AMERICAN COMMERCE SOLUTIONS
Form 10QSB
July 19, 2001

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended May 31, 2001

[ ] Transition report under Section 13 or 15(d) of the Exchange Act
For the transition period from ___________ to ____________

COMMISSION FILE NUMBER 33-98682

AMERICAN COMMERCE SOLUTIONS, INC.
f/k/a JD AMERICAN WORKWEAR, INC.
(Exact name of small business issuer as specified in its charter)

Delaware	05-0460102
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

1400 Chamber Dr., Bartow, Florida 33830
(Address of Principal Executive Offices)

(863) 533-0326
(Issuer's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Common Stock, $.002 par value per share, 10,784,178 shares outstanding at June 20, 2001.

Transitional Small Business Disclosure Format (check one) Yes [X] No [ ]

AMERICAN COMMERCE SOLUTIONS, INC.

INDEX TO FORM 10-QSB

2

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	May 31, 2001
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 25,928
Accounts Receivable, Net of Allowance $41,045	191,075
Inventory	687,739
Short Term Loans Receivable	296,525
Other Current Assets	20,328
Total Current Assets	1,221,595
Property and Equipment, Net	5,366,878
Intangible Assets, Net	67,496
Real Property for Resale	243,000
Equipment for Resale	481,000
TOTAL ASSETS	$ 7,379,969

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The accompanying notes are an integral part of these
Consolidated Financial Statements.

AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS -- CONTINUED
(Unaudited)

	May 31, 2001
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities:	
Current Portion of Long-Term Debt	$ 167,690
Accounts Payable	735,143
Accrued Expenses	179,903
Accrued Payroll	489,248
Accrued Interest	145,291
Short-Term Loans	361,252
Total Current Liabilities	2,078,527
Long-Term Debt, Net of Current Portion	1,915,450
STOCKHOLDERS' EQUITY:	
Preferred Stock, total authorized 1,000,000 shares: Series A, cumulative and convertible, $.001 par value, 110 shares issued and outstanding, liquidating preference $361,400 Series B, cumulative and convertible, authorized 3,950 shares, $.001 par value, 3,207 shares issued and outstanding	3
Series C, cumulative and convertible, $.001 par value, 4,800 shares issued and outstanding, liquidating preference $9,800,000	5
Common Stock, $.002 par value, authorized 30,000,000 shares, 10,718,432 issued and outstanding	21,437
Additional Paid-In Capital	12,442,973
Stock Receivable	(242,000)
Accumulated Deficit	(8,836,426)
Total Stockholders' Equity	3,385,992
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 7,379,969

The accompanying notes are an integral part of these
Consolidated Financial Statements.

AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended May 31, 2001	May 31, 2000
Net Sales	$ 579,841	$ 26,873
Cost of Goods Sold	258,390	7,025
Gross Profit	321,451	19,848
Selling, General and Administrative Expenses:		
Payroll and Payroll Taxes	412,015	105,783
Consulting Expenses	101,050	89,359
Depreciation and Amortization	80,367	12,681
Professional Fees	148,266	9,272
Other	143,433	29,735
Total Selling, General and Administrative Expenses	885,131	246,830
Loss from Operations	(563,680)	(226,982)
Interest Expense	(42,052)	(12,548)
Other Expenses	(6,066)	
Net loss	(611,798)	(239,530)
Accretion of Discount and Dividends on Mandatory Redeemable Preferred Stock		(143,803)
Net Loss to Common Shareholders	(611,798)	(383,333)
Net Loss per Common Shareholders, Basic and Diluted	$ (0.06)	$ (0.14)
Weighted Average Number of Common Shares Outstanding	10,897,217	2,815,910

The accompanying notes are an integral part of
these Consolidated Financial Statements.

5

AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended May 31, 2001	May 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$(611,798)	$(239,530)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depreciation and Amortization	80,367	12,681
Changes in Operating Assets and Liabilities:		
Accounts Receivable	63,424	32,218
Inventory	29,970	6,604
Prepaid Expenses	(69,046)	78,879
Other Assets	(8,172)	(25,622)
Accounts Payable	102,335	(11,559)
Accrued Expenses	177,849	62,841

Net Cash Used in Operating Activities	(228,966)	(71,929)
CASH FLOWS FROM INVESTING ACTIVITIES:	--	--
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances on Notes Payable and Long-Term Debt	27,435	38,645
Repayments on Notes Payable and Long-Term Debt	(33,626)	(6,239)
Exercise of Stock Options and Warrants	221,200	28,000
Proceeds Received on Common Stock Receivable	5,000	
Net Cash Provided by Financing Activities	220,009	60,406
Net Decrease in Cash	(8,957)	(11,523)
Cash and Cash Equivalents - Beginning of Period	34,885	11,523
Cash and Cash Equivalents - End of Period	$ 25,928	$ 0

The accompanying notes are an integral part of
these Consolidated Financial Statements.

6

AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited)

	For the Three May 31, 2001	Months Ended May 31, 2000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Period for Interest	$ 138	$ --
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property Surrendered for Note Repayment	$133,416	$ --
Securities Issued for Debt Repayment	$ 7,843	$ --

The accompanying notes are an integral part of
these Consolidated Financial Statements.

7

AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(Unaudited)
May 31, 2001

NOTE 1: THE COMPANY

The Company was incorporated in Rhode Island in 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 at the annual shareholders' meeting to change the name of the

Company to American Commerce Solutions, Inc. The Company is primarily a holding company whose wholly-owned subsidiaries are engaged in the machining and fabrication of parts used in industry, parts sales and service for heavy construction equipment, and paving and concrete installation.

NOTE 2: GOING CONCERN

The Company has incurred substantial operating losses since inception. The Company recorded losses from operations of $563,680 and $226,982 for the three month periods ended May 31, 2001 and 2000, respectively. Current liabilities exceed current assets by $856,932 and $818,312 at May 31, 2001 and 2000. Additionally, the Company has been unable to meet obligations to its creditors as they have become due. 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 acquisition of other companies in exchange for the Company's stock. Management is currently negotiating new debt 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 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.

NOTE 3: BASIS OF PRESENTATION

The interim financial statements are prepared pursuant to the rules and regulations of the Securities and Exchange Commission. The interim financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) that are, in the opinion of management, necessary to a fair presentation of the Company's financial position, results of operations and cash flows for the interim periods. The accompanying financial statements do not contain all of the disclosures required by generally accepted accounting principles and should be read in conjunction with the financial statements and related notes included in the Company's Annual Report on Form 10-KSB for the fiscal year ended February 28, 2001. The results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the fiscal year ending February 28, 2002.

NOTE 4: SEGMENT AND RELATED INFORMATION

The Company's reportable segments are manufacturing construction management and product marketing.

MANUFACTURING offers the production, maintenance and repair of certain heavy industrial parts and equipment, and the repair and sale of parts and the service for their installation. International Machine and Welding, Inc. began operations on June 1, 2000.

NOTE 4: SEGMENT AND RELATED INFORMATION (continued)

CONSTRUCTION MANAGEMENT offers installation and repair of concrete structures and commercial and residential paving. On a limited basis this sector also sells commercial vehicles and heavy equipment and supplies. The operating company in this segment is Rhode Island Truck and Equipment Corp.

PRODUCT MARKETING offers the design, manufacture, marketing and selling of commercial and industrial work-wear products. The Board of Directors determined to sell the assets and discontinue the operations of this subsidiary, effective May 31, 2001. Management immediately entered into negotiations with the President of the subsidiary to purchase the assets of the subsidiary.

The accounting policies of the reportable segments are the same as those described in Note 1 to the Company's financial statements and related notes contained in the Company's Annual Report on Form 10-KSB. The Company evaluates the performance of its operating segments based upon income before taxes and non-recurring charges such as beneficial conversion features and extraordinary items.

Segment information for the three months ended May 31, 2001 and 2000 was as follows:

For three months ended May 31, 2001:

	MANUFACTURING	CONSTRUCTION MANAGEMENT	PRODUCT MARKETING
Revenue	$ 494,980	$ 49,808	$ 35,053
Income (loss) from operations	(26,369)	(9,093)	(46,180)
Depreciation and amortization	70,367	10,000	
Total assets	$ 6,540,806	$ 263,393	$ 517,843

For three months ended May 31, 2000:

	MANUFACTURING	CONSTRUCTION MANAGEMENT	PRODUCT MARKETING
Revenue	$	$	$ 26,873
Income (loss) from operations			(214,301)
Depreciation and amortization			12,681
Total assets			$ 1,336,807

Reconciliation of consolidated amounts:

	FOR THREE MONTHS ENDED MAY 31, 2001	2000
Revenues		
Total revenues reportable segments	$ 579,841	$ 26,873
Other revenues		
Total revenues from operations	$ 579,841	$ 26,873

AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
(Unaudited)
May 31, 2001

NOTE 4: SEGMENT AND RELATED INFORMATION (continued)

Income (loss) from continuing operations		
Segments	$ (81,642)	$(226,982)
Unallocated amounts	(482,038)	(143,803)
Interest expense	(42,052)	(12,548)
Other expense	(6,066)	
Net loss per common shareholder	$(611,798)	$(383,333)

Reconciliation of consolidated amounts:

	FOR THREE MONTHS ENDED MAY 31,	
	2001	2000
Assets		
Total assets for reportable segments	$7,322,042	$1,336,807
Other assets	57,927	
Total assets	$7,379,969	$1,336,807

NOTE 5: SUBSEQUENT EVENT

JD AMERICAN WORKWEAR, INC. - On May 18, 2001, the Board of Directors determined to sell the assets and discontinue the operations of this subsidiary, effective June 1, 2001. Management immediately entered into negotiations with the President of the subsidiary to purchase the assets of the subsidiary. As of the date of this filing, the negotiations have not been finalized, but are expected to be before the end of July 2001.

10

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

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Actual results could differ materially from those projected in the forward-looking statements as a result of the risk factors set forth in this report, the Company's Annual Report on Form 10-KSB and other reports and documents that the Company files with the Securities and Exchange Commission.

RESULTS OF OPERATIONS

Since its inception, the Company has been involved in the design and development of its products, the development of its relationships with its suppliers and manufacturing contractors and the marketing of its products through various distribution channels. First commercial shipments of JD Safety Work Jeans were made in September 1992. First commercial shipments of an early version of JD Safety Uniform Pants were made during 1994. Following the Company's initial public offering in January 1995, the Company significantly increased its expenditures for inventory, salaries, advertising and marketing expenditures and other costs to increase its level of production. In March 1995, relatively small quantities of a later version of JD Safety Uniform Pants were sold, and this version became the working prototype for the JD Safety Uniform Pants currently distributed by the Company.

The acquisition of Patina Corp. and its subsidiary International Machine and Welding, Inc. provided a full service welding and machine shop with expertise in metal fabrication, various types of welding, machining and boring operations. The subsidiary is particularly strong in the re-manufacturing of large, complex shaped heavy components, pumps, valves, bearings, shafts etc. The company's boring mill is one of the largest in the Southeast allowing the company to machine items up to 20 feet in diameter and 55 feet in length.

Other operations housed at International Machine and Welding include an independent full service repair facility capable of repairing most heavy construction equipment, including rebuilding engines, transmissions, torque converters, undercarriage and tracks for crawler tractors. The Company has a fleet of field service trucks capable of doing most repairs in the field. Coupled with these operations is a direct to the consumer parts sales operation for heavy construction equipment.

Rhode Island Truck and Equipment Corp. has provided commercial truck, heavy equipment and supply sales in Rhode Island. In January 2000, the operations were expanded to include paving and concrete work that had been done individually by family members associated with the Company. The current expansion, in the Northeast of building trades, road construction and repair, and a booming construction economy that allows individuals to make repairs or improvements to their properties made this expansion feasible.

11

COMPARISON OF THE RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MAY 31, 2001 AND 2000.

Net sales for the three months ended May 31, 2001 increased by 2058.0% to $579,841 from $26,873 for the three months ended May 31, 2000. The increase is directly attributable to the addition of the manufacturing and construction segments' operating revenues beginning June 1, 2000. Cost of goods sold for the three months ended May 31, 2001 was $258,390 compared to $7,025 for the three months ended May 31, 2000. Gross margin for the three months ended May 31, 2001 was $321,451 compared to $19,848 for the three months ended May 31, 2000. The gross profit margin percentage decreased to 55.4% for the three months ending May 31, 2001 from a 73.9% gross profit margin percentage for the three months ended May 31, 2000. The decrease is due to the lower gross profit margins of the manufacturing and construction segments.

Operating expenses increased to $885,131 for the three months ended May 31, 2001 from $246,830 for the three months ended May 31, 2000 as a result of the addition of the manufacturing and construction segments.

The net loss for the three months ended May 31, 2001 was $611,798 ($.06 per common share) compared to a net loss of $383,333 ($.14 per common share) for the three months ended May 31, 2000. The increase is directly attributable to a low sales activity in the product marketing segment and an increase in administrative costs for the three months ended May 31, 2001 as compared to the three months ended May 31, 2000.

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was $228,966 for the three months ended May 31, 2001 compared to $71,929 for the three months ended May 31, 2000. Accounts receivable increased $16,609 from May 31, 2000 to May 31, 2001 as a result of increases in sales volume due to the addition of the manufacturing and construction segments. Inventory also increased with the addition of the manufacturing and construction segments during the first three months of fiscal 2001.

Cash flow from operations and short-term loans provided the working capital needs and principal payments on long-term debt through the three months ended May 31, 2001. However, the Company requires additional financing to provide for working capital needs and principal payments on long-term debt during the year ended February 28, 2002 and to meet its business strategy of achieving significant expansion in revenue for all divisions and to expand through strategic acquisitions and alliances. The Company has been actively seeking additional debt and/or equity financing; however, there can be no assurance that financing will be available to the Company on acceptable terms, if at all.

Through May 31, 2001, the Company has experienced substantial losses, and at May 31, 2001 had an accumulated deficit of approximately $8,836,426. The Company has not been able to pay all of its obligations as they have become due, and expects to incur much smaller additional losses before it achieves profitable operations. The receipt of funding from any current commitments will allow the Company to continue its restructuring plan.

12

RESULTS OF OPERATIONS - MANUFACTURING

Manufacturing revenues were $256,256 from machining operations, $171,027 from the parts sales operation, and $67,697 from the heavy equipment service operations for the three months ended May 31, 2001. Cost of goods sold were $215,818 from the division for the three months ended May 31, 2001. General and administrative expenses were $279,162 for the three months ended May 31, 2001. There are no comparable amounts in fiscal year 2000, as the operation did not exist.

RESULTS OF OPERATIONS - CONSTRUCTION MANAGEMENT

Construction management revenues were $49,808 for the three months ended May 31, 2001. During fiscal year 2000, the division changed its focus from commercial vehicle sales to providing paving and concrete services that produced revenues of $44,190 during this period. Cost of goods sold were $28,815 for the three months ended May 31, 2001. General and administrative expenses were $20,993 for the three months ended May 31, 2001. There are no comparable amounts in fiscal year 2000, as the segment was not acquired until June 2000.

RESULTS OF OPERATIONS - PRODUCT MARKETING

Product marketing revenue increased by 30.4%, or $8,180 to $35,053 for the three months ended May 31, 2001 from $26,873 due to the change in its direction from product sales to product licensing. Cost of goods sold increased by 95.8%, or $6,732 to $13,757 for the three months ended May 31, 2001 due to the increased sales of merchandise. General and administrative expenses declined by 72.7%, or $179,354 to $67,476 for the three months ended May 31, 2001. This decrease is directly related to the reduction of salaries and benefits, travel, consulting, freight and delivery, and miscellaneous expenses that comprise $134,262 of the reduction in the three months ended May 31, 2001 when compared to the three month period ending May 31, 2000.

13

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

N/A

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

N/A

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

N/A

ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS

N/A

ITEM 5. OTHER INFORMATION

N/A

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

N/A

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN COMMERCE SOLUTIONS, INC.

By: /s/ Steven D. Smith

Steven D. Smith, President
(Principal Executive Officer)

/s/ Frank D. Puissegur

Frank D. Puissegur, Chief Financial Officer
(Principal Accounting Officer)

Date: July 20, 2001