(e) under the Exchange Act. This conclusion by the Company s Chief Executive Officer and Chief Financial Officer does not relate to reporting periods after February 29, 2008.

Management s Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) of the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management, under the supervision of the Company s Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company s internal control over financial reporting was not effective as of February 29, 2008 under the criteria set forth in the *Internal Control Integrated Framework*.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company s annual or interim financial statements will not be prevented or detected on a timely basis. Management has determined that material weaknesses exist due to the lack of an independent Board member or Audit Committee member. During the year ended February 29, 2008 the Company s independent Board member and Audit Committee member passed away. The Company is currently seeking a replacement, but has not yet identified a person to fill those independent positions.

This annual report does not include an attestation report of the Company s registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management s report in this Annual Report on Form 10-KSB.

Changes in Internal Control Over Financial Reporting

No change in the Company s internal control over financial reporting occurred during the quarter ended February 29, 2008, that materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

ITEM 8B OTHER INFORMATION

None

Part III

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth information about each person who serves as an executive officer or director of the Company:

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Name	Age	Positions with the Company
Robert E. Maxwell	73	Chairman of the Board and Director
Frank D. Puissegur	49	Chief Financial Officer and Director
Daniel L. Hefner	57	Chief Executive Officer, President and Director

Directors of the Company hold office until the earlier of the next annual meeting of the stockholders and until their successors have been duly elected and qualified, or their death, resignation, or removal. Two board members were elected to two-year terms at the annual stockholders meeting held January 21, 2003. Robert Maxwell and Daniel Hefner were elected to a two-year term. Our officers are elected annually by the board of directors to hold office until the next annual meeting of our board and their successors have been duly elected and qualified. There are no family relationships between any of our officers and directors. Set forth below is a description of the business experience during the past five years or more and biographical information for directors and executive officers identified above:

Mr. Maxwell has been a director and the Chairman of the Board of Directors of the Company since June 2000. Mr. Maxwell serves as a consultant to International Machine and Welding, Inc., a subsidiary of the Company. He was the owner/operator of Florida Machine and Welding, Inc., located in Bartow, Florida, for 24 years until the sale of its assets in June 2000. Mr. Maxwell has served on various bank and charitable boards of directors.

Mr. Puissegur joined the Company in June 2001 as Chief Financial Officer and Director. He became a Certified Public Accountant with his certificate from the State of Florida and the creation of a sole practitioner office in 1982. The practice grew and has evolved into its current form as the partnership of Puissegur, Finch, & Slivinski, P.A., a full service accounting firm. He is a member of the American and Florida Institutes of Certified Public Accountants and the National and Polk County Estate Planning Councils. The American Institute of Tax Studies has awarded Mr. Puissegur the designation of Certified Tax Professional. He also holds the designation from the State of Florida as a Certified Family Mediator.

Mr. Hefner has been President of the Company since September 2002 and Chief Executive Officer since March 2002. He previously served as Executive Vice President from June 2000 to June 2001 and as interim President from June 2001 through February 2002. Mr. Hefner has been a director of the Company since June 2000. Mr. Hefner formerly served as President International Machine and Welding, Inc. He formerly served as President, and is now serving as Vice President of International Commerce and Finance, Inc. an investment/consulting company for manufacturing and technology companies, and he has held this position since August 1999. Mr. Hefner has been active for the past eighteen years as an independent consultant to individuals or business seeking to begin operations or to create turnarounds of existing business. During the same period, Mr. Hefner also operated his own independent real estate brokerage operation where he continues to serve as President and Chief Executive Officer. From March to October 1999, Mr. Hefner was Chief Operating Officer for Chronicle Communications, Inc. (OTCBB: CRNC), a Tampa based printer.

AUDIT COMMITTEE

The Audit Committee consists of Frank Puissegur and Robert Maxwell. The Audit Committee selects the independent auditors; reviews the results and scope of the audit and other services provided by the Company s independent auditors, and reviews and evaluates the Company s internal control functions. The board of directors has determined that due to the death of Mr. Andrew Mueller (previous member) during the year, the audit committee does not have an independant financial expert ; as such term is defined under federal securities law.

ITEM 10. EXECUTIVE COMPENSATION

The following summary compensation table sets forth cash and non-cash compensation awarded, paid or accrued, for the past three fiscal years of the Company s Chief Executive Officers, and all other, if any, whose total annual compensation exceeded $100,000 for the past three fiscal years (collectively, the Named Executive Officers).

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SUMMARY COMPENSATION TABLE

Name Principal Positions	Year Ended	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($) (A)	All Other Compensation ($)	Total ($)
Daniel Hefner,	2008	150,000			(3)		
President and Chief Executive Officer	2007	150,000			(1)	10,465	160,465
	2006	215,700			100,000	10,950	226,650
Robert Maxwell,	2008	150,000					
Chairman of the Board	2007	65,900	40,000				105,900

Both Hefner and Maxwell were compensated over $100,000 for fiscal years 2008 and 2007.

The Company does not have any annuity, retirement, pension, deferred or incentive compensation plan or arrangement under which any executive officers are entitled to benefits, nor does the Company have any long-term incentive plan pursuant to which performance units or other forms of compensation are paid. Executive officers may participate in group life, health and hospitalization plans if and when such plans are available generally to all employees. All other compensation consisted solely of health care premiums.

EMPLOYMENT AGREEMENTS

The Company signed an employment agreement with Daniel L. Hefner on June 1, 2000 containing a base salary of $60,000; a minimum cash bonus of $15,000 per year and a 4% annual increase of the base pay. Stock options are granted on the signing and June 1 of each contract year at the rate of 100,000 common share equivalents. The contract also provides for a $750 per month car allowance and the payment of all insurance, fuel and maintenance costs and all perquisites related to health, dental, life or disability as may be offered to the executive management staff. All other provisions of the previous contract related to capital raises or warrant or exercise revenue were omitted except for the termination provisions stated above. This agreement expired in 2004 and Mr. Hefner has served without agreement since that time. In 2006, the Compensation Committee recommended, and the Board of Directors approved, an increase in base salary to $150,000 annually, retroactive to June 2004.

Based upon the recommendation of the Compensation Committee and approval by the Board of Directors, the Company signed an employment agreement with Robert E. Maxwell, Chairman of the Board to mirror that received by Mr. Hefner.

DIRECTOR COMPENSATION

Directors of the Company who are not employees or consultants do not receive any compensation for their services as members of the Board of Directors, but are reimbursed for expenses incurred in connection with their attendance at meetings of the Board of Directors.

COMPENSATION COMMITTEE

Robert E. Maxwell, Daniel L. Hefner and Frank Puissegur are members of the Compensation Committee, which reviews and makes recommendations with respect to compensation of officers, employees and consultants, including the granting of options under the Company s NonQualifying Stock Option Plan approved effective July 10, 2002 and the Employee Stock Incentive Plan approved effective May 27, 2003. Additionally, the committee reviews executive compensation and makes recommendations to the Board of Directors.

NONQUALIFYING STOCK OPTION PLAN

On July 10, 2002 the Company adopted a Non-qualifying Stock Option/Stock Appreciation Rights Plan and reserved 7,000,000 common shares of stock for employees, officers and consultants. These options are granted by the Board at their discretion. As of February 29, 2008, the Company has 57,400 options available for future issuance under this plan.

EMPLOYEE STOCK INCENTIVE PLAN

Effective May 27, 2003, the Company adopted an employee stock incentive plan (the Plan) for the year 2003 that authorizes up to 20,000,000 shares of common stock for grants of both incentive stock options and non-qualified stock options to designated

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officers, employees, and certain non-employees. Effective July 2003, October 2003 and August 2004, the Company amended this plan to include an additional 20,000,000, 25,000,000 and 20,000,000 shares of common stock, respectively. Effective December 2004, the Company amended the plan to reduce the number of shares of common stock by 7,000,000 shares. Options granted under the Plan must be exercised within 10 years of the date of grant. The exercise price of options granted may not be less than 85 percent of the fair market value of the stock. As of February 29, 2008, the Company has no options available for future issuance under this plan.

Effective May 27, 2003, the Company also adopted a non-employee directors and consultants retainer stock plan for the year 2003. This plan authorizes up to 5,000,000 shares of common stock to be issued in the amount of compensation for services to directors and consultants at the deemed issuance price of not less than 85% of the fair market value of the stock. Effective July 2003, October 2003 and December 2004, the Company amended this plan to include an additional 1,000,000, 15,000,000 and 7,000,000 shares of common stock, respectively. As of February 29, 2008, the Company has no options available for future issuance under this plan.

At February 29, 2008, the Company did not have any long-term incentive plans nor had it awarded any restricted shares to any Named Executive Officer. The table set forth below contains information with respect to the award of stock options during the fiscal year ended February 29, 2004 and February 28, 2003 (as there were no awards of stock options during the fiscal year ended February 28, 2005) to the Named Executive Officers covered by the Salary Compensation Table.

OPTION GRANTS TO NAMED EXECUTIVES IN LAST FISCAL YEAR

During 2008, the Company did not grant any option awards to our executive officers.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR

AND FISCAL YEAR-END OPTION/SAR VALUES

The following table sets forth, for each Named Executive Officer in the Summary Compensation Table who holds stock options during fiscal 2008, the number of stock options held on February 29, 2008 and the realizable gain of stock options that are in-the-money.

			Number of Securities Underlying Unexercised Options at Fiscal Year End		Value of Unexercised In-the-Money Options At Fiscal Year End	
Name	**Shares Acquired or Exercised (#)**	**Value Realized**	**Exercisable (#)**	**Unexercisable (#)**	**Exercisable $**	**Unexercisable $**
Daniel L. Hefner	100,000	0	100,000	0	2,000 (1)	0
Daniel L. Hefner	100,000	0	100,000	0	2,000 (1)	0

(1) Based upon the closing price of the Common Stock as quoted on the Over The Counter Bulletin Board on February 28, 2008 of $0.02 per share.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company s outstanding Common Stock as of February 29, 2008, by: (i) each director and nominee for director of the Company, (ii) each Named Executive Officer, (iii) all directors and executive officers of the Company as a group, and (iv) each person known to the Company beneficially owning more than 5% of the outstanding Common Stock. Except as otherwise indicated, the persons named in the table have sole voting and investment power with respect to all of the Common Stock owned by them.

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Name and Address or Number in Group	Amount and Nature of Beneficial Ownership (1)	Percentage of Class (2)
Directors and Executive Officers		
Robert E. Maxwell (3) 1400 Chamber Drive Bartow, FL	84,247,519	33.598%
Frank D. Puissegur 1400 Chamber Drive Bartow, FL	1,000,000	.3988%**
Daniel L. Hefner (4) 1400 Chamber Dr. Bartow, FL	12,613,609	5.030%
All Directors and Executive Officers as a Group (3 persons)(5)		39.0268%

(**) Less than 1%

(1) In accordance with Rule 13d-3 promulgated pursuant to the Securities Exchange Act of 1934, a person is deemed to be the beneficial owner of a security for purposes of the rule if he or she has or shares voting power or dispositive power with respect to such security or has the right to acquire such ownership within sixty days. As used herein, voting power is the power to vote or to direct the voting of shares, and dispositive power is the power to dispose or direct the disposition of shares, irrespective of any economic interest therein.

(2) In calculating the percentage ownership for a given individual or group, the number of shares of Common Stock outstanding includes unissued shares subject to options, warrants, rights or conversion privileges exercisable within sixty days held by such individual or group, but are not deemed outstanding by any other person or group.

(3) Includes (a) 348,360 shares of Common Stock held by his spouse Barbara Maxwell, (b) 83,899,159 shares of Common Stock beneficially owned as the President of International Commerce and Finance, Inc.

(4) Includes (a) 200,000 shares of Common Stock, which may be acquired pursuant to currently exercisable options (b) 12,413,609 shares of Common Stock held personally

(5) Total shares controlled by all directors and executive officers as a group.

The Company has two classes of preferred stock outstanding comprised of 102 shares of Series A Preferred Stock and 3,944 shares of Series B Preferred Stock. Each outstanding class of preferred stock has voting rights and is convertible into Common Stock. Each share of Series A Preferred Stock converts to 1,289 shares of Common Stock and votes on an as converted basis. 3,207 shares of Series B Preferred Stock is convertible into 641,400 shares of Common Stock and 737 Series B Preferred Shares convert into 737,000 shares of Common Stock and votes on an as converted basis.

Gerald Hoak, of 235 Deerfield Drive, Pottsville, PA 17901, owner of 20 shares or 19.61% of Series A Preferred Stock, and Merit Capital Associates, (substantially owned by Russ and Sylvia Newton) of 1221 Post Road East, Westport, CT 06880 owner of 40 shares or 39.22% of Series A Preferred Stock are the only owners of more than 5% of the class. No director or officer is the beneficial owner of any of the Series A or Series B Preferred Stock.

Beneficial Voting Power Held

The following table sets forth the voting power in the Company s equity securities, as of February 28, 2007 held by: (i) each director of the Company, (ii) each Named Executive Officer, (iii) all directors and executive officers as a group, and (iv) each person known by the Company to own more than 5% of any class of outstanding equity security of the Company. The voting power set forth in this table is the beneficial voting power held, directly and indirectly, by such person as of the date indicated assuming no conversion of the preferred stock (i.e., includes shares that may be acquired within 60 days by reason of option or warrant exercise but not those that could be obtained upon conversion of preferred stock).

Name	**Percent of Outstanding Voting Power Held (1)**
Directors and Executive Officers	
Robert E. Maxwell (3)	29.58%
Frank Puissegur	*
Daniel L. Hefner (2)	3.89%
All directors and executive officers as a group (3 persons)	34.31%
International Commerce and Finance (4)	29.27%

* Less than 1%

(1) Based upon 226,400,415 outstanding shares of common stock, 102 outstanding shares of Series A Preferred Stock and 3944 outstanding shares of Series B Preferred Stock. Each share of Common Stock is entitled to one vote per share. Each outstanding share of Series A Preferred Stock is entitled to 1,289 votes. 3,207 shares of Series B Preferred Stock are entitled to 200 votes per share and 737 shares of Series B Preferred are entitled 1,000 votes each. Accordingly, as of Feb 28, 2004, the Series A Preferred Stock and Series B Preferred Stock are entitled to an aggregate of 131,478 votes and 1,378,400 votes, respectively. Voting rights are calculated in the same manner described in footnote 2 to table above disclosing the Security Ownership of Management and Certain Beneficial Owners (Beneficial Ownership Table). Totals could exceed 100% due to such calculations and overlapping beneficial voting rights held between holders as set forth herein.

(2) Consisting of 200,000 votes upon exercise of currently exercisable options to purchase Common Stock and 12,413,609 shares of Common Stock.

(3) Includes 348,360 shares of Common Stock held by his spouse Barbara Maxwell, 83,899,159 shares of Common Stock beneficially owned as the President of International Commerce and Finance, Inc.

(4) Consisting of 69,970,153 shares of Common Stock.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

STOCKHOLDERS AGREEMENT

A Stockholders Agreement dated April 9, 1998 was entered into among ULLICO, the Company, David N. DeBaene, Annette DeBaene, Norman DeBaene, Thomas Lisi, and Steve Panneton (each, a Holder). The Stockholders Agreement provides that the Company shall have a right of first refusal before any Holder may transfer any shares of Common Stock. ULLICO has a right of second refusal and co-sale rights; if the Company does not elect to buy all of the securities it is offered. If ULLICO enters into an agreement to transfer, sell or otherwise dispose of all of its Preferred Stock, Warrants and any Common Stock issued upon conversion or exercise of the former (such agreement referred to as a Tag-Along Sale), each Holder has the right to participate in the Tag-Along Sale. If ULLICO, alone or with another person, accepts an offer from any party who is unaffiliated with it to purchase any of ULLICO s shares which results in such party having the ability to elect a majority of the Company s Board of Directors, then, at the request of ULLICO, each Holder shall sell all shares of Common Stock held by such Holder (referred to as a Drag-Along Sale).

During the years ended February 29, 2008 and February 28, 2007, two executives who are stockholders of the Company deferred approximately $232,400 and $255,900, respectively, of compensation earned during the year. The balance due to stockholders at February 29, 2008 totaled $1,075,110. The amounts are unsecured, non-interest bearing, and have no specific repayment terms.

During the years ended February 29, 2008 and February 28, 2007, the Company issued 9,816,309 and 9,650,136 shares of common stock to a related party and related company, respectively, valued at $112,642 and $119,758, respectively, in exchange for guarantees of a note payable. As of February 29, 2008 and February 28, 2007, all of these guarantee fees have been amortized.

The above amounts are not necessarily indicative of the amounts that would have been incurred had comparable transactions been entered into with independent parties.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

List of Exhibits

(a) The exhibits that are filed with this report or that are incorporated herein by reference are set forth in the Exhibit Index below:

EXHIBIT INDEX

Incorporated Documents	**SEC Exhibit Reference**	**Sequentially**

		Numbered
3.1	Certificate of Incorporation of the Registrant, As amended as filed with the Registrant s Form SB-2, on October 27, 1995, File No. 33-98486	N/A

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3.2	By-Laws of the Registrant, as amended As filed with the Registrant s Form SB-2 on October 27, 1995, File No. 33-98486	N/A
4.1	Form of Warrant Agreement As filed with the Registrant s Form SB-2, on October 27, 1995, File No. 33-98486	N/A
4.2	Form of Warrant of the Registrant issued in the Registrant s January 1995 Private Placement, as filed with the Registrant s Form SB-2 on October 27, 1995, File No. 33-98486	N/A
4.3	Form of Unit Purchase Option issued to Merit Capital Associates, Inc., as filed with the Registrant s Form SB-2 on October 27, 1995, File No. 33-98486	N/A
4.4	Form of 11% Convertible Subordinated Note of the Registrant issued in the Registrant s August 1995 Private Placement, as filed with the Registrant s Form SB-2 on October 27, 1995, File No. 33-98486 Placement	N/A
4.5	Form of Warrant of the Registrant issued in the Registrant s August 1995 Private Placement, as filed with the Registrant s Form SB-2 on October 27, 1995, File No. 33-98486	N/A
4.6	Securities Purchase Agreement dated April 9, 1998, as filed with the Registrant s Form 10KSB on June 13, 1999	N/A
4.7	Certificate of Designation of Series B Preferred Stock, as filed with the Registrant s Form 10 KSB on June 13, 1999	N/A
4.8	Stockholders Agreement dated April 9, 1998, As filed with the Registrant s Form 10 KSB on June 13, 1999	N/A
4.9	Registration Rights Agreement dated April 9, 1998, As filed with the Registrant s Form 10 KSB on June 13, 1999	N/A
4.10	Warrant Certificate issued to ULLICO, as filed with the Registrant s Form 10 KSB on June 13, 1999	N/A
4.11	Escrow Agreement as filed with the Registrant s Form 10 KSB on June 13, 1999	N/A
4.12	Certificate of Designations of Series A Preferred Stock, as filed with the Registrant s Form 10-KSB on June 11, 1998	N/A
4.13	Certificate of Designation of Series C Preferred Stock, As filed with the Registrant s Form 10-KSB on June 12, 2000	N/A

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4.14	Amendment to the Articles of Incorporation of JD American Workwear, Inc. for name change to American Commerce Solutions, Inc. and the increase in authorized shares, as filed with the Registrant s Form10-KSB on June 14, 2001	N/A
10.2	Employment Agreement with Steven D. Smith, As filed with Registrant s Form 10-KSB on July 19, 2001	N/A
10.3	Registrant s 1995 Stock Option Plan, as filed with the Registrant s Form SB-2 on October 27, 1995, File No. 33-98486	N/A
10.4	Form of Option Agreement under the Registrant s 1995 Stock Option Plan, as filed with the Registrant s Form SB-2 on October 27, 1995, File No. 33-98486	N/A
10.5	Employment Agreement with Norman Birmingham, As filed with Registrant s Form 10-KSB on June 12, 2000	N/A
10.6	Consulting Agreement with Richard Sullivan, As filed with Registrant s Form 10-KSB on June 12, 2000	N/A
10.7	Option to Purchase Businesses between Registrant and International Commerce and Finance, Inc., As filed with Form 10-KSB on June 12, 2000	N/A
10.8	Stock Purchase Agreement between Registrant and Patina Corporation, as filed with Registrant s Form 10-KSB on June 12, 2000	N/A
10.9	Employment Agreement with David DeBaene January 1, 2001, as filed with Registrant s Form 10-KSB on June 12, 2000	N/A
10.10	Asset Sale Agreement between Registrant and David N. Debaene June 1, 2001, as filed with Registrant s Form 10-QSB on July 26, 2001	N/A
10.11	Stock Purchase Agreement between Registrant and Rhode Island truck and Equipment, Corp. October 31, 2001, as filed with Registrant s Form 10-QSB on December 14, 2001	N/A
10.12	Employment Agreement with Daniel L. Hefner dated June 1, 2000, as filed with the Registrant s Form 10-KSB on May 27, 2004	N/A
14	Code of Ethics, As filed with the Registrant s Form 10-QSB on May 27, 2004	N/A
31.1	Certification of the Chief Financial Officer	
31.2	Certification of the Chief Executive Officer	
32	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbaenes-Oxley Act of 2002	

(b) Reports on Form 8-K

None

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ITEM 14. PRINCIPAL ACCOUNTANTS FEES AND SERVICES

Audit Fees

During 2008 and 2007, we were billed by our accountants, Pender Newkirk & Company, approximately $52,500 and $63,316 for audit and review fees associated with our 10-KSB and 10-QSB filings.

Non-Audit related fees

None

Tax Fees

During 2008 and 2007 we were billed by our accountants, Bella, Hermida, Gillman, Hancock, & Mueller Certified Public Accountants approximately $4,500 and $3,000 to prepare our federal and state tax returns.

All Other Fees

None

Audit Committee Pre-Approval Process, Policies and Procedures

Our principal auditors have performed their audit procedures in accordance with pre-approved policies and procedures established by our Audit Committee. Our principal auditors have informed our Audit Committee of the scope and nature of each service provided. With respect to the provisions of services other than audit, review, or attest services, our principal accountants brought such services to the attention of our Audit Committee, or one or more members of our Audit Committee for the members of our Board of Directors to whom authority to grant such approval had been delegated by the Audit Committee, prior to commencing such services.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN COMMERCE SOLUTIONS, INC.

Date: June 13, 2008 | By: /s/ Daniel L. Hefner
Daniel L. Hefner, President

Date: June 13, 2008 | By: /s/ Frank D. Puissegur
Frank D. Puissegur, CFO and Chief Accounting Officer