AMERICAN COMMERCE SOLUTIONS Inc
Form 10-K
June 04, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-K

x ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended **February 28, 2015**

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

For the transition period from _________ , 20 __ , to _________ , 20 __.

Commission File Number **33-98682**

American Commerce Solutions, Inc.
(Exact Name of Registrant as Specified in Charter)

Florida	**05-0460102**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

1400 Chamber Drive, Bartow, Florida 33830

(Address of Principal Executive Offices)

(863) 533-0326

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(g) of the Act:

\$0.001 par value preferred stock	**Over the Counter Bulletin Board**
\$0.002 par value common stock	**Over the Counter Bulletin Board**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405) during the preceding 12 months. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	x

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $757,899 as of the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing sale price on the OTC:BB reported for such date. Shares of common stock held by each officer and director and by each person who owns 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of May 29, 2015, the Registrant had 1,157,812,573 outstanding shares of its common stock, $0.002 par value.

Documents incorporated by reference: None

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AMERICAN COMMERCE SOLUTIONS, INC.

This Annual Report on Form 10-K and the documents incorporated herein by reference contain forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about American Commerce Solution, Inc.'s industry, management beliefs, and assumptions made by management. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual results and outcomes may differ materially from what is expressed or forecasted in any such forward-looking statements.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

American Commerce Solutions, Inc. was incorporated in Rhode Island in May 1991 under the name Jaque Dubois, Inc. and was re-incorporated in Delaware in 1994. In July 1995, the Company's name was changed to JD American Workwear, Inc. In December 2000 the shareholders voted to change the name of the company to American Commerce Solutions, Inc. to more accurately portray the activities of the company. In August 2012, the Company was reincorporated in Florida.

American Commerce Solutions, Inc. (the "Company" or "American Commerce") is a multi-industry holding company for its operating subsidiary. As of the close of its most recently completed fiscal year end, the Company had one wholly owned subsidiary operating in the manufacturing segment. The operating subsidiary is International Machine and Welding, Inc. located in Bartow, Florida.

The Company intends to expand its holdings by acquiring additional subsidiaries to facilitate its business plan. The current business plan has been in development since June 2000.

International Machine and Welding, Inc. provides specialized machining services for heavy industry. Target customers in the region include mining, agriculture processing, maritime, power generation and industrial machinery companies. Additional operations include heavy equipment service to the construction, forestry, waste and scrap industries. The operation provides complete service of the equipment, which includes rebuilding undercarriages, engines, transmissions, final drives and hydraulics. The effective service area for the operation located in the Southeastern region of the United States is a prime and lucrative market for such services. Growth in this region of the

United States (population, infrastructure, and building) has created long term needs for construction equipment. All of these machines require periodic maintenance, and at certain points major overhauls. In addition to its 38,000 square foot facility, the operation also provides fully equipped field service vehicles so machines do not have to be removed from the work site.

International Machine and Welding, Inc. also sells OEM and after-market repair parts for heavy equipment. The operation has an extensive cross-reference listing and network of sources. One of the major competitive advantages of the operation is its ability to determine exactly what the customer needs and fulfill the requirement. In many cases, the customer may not have service manuals or to be able to identify part numbers. If a customer has more than one type of machine, which is quite common, they may have to contact a number of different suppliers to get parts for multiple machines. Our operation identifies the required parts and arranges the necessary repairs. As a result, the customer only has to make one phone call for all of their needs. This also makes International Machine and Welding, Inc. an attractive alternative for sales to customers outside the United States. Orders can be accumulated throughout the month and be sent on consolidated shipments. This has created a niche market for the direct parts sales division. The operation currently has a dozen customer relationships in the Caribbean. Management believes that this market has not been fully targeted by its competitors and offers potential as a source of increased business.

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BUSINESS STRATEGY

The Company has adopted a business strategy that focuses on expansion through acquisition. The key elements of acquisition targets must include solid management, profitability, geographical location, compatibility and/or undervalued companies that can be enhanced by shared services and opportunities.

MANUFACTURING SEGMENT

The Manufacturing Segment through International Machine and Welding, Inc. offers a broad range of products and services to heavy industry through its three divisions. The operations of Division 1 provide specialized machining of very large components and machinery repair to industries such as aerospace, agricultural processing, chemical, defense, mining, maritime and power generation. Our 38,000 square foot facility located in Bartow, Florida is one of the only operations in the Southeast capable of machining components up to 55 feet in length and/or 20 feet in diameter. Division 2 provides heavy equipment service (parts and labor), which includes repair and bonded rebuilds of engines, tracks, undercarriages, transmissions, final drives and hydraulic systems on heavy equipment. The equipment we repair is from the heavy construction industry including bulldozers, scrapers, loaders, excavators, large tractors, rollers, etc. The division provides field service via equipped service trucks to provide repairs at the customer’s site. Division 3 sells replacement parts to the heavy equipment market, directly to the end user with most of the parts exported outside the United States.

MANUFACTURING AND SOURCES OF SUPPLY

Manufacturing Segment

Supplies and parts used by International Machine and Welding, Inc. are purchased from several major suppliers including Caterpillar, John Deere, Case and other major manufacturers and after -market parts suppliers. The machining operations purchase from many suppliers based on the need of specific jobs. Although the operations do not have any long-term contracts with any of its suppliers, management believes that it has excellent business relationships with its current suppliers and it is not exposed to any significant risk in the event any one source of supply is discontinued, because there are many suppliers.

MARKETING AND SALES

Manufacturing Segment

International Machine and Welding, Inc. operates three divisions at one location. Division 1 sales have traditionally come from industries within a 100-mile radius of its facilities requiring specialized machining applications. Direct salesmen have established relationships with specific customers and the Company has expanded the business relationship through quality, rapid turn and value. While this business is quite lucrative, visibility is limited. The operation intends to expand its operations in the OEM market, where the subsidiary provides components to manufacturers of large machines. These types of accounts generally involve annual contracts with three-month rolling schedules. The expansion of the market also is expected to increase the serviceable territory from the Southeast to include the entire United States.

Direct sales personnel who primarily target mid-tier accounts handle sales for Division 2 and 3. We believe that this broad niche market is largely untapped by the larger factory-sponsored operations which cater specifically to very large accounts. Margins are typically very slim in these accounts and a large percentage of the customer base is represented by very few accounts. Because we are an independent repair facility, we can provide service to a much broader base of customers with greater margins than the large factory-sponsored competitors.

COMPETITION

Manufacturing Segment

The principal competitors of the Manufacturing Division consists of regional companies such as Southern Machinery, Florida Plating and Machine, Arroyo and Florida Metalizing in the machining operations and national corporations such as Ringhaver Equipment, Caterpillar, and Case repair facilities in the heavy equipment parts and service category. Management believes that the ability to rapidly turn goods or to provide parts on a timely basis gives it a competitive advantage. We are able to ship parts directly to the consumer, usually on the same day as the order or to return all service work within the time specified either by completing the work at the customers site or because of immediate turnaround capabilities.

CUSTOMER DEPENDENCE

Manufacturing Segment

International Machine and Welding, Inc. has a broad and diverse base of customers. The division does have one customer that provides approximately 48.44% of sales, the loss of which would have a material adverse effect on the segment. This division does generate a significant amount of revenues from sales and services provided to three different industries. The construction industry accounted for approximately 22% of the division’s revenues in fiscal 2015 compared to 21% in fiscal 2014, while the industrial and mining industries accounted for approximately 26% and 51% in fiscal 2015 compared to 24% and 54% in fiscal 2014, respectively, of the division’s total revenues. Due to these concentrations, the results of operations of the division could be affected by changes in the economic, regulatory, or other related conditions impacting on these industries.

Although the division does not rely on a single customer, during the year ended February 28, 2015, one of the Company’s customers accounted for approximately 48% of total revenues. This customer was Mosaic Company.

EMPLOYEES

At February 28, 2015, the Company and its subsidiary had 18 full-time employees and the parent operation has 2 full time executives.

FUTURE ACQUISITIONS

The Company remains dedicated to its basic business plan, which calls for growth through acquisition of strategic business opportunities. Discussions and negotiations continue with multiple companies.

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K (including the Exhibits hereto) may contain “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding, among other things, the financial condition and prospects of the Company and its subsidiary, results of operations, projections, plans for future business development activities and the opportunities available within its market areas, capital spending plans, financing sources, projections of financial results or economic performance, capital structure, the effects of competition, statements of plans, expectations, or objectives of the Company, and the business of the Company and its subsidiary. These forward-looking statements are typically identified by words or phrases such as “believe,” “expect,” “anticipate,” “plan,” “estimate,” “intend,” and other similar words a expressions, or future or conditional verbs such as “should,” “would,” and “could” and other characterizations of future events or circumstances. In addition, the Company may from time to time make such written or oral “forward-looking statements” in future filings with the Securities and Exchange Commission (including exhibits thereto), in its reports to stockholders, and in other communications made by or with the approval of the Company.

These forward-looking statements reflect the current views of the Company at the time they are made and are based on information currently available to the management of the Company and upon current expectations, estimates, and projections regarding the Company and its industry, management's beliefs with respect thereto, and certain assumptions made by management. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors (many of which are outside the control of the Company), which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements speak only to the date that such statements are made, and the Company undertakes no obligation to update any forward-looking statements, whether as the result of new information, future events, the occurrence of unanticipated events, or otherwise. The following sets forth some, but not necessarily all, of the factors that may cause the Company's actual results to vary materially from those which are the subject of any forward-looking statements.

ITEM 1A. RISK FACTORS

Accumulated Deficit and Operating Losses and Anticipated Earnings; Explanatory Language in Auditor's Report. The Company had an accumulated deficit at February 28, 2015 of $19,355,485. The Company had a net loss of $130,125 for the year ended February 28, 2015. Additionally, the Company is in default on several notes payable. The auditor's opinion on the financial statements expresses substantial doubt about the Company's ability to continue as a going concern. The financial statements are presented on the basis that the Company is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the ordinary course of business. While there can be no assurance of this outcome, management believes its plan of operation will allow the Company to achieve this goal.

Growth Plans and Risk of Expansion. The Company adopted and implemented a business strategy, which seeks growth and expansion through the acquisition of synergistic companies. Accordingly, the growth and financial performance of the Company will depend, in large part, upon the Company's ability to identify and locate suitable acquisitions, to manage such growth and the resultant diverse operations, to manage the margins of the acquired operations, and to attract, hire, train, and retain qualified supervisory personnel and other operational employees to meet the Company's needs as it expands, as well as the availability of sufficient working capital. Difficulties resulting from the failure of the Company to manage and control its growth could materially adversely affect the Company's operating results and financial condition.

No Assurance of Acquisitions. Although the Company has had preliminary discussions with potential acquisition candidates, the Company has not completed any acquisitions in the fiscal year ended February 28, 2015. The Company does have current understandings or arrangements (oral or written) relating to specific acquisitions, but cannot give specific timing to close the potential acquisitions. Until binding agreements are in place there can be no assurance that any proposed acquisition will be consummated or that adequate, acceptable and affordable financing will be available.

Furthermore, to the extent that acquisitions are consummated, the Company's success or failure will depend upon management's ability to integrate the acquired business into the company and implementation of adequate management skills and systems necessary to accomplish the Company's strategy. Additionally, the Company is unable to predict whether or when, once integrated, any acquisition may achieve comparable levels of revenues, profitability, or productivity as existing Company operations, or otherwise perform as expected (including achievement of expected synergies or financial benefits). The Company may face competition for desirable acquisitions from entities that may possess greater resources than the Company.

Acquisition Risks. Acquisitions involve a number of special risks, some or all of which could have a material adverse effect on the Company's results of operations and financial condition. Such risks include, but are not limited to, the diversion of management's attention from core operations, difficulties in the integration of acquired operations and retention of personnel, customers, and suppliers, unanticipated problems or legal liabilities, tax and accounting issues, and the inability to obtain all necessary governmental and other approvals and consents.

Need for Additional Financing. Proceeds from notes payable and long-term debt provided the working capital needs and principal payments on long-term debt through most of fiscal 2015. However, the Company will need to obtain additional financing in order to finance its acquisition and growth strategy. There can be no assurance that debt or equity financing will be available to the Company on acceptable terms, if at all. If the Company does require additional financing and it cannot be obtained or the terms of such financings are unfavorable, it may have a material adverse impact on our operations and profitability, and the Company may need to curtail its business plan and strategy.

Loss of Certain Members of Our Management Team Could Adversely Affect the Company. The Company is dependent to a significant extent on the continued efforts, abilities and funding of our Chairman, Robert E. Maxwell and President and Chief Executive Officer, Daniel L. Hefner. If the company was to lose the services of either of these individuals or other key employees or consultants before a qualified replacement could be obtained, the business could be materially affected.

Expected Volatility in Share Price. The market price of our stock has traded in a wide range. From March 1, 2001 through February 28, 2015 the price of our common shares has ranged from $0.0008 to $0.78 per share. The price of our common stock may be subject to fluctuations in response to quarter-to-quarter variations in operating results, creation or elimination of funding opportunities, restriction of the acquisition plans, and favorable or unfavorable coverage of our officers and Company by the press.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

International Machine and Welding, Inc. owns in fee simple title a 38,000 square foot facility in Bartow, Florida, which currently serves as the principal executive offices of American Commerce Solutions. A note payable to Center State Bank, originally at $875,000 encumbers this building. As of February 28, 2015, the balance on this note is $466,167. During the year ended February 28, 2010, the Company entered into a refinancing arrangement with a financial institution to refinance the loan at 7.5% interest, with monthly principle and interest payments of $6,610 and a maturity date of April 30, 2012. The note is secured by all of Division I’s fixed assets and 1,000,000 shares of the Company’s common stock. On July 9, 2013, the Company entered into a refinancing arrangement with a financial institution to refinance the loan at 6% interest, with monthly principle and interest payments of $4,865 and a balloon payment for the remainder of the loan on the maturity date of June 24, 2016. The note is secured by all of Division I’s fixed assets. No new money was received with the effective refinancing arrangement.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

Since the April 1996 closing of the Company's initial public offering, the Company's Common Stock has traded in the over-the-counter market on the National Association of Securities Dealers, Inc. OTC Bulletin Board System ("OTCBB"). Until January 31, 2001 the company's common stock traded under the symbol "JDAW." In connection with the name change, since February 10, 2001, the common stock has traded under the symbol "AACS." The following table sets forth the range of high and low closing bid quotations of the Common Stock as reported by the OTCBB for each fiscal quarter for the past two fiscal years. High and low bid quotations reflect inter-dealer prices without adjustment for retail mark-ups, markdowns or commissions and may not necessarily represent actual transactions.

	Bid Prices			
		High		Low
FISCAL 2015				
First Quarter (March 1, 2014 through May 31, 2014)	$	0.0039	$	0.0021
Second Quarter (June 1, 2014 through August 31, 2014)	$	0.0027	$	0.0015
Third Quarter (September 1, 2014 through November 30, 2014)	$	0.0021	$	0.0014
Fourth Quarter (December 1, 2014 through February 28, 2015)	$	0.0043	$	0.0015
FISCAL 2014				
First Quarter (March 1, 2013 through May 31, 2013)	$	0.007	$	0.0015
Second Quarter (June 1, 2013 through August 31, 2013)	$	0.0038	$	0.0012
Third Quarter (September 1, 2013 through November 30, 2013)	$	0.0044	$	0.0018
Fourth Quarter (December 1, 2013 through February 28, 2014)	$	0.0043	$	0.0021

On February 28, 2015 the closing bid price of the Company's Common Stock as reported by the OTCBB was $0.0021 and there were approximately 2,000 shareholders of record.

DIVIDENDS

The Company has never declared or paid a dividend on its Common Stock, and does not anticipate paying any cash dividends on its Common Stock in the foreseeable future. The Company expects to retain, if any, its future earnings for expansion or development of the Company's business. The decision to pay dividends, if any, in the future is within the discretion of the Board of Directors and will depend upon the Company's earnings, capital requirements, financial condition and other relevant factors such as contractual obligations. There can be no assurance that dividends can or will ever be paid.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about our Equity Compensation Plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted average price of outstanding options	Number of securities remaining available for future issuance
Non-Qualified Option/Stock Appreciation Rights Plan approved by security holders	$ —	$ —	$ —
Employees Stock Incentive Plan approved by security holders	—	—	—
Non-Employee Directors and Consultants Retainer Stock Plan approved by security holders	—	—	—

RECENT SALES OF UNREGISTERED SECURITIES

None

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company we are not required to provide the information required by this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion is intended to further the reader's understanding of the Company's financial condition and results of operations, and should be read in conjunction with the Company's consolidated financial statements and related notes included elsewhere herein. This discussion also contains forward-looking statements. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risks and uncertainties set forth elsewhere in this Annual Report and in the Company's other SEC filings. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. The Company is not party to any transactions that would be considered "off balance sheet" pursuant to disclosure requirements under ITEM 303(c).

RESULTS OF OPERATIONS

MANUFACTURING

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. 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.

FISCAL YEAR 2015 COMPARED TO FISCAL YEAR 2014

General

The Company’s consolidated net sales decreased to $2,239,355 for the fiscal year ended February 28, 2015, a decrease of $426,483 or 16%, from $2,665,838 for the fiscal year ended February 28, 2014. Management believes the decrease is due to changes in the construction industry as machines are between their life cycles.

Gross profit for the consolidated operations decreased to $1,161,982 for the fiscal year ended February 28, 2015 from $1,400,677 for the fiscal year ended February 28, 2014. Gross profit as a percentage of sales decreased in fiscal year 2015 to 52% from 53% in fiscal year ended 2014.

Consolidated interest expense in fiscal 2015 was $90,360 compared to $115,051 in fiscal 2014. The decrease in interest expense is due to the Company reducing the overall debt during the year, negotiating lower interest rates and making payments on time. Additionally during the year debt due to officers and other related parties were consolidated and converted to common stock.

Consolidated interest income in fiscal 2015 was $24,354 compared to $17,038 in fiscal 2014. The increase in interest income is primarily due to the increase in the principal balance of the note receivable in 2015.

Selling, general and administrative expenses increased to $1,323,681 for fiscal 2015 from $1,454,720 for fiscal 2014, a decrease of $131,039 or 9%. The decrease was due to a decrease in legal expenses and loan costs.

The Company incurred a consolidated net loss of $130,125 for the year ended February 28, 2015 compared to $169,061 net loss for the year ended February 28, 2014. The decrease in the net loss is primarily due to the decrease in interest expense.

Manufacturing

The manufacturing operation, International Machine and Welding, Inc. provided net sales of $2,239,355 for the fiscal year ended February 28, 2015 compared to $2,665,838 for the fiscal year ended February 28, 2014. The machining operations provided $734,335 or 33% of net sales with parts and service providing $1,505,020 or 67% of net sales for the fiscal year ended February 28, 2015 as compared to machining operations contributing $828,704 or 31% of net sales with parts and service providing $1,837,134 or 69% of net sales for the fiscal year ended February 28, 2014.

Gross profit from International Machine and Welding, Inc. was $1,161,982 for the fiscal year ended February 28, 2015 compared to $1,400,677 in fiscal 2014 providing gross profit margins of 52% and 53%, respectively.

Selling, general and administrative expenses for International Machine and Welding, Inc. were $969,812 for the fiscal year ended February 28, 2015 compared to $1,038,189 for the fiscal year ended February 28, 2014. The decrease of $68,377 or 6.5% is primarily due to a reduction of outside services, tools, legal expenses and utilities.

Interest expense for International Machine and Welding, Inc. was $63,031 for the fiscal year ended February 28, 2015 compared to $67,580 for the fiscal year ended February 28, 2014. The decrease in interest expense is due to the Company reducing the overall debt.

LIQUIDITY AND CAPITAL RESOURCES

During the fiscal years ended February 28, 2015 and 2014, the Company provided (used) net cash for operating activities of ($46,803) and $11,454, respectively. The increase in cash from operating activities is mainly due to the gain on the forgiveness of debt recognized in for year 2013.

During the years ended February 28, 2015 and 2014, the Company used funds for investing activities of $115,217 and $66,932, respectively. This increase in cash used by investing activities is mainly due to the increase in other receivables.

During the years ended February 28, 2015 and 2014, the Company provided cash from financing activities of $198,986 and $41,458, respectively. The increase in net cash provided by financing activities is due to the increase in the amounts due from stockholders.

Cash flows from financing activities provided for working capital needs and principal payments on long-term debt through fiscal 2015. To the extent that the cash flows from 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.

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.

We have no known demands or commitments and are not aware of any events or uncertainties as of February 28, 2015, that will result in or that are reasonably likely to materially increase or decrease our current liquidity.

Capital Resources.

We had no material commitments for capital expenditures as of February 28, 2015 and 2014.

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.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our financial statements in conformity with Generally Accepted Accounting Principles, which requires management to make certain estimates and assumptions and apply judgments. We base our estimates and judgments on historical experience, current trends and other factors that management believes to be important at the time the financial statements are prepared and actual results could differ from our estimates and such differences could be material. We have identified below the critical accounting policies which are assumptions made by management about matters that are highly uncertain and that are of critical importance in the presentation of our financial position, results of operations and cash flows. Due to the need to make estimates about the effect of matters that are inherently uncertain, materially different amounts could be reported under different conditions or using different assumptions. On a regular basis, we review our critical accounting policies and how they are applied in the preparation our financial statements.

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

Use Of Estimates - The preparation of 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Long-lived Assets. Long-lived assets such as property, equipment and identifiable intangibles are reviewed for impairment whenever facts and circumstances indicate that the carrying value may not be recoverable. When required impairment losses on assets to be held and used are recognized based on the fair value of the asset. The fair value is determined based on estimates of future cash flows, market value of similar assets, if available, or independent appraisals, if required. If the carrying amount of the long-lived asset is not recoverable from its undiscounted cash flows, an impairment loss is recognized for the difference between the carrying amount and fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risk associated with the recovery of the assets. We did not recognize any impairment losses for any periods presented.

NEW ACCOUNTING PRONOUNCEMENTS

Except for rules and interpretive releases of the SEC under authority of federal securities laws and a limited number of grandfathered standards, the *FASB Accounting Standards Codification*™ (“ASC”) is the sole source of authoritative GAAP literature recognized by the FASB and applicable to the Company.

We have reviewed the FASB issued Accounting Standards Update ("ASU") accounting pronouncements and interpretations thereof that have effectiveness dates during the periods reported and in future periods. The Company has carefully considered the new pronouncements that alter previous generally accepted accounting principles and does not believe that any new or modified principles will have a material impact on the corporation's reported financial position or operations in the near term. The applicability of any standard is subject to the formal review of our financial management and certain standards are under consideration.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company we are not required to provide the information required by this item.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

American Commerce Solutions, Inc. and Subsidiary

As of February 28, 2015 and 2014 and for the Years Then Ended

Report of Independent Registered Public Accounting Firm

Contents

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders

American Commerce Solutions, Inc. and Subsidiary

Bartow, Florida

We have audited the accompanying consolidated balance sheets of American Commerce Solutions, Inc. as of February 28, 2015 and 2014 and the related consolidated statements of operations, consolidated stockholders' equity and consolidated cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Subsidiary as of February 28, 2015 and 2014 and the results of its consolidated operations and its consolidated cash flows for the years then ended 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 to the financial statements, the Company has recurring losses resulting in an accumulated deficit and is in default of several notes payable. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Messineo & Co., CPAs LLC

Clearwater, Florida

June 4, 2015

AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

		FEBRUARY 28, 2015		FEBRUARY 28, 2014
ASSETS				
CURRENT ASSETS:				
Cash	$	44,697	$	7,731
Accounts receivable, net of allowance of $0 and $481, respectively		97,279		83,152
Accounts receivable, factored		14,617		19,190
Inventories		288,441		319,348
Note receivable, related party		1,009,792		1,009,792
Due from related party		491,807		485,107
Other receivables, including related party receivables of $183,263 and $183,263, respectively		317,881		269,169
Prepaid expenses		-		3,082
Total Current Assets		2,264,514		2,196,571
Property and equipment, net of accumulated depreciation of $2,976,631 and $2,821,551, respectively		2,518,990		2,655,230
OTHER ASSETS:				
Other assets		4,364		4,578
Investment, available for sale		55,000		-
Total Other Assets		59,364		4,578
TOTAL ASSETS	$	4,842,868	$	4,856,379

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable, including related party payables of $645 and $13,500, respectively	$ 76,157	$ 122,383
Accrued expenses, including related party balances of $20,276 and $28,024, respectively	44,018	62,655
Accrued interest, including related party balances of $48,692 and $35,449, respectively	344,413	308,849
Current portion of notes payable	248,251	246,460
Total Current Liabilities	712,839	740,347
LONG-TERM LIABILITIES:		
Notes payable, net of current portion	434,904	391,969
Notes payable, related party, net of current portion	373,024	465,737
Due to stockholders	1,601,910	1,669,510
Total Long-Term Liabilities	2,409,838	2,527,216
Total Liabilities	3,122,677	3,267,563
STOCKHOLDERS' EQUITY		
Preferred stock; $0; 5,000,000 shares authorized:		
Series A; cumulative and convertible; $0.001 par value; 600 shares authorized 102 shares issued and outstanding; liquidating preference $376,125	-	-
Series B; cumulative and convertible; $0.001 par value; 3,950 shares authorized 3,944 shares issued and outstanding; liquidating preference $3,944,617	3	3
Common stock, $0.002 par value; 1,500,000 shares authorized; 1,157,812,573	2,315,626	2,072,489

and 1,036,243,946 shares issued and 1,157,290,573 and 1,035,721,946 shares outstanding, respectively		
Additional paid-in capital	19,084,073	19,017,210
Stock subscription receivable	(10,000)	(10,000)
Accumulated other comprehensive loss	(48,500)	-
Accumulated deficit	(19,355,485)	(19,225,360)
	1,985,717	1,854,342
Treasury stock at cost; 522,000 shares of common stock	(265,526)	(265,526)
Total Stockholders' Equity	1,720,191	1,588,816
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,842,868	$ 4,856,379

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

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AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended February 28,	
	2015	**2014**
REVENUE:		
Net sales	$ 2,239,355	$ 2,665,838
	2,239,355	2,665,838
COST OF GOODS SOLD	1,077,373	1,265,161
GROSS MARGIN	1,161,982	1,400,677
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,323,681	1,454,720
LOSS FROM OPERATIONS	(161,699)	(54,043)
OTHER INCOME (EXPENSE)		
Gain on extinguishment of debt	13,500	-
Other income (expense)	84,080	(17,005)
Interest expense	(90,360)	(115,051)
Interest income	24,354	17,038
TOTAL OTHER EXPENSE (INCOME)	31,574	(115,018)
NET LOSS	$ (130,125)	$ (169,061)
Unrealized loss on fair value of investment	(48,500)	-
COMPREHENSIVE LOSS	$ (178,625)	$ (169,061)
NET (LOSS) INCOME PER COMMON SHARE, BASIC AND DILUTED	$ (0.00)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED	1,144,967,178	748,873,964

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

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AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Stock Subscription Receivable	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock	Total Stockholde Deficit
Balance, February 29, 2012	3,944	$ 3	331,896,576	$ 663,794	$ 19,154,164	$ (10,000)	$ -	$ (19,050,508)	$ (265,526)	$ 491,92
Common shares issued for deferred compensation	-	-	313,725,490	627,451	(227,451)	-	-	-	-	400,00
Common shares issued for guaranty	-	-	18,000,000	36,000	(18,000)	-	-	-	-	18,00
Net loss	-	-	-	-	-	-	-	(5,791)	-	(5,79
Balance, February 28, 2013	3,944	$ 3	663,622,066	$ 1,327,245	$ 18,908,713	$ (10,000)	$ -	$ (19,056,299)	$ (265,526)	$ 904,13
Issuance of shares of common stock for deposit on acquisition	-	-	10,000,000	20,000	1,000	-	-	-	-	21,00
Capital contribution from shareholder	-	-	-	-	21,000	-	-	-	-	21,00
Issuance of shares of common stock in conversion of debt	-	-	362,621,880	725,244	86,497	-	-	-	-	811,74
Net loss	-	-	-	-	-	-	-	(169,061)	-	(169,06

Balance, February 28, 2014	3,944	$ 3	1,036,243,946	$ 2,072,489	$ 19,017,210	$ (10,000)	$ -	$ (19,225,360)	$ (265,526)	$ 1,588,81
Issuance of shares of common stock in conversion of debt	-	-	117,647,058	235,294	64,706	-	-	-	-	300,00
Issuance of shares of common stock in conversion of liability	-	-	3,921,569	7,843	2,157	-	-	-	-	10,00
Unrealized loss on fair value of investment	-	-	-	-	-	-	(48,500)	-	-	(48,50
Net loss	-	-	-	-	-	-	-	(130,125)	-	(130,12
Balance, February 28, 2015	3,944	$ 3	1,157,812,573	$ 2,315,626	$ 19,084,073	$ (10,000)	$ (48,500)	$ (19,355,485)	$ (265,526)	$ 1,720,19

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

AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended February 28, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (130,125)	$ (169,061)
Adjustments to reconcile net loss to net cash and cash equivalents used by operating activities:		
Depreciation	195,475	197,296
Amortization of loan costs	3,082	23,769
Investment received for services	(82,500)	-
Gain on extinguishment of debt and liability	(13,500)	-
Unrealized loss on investment in common stock	(21,000)	
Loss on disposal of equipment	570	-
(Increase) decrease in:		
Accounts receivable	(14,127)	61,596
Inventories	30,907	(40,754)
Other assets	214	50,686
Increase (decrease) in:		
Accounts payable and accrued expenses	(15,799)	(112,078)
Net cash (used) provided by operating activities	(46,803)	11,454
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in other receivables	(55,412)	9,766
Acquisition of property and equipment	(59,805)	(76,698)
Net cash used by investing activities	(115,217)	(66,932)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease (increase) in due from factor	4,573	(5,136)
Proceeds from notes payable and long-term debt	291,848	449,689
Principal payments on notes payable	(329,835)	(235,495)
Increase (decrease) in due to stockholders	232,400	(167,600)

Net cash provided by financing activities		198,986		41,458
Net increase (decrease) in cash and cash equivalents		36,966		(14,020)
Cash and cash equivalents, beginning of period		7,731		21,751
Cash and cash equivalents, end of period	$	44,697	$	7,731
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for interest	$	51,714	$	42,909
NON-CASH FINANCING AND INVESTING ACTIVITIES:				
Conversion of liability to equity	$	300,000	$	-
Conversion of debt to equity	$	10,000	$	811,741
Common stock issued for a deposit	$	-	$	21,000
Capital contribution from shareholder	$	-	$	21,000

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

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AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF FEBRUARY 28, 2015 AND 2014 AND FOR THE YEARS THEN ENDED

1. BACKGROUND INFORMATION

American Commerce Solutions, Inc., located and operating in West Central Florida, 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"). In August 2012, the Company was reincorporated in Florida.

The Company is primarily a holding company with a wholly owned subsidiary; International Machine and Welding, Inc. which is engaged in the machining and fabrication of parts used in heavy industry, and parts sales and service for heavy construction equipment.

2. GOING CONCERN

The Company has incurred substantial operating losses since inception resulting in an accumulated deficit. 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:

Principles of Consolidation

The accompanying consolidated financial statements include the activity of the Company and its wholly owned subsidiary, International Machine and Welding. All intercompany transactions have been eliminated in consolidation.

Use of Estimates

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.

Cash and Cash Equivalents

For the purpose of the financial statements cash equivalents include all highly liquid investments with maturity of three months or less. Cash and cash equivalents were $44,697 and $7,731 at February 28, 2015 and 2014, respectively.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable, notes receivable, and related party notes.

Customer Concentration

The Company generates a significant amount of revenues from sales and services provided to three different industries. The construction industry accounted for approximately 22% of revenues in fiscal 2015 compared to 21% in fiscal 2014 while the industrial and mining industries accounted for approximately 26% and 51% in fiscal 2015 compared to 24% and 54% in fiscal 2014, respectively, of the total revenues. Although the Company does not rely on a single customer, during the year ended February 28, 2015, one of the Company’s customers accounted for approximately 48% of total revenues. This customer was Mosaic Company.

Accounts Receivable

Trade. Accounts receivable consist of billed and uncollected 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, no allowance for doubtful accounts is considered necessary at February 28, 2015. A $481 allowance for doubtful accounts was considered necessary at February 28, 2014. 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.

Factored. The Company accounts 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, who 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 20% as an amount due from Factoring Company. Once the invoice exceeds 120 days outstanding, the remaining 20% of the receivable is recorded as expense.

Inventory

The Company follows FASB ASC 330, *"Inventory"*.Inventories are stated at the lower of cost or net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion of inventories include raw materials and direct labor and fixed and variable production overheads, taking into account the stage of completion and the normal capacity of production facilities. The cost of inventories is determined using the first-in, first-out (FIFO) method. Inventory is reduced for the estimated losses due to obsolescence. This reduction is determined for groups of products based on purchases in the recent past and/or expected future demand.

Property and Equipment

The Company follows ASC 360, *Property, Plant, and Equipment,* for its fixed assets. Property and equipment are stated at cost. The Company capitalizes all purchases with costs in excess of $500 and a useful life in excess of one year. Depreciation and amortization expense are calculated using the straight-line method 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.

Notes Payable

Direct costs incurred with the issuance of notes payable are deferred and amortized over the life of the guaranty. For the years ended February 28, 2015 and 2014, the Company incurred amortization expense of $3,082 and $53,898, respectively.

Shipping and Handling

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.

Revenue Recognition

In accordance with ASC 605, *Revenue Recognition*, the Company recognizes revenue when persuasive evidence of an arrangement exists, product delivery has occurred or the services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Revenue is generated when products, repairs or parts are delivered to the customer. Revenue is recognized net of sales returns and allowances. 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.

Amounts collected on behalf of governmental authorities for sales taxes and other similar taxes are reported on a net basis.

Revenue derived from the sale of products not yet completed and delivered is deferred and recognized as revenue once the product has been delivered to the customer.

Long-lived Assets

Long-lived assets (which excludes goodwill and other indefinite-lived intangible assets) are assessed for impairment IAW ASC 360, Property and equipment when an indicator of impairment exists. The Company periodically evaluates whether events and circumstances have occurred that indicate possible impairment. When impairment indicators exist, the Company uses market quotes, if available or an estimate of the future undiscounted net cash flows of the related asset or asset group over the remaining life in measuring whether or not the asset values are recoverable. There have been no significant impairments of long-lived assets during the years ended February 28, 2015 and 2014.

Financial Instruments

The Company's balance sheet includes certain financial instruments. The carrying amounts of current assets and current liabilities approximate their fair value because of the relatively short period of time between the origination of these instruments and their expected realization.

ASC 820 Fair Value Measurements and Disclosures defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of February 28, 2015. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include accounts receivable, other current assets, accounts payable, accrued compensation and accrued expenses. The fair value of the Company's notes payable is estimated based on current rates that would be available for debt of similar terms which is not significantly different from its stated value.

Commitments and Contingencies

The Company follows ASC 450-20*, Loss Contingencies*, to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated. There were no commitments or contingencies as of February 28, 2015 and 2014.

Deferred Income Taxes and Valuation Allowance

The Company accounts for income taxes under ASC 740 *Income Taxes*. Under the asset and liability method of ASC 740, 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.

No deferred tax assets or liabilities were recognized as of February 28, 2015 and 2014.

Share-based Expense

ASC 718, *Compensation – Stock Compensation*, prescribes accounting and reporting standards for all share-based payment transactions in which employee services are acquired. Transactions include incurring liabilities, or issuing or offering to issue shares, options, and other equity instruments such as employee stock ownership plans and stock appreciation rights. Share-based payments to employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values. That expense is recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period).

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50, *Equity – Based Payments to Non-Employees.* Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction is determined at the earlier of performance commitment date or performance completion date.

Share-based expense for each of the years ended February 28, 2015 and 2014 was $0.

Earnings (Loss) per Share

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

The Company computes basic and diluted earnings per share amounts in accordance with ASC Topic 260, *Earnings per Share*. Basic earnings per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company.

The Company does not have any potentially dilutive instruments as of February 28, 2015 and, thus, anti-dilution issues are not applicable.

Related Parties

The Company follows ASC 850, *Related Party Disclosures,* for the identification of related parties and disclosure of related party transactions.

4. ACCOUNTS RECEIVABLE, FACTORED

During the years ended February 28, 2015 and 2014, the Company factored receivables of approximately $477,800 and $414,900, respectively. In connection with the factoring agreement, the Company incurred fees of approximately $14,700 and $15,800 during the years ended February 28, 2015 and 2014, respectively. 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:

	February 28, 2015	February 28, 2014
Work-in process	$ 17,888	$ 9,646
Finished goods	270,553	309,702
Raw materials	—	—
Total inventories	$ 288,441	$ 319,348

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6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	February 28, 2015	February 28, 2014
Land	$ 186,045	$ 186,045
Building and improvements	2,814,744	2,799,599
Machinery and equipment	2,249,671	2,224,952
Office furniture and equipment	57,527	88,117
Trucks and automobiles	187,634	178,068
	5,495,621	5,476,781
Less accumulated depreciation	2,976,631	2,821,551
	$ 2,518,990	$ 2,655,230

Depreciation expense for the years ended February 28, 2015 and 2014 was $195,475 and $197,296, respectively.

7. NOTES PAYABLE

Notes payable consist of:

	February 28, 2015	February 28, 2014
Notes payable to the parents of the former president of the Company, stockholders; 10% interest, past maturity.	$ 185,291*	$ 185,291
Notes payable to the parents and sister of the former president of the Company; stockholders; 10% interest; past maturity.	31,697*	31,697
Note payable; related party; 8% interest; due May 2017; secured by common stock	351,955	391,969
Note payable; related party; 6% interest; due May 2017; secured by	21,069	—
Note payable to a financial institution; 6.0% interest; monthly principal and interest payments of $4,865; collateralized by fixed assets; due June 24, 2016	466,167	495,209

		1,056,179		1,104,166
Less current portion		(248,251)		(246,460)
	$	807,928	$	857,706
Notes payable	$	434,904	$	391,969
Notes payable, related parties		373,024		465,737
	$	807,928	$	857,706

*As of February 28, 2015, the notes payable listed above include notes in default totaling $216,987.

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The aggregate principal maturing in subsequent years is:

Year Ending February 28,		
2016	$	248,251
2017		434,904
2018		373,024
2019		—
2020		—
2021		—
Thereafter		—
	$	1,056,179

At February 28, 2015 and 2014, the above notes payable to related parties in the amount of $373,024 and $391,969, respectively, are not necessarily indicative of the terms and amounts that would have been incurred had comparable agreements been made with independent parties.

8. EQUITY

Preferred Stock - Series A

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 28, 2015, preferred dividends in arrears amounted to $118,377 or $1,161 per share.

Preferred Stock - Series B

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 $2,018,904 at February 28, 2015 and 2014. Dividends may be paid in stock at a conversion rate of $1.00 per share. For the years ended February 28, 2015 and 2014, 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.

In written document, the holders of the convertible preferred shares A and B have waived conversion rights since the inception of these preferred issuances until such time that the Company's market price of shares rise sufficiently or the Company amends the capital structure (through reverse split or increase in the authorized shares) or combination of all factors, where by a conversion of any preferred series of stock, or portion thereof, will not exceed the authorized shares of the Company.

Common Stock

The following transactions with our officer's and a related party, in the aggregate amount of $310,000 and 121,568,627 shares of common stock, were reported in Form S8 as filed with the Securities and Exchange Commission on May 1, 2014:

During the year ended February 28, 2015, two executives who are stockholders of the Company deferred $232,400 of compensation earned during this period. The balance due to stockholders at February 28, 2015 and 2014, totaled $1,601,910 and $1,669,510, respectively. The amounts are unsecured, non-interest bearing, and have no specific repayment terms; however, the Company does not expect to repay these amounts within the next year. During the year ended February 28, 2015, the Company issued a total of 58,823,529 shares of common stock to each of the executives valued at $0.0051, in exchange for the reduction $300,000 of deferred compensation.

In April 2014, the Company exchanged $10,000 of debt due to the related party for 3,921,569 shares of common stock. The shares were valued at $0.0051 per share.

During the year ended February 28, 2014, the Company exchanged $391,741 of debt due to related parties for 230,435,870 shares of common stock. The shares were valued at $0.0017 per share. Also, during the year ended February 28, 2014, the Company exchanged $420,000 of debt due to related parties for 132,186,010 shares of common stock. The shares were valued at $0.0032 per share.

The Company issued 10,000,000 shares to an unrelated company in good faith negotiation of a potential acquisition. Shares issued were valued at $21,000, or $0.0021 per share, the fair market value at the date of the exchange. As part of the cross security consideration, the Company expects to receive an equal value of shares from the target company.

Certain notes to related parties have conversion features, whereby, at the holder's option, the notes may be converted, in whole or in part upon written notice, into the Company's common shares at a discount to the fair market value. The Company considered the value of the beneficial conversion features of the notes, and when deemed material, recorded the beneficial conversion value as deferred financing costs and amortized the amount over the period of the loan, charging interest expense. The convertible notes are to related parties, who have the majority of the voting rights. The related parties have waived their conversion rights since the inception of these notes until such time that the Company's market price of shares rise sufficiently or the Company amends the capital structure (through a reverse split or increase in the authorized shares) or combination of all factors, whereby a conversion of any single note, or portion thereof, will not exceed the authorized shares of the Company.

9. 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 28, 2014 and 2013, the Company has 57,400 options available for future issuance under this plan.

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, 2014 and 2013, 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 28, 2015 and 2014, 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, 2013	362,500	0.27
Granted	—	
Exercised	—	
Expired, forfeited	(362,500)	
Options outstanding, February 28, 2014	—	
Granted	—	
Exercised	—	
Expired, forfeited	—	
Options outstanding, February 28, 2015	—	

10. INCOME TAXES

The Company has incurred significant operating losses since its inception and, therefore, no tax liabilities have been incurred for the periods presented. As of February 28, 2015, the amount of unused tax losses available to carry forward and apply against taxable income in future years totaled approximately $35,759,900. The loss carry forwards began expiring 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, are as follows:

	February 28, 2015	February 28, 2014
Unused operating loss carryforwards	$ 7,177,800	$ 7,115,000
Excess depreciation for tax purposes over the amount for financial reporting purposes	—	—
Deferred compensation	613,200	534,200
Gain on disposal	—	—
Write down in the value of investment	—	—
Other	—	—

	7,791,000	7,649,200
Valuation allowance	(7,791,000)	(7,649,200)
	$ —	$ —

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The valuation allowance increased by $141,800 during the year ended February 28, 2015. 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 28, 2015 and 2014.

	2015	2014
Statutory benefit	$ (62,800)	$ (54,000)
State tax benefit, net of federal effect	(9,200)	(8,400)
Nondeductible expenses	—	—
Increase in deferred income tax valuation allowance	72,000	62,400
	$ —	$ —

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.

We are subject to income tax audits by the Internal Revenue Service for the years 2013 – 2015.

11. RELATED PARTY TRANSACTIONS

During the years ended February 28, 2015 and 2014, two executives who are stockholders of the Company deferred $232,400 and $232,400, respectively, of compensation earned during the year. The balance due to stockholders at February 28, 2015 and 2014, totaled $1,601,910 and $1,669,510, respectively. The amounts are unsecured, non-interest bearing, and have no specific repayment terms; however, the Company does not expect to repay these amounts within the next year. During the year ended February 28, 2015, the Company issued 58,823,529 shares of common stock in settlement of $300,000 of deferred compensation to each of the two executives. The stock was valued at $0.0051.

In April 2014, the Company exchanged $10,000 of debt due to the related parties for 3,921,569 shares of common stock. The shares were valued at $0.0051 per share.

During the year ended February 28, 2014, the Company exchanged $391,741of debt due to related parties for 230,435,870 shares of common stock. The shares were valued at $0.0017 per share. Also, during the year ended February 28, 2014, the Company exchanged $420,000 of debt due to related parties for 132,186,010 shares of common stock. The shares were valued at $0.003 per share.

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

12. SEGMENT INFORMATION

The Company had two reportable segments during 2015 and 2014; manufacturing and other. For the year ended February 28, 2015 and 2014 the Company has included segment reporting.

For the year ended February 28, 2015, information regarding operations by segment is as follows:

		Manufacturing	**Other (a)**		**Total Continuing Operations**
Revenue	$	2,239,335	-	$	2,239,355
Interest expense	$	63,031	27,329		90,360
Depreciation	$	195,475	-		195,475
Net income (loss)	$	181,519	(311,644)		(130,125)
Property and equipment, net of accumulated depreciation	$	2,518,990	-		2,518,990
Segment assets	$	3,224,955	1,617,913		4,842,868

For the year ended February 28, 2014, information regarding operations by segment is as follows:

		Manufacturing	Other (a)	Total Continuing Operations
Revenue	$	2,665,838		$ 2,665,838
Interest expense	$	67,580	47,471	115,051
Depreciation	$	197,296	-	197,296
Net income (loss)	$	294,958	(464,019)	(169,061)
Property and equipment, net of accumulated depreciation	$	2,665,230	-	2,655,230
Segment assets	$	3,339,633	1,516,746	4,856,379

(a) The "other" segment is mainly related to the holding company expenses and general overhead, as well as the stock based compensation awards.

Segment 1, manufacturing, consists of International Machine and Welding, Inc. and derives its revenues from machining operations, sale of parts and service.

The manufacturing segment, International Machine and Welding, Inc. has a broad and diverse base of customers. The segment does have a significant customer which accounts for 48.44% of total sales; the loss of this customer would have a material adverse effect on the segment. Also, this segment generates a significant amount of revenues from sales and services provided to three different industries.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were issued. Based on our evaluation no other events have occurred requiring adjustment or disclosure.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no disagreements with accountants on accounting and financial disclosure.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain “disclosure controls and procedures,” as such term is defined in Rules 13a-15(e) 15d-15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, Daniel Hefner our chief executive officer and Frank Puissegur our chief financial officer, to allow timely decisions regarding required disclosure.

The company’s chief executive officer and chief financial officer, after evaluating the effectiveness of the design and operation of the company’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(f)) as of February 28, 2015 concluded that as of such date the company’s disclosure controls and procedures were inadequate and ineffective and there were material weaknesses due to insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements and ineffective controls over period end financial disclosure and reporting processes.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the management is responsible for establishing and maintaining preparation of financial statements for external purposes consistent with generally accepted accounting principles in the United States. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Our chief executive officer and chief financial officer evaluated the effectiveness of our internal control over financial reporting as of February 28, 2015. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework 2011. Based on this evaluation, our CEO and CFO concluded that, as of February 28, 2015, our internal control over financial reporting was not effective due to material weaknesses in the system of internal control. A material weakness is a deficiency, or combination of deficiencies, that creates a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected in a timely manner.

The material weaknesses assessed by our management were (1) we have not implemented measures that would prevent the chief executive officer and the chief financial officer from overriding the internal control system and (2) our board of directors has determined that our audit committee does not have an independent "financial expert" as such term is defined under federal securities law; (3) lack of a majority of outside directors on our board of directors, potentially resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; and, (4) inadequate segregation of duties consistent with control objectives and affecting the functions of authorization, recordkeeping, custody of assets, and reconciliation.

We do not believe that these material weaknesses have resulted in deficient financial reporting because both the chief executive officer and the chief financial officer are aware of their responsibilities under the SEC's reporting requirements and they both personally certify our financial reports.

Accordingly, while we have identified material weaknesses in our system of internal control over financial reporting, we believe we have taken reasonable steps to ascertain that the financial information contained in this report is in accordance with generally accepted accounting principles. Our management has determined that current resources would be appropriately applied elsewhere and when resources permit, it will address and remediate material weaknesses through implementing various controls or changes to controls. At such time as we have additional financial resources available to us, we intend to enhance our controls and procedures. We will not be able to assess whether the steps we intend to take will fully remedy the material weakness in our internal control over financial reporting until we have fully implemented them and sufficient time passes in order to evaluate their effectiveness.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) or Rule 15d-15(d) that occurred during the year ended February 28, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Auditor's Report on Internal Control over Financial Reporting

This Annual Report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report.

ITEM 9B. OTHER INFORMATION

None

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Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

Name	Age	Positions with the Company
Robert E. Maxwell	80	Chairman of the Board and Director
Frank D. Puissegur	56	Chief Financial Officer and Director
Daniel L. Hefner	64	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. 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 in 1982 with his certificate from the State of Florida and created a sole practitioner office the same year. 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 of 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 auditor. The Audit Committee also reviews and evaluates the Company’s internal control functions. The board of directors has determined that the audit committee does not have an independent “financial expert”; as such term is defined under federal securities law.

CODE OF ETHICS

We have adopted a code of ethics meeting the requirements of Section 406 of the Sarbanes-Oxley Act of 2002. We believe our code of ethics is reasonably designed to deter wrong doing and promote honest and ethical conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of violations; and provide accountability for adherence to the provisions of the code of ethics.

ITEM 11. EXECUTIVE COMPENSATION

The following summary compensation table sets forth cash and non-cash compensation awarded, paid or accrued, for the past two 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”).

SUMMARY COMPENSATION TABLE

Summary Compensation Table

Name Principal Positions	Year Ended	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($) (A)	All Other Compensation ($)	Total ($)
Daniel Hefner,	2015	150,000	—	—	—	—	150,000
	2014	150,000	—	—	—	—	150,000

President and Chief Executive Officer	2013	150,000	—	—	—	—	150,000
Robert Maxwell, Chairman of the Board	2015	150,000	—	—	—	—	150,000
	2014	150,000	—	—	—	—	150,000
	2013	150,000	—	—	—	—	150,000
Frank Puissegur Chief Financial Officer	2015	—	—	—	—	—	—
	2014	—	—	—	—	—	—
	2032	—	—	—	—	—	—

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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 provided 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 served without agreement until 2006. 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, this agreement remains in effect.

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 Non Qualifying 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 28, 2015 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 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, 2015, 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 28, 2015, the Company has no options available for future issuance under this plan.

At February 28, 2015, 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 28, 2015 and 2014 to the Named Executive Officers covered by the Salary Compensation Table.

OPTION GRANTS TO NAMED EXECUTIVES IN LAST FISCAL YEAR

During 2015, 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 2014, the number of stock options held on February 28, 2015 and the realizable gain of stock options that are "in-the-money."

Name	Shares Acquired or Exercised (#)	Value Realized	Number of Securities Underlying Unexercised Options at Fiscal Year End		Value of Unexercised In-the-Money Options At Fiscal Year End	
			Exercisable (#)	Unexercisable (#)	Exercisable $	Unexercisable $
	-	-	-	-	-	-

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding the beneficial ownership of the Company's outstanding Common Stock as of February 28, 2015, 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.

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	440,837,595	38.08%
Frank D. Puissegur 1400 Chamber Drive Bartow, FL	3,000,000	0.0029 %**
Daniel L. Hefner (4) 1400 Chamber Dr. Bartow, FL	516,496,499	44.61%
All Directors and Executive Officers as a Group (3 persons)(5)		82.69%

(**) 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) 92,212,681 shares of Common Stock beneficially owned as the President of International Commerce and Finance, Inc.

(4) Includes (a) 36,946,360 shares of Common Stock held personally

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

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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, 2015 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)	38.09%
Frank Puissegur	*
Daniel L. Hefner (2)	44.63%
All directors and executive officers as a group (3 persons)	82.72%
International Commerce and Finance (4)	22.45%

* Less than 1%

(1) Based upon 1,157,290,573 outstanding shares of common stock, 102 outstanding shares of Series A Preferred Stock and 3,944 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 February 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 414,955,105 shares of Common Stock.

(3) Includes 348,360 shares of Common Stock held by his spouse Barbara Maxwell, and 1,376,671 shares of Common Stock beneficially owned by CALB.

(4) Consisting of 259,833,285 shares of Common Stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

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 28, 2015 and 2014, two executives who are stockholders of the Company deferred $232,400 and $167,600, respectively, of compensation earned during the year. During the year end, these executives agreed to convert $300,000 of deferred compensation into 117,647,098 shares of restricted common stock. The balance due to stockholders at February 28, 2015 totaled $1,601,910. The amounts are unsecured, non-interest bearing, and have no specific repayment terms.

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 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

During 2015 and 2014, we were billed by our accountant, Messineo & Co., CPAs, LLC, approximately $13,500 and $18,500 for audit and review fees associated with our 10-K and 10-Q filings.

Audit related fees

None

Tax Fees

None.

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.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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**
31.1	Certification of the Chief Financial Officer	
31.2	Certification of the Chief Executive Officer	
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Chief Financial Officer	
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer	

101.INS **	XBRL Instance Document
101.SCH **	XBRL Taxonomy Extension Schema Document
101.CAL **	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF **	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB **	XBRL Taxonomy Extension Label Linkbase Document
101.PRE **	XBRL Taxonomy Extension Presentation Linkbase Document

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

(b) Reports on Form 8-K

None

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	AMERICAN COMMERCE SOLUTIONS, INC.
Date: June 4, 2015	By:*/s/ Daniel L. Hefner* Daniel L. Hefner President
Date: June 4, 2015	By:*/s/ Frank D. Puissegur* Frank D. Puissegur CFO and Chief Accounting Officer