AMERICAN COMMERCE SOLUTIONS Inc
Form 10-K
June 15, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-K

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

For the fiscal year ended **February 29, 2016**

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

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

Commission File Number **33-98682**

American Commerce Solutions, Inc.

(Exact Name of Registrant as Specified in Charter)

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

1400 Chamber Drive, Bartow, Florida 33830

(Address of Principal Executive Offices)

(863) 533-0326

(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

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

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

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

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

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

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

As of May 31, 2016, the Registrant had 1,157,812,573 outstanding shares of its common stock, $0.002 par value.

Documents incorporated by reference: None

AMERICAN COMMERCE SOLUTIONS, INC.

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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 are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual results and outcomes may differ materially from what is expressed or forecasted in any such forward-looking statements.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

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

American Commerce Solutions, Inc. (the "Company" or "American Commerce") is a multi-industry holding company for its operating subsidiary. As of June 14, 2016, the Company had one wholly owned subsidiary operating in the auto rental segment. The operating subsidiary is Best Way Auto & Truck Rental, Inc. On May 26, 2016, the Company ceased operation of its wholly-owned subsidiary, International Machine and Welding, Inc.

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.

Operating Subsidiaries.

Best Way Auto & Truck Rental, Inc.

On March 31, 2016, the Company executed a letter agreement pursuant to which it acquired Best Way Auto & Truck Rental, Inc. as a wholly owned subsidiary from Three Sisters Trust. Best Way Auto & Truck Rental, Inc. - https://bestwayrentalsusa.com. Prior to this transaction, we have had no relationship with Three Sisters Trust, its beneficiaries or trustees. Best Way operates as an automobile and truck sales and rental company. Best Way is opening and operating rental locations across the United States with an emphasis on college and university locations with a rewards program geared to sales and financing of automobiles to first time car buyers. To date, Best Way has opened ten locations and further intends to open franchise operations beginning in Florida.

We have agreed to issue 342,709,427 shares of our common stock (a combination of treasury shares and unissued shares), plus an additional number of shares to be determined to provide Three Sisters Trust with not less than 51% of the issued and outstanding shares of our common stock; provided that the shares to be issued will result in the issue of our entire authorized shares.

In connection with the acquisition of Best Way, we will divest our interest in International Machine, heretofore our sole wholly owned subsidiary, in a transaction with our directors, Daniel Hefner and Robert Maxwell, the terms of which are to be determined.

Also, in connection with the acquisition of Best Way, our indebtedness to International Machine and to our related parties will be eliminated.

All parties to the transaction deem the transaction to be complete on March 31, 2016. Pursuant to the letter agreement, the parties agreed to move with all deliberate speed to prepare, execute and exchange a definitive stock exchange agreement, board actions, irrevocable instructions to Jersey Stock Transfer to issue our shares to Three Sisters Trust, the delivery of the Best Way securities to us accompanied by a medallion guaranteed stock power and to achieve the goals and objectives outlined in the letter agreement.

International Machine and Welding, Inc.

On May 27, 2016, the Company ceased operation of its wholly-owned subsidiary International Machine and Welding, Inc. and sold substantially all of the subsidiary's assets, including real estate and certain machines. Other assets will be sold at auction. The projected gross sale is expected to be approximately $1,600,000. This sale and the anticipated final documentation of the Best Way acquisition will transfer ownership of the subsidiary to Robert Maxwell and Daniel Hefner, current officers and directors of the Company or their assigns in exchange for a return of stock and/or reduction o monies owed to Messrs. Maxwell and Hefner.

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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.

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 couple of 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.

BUSINESS STRATEGY

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

MARKETING AND SALES

Auto Rental Segment

Best Way Auto & Truck Rental operates its rental business in ten recently opened locations primarily to college students. Management is of the opinion that rentals will come from colleges within a 100-mile radius of its facilitiess. Direct salesmen will established relationships with specific customers and the Company will expand the business relationship through quality and value. The expansion of the market also is expected to increase the serviceable territory to include the entire United States.

We believe that this niche market is largely untapped by the larger rental agencies.

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COMPETITION

Auto Rental Segment

The principal competitors of the automobile rental industry consists of national and regional companies. Management believes that the willingness to rent automobiles to college students gives it a competitive advantage.

CUSTOMER DEPENDENCE

Auto Rental Segment

Best Way Auto & Truck Rental will have a broad and diverse base of customers as business expands. However, the focus is on college students. Due to this concentration, the results of operations of a location could be affected by changes in the economic, regulatory, or other related conditions impacting on targeted consumer.

EMPLOYEES

As of June 14, 2016, the Company and its operating subsidiary had 33 full-time employees, five part-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 subsidiary, results of operations, projections, plans for future business development activities and the opportunities available within its market areas, capital spending plans, financing sources, projections of financial results or economic performance, capital structure, the effects of competition, statements of plans, expectations, or objectives of the Company, and the business of the Company and its subsidiary. These forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "plan," "estimate," "intend," and other similar words 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.

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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 29, 2016 of $19,654,784. The Company had a net loss of $244,513 for the year ended February 29, 2016. 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.

We recently ceased operations of International Machine and we have minimal working capital with which to execute our business plan. On May 27, 2016, we ceased operations of our wholly-owned subsidiary, International Machine. As a result we have minimal working capital. We anticipate needing additional working capital as our business expands. We cannot assure you that we will be able to obtain the necessary funds to proceed with our business plan or that will provide sufficient working capital to enable us to continue to operate profitably or accomplish the proposed expansion of our business.

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.

Our subsidiary faces intense competition in these uncertain financial times and its financial results can be negatively affected. All aspects of the automobile business are highly competitive. The firms that Best Way competes with include large well-known firms who have substantially greater financial and personnel resources. Our subsidiary competes for business on the basis of our experience in the industry, its ability to execute business transactions and the strength of our relationships with its clients. Intense competition could negatively affect its operations.

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 29, 2016. The Company does have current understandings or arrangements (oral or written) relating to specific acquisitions, but cannot give specific timing to close the potential acquisitions. Until binding agreements are in place there can be no assurance that any proposed acquisition will be consummated or that adequate, acceptable and affordable financing will be available.

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

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

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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 2016. 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 current officers and directors. 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 29, 2016 the price of our common shares has ranged from $0.0008 to $0.78 per share. The price of our common stock may be subject to fluctuations in response to quarter-to-quarter variations in operating results, creation or elimination of funding opportunities, restriction of the acquisition plans, and favorable or unfavorable coverage of our officers and Company by the press.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

International Machine and Welding, Inc. owns in fee simple title a 38,000 square foot facility in Bartow, Florida, which currently serves as the principal executive offices of American Commerce Solutions. A note payable to Center State Bank, originally at $875,000 encumbers this building. As of February 29, 2016, the balance on this note is $435,308. The loan bears interest at 6%, with monthly principle and interest payments of $4,865 and a balloon payment for the remainder of the loan on the maturity date of June 24, 2016. The note is secured by all of Division 1's fixed assets.

For a period of not less than one year following the acquisition of Best Way, the Company's rent will be reduced to one-half its currently rate. After such one-year period, the Company will have the option to renew the lease with International Machine at the same costs for an additional one-year period.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

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

MARKET INFORMATION

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

	Bid Prices			
		High		Low
FISCAL 2016				
First Quarter (March 1, 2015 through May 31, 2015)	$	0.003	$	0.0018
Second Quarter (June 1, 2015 through August 31, 2015)	$	0.003	$	0.002
Third Quarter (September 1, 2015 through November 30, 2015)	$	0.0029	$	0.0015
Fourth Quarter (December 1, 2015 through February 29, 2016)	$	0.0033	$	0.0019
FISCAL 2015				
First Quarter (March 1, 2014 through May 31, 2014)	$	0.0039	$	0.0021
Second Quarter (June 1, 2014 through August 31, 2014)	$	0.0027	$	0.0015
Third Quarter (September 1, 2014 through November 30, 2014)	$	0.0021	$	0.0014
Fourth Quarter (December 1, 2014 through February 28, 2015)	$	0.0043	$	0.0015

On February 29, 2016 the closing bid price of the Company's Common Stock as reported by the OTCBB was $0.0023 and there were approximately 2,000 shareholders of record.

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DIVIDENDS

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

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about our Equity Compensation Plans.

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

RECENT SALES OF UNREGISTERED SECURITIES

On March 31, 2016, the Company executed a letter agreement pursuant to which the Company acquired Best Way Auto & Truck Rental, Inc. as a wholly owned subsidiary from Three Sisters Trust.

We have agreed to issue 342,709,427 shares of our common stock (a combination of treasury shares and unissued shares), plus an additional number of shares to be determined to provide Three Sisters Trust with not less than 51% of the issued and outstanding shares of our common stock; provided that the shares to be issued will result in the issue of our entire authorized shares.

ITEM 6. SELECTED FINANCIAL DATA

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

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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).

Trends and Uncertainties

The Company currently has minimal revenues in Best Way, and has ceased operations of International Machine which represents the operations discussed below and is investigating potential businesses and companies for acquisition to create and/or acquire a sustainable business. Our ability to generate revenues in Best Way and acquire or create a sustainable business may be adversely affected by our current financial conditions, availability of capital and/ or loans, general economic conditions which can be cyclical in nature along with prolonged recessionary periods, and other economic and political situations.

The Company has generated recurring losses and cash flow deficits from its operations since inception and has had to continually borrow to continue operations. These matters raise substantial doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent upon its ability to raise additional capital, obtain additional financing and/or generate positive cash flows from operations. As further described in "Liquidity and Capital Resources", management believes that it will be successful in obtaining additional financing, from which the proceeds will be primarily used to execute its new operating plans. The Company plans to use its available cash and new financing to develop and execute its new business plan and hopefully create and maintain a self-sustaining business. However, the Company can give no assurances that it will be successful in achieving its plans or if financing will be available or, if available, on terms acceptable to the Company, or at all. Should the Company not be successful in obtaining the necessary financing to fund its operations, and ultimately achieve adequate profitability and cash flows from operations, the Company would need to curtail certain or all of its operating activities.

There are no trends, events or uncertainties that have had or are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. There are no significant elements of income or loss that do not arise from our continuing operations except for the fair value change on derivative financial instruments and settlement on arbitration.

RESULTS OF OPERATIONS

MANUFACTURING

The soon to be divested manufacturing subsidiary, International Machine, generates its revenues from three divisions. On May 27, 2016, the Company ceased operations of International Machine and sold substantially all of its assts, including real estate and certain machines. 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 Company does not have discrete financial information on each of the three manufacturing divisions, nor does the Company make decisions on the divisions separately; therefore they are not reported as segments.

FISCAL YEAR 2016 COMPARED TO FISCAL YEAR 2015

General

The Company's consolidated net sales decreased to $2,053,256 for the fiscal year ended February 29, 2016, a decrease of $186,099 or 8%, from $2,239,355 for the fiscal year ended February 28, 2015. Management believes the decrease is due to changes in the construction industry as machines are between their life cycles.

Gross profit for the consolidated operations decreased to $1,052,873 for the fiscal year ended February 29, 2016 from $1,161,982 for the fiscal year ended February 28, 2015. Gross profit as a percentage of sales decreased in fiscal year 2016 to 51% from 52% in fiscal year ended 2015.

Selling, general and administrative expenses decreased to $1,307,875 for fiscal 2016 from $1,323,467 for fiscal 2015, a decrease of $15,592 or 2%.

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Consolidated interest expense in fiscal 2016 was $81,210 compared to $90,360 in fiscal 2015. The decrease in interest expense is due to the Company reducing the overall debt during the year.

Consolidated interest income in fiscal 2016 was $30,706 compared to $24,354 in fiscal 2015. The increase in interest income is primarily due to the increase in the principal balance of the note receivable in 2016.

The Company incurred a consolidated net loss of $244,513 for the year ended February 29, 2016 compared to $184,911 net loss for the year ended February 28, 2015. The increase in the net loss is primarily due to the decrease in sales.

Manufacturing

The manufacturing operation, International Machine and Welding, Inc. provided net sales of $2,053,256 for the fiscal year ended February 29, 2016 compared to $2,239,355 for the fiscal year ended February 28, 2015. The machining operations provided $771,165 or 38% of net sales with parts and service providing $1,282,091 or 62% of net sales for the fiscal year ended February 29, 2016 as compared to machining operations contributing $734,335 or 33% of net sales with parts and service providing $1,505,020 or 67% of net sales for the fiscal year ended February 28, 2015.

Gross profit from International Machine and Welding, Inc. was $1,052,873 for the fiscal year ended February 29, 2016 compared to $1,161,982 in fiscal 2015 providing gross profit margins of 51% and 52%, respectively.

Selling, general and administrative expenses for International Machine and Welding, Inc. were $993,506 for the fiscal year ended February 29, 2016 compared to $969,598 for the fiscal year ended February 28, 2015. The increase of $23,908 or 2.5% is primarily due to an increase of worker's compensation insurance and legal expenses.

Interest expense for International Machine and Welding, Inc. was $56,255 for the fiscal year ended February 29, 2016 compared to $63,031 for the fiscal year ended February 28, 2015. The decrease in interest expense is due to the Company reducing the overall debt.

LIQUIDITY AND CAPITAL RESOURCES

During the fiscal years ended February 29, 2016 and February 28, 2015, the Company used net cash for operating activities of ($30,897) and ($26,648), respectively. The decrease in cash from operating activities is mainly due to the decrease in inventory, net of the increase in accounts receivable for year 2016.

During the years ended February 29, 2016 and February 28, 2015, the Company used funds for investing activities of $114,469 and $139,600, respectively.

During the years ended February 29, 2016 and February 28, 2015, the Company provided cash from financing activities of $137,039 and $203,214, respectively. The decrease in net cash provided by financing activities is due to the decrease in the proceeds from notes payable.

Cash flows from financing activities provided for working capital needs and principal payments on long-term debt through fiscal 2016. To the extent that the cash flows from financing activities are insufficient to finance the Company's anticipated growth, or its other liquidity and capital requirements during the next twelve months, the Company will seek additional financing from alternative sources including bank loans or other bank financing arrangements, other debt financing, the sale of equity securities (including those issuable pursuant to the exercise of outstanding warrants and options), or other financing arrangements. However, there can be no assurance that any such financing will be available and, if available, that it will be available on terms favorable or acceptable to the Company.

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

We have no known demands or commitments and are not aware of any events or uncertainties as of February 29, 2016, that will result in or that are reasonably likely to materially increase or decrease our current liquidity.

Credit Lines for Subsidiary

On April 13, 2016, Best Way Auto and Truck Rental, Inc., was approved for a credit line of $1.6 million from Fleet Way Leasing Company in Feasterville, PA for the purchase of 70 new vehicles for the Company's rental fleet. This line of credit is based on a 24-month term. Negotiations continue to increase the line to $3.5 million to finance a total of 145 vehicles.

On April 27, 2016, Best Way Auto and Truck Rental, Inc., has received an additional $5 million credit line from Fleet Way Leasing Company in Feasterville, PA for use in purchasing an additional 180 vehicles for their new locations, which are scheduled to open in May.

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Capital Resources.

We had no material commitments for capital expenditures as of February 29, 2016 and February 28, 2015.

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

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

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

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

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

NEW ACCOUNTING PRONOUNCEMENTS

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

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

American Commerce Solutions, Inc. and Subsidiary

As of February 29, 2016 and February 28, 2015 and for the Years Then Ended

Report of Independent Registered Public Accounting Firm

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STEVENSON & COMPANY CPAS LLC

A PCAOB Registered Accounting Firm

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

American Commerce Solutions, Inc.

We have audited the accompanying balance sheets of American Commerce Solutions, Inc. as of February 29, 2016 and February 28, 2015, and the related statements of operations and comprehensive income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Commerce Solutions, Inc. as of February 29, 2016 and February 28, 2015, 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 financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying financial statements, the Company has recurring losses resulting in an accumulated deficit and is in default on several notes payable. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding those matters are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Stevenson & Company CPAS LLC

Stevenson & Company CPAS LLC

Tampa, Florida

June 15, 2016

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AMERICAN COMMERCE SOLUTIONS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

ASSETS		FEBRUARY 29, 2016		FEBRUARY 28, 2015
CURRENT ASSETS:				
Cash	$	36,370	$	44,697
Accounts receivable		165,004		101,507
Accounts receivable, factored		-		10,389
Inventories		191,147		288,441
Note receivable, related party		1,009,792		1,009,792
Due from related parties		893,714		803,585
Other receivables		7,039		6,103
Prepaid expenses		10,193		-
Total Current Assets		2,313,259		2,264,514
Property and equipment, net of accumulated depreciation of $3,135,344 and $2,976,631, respectively		2,380,718		2,518,990
OTHER ASSETS:				
Investment in equity securities, available for sale		65,300		59,364
Total Other Assets		65,300		59,364
TOTAL ASSETS	$	4,759,277	$	4,842,868

LIABILITIES AND STOCKHOLDERS' EQUITY