

AMERICAN COMMERCE SOLUTIONS Inc  
Form 10-K  
May 31, 2011

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549

FORM 10-K

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

For the fiscal year ended February 28, 2011

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

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

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

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

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant 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  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.

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$307,232 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 25, 2011, the Registrant had 329,691,576 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.

American Commerce Solutions, Inc. (the "Company" or "American Commerce") is a multi-industry holding company for its operating subsidiaries. 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.

Chariot Manufacturing Company ("Chariot"), which was acquired on October 11, 2003 from a related party, manufactured motorcycle trailers with fiberglass bodies. These trailers were sold on the retail level. Chariot also provided non-warranty repairs and modification of existing Chariot Trailers. Chariot had also begun manufacturing fiberglass septic tanks and other fiberglass parts under contract with Tampa Fiberglass, Inc., owned by ACS affiliates.

During the year ended February 28, 2010, the Board of Directors of American Commerce Solutions, Inc. divested Chariot and the fiberglass manufacturing segment in favor of expansion of machining, fabricating, erecting and construction operations. Additional segments being considered are manufacturing supply operations, consumer products and commercial construction support services.



## 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 locations 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.

## FIBERGLASS SEGMENT – DISCONTINUED OPERATION

The Fiberglass Segment through Chariot Manufacturing Company produced a line of fiberglass trailers suitable for a wide range of uses. Some of the uses included the transportation of motorcycles, ATVs, personal watercraft, small vehicles, vending, mobile fiber optic workstations, utility and other specialized applications. The trailers were available in both open and enclosed configurations. The fiberglass unibody construction of the product is stronger, yet lighter than conventional aluminum and steel trailers. The Chariot trailer has a steel tube sub frame, which is tucked up inside the fiberglass body reducing drag. Since the body is molded in fiberglass, the shape can be optimized to reduce drag. The overall shape, coupled with the light weight of the trailer also improves gas mileage while towing. The trailers can be fitted with optional features such as custom interiors and sleeper options.

Chariot also produced fiberglass components for an affiliated company, Tampa Fiberglass, Inc.

During the year ended February 28, 2010, the Board of Directors of American Commerce Solutions, Inc. divested Chariot and the fiberglass manufacturing operations and therefore, the operations of this segment are shown as discontinued operations for the year ended February 28, 2010.

## 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 not rely on any single customer, 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 17% of the division's revenues in fiscal 2011 compared to 18% in fiscal 2010, while the industrial and mining industries accounted for approximately 19% and 62% in fiscal 2011 compared to 27% and 52% in fiscal 2010, 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, 2011, one of the Company's customers accounted for approximately 51% of total revenues. This customer was Mosaic Company.

## EMPLOYEES

At February 28, 2011, the Company and its subsidiaries had 19 full-time employees and the parent operation has two 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 subsidiaries, 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 subsidiaries. These forward-looking statements are typically identified by words or phrases such as “believe,” “expect,” “anticipate,” “plan,” “estimate,” “intend,” and other similar words and 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, 2011 of \$19,076,470 and net loss to common shareholders of \$385,280 for the year ended February 28, 2011. The Company had an accumulated deficit of \$18,691,190, and net loss to common shareholders of \$711,531 for the year ended February 28, 2010. 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, 2011. 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 or 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 2010. 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, 2011 the price of our common shares has ranged from \$0.001 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. DESCRIPTION OF PROPERTY

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 Valrico State Bank, originally at \$875,000 encumbers this building. As of February 28, 2011, the balance on this note is \$642,381. During the year ended February 28, 2010, the Company entered into a refinancing arrangement with a financial institution to refinance the loan at 7% 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 the Company's fixed assets and 1,000,000 shares of the Company's common stock.

#### ITEM 3. LEGAL PROCEEDINGS

None.

#### ITEM 4. RESERVED

### PART II

#### ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

##### 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
<b>FISCAL 2011</b>		
First Quarter (March 1, 2010 through May 31, 2010)	\$0.0025	\$0.001
Second Quarter (June 1, 2010 through August 31, 2010)	\$0.0027	\$0.0013
Third Quarter (September 1, 2010 through November 30, 2010)	\$0.005	\$0.0017
Fourth Quarter (December 1, 2010 through February 28, 2011)	\$0.003	\$0.0016
<b>FISCAL 10</b>		
First Quarter (March 1, 2009 through May 31, 2009)	\$0.045	\$0.001
Second Quarter (June 1, 2009 through August 31, 2009)	\$0.0049	\$0.002
Third Quarter (September 1, 2009 through November 30, 2009)	\$0.0045	\$0.0015
Fourth Quarter (December 1, 2009 through February 28, 2010)	\$0.003	\$0.0011

On February 28, 2011 the closing bid price of the Company's Common Stock as reported by the OTCBB was \$0.0016 and there were approximately 1,204 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	362,500	\$ 0.27	57,400
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

Not applicable.

## 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

The Company owned two subsidiaries that operated in the manufacturing segment and the fiberglass segment during the fiscal year ended February 28, 2010. To facilitate the readers understanding of the Company's financial performance, this discussion and analysis is presented on a segment basis.

### MANUFACTURING SEGMENT

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

### FIBERGLASS SEGMENT

Chariot Manufacturing Company manufactures a variety of fiberglass parts, as well as, motorcycle trailers with fiberglass bodies and other fiberglass parts by contract with affiliate owned Tampa Fiberglass, Inc. These trailers are sold both on the retail level and dealer levels. The company also provides non warranty repairs and modification of existing Chariot Trailers. Effective June 1, 2009, Chariot was sold and is classified as a discontinued operation for the year ending February 28, 2010.

## FISCAL YEAR 2011 COMPARED TO FISCAL YEAR 2010

### General

The Company's consolidated net sales increased to \$2,281,717 for the fiscal year ended February 28, 2011, a decrease of \$67,568 or 3%, from \$2,349,285 for the fiscal year ended February 28, 2010. The decrease is due to the downturn in the economy.

Gross profit for the consolidated operations increased to \$1,194,115 for the fiscal year ended February 28, 2011 from \$1,145,829 for the fiscal year ended February 28, 2010. Gross profit as a percentage of sales increased in fiscal year 2011 to 52% from 49% in fiscal year ended 2010. The increase in gross profit margin was due to a combination of International Machine & Welding receiving better pricing from its vendors and the mix of jobs during the quarter.

Consolidated interest expense in fiscal 2011 was \$182,130 compared to \$191,490 in fiscal 2010. The decrease in interest expense is due to the Company reducing the overall debt during the year.

Consolidated interest income in fiscal 2011 was \$29,299 compared to \$90,777 in fiscal 2010. The decrease in interest income is due to the discount on the note receivable becoming fully amortized during the fiscal year ended February 28, 2011.

Selling, general and administrative expenses decreased to \$1,426,564 for fiscal 2011 from \$1,558,883 for fiscal 2010, a decrease of \$162,319 or 10%. The decrease in selling, general and administrative expenses is due to better control over costs.



The Company incurred a net consolidated loss of \$385,280 for the year ended February 28, 2011 compared to \$711,531 net income for the year ended February 28, 2010.

## Manufacturing Segment

The manufacturing operation, International Machine and Welding, Inc. provided net sales of \$2,281,717 for the fiscal year ended February 28, 2011 compared to \$2,349,285 for the fiscal year ended February 28, 2010. The machining operations provided \$669,207 or 29% of net sales with parts and service providing \$1,612,510 or 71% of net sales for the fiscal year ended February 28, 2011 as compared to machining operations contributing \$635,252 or 27% of net sales with parts and service providing \$1,714,033 or 73% of net sales for the fiscal year ended February 28, 2010.

Gross profit from International Machine and Welding, Inc. was \$1,194,115 for the fiscal year ended February 28, 2011 compared to \$1,145,829 in fiscal 2010 providing gross profit margins of 52% and 49%, respectively. The increase is due to a combination of International Machine and Welding receiving better pricing from its vendors and the mix of jobs during the quarter

Selling, general and administrative expenses for International Machine and Welding, Inc. were \$1,007,187 for the fiscal year ended February 28, 2011 compared to \$939,264 or the fiscal year ended February 28, 2010. The increase in selling, general and administrative expenses is due to a decrease in the expenses passed on to the parent company.

Interest expense was \$132,532 for the fiscal year ended February 28, 2011 compared to \$142,132 for the fiscal year ended February 28, 2010. The decrease in interest expense is due to the Company reducing the overall debt.

Interest income was \$5,413 for the fiscal year ended February 28, 2011 compared to \$18,913 for the fiscal year ended February 28, 2010. The decrease in interest income is due to the Company fully amortizing the discount on the note receivable issued on June 1, 2009 during the year ended February 28, 2011.

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.

## LIQUIDITY AND CAPITAL RESOURCES

During the fiscal years ended February 28, 2011 and 2010, the Company used net cash for operating activities of \$205,504 and \$41,560, respectively. The decrease in use of cash is mainly due to the gain on the sale of Chariot.

During the years ended February 28, 2011 and 2010, the Company used funds for investing activities of \$53,076 and \$275,561, respectively. This increase in cash used from investing activities is mainly due to the increase in other receivables related to the sale of Chariot.

During the years ended February 28, 2011 and 2010, the Company provided cash from financing activities of \$277,946 and \$326,364, respectively. The decrease in net cash provided by financing activities is due to the decrease in the cash received from the issuance of notes payable.

Cash flows from financing activities provided for working capital needs and principal payments on long-term debt through fiscal 2011. As of February 28, 2011, the Company had a working capital deficit of \$859,093. 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.

#### SEASONALITY

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

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

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

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

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

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

## NEW ACCOUNTING PRONOUNCEMENTS

For a description of recent accounting standards, including the expected dates of adoption and estimated effects, if any, on our financial statements, see "Note 3: Significant Accounting Policies: Recent Accounting Standards" in Part II, Item 8 of this Form 10-K.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

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ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

American Commerce Solutions, Inc. and Subsidiaries

As of February 28, 2011 and 2010 and for the

Years Then Ended

Report of Independent Registered Public Accounting Firm

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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

I have audited the consolidated balance sheet of American Commerce Solutions, Inc. and Subsidiary as of February 28, 2011 and 2010 and the related statements of operations, changes in stockholders' deficit, and cash flows for the years then ended. These consolidated financial statements were the responsibility of the Company's management. My responsibility was to express an opinion on these consolidated financial statements based on my audit.

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

In my 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, 2011 and 2010, and the results of its operations and its 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 the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred recurring losses from continuing operations, has negative working capital and has used significant cash in support of its operating activities. Additionally, as of February 2011 the Company is in default of several notes payable. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Further information and management's plans in regard to this uncertainty were also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Peter Messineo, CPA  
Palm Harbor, Florida  
May 30, 2011

## American Commerce Solutions, Inc. and Subsidiaries

## Consolidated Balance Sheets

	February 28, 2011	February 28, 2010
Assets		
Current assets:		
Cash	\$ 29,655	\$ 10,289
Accounts receivable, net of allowance of \$0 and \$3,500, respectively	70,839	—
Accounts receivable, factored	13,163	62,233
Inventories	213,557	202,165
Note receivable, related party, net of unamortized discount of \$0 and \$20,709, respectively	1,009,792	989,084
Due from related party	561,644	556,231
Other receivables	73,662	25,999
<b>Total current assets</b>	<b>1,972,312</b>	<b>1,846,001</b>
Property and equipment, net of accumulated depreciation of \$2,250,218 and \$2,197,381, respectively	3,071,599	3,259,954
Prepaid loan costs paid with common stock	22,047	21,734
Other assets	11,128	13,528
	<b>\$ 5,077,086</b>	<b>\$ 5,141,217</b>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of notes payable	\$ 1,308,647	\$ 1,296,668
Current portion of notes payable, related party	642,925	609,163
Accounts payable; including related party balances of \$77,812 and \$103,211, respectively	307,371	387,863
Accrued expenses	161,195	159,398
Accrued interest	411,267	316,543
Deferred revenue	—	14,097
<b>Total current liabilities</b>	<b>2,831,405</b>	<b>2,783,732</b>
Notes payable, net of current portion	10,406	35,473
Due to stockholders	1,772,310	1,539,910
<b>Total Liabilities</b>	<b>4,614,121</b>	<b>4,359,115</b>
Stockholders' equity:		
Preferred stock, total authorized 5,000,000 shares:		
Series A; cumulative and convertible; \$.001 par value; 600 shares authorized; 102 shares issued and outstanding; liquidating preference \$376,125	—	—



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Series B; cumulative and convertible; \$.001 par value; 3,950 shares authorized; 3,944 shares issued and outstanding; liquidating preference \$3,944,617	3	3
Common stock; \$.002 par value; 350,000,000 shares authorized; 329,691,576 and 283,918,566 shares issued; 329,169,576 and 283,396,566 shares outstanding, respectively	659,384	567,838
Additional paid-in capital	19,155,574	19,180,977
Stock subscription receivable	(10,000)	(10,000)
Treasury stock, at cost	(265,526)	(265,526)
Accumulated deficit	(19,076,470)	(18,691,190)
Total stockholders' equity	462,965	782,102
	\$ 5,077,086	\$ 5,141,217

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

American Commerce Solutions, Inc. and Subsidiaries  
Consolidated Statements of Operations

	Years Ended February 28,	
	2011	2010
Net sales	\$ 2,281,717	\$ 2,349,285
Cost of goods sold	1,087,602	1,203,456
Gross profit	1,194,115	1,145,829
Selling, general and administrative expenses	1,426,564	1,588,883
Loss from operations	(232,449)	(443,054)
Other income (expense):		
Other	—	(13,718)
Interest expense	(182,130)	(191,490)
Interest income	29,299	90,777
Total other (expense)	(152,831)	(114,431)
Loss from continuing operations before income tax	\$ (385,280)	\$ (557,485)
Income taxes	—	—
Loss from continuing operations	\$ (385,280)	\$ (557,485)
Discontinued operations:		
Gain on sale of discontinued fiberglass division (net of tax)	—	1,339,172
Loss from operation of discontinued fiberglass division (net of tax)	—	(70,156)
Net (loss) income available to common stockholders	(385,280)	1,269,016
Net loss per common share from continuing operations	\$ (0.00)	\$ (0.00)
Net loss per common share from discontinued operations	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	313,619,293	277,702,373

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



American Commerce Solutions, Inc. and Subsidiaries  
 Consolidated Statements of Changes in Stockholders' Equity  
 Years Ended February 28, 2011 and 2010

	Common Stock		Preferred Stock	
	Shares	Amount	Shares	Amount
Balance, February 28, 2009	267,291,522	\$ 534,584	3,944	\$ 3
Common shares issued for guaranty	8,313,522	16,627		
Common shares issued for pledge of assets	8,313,522	16,627		
Net loss				
Balance, February 28, 2010	283,918,566	\$ 567,838	3,944	\$ 3
Common shares issued for guaranty	22,886,505	45,773		
Common shares issued for pledge of assets	22,886,505	45,773		
Net income				
Balance, February 28, 2011	329,691,576	\$ 659,384	3,944	\$ 3

Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total
\$19,144,980	\$(265,526)	\$(19,402,721)	\$1,320
17,998			34,625
17,999			34,626
		711,531	711,531
\$19,180,977	\$(265,526)	\$(18,691,190)	\$782,102
(12,702)			33,071
(12,701)			33,072
		(385,280)	(385,280)
\$19,155,574	\$(265,526)	\$(19,076,470)	\$462,965

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

American Commerce Solutions, Inc. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended February 28, 2011 and 2010

	2011	2010
Operating activities:		
Net (loss) income	\$ (385,280)	\$ 711,531
Adjustments to reconcile net (loss) income to net cash used by operating activities:		
Depreciation and amortization	193,399	249,024
Amortization of loan costs	65,830	47,517
Amortization of discount on notes receivable	(20,708)	(57,759)
Loss (gain) on sale of equipment	—	13,410
Gain on sale of fiberglass division	—	(1,339,172)
Decrease (increase) in allowance for doubtful accounts	(4,850)	4,850
(Increase) decrease in:		
Accounts receivables	(65,989)	12,502
Inventories	(11,392)	(19,258)
Other assets	2,400	201,656
Increase (decrease) in:		
Accounts payable and accrued expenses	40,227	102,985
Deferred income	(14,097)	31,154
Net cash used by operating activities	(200,460)	(41,560)
Investing activities:		
(Increase) decrease in other receivables	(53,076)	(273,426)
Proceeds from sale of property and equipment	—	20,507
Acquisition of property and equipment	(5,044)	(22,642)
Net cash used by investing activities	(58,120)	(275,561)
Financing activities:		
Increase in bank overdraft	—	583
(Increase) decrease in due from factor	49,070	(11,677)
Proceeds from notes payable and long-term debt	157,421	208,703
Principal payments on notes payable	(160,945)	(103,645)
Increase in due to stockholders	232,400	232,400
Net cash provided by financing activities	277,946	326,364
Net increase in cash	19,366	9,243
Cash, beginning of period	10,289	1,046

Cash, end of period	\$	29,655	\$	10,289
Supplemental disclosures of cash flow information and noncash investing and financing activities:				
Cash paid during the period for interest	\$	38,112	\$	49,356

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During the year ended February 28, 2010, the Company sold the stock and assets of the Fiberglass subsidiary to Public Acquisition Company, Inc. ("PAC") which is owned by the President of the Fiberglass Subsidiary and a shareholder of the Company, in exchange for a one year, non-interest bearing, term note of \$1,009,792, which may be settled in cash or stock, and the assumption of \$1,102,291 of liabilities.

During the year ended February 28, 2010, the Company sold property and equipment valued at \$253,230 to PAC for a one year, non-interest bearing, term note of \$263,940, which may be settled in cash or stock.

During the year ended February 28, 2011 and 2010, the Company issued 45,773,010 and 16,627,044 shares of common stock to a related party and related company, respectively, valued at \$66,142 and \$69,251, respectively, in exchange for guarantees of a note payable. As of February 28, 2011 and 2010, \$65,830 and \$47,517, respectively, of these guaranty fees have been amortized.

During the year ended February 28, 2011 and 2010, the Company increased notes payable by \$24,199 and \$24,198, respectively for an accrual of interest.

During the year ended February 28, 2011 the Company wrote off fixed assets with a cost of \$140,582, which were fully depreciated.

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

American Commerce Solutions, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
As of February 28, 2011 and 2010 and for the  
Years Ended February 28, 2011 and 2010

### 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").

The Company is primarily a holding company with two wholly owned subsidiaries; International Machine and Welding, Inc. is engaged in the machining and fabrication of parts used in heavy industry, and parts sales and service for heavy construction equipment; Chariot Manufacturing Company, Inc., which was acquired on October 11, 2003 from a related party, manufactures motorcycle trailers with fiberglass bodies and other fiberglass parts by contract with affiliate owned, Tampa Fiberglass, Inc. Effective June 1, 2009, Chariot was sold and is classified as a discontinued operation, see Note 14.

### 2. GOING CONCERN

The Company has incurred substantial operating losses since inception and has used approximately \$205,504 of cash in operations for the year ended February 28, 2011. The Company recorded losses from continuing operations of \$385,280 and \$557,485 for the years ended February 28, 2011 and 2010, respectively. Current liabilities exceed current assets by \$859,093 at February 28, 2011. Additionally, the Company is in default on several notes payable. These factors raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon its ability to reverse negative operating trends, raise additional capital, and obtain debt financing.

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are:

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



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

Cash is maintained with major financial institutions in the United States. Deposits with this bank may exceed the amount of insurance provided on such deposits. Temporary cash investments with an original maturity of three months or less are considered to be cash equivalents.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable. Accounts receivable consist of billed services or products. The Company records an allowance for doubtful accounts to allow for any amounts that may not be recoverable, which is based on an analysis of the Company's prior collection experience, customer credit worthiness, and current economic trends. Based on management's review of accounts receivable, an allowance for doubtful accounts of \$0 and \$3,500 is considered adequate at February 28, 2011 and 2010, respectively. 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.

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, which assumes the credit risk. Based on the Factoring Company's collections of these invoices the Company may receive additional consideration of up to 20%. 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.

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

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

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

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

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, 2011 and 2010, the Company incurred amortization expense of \$65,830 and \$47,517, respectively.

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

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

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 are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. 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 year ended February 28, 2011 and 2010.

The Company recognizes all share-based payments to employees, including grants of employee stock options, as compensation expense in the financial statements based on their fair values. That expense will be 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 awards issued to non-employees for services and financing arrangements, as prescribed by FASB ASC 505-50, Equity-Based Payments to Non-Employees, at either the fair value of the services rendered or the instruments issued in exchange for such services, whichever is more readily determinable. The fair value of common stock issued for services is based on the closing stock price on the date the common stock was issued.

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In September 2006, the Financial Accounting Standards Board (FASB) introduced a framework for measuring fair value and expanded required disclosure about fair value measurements of assets and liabilities. The Company adopted the standard for those financial assets and liabilities as of the beginning of the 2008 fiscal year and the impact of adoption was not significant. FASB Accounting Standards Codification (ASC) 820 “Fair Value Measurements and Disclosures” (ASC 820) 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, 2011. 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.

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

The Company adopted the provisions of FASB ASC 740-10 “Uncertainty in Income Taxes” (ASC 740-10), on January 1, 2007. The Company has not recognized a liability as a result of the implementation of ASC 740-10. A reconciliation of the beginning and ending amount of unrecognized tax benefits has not been provided since there is no unrecognized benefit since the date of adoption. The Company has not recognized interest expense or penalties as a result of the implementation of ASC 740-10. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

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

Basic and diluted earnings per share are computed by dividing net income (loss) by the weighted-average number of shares of common shares outstanding during the year. Diluted earnings per share are computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding and dilutive options outstanding during the year. Common stock to be issued upon conversion of preferred stock, convertible debt and common stock options has not been included in dilutive earnings per share due to the Company's losses and their anti-dilutive effect.

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

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## 4. ACCOUNTS RECEIVABLE, FACTORED

During the years ended February 28, 2011 and 2010, the Company factored receivables of approximately \$1,216,017 and \$1,763,537, respectively. In connection with the factoring agreement, the Company incurred fees of approximately \$40,200 and \$64,300 during the years ended February 28, 2011 and 2010, respectively. As of February 28, 2011 and 2010, certain customers had remitted \$0 and \$9,581, respectively, to the Company on factored receivables; the Company has recorded these amounts as due to the factor and included them in accrued expenses on the accompanying consolidated balance sheets. 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, 2011	February 28, 2010
Work-in process	\$ 10,310	\$ 6,360
Finished goods	203,247	186,805
Raw materials	—	9,000
Total inventories	\$ 213,557	\$ 202,165

## 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	February 28, 2011	February 28, 2010
Land	\$ 186,045	\$ 186,045
Building and improvements	2,702,512	2,702,512
Machinery and equipment	2,180,840	2,310,608
Office furniture and equipment	86,006	91,756
Trucks and automobiles	166,414	166,414
	5,321,817	5,457,335
Less accumulated depreciation	2,250,218	2,197,381
	\$ 3,071,599	\$ 3,259,954

Depreciation expense for the years ended February 28, 2011 and 2010 was \$193,399 and \$249,024, respectively.

## 7. NOTES PAYABLE

Notes payable consist of:

	February 28, 2011	February 28, 2010
Notes payable to the parents of the former president of the Company, stockholders; 10% interest, past maturity, unsecured	\$ 185,291	\$ 185,291
Notes payable to the parents and sister of the former president of the Company; stockholders; 10% interest; past maturity; unsecured	31,697	31,697
Note payable; related party; no interest; past maturity, unsecured	29,304	29,304
Note payable; related party; 12% interest; due on demand; unsecured	63,928	63,928
Note payable; related party; 3% fee for the first 30 days, 16.5% interest thereafter; due on demand; convertible into common stock at a 10% discount per share (a)	48,000	48,000
Note payable; related party; 3% fee for the first 30 days, 16.5% interest thereafter; due on demand; convertible into common stock at a 15% discount per share (a)	58,448	58,448
Note payable; related party; 15% interest; due on demand; unsecured	102,423	116,394
Note payable; related party; no interest; due on demand; unsecured	24,800	—
Note payable; related party; 18% interest; due on demand; unsecured	50,688	52,188
Note payable; related party; 15% interest; due on demand; unsecured	24,046	24,046
Notes payable; related party; 15% interest; due on demand; unsecured	18,735	18,735
Notes payable, individual, past maturity, interest payable in the amount of \$10,000, in addition to principal, unsecured	10,000	10,000
Note payable; related party; 15% interest; due on demand; unsecured	21,069	—
Note payable; related party; 15% interest; due on demand; unsecured	37,382	37,382
Note payable; related party; 10% interest; due March 22, 2009; unsecured	—	500
Note payable; related party; non-interest bearing; due on demand; unsecured	—	1,135
Note payable; 13.99% interest; due September 23, 2013; secured by a vehicle	13,837	18,203
Note payable; related party; 8% interest; due November 11, 2010; secured by common stock, convertible into common shares at a 15% discount to market price (a)	12,500	12,500
Note payable; related party; 8% interest; due November 11, 2010; secured by common stock (a)	19,800	19,800
Note payable; related party; 8% interest; due on demand; unsecured	15,000	15,000
Note payable; related party; 25% interest; due on demand; unsecured	20,000	20,000
Note payable; related party; 8% interest; due on demand; unsecured	52,403	47,403
Note payable; related party; 8% interest; due one year from date of issue beginning October 14, 2009; unsecured, convertible into common stock at a 15% discount per share (a) (b)	34,500	34,500
Note payable; related party; 8% interest; due on demand; unsecured	9,900	9,900
Note payable to Internal Revenue Service pursuant to a Chapter 11 reorganization plan; 8% interest; secured by tax lien; past maturity	435,846	412,147
Note payable to a financial institution; 7.0% interest; monthly principal and interest payments of \$6,610; collateralized by fixed assets and 1,000,000 shares of common stock owned by a stockholder; guaranteed by a stockholder; due April 2012	642,381	674,803
	1,961,978	1,941,304
Less current portion	(1,951,572)	(1,905,831)

	\$10,406	\$35,473
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As of February 28, 2011, the notes payable listed above include \$699,722, which are currently in default.

- (a) Notes have conversion feature, whereby, at the holder's option, the note may be converted, in whole or partial 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 note, 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, whom 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 reverse split or increase in the authorized shares) or combination of all factors, where by a conversion of any single note, or portion thereof, will not exceed the authorized shares of the Company.
- (b) Default provision in the October 14, 2009 note, to a related party, totaling \$34,500 states that voting control of 51% of the maker of the note shall be transferred until such time as the full principal and interest and penalty (10%) has been paid. The related party has common management to ACS's controlling vote, whereby the default provision, if exercised, would not change from the existing controlling vote.

The aggregate principal maturing in subsequent years is:

Year Ending February 28,	
2012	1,951,572
2013	6,578
2014	3,828
2015	—
Thereafter	—
	\$1,961,978

At February 28, 2011 and 2010, the above notes payable to related parties in the amount of \$642,925 and \$609,163, respectively, are not necessarily indicative of the terms and amounts that would have been incurred had comparable agreements been made with independent parties.

## 8. CONVERTIBLE PREFERRED STOCK

Holders of Series A convertible preferred stocks vote on a converted basis with the common stockholders on all matters to be brought to a vote of the stockholders. Each share of Series A convertible preferred stock can be converted into 1,289 shares of common stock. Dividends are payable in kind at the Company's option at a rate of ten percent annually. Payments of annual dividends have been deferred by the Company's Board of Directors on the outstanding Series A shares because of losses sustained by the Company. As of February 28, 2011, preferred dividends in arrears amounted to \$118,377 or \$1,161 per share.

The Series B convertible preferred stock has rights to receive cumulative six percent in kind dividends in preference to the payment of dividends on all other shares of capital stock of the Company. No dividends may be declared or paid on any other shares of stock until the full amount of the cumulative dividends on the Series B preferred stock has been paid. Each share of Series B convertible preferred stock can be converted into 1,000 shares of common stock. Cumulative dividends amounted to \$2,018,904 and \$1,680,360 at February 28, 2011 and 2010, respectively. Dividends may be paid in stock at a conversion rate of \$1.00 per share. For the years ended February 28, 2011 and 2010, 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 holder's of the convertible preferred shares 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.

## 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, 2011 and 2010, 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, 2011 and 2010, 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, 2011 and 2010, the Company has issued all of the options available under this plan.

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

	Number of Shares	Weighted-Average Exercise Price per Share
Options outstanding, February 29, 2009	362,500	0.27
Granted	—	
Exercised	—	
Expired, forfeited	—	
Options outstanding, February 28, 2010	362,500	0.27
Granted	—	
Exercised	—	
Expired, forfeited	—	
Options outstanding, February 28, 2011	362,500	0.27

The following table summarizes information about options outstanding and exercisable as of February 28, 2011:

Range of Exercise Price	Outstanding Options			Exercisable Options		
	Number Outstanding	Weighted Average Remaining Life	Weighted Average Price	Weighted Average Remaining Life	Number Exercisable	Weighted Average Price
\$ 0.04-\$0.57	362,500	1.29 years	\$ 0.27	1.29 years	362,500	\$ 0.27

## 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, 2011, the amount of unused tax losses available to carry forward and apply against taxable income in future years totaled approximately \$35,401,500. 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, 2011	February 28, 2010
Unused operating loss carryforwards	\$ 6,980,200	\$ 6,676,300
Excess depreciation for tax purposes over the amount for financial reporting purposes	—	(822,900)
Deferred compensation	666,900	990,800
Gain on disposal	—	498,800
Write down in the value of investment	4,800	3,900
Other	—	24,200
	7,651,900	7,371,100
Valuation allowance	(7,651,900)	(7,371,100)
	\$ —	\$ —

The valuation allowance increased by \$280,800 during the year ended February 28, 2011. 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, 2011 and 2010:

	2011	2010
Statutory benefit	\$ (271,200)	\$ (241,900)
State tax benefit, net of federal effect	(13,700)	(26,500)
Nondeductible expenses	4,100	4,100
Increase in deferred income tax valuation allowance	280,800	264,300
	\$ —	\$ —

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.

## 11. RELATED PARTY TRANSACTIONS

During the years ended February 28, 2011 and 2010, 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, 2011 and 2010, totaled \$1,772,310 and \$1,539,910, 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 years ended February 28, 2011 and 2010, the Company issued 45,773,010 and 16,627,044 shares of common stock to a related party and related company, respectively, valued at \$66,142 and \$69,251, respectively, in exchange for guarantees of a note payable. As of February 28, 2011 and 2010, \$65,380 and \$47,517 of these guarantee fees have been amortized.

During the years ended February 28, 2011 and 2010, the Company sold fiberglass products totaling \$0 and \$30,575, respectively, to Tampa Fiberglass, Inc., a company owned by a stockholder and officer of Chariot Manufacturing, Inc.

During the year ended February 28, 2010, the Company entered into an agreement with Public Acquisition Company, Inc. ("PAC") to sell property and equipment with a net book value of \$253,230 in exchange for a one year non-interest bearing term note of \$263,940, which may be settled in cash or stock. The transaction resulted in a \$13,719 loss due to the \$24,429 imputed interest discount applied to the note receivable. The loss is recorded in the accompanying Consolidated Statements of Operations under Other expense. There has been no repayment on the note to date and the repayment date has been extended to June 30, 2011.

During the year ended February 28, 2010, the Company entered into an agreement with Public Acquisition Company, Inc. ("PAC") to sell the fiberglass subsidiary, Chariot Manufacturing, Inc. ("Chariot"), effective on June 1, 2009, in exchange for a one year, non-interest bearing term note of \$1,009,792, which may be settled in cash or stock. A discount of \$91,891 for imputed interest was recorded against the note receivable and is being amortized over one year. There has been no repayment on the note to date and the repayment date has been extended to June 30, 2011.

During the year ended February 28, 2010, the Company advanced Public Acquisition Company, Inc. ("PAC") monies for operations in the amount of \$297,704. The monies are due on demand, uncollateralized and non-interest bearing.

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 2011 and 2010; manufacturing and fiberglass. Although both of these segments are in the manufacturing industry, they provide different types of products and services and each segment is subject to different marketing, production and technology strategies. Therefore, for the years ended February 28, 2011 and 2010 the Company has included segment reporting. As of February 28, 2010, the Company has classified the fiberglass segment as a discontinued operation, see note 13.

For the year ended February 28, 2011, information regarding operations by segment is as follows:

	Manufacturing	Other (a)	Total Continuing Operations
Revenue	\$ 2,281,717		\$2,281,717
Interest expense	\$ 132,532	49,598	182,130
Depreciation	\$ 193,399		193,399
Net income (loss)	\$ 59,808	(445,088 )	(385,280 )
Property and equipment, net of accumulated depreciation	\$ 3,071,599		3,071,599
Segment assets	\$ 3,674,508	1,402,578	5,077,086

For the year ended February 28, 2010, information regarding operations by segment is as follows:

	Manufacturing	Other (a)	Total Continuing Operations	Fiberglass (discontinued operation)
Revenue	\$ 2,349,285		2,349,285	
Interest expense (income), net	\$ 123,219	(22,506 )	100,713	
Depreciation	\$ 249,024		249,024	
Net income (loss)	\$ 712,057	69,630	781,687	(70,156 )
Property and equipment, net of accumulated depreciation	\$ 3,259,954		3,259,954	
Segment assets	\$ 3,807,381	1,312,102	5,119,483	

(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. Segment 2, fiberglass, consists of Chariot Manufacturing Company and derives its revenues from the manufacture, sale and service of fiberglass trailers ,as well as other parts manufacture by contract.

The manufacturing segment, International Machine and Welding, Inc. has a broad and diverse base of customers. The segment does not rely on any single customer, the loss of which would have a material adverse effect on the segment. However, this segment does generate a significant amount of revenues from sales and services provided to three different industries. For the year ended February 28, 2010, the construction industry accounted for approximately 18% of the segment’s revenues, while the industrial and mining industries accounted for approximately 27% and 52%, respectively, of the segment’s total revenues.

Although the division does not rely on a single customer, during the year ended February 28, 2010, two of the Company’s customers accounted for approximately 49% of total revenues. These customers were the Mosaic Company 41% and Solid Waste PBC for 8%.

## 13. DISCONTINUED OPERATIONS

During the year ended February 28, 2010, the Board of Directors of American Commerce Solutions, Inc. determined to divest the fiberglass manufacturing segment in favor of expansion of manufacturing, fabricating, erecting and construction operations.

On September 29, 2009, American Commerce Solutions, Inc. ("ACS") entered into an agreement with Public Acquisition Company, Inc. ("PAC") which is owned by the President of the Fiberglass subsidiary and a shareholder of the Company, to sell the fiberglass subsidiary, Chariot Manufacturing, Inc. ("Chariot"), effective on June 1, 2009, in exchange for a one year, non-interest bearing, term note of \$1,009,792, which may be settled in cash or stock, and the assumption of \$1,102,291 of liabilities. The transaction resulted in a gain on the sale of \$1,339,172, which has been recorded in the statement of operations as Gain on the Sale of Discontinued Operations. A discount of \$91,891 for imputed interest was recorded against the note receivable and is being amortized over one year.

The following are the assets and liabilities of the fiberglass segment at June 1, 2009:

Accounts receivable and other current assets	\$52,250
Inventory	33,695
Property and equipment, net of accumulated depreciation	595,078
Assets to be disposed of	\$681,023
Accounts payable and accrued expenses	\$281,881
Deferred revenue	114,083
Notes payable and accrued interest	408,623
Liabilities to be disposed of	\$804,587
Additional liability for intercompany payable not relieved	297,704
Total liabilities assumed	\$1,102,291



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

None.

## ITEM 9A(T). CONTROLS AND PROCEDURES

### Disclosure Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Management conducted its evaluation based on the framework in Internal Control – Integrated Framework issued by the Committee on Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, at February 28, 2011, such disclosure controls and procedures were not effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

#### Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Internal control over financial reporting is a process, including policies and procedures, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. Our management assessed our internal control over financial reporting based on the Internal Control – Integrated Framework issued by the COSO. Based on the results of this assessment, our management concluded that our internal control over financial reporting was not effective as of February 28, 2011 based on such criteria.

A control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met under all potential conditions, regardless of how remote, and may not prevent or detect all errors and all fraud. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

#### Limitations on the Effectiveness of Controls

Our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Based on their evaluation as of the end of the period covered by this report, management concluded that our disclosure controls and procedures were sufficiently effective to provide reasonable assurance that the objectives of our disclosure control system were met.

#### Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fourth fiscal quarter ended February 28, 2011 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	76	Chairman of the Board and Director
Frank D. Puissegur	52	Chief Financial Officer and Director
Daniel L. Hefner	60	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 with his certificate from the State of Florida and the creation of a sole practitioner office in 1982. The practice grew and has evolved into its current form as the partnership of Puissegur, Finch, & Slivinski, P.A., a full service accounting firm. He is a member of the American and Florida Institutes of Certified Public Accountants and the National and Polk County Estate Planning Councils. The American Institute of Tax Studies has awarded Mr. Puissegur the designation of "Certified Tax Professional." He also holds the designation from the State of Florida as a Certified Family Mediator.

Mr. Hefner has been President of the Company since September 2002 and Chief Executive Officer since March 2002. He previously served as Executive Vice President from June 2000 to June 2001 and as interim President from June 2001 through February 2002. Mr. Hefner has been a director of the Company since June 2000. Mr. Hefner formerly served as President 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 ethic.

## ITEM 11. EXECUTIVE COMPENSATION

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

## SUMMARY COMPENSATION TABLE

Summary Compensation Table

Name Principal Positions	Year Ended	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$) (A)	All Other Compensation (\$)	Total (\$)
Daniel Hefner, President and Chief Executive Officer	2011	150,000					150,000
	2010	150,000	— —	— —	— —	— —	150,000
Robert Maxwell, Chairman of the Board	2011	150,000					150,000
	2010	150,000	— —	— —	— —	— —	150,000

Both Hefner and Maxwell were compensated over \$100,000 for fiscal years 2011 and 2010.

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 has served without agreement since that time. In 2006, the Compensation Committee recommended, and the Board of Directors approved, an increase in base salary to \$150,000 annually, retroactive to June 2004.

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

## DIRECTOR COMPENSATION

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

## COMPENSATION COMMITTEE

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

## NONQUALIFYING STOCK OPTION PLAN

On July 10, 2002 the Company adopted a Non-qualifying Stock Option/Stock Appreciation Rights Plan and reserved 7,000,000 common shares of stock for employees, officers and consultants. These options are granted by the Board at their discretion. As of February 28, 2011, 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, 2011, 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, 2011, the Company has no options available for future issuance under this plan.

At February 28, 2011, 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, 2011 and 2010 to the Named Executive Officers covered by the Salary Compensation Table.

## OPTION GRANTS TO NAMED EXECUTIVES IN LAST FISCAL YEAR

During 2011, 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 2011, the number of stock options held on February 28, 2011 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 \$
Daniel L. Hefner	100,000	0	100,000	0	120	(1) 0
Daniel L. Hefner	100,000	0	100,000	0	120	(1) 0

(1) Based upon the closing price of the Common Stock as quoted on the Over The Counter Bulletin Board on February 28, 2011 of \$0.0016 per share.





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, 2011, 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 Directors and Executive Officers	Amount and Nature of Beneficial Ownership (1)	Percentage of Class (2)
Robert E. Maxwell (3) 1400 Chamber Drive Bartow, FL	92,561,041	28.12 %
Frank D. Puissegur 1400 Chamber Drive Bartow, FL	1,000,000	.0030 %**
Daniel L. Hefner (4) 1400 Chamber Dr. Bartow, FL	36,946,360	11.22 %
All Directors and Executive Officers as a Group (3 persons)(5)		39.34 %

(\*\*) 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) 200,000 shares of Common Stock, which may be acquired pursuant to currently exercisable options (b) 36,946,360 shares of Common Stock held personally

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

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

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

#### Beneficial Voting Power Held

The following table sets forth the voting power in the Company's equity securities, as of February 28, 2010 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)	28.12	%
Frank Puissegur	*	
Daniel L. Hefner (2)	11.22	%
All directors and executive officers as a group (3 persons)	39.34	%
International Commerce and Finance (4)	41.92	%

\* Less than 1%

(1) Based upon 329,169,576 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 Feb 28, 2004, the Series A Preferred Stock and Series B Preferred Stock are entitled to an aggregate of 131,478 votes and 1,378,400 votes, respectively. Voting rights are calculated in the same manner described in footnote 2 to table above disclosing the Security Ownership of Management and Certain Beneficial Owners ("Beneficial Ownership Table"). Totals could exceed 100% due to such calculations and overlapping beneficial voting rights held between holders as set forth herein.

(2)

Consisting of 200,000 votes upon exercise of currently exercisable options to purchase Common Stock and 36,946,360 shares of Common Stock.

(3) Includes 348,360 shares of Common Stock held by his spouse Barbara Maxwell, 92,212,681 shares of Common Stock beneficially owned as the President of International Commerce and Finance, Inc.

(4) Consisting of 137,985,691 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, 2011 and 2010, 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, 2011 totaled \$1,772,310. The amounts are unsecured, non-interest bearing, and have no specific repayment terms.

During the years ended February 28, 2011 and 2010, the Company issued 45,773,010 and 16,627,044 shares of common stock to a related party and related company, respectively, valued at \$66,142 and \$69,251, respectively, in exchange for guarantees of a note payable. As of February 28, 2011 and 2009, \$65,830 and \$47,517 of these guarantee fees have been amortized.

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

## ITEM 14. PRINCIPAL ACCOUNTANTS FEES AND SERVICES

### Audit Fees

During 2011 and 2010, we were billed by our accountant, Peter Messineo, CPA, approximately \$16,000 and \$16,000 for audit and review fees associated with our 10-K and 10-Q filings.

### Non-Audit related fees

None

### Tax Fees

During 2010 we were billed by our accountants, Frank Puissegur, CPA approximately \$4,500 to prepare our federal and state tax returns.

### All Other Fees

None



Audit Committee Pre-Approval Process, Policies and Procedures

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

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 Sarbaenes-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 Sarbaenes-Oxley Act of 2002 of the Chief Executive Officer	

(b) Reports on Form 8-K

None



SIGNATURES

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

AMERICAN COMMERCE SOLUTIONS, INC.

Date: May 31, 2011

By: /S/ DANIEL L. HEFNER  
Daniel L. Hefner, President

Date: May 31, 2011

By: /S/ FRANK D. PUISSEGUR  
Frank D. Puissegur, CFO and Chief  
Accounting Officer

