

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

AMERICAN MILLENNIUM CORP INC
Form 10QSB
March 24, 2003

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

OMB APPROVAL

OMB Number: 3235-0416

FORM 10-QSB

Expires: April 30, 2003

Estimated average burden
hours per response: 32.0

(Mark One)

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

For the quarterly period ended January 31, 2003

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____ to _____.

Commission File No. 0-10841

American Millennium Corporation, Inc.

(Exact name of small business issuer as specified in its charter)

New Mexico

85-0273340

(State or other jurisdiction of incorporation (IRS Employer Identification No.)
or organization)

110 North Rubey Drive, Suite 100A, Golden, CO 80403

(Address of principal executive offices)

(303) 279-2002

(Issuer's telephone number)

(Former name, former address, and former fiscal year,
if changed since last report)

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE
PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be
filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of
securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common
equity, as of the latest practicable date: 45,281,977 at March 24, 2003.

Transitional Small Business disclosure Format (check one): Yes No

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

AMERICAN MILLENNIUM CORPORATION, INC.
FORM 10-QSB

INDEX

	PAGE
PART I-FINANCIAL INFORMATION	
Item 1-Financial Statements (Unaudited)	
Consolidated Balance Sheet - January 31, 2003 (Unaudited)	2
Consolidated Statements of Operations - Three months ended January 31, 2003 and 2002 (Unaudited)	3
Consolidated Statements of Operations - Six months ended January 31, 2003 and 2002 (Unaudited)	4
Consolidated Statements of Cash Flows - Six months ended January 31, 2003 and 2002 (Unaudited)	4
Notes to Consolidated Financial Statements (Unaudited)	5
Item 2-Management's Discussion and Analysis or Plan of Operation	9
Item 3-Controls and Procedures	11
PART II-OTHER INFORMATION	
Item 1 -Legal Proceedings	12
Item 2 -Changes in Securities	12
Item 3 -Defaults Upon Senior Securities	12
Item 4 -Submission of matters to a Vote of Securities Holders	12
Item 5 -Other Information	12
Item 6 -Exhibits and reports on Form 8-K	13

PART I - FINANCIAL INFORMATION

Item 1-Consolidated Financial Statements (Unaudited)

The consolidated financial statements in response to this item are as follows:

AMERICAN MILLENNIUM CORPORATION, INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEET (Unaudited)

January 31, 2003

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 15,124
Accounts receivable, less allowance for doubtful accounts of \$17,289	149,938
Inventories	196,675
Employee advances	10,030
Prepaid expenses	2,802
Note receivable	67,000
Equipment deposits	1,626,250

TOTAL CURRENT ASSETS	2,067,819
----------------------------	-----------

PROPERTY AND EQUIPMENT, NET	83,489
-----------------------------------	--------

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

OTHER ASSETS	
Securities in closely-held corporation	3,040
Security deposits.....	12,977
Other	760
Deferred income tax asset, less valuation allowance of \$5,699,089	--

TOTAL OTHER ASSETS	16,777

TOTAL ASSETS	\$ 2,168,085
=====	

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts payable - trade	\$ 735,518
Accounts payable - related parties	102,297
Accrued payroll and related taxes	404,784
Other accrued liabilities	55,335
Accrued warranty	15,000
Current portion of capitalized lease obligations ...	2,017
Notes payable to related parties	99,972
Notes payable to shareholders.....	182,017

TOTAL CURRENT LIABILITIES	1,596,940

LONG-TERM PORTION OF CAPITALIZED LEASE OBLIGATIONS.....	3,519

TOTAL LIABILITIES	1,600,459

STOCKHOLDERS' EQUITY	
Preferred stock, \$.001 par value, 10,000,000 shares authorized; 1,000,000 issued and outstanding	1,000
Common stock, \$.001 par value, 60,000,000 shares authorized; 45,281,977 issued and outstanding	45,282
Additional paid-in capital	20,753,610
Stock subscription receivable	(115,000)
Accumulated deficit.....	(20,117,266)

TOTAL STOCKHOLDERS' EQUITY	567,626

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,168,085
=====	

See accompanying notes.

AMERICAN MILLENNIUM CORPORATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

For the Three Months Ended January 31,	2003	2002

REVENUES.....	\$ 210,459	\$ 136,742
COST OF REVENUES	146,635	138,662

GROSS PROFIT.....	63,824	(1,920)

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Compensation to officers and directors	138,750	121,375
Consulting - others	141,986	137,565

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

Professional	69,206	8,248
Employee salaries	82,076	66,250
Employee benefits and payroll taxes	23,201	31,108
Travel	4,714	17,951
Telephone and utilities	9,066	7,853
Depreciation and amortization	7,595	12,272
Equipment and property rental	20,703	19,601
Bad debts.....	--	46,432
Computer and internet.....	21,684	16,846
Other	16,740	16,915
<hr/>		
TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ...	535,721	502,416
<hr/>		
LOSS FROM OPERATIONS	(471,897)	(504,336)
<hr/>		
OTHER INCOME (EXPENSES)		
Interest expense	(3,641)	(31,423)
Other miscellaneous income	350	183
<hr/>		
TOTAL OTHER INCOME (EXPENSES).....	(3,291)	(31,240)
<hr/>		
LOSS BEFORE INCOME TAXES	(475,188)	(535,576)
INCOME TAXES	--	--
<hr/>		
NET LOSS	(475,188)	(535,576)
<hr/>		
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.01)	\$ (0.02)
<hr/>		
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
(BASIC AND DILUTED)	45,023,825	27,556,504
<hr/>		

See accompanying notes.

3

AMERICAN MILLENNIUM CORPORATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

For the Six Months Ended January 31,	2003	2002
REVENUES.....	\$ 424,741	\$ 380,398
COST OF REVENUES	282,196	333,670
<hr/>		
GROSS PROFIT.....	142,545	46,728
<hr/>		
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Compensation to officers and directors	277,500	259,625
Consulting - others	249,238	156,025
Professional	119,684	22,766
Employee salaries	152,547	130,000
Employee benefits and payroll taxes	49,663	60,497
Travel	24,635	36,922
Telephone and utilities	19,161	15,304
Depreciation and amortization	15,191	50,236
Equipment and property rental	37,894	40,605
Bad debts.....	8,146	48,009
Computer and internet.....	43,311	31,572
Other	33,842	38,944
<hr/>		
TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ...	1,030,812	890,505

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

LOSS FROM OPERATIONS	(888,297)	(843,777)

OTHER INCOME (EXPENSES)		
Interest expense	(75,133)	(58,844)
Impairment of asset	--	(20,417)
Other miscellaneous income	1,442	191

TOTAL OTHER INCOME (EXPENSES).....	(73,691)	(79,070)

LOSS BEFORE INCOME TAXES	(961,988)	(922,847)
INCOME TAXES	--	--

NET LOSS	(961,988)	(922,847)
=====		
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.02)	\$ (0.03)
=====		
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
(BASIC AND DILUTED)	45,023,825	26,492,605
=====		

See accompanying notes.

4

AMERICAN MILLENNIUM CORPORATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

For the Six Months Ended January 31,	2003	2002

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	\$ (961,958)	\$ (922,847)
Adjustments to reconcile net (loss) to net cash used by operating activities:		
Depreciation and amortization	15,190	50,236
Provision for bad debts	--	48,009
Common stock exchanged for services	40,000	20,000
Write-down of impaired asset	--	20,417
(Increase) decrease in assets:		
Accounts receivable	(35,166)	(150,181)
Inventory	(95,270)	(30,126)
Prepaid expenses	(2,220)	8,022
Notes receivable	33,000	--
Other assets	(13,739)	963
Increase (decrease) in liabilities:		
Accounts payable	298,659	236,677
Accounts payable - related parties.....	30,646	--
Accrued payroll and related taxes	194,436	68,996
Accrued liabilities	(21,215)	(50,694)

NET CASH USED BY OPERATING ACTIVITIES	(517,637)	(700,528)

CASH FLOWS FROM INVESTING ACTIVITIES:		
Disbursements		
Acquisition of property and equipment	(12,466)	(3,105)
Equipment deposits	(1,376,250)	--

DISBURSEMENTS FROM INVESTING ACTIVITIES	(1,388,716)	(3,105)

NET CASH USED BY INVESTING ACTIVITIES	(1,388,716)	(3,105)

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

CASH FLOWS FROM FINANCING ACTIVITIES:

Receipts		
Proceeds from note payable stockholder	128,000	30,130
Proceeds from issuance of common stock, net	--	675,000
Proceeds from issuance of preferred stock, net	2,500,000	--
<hr style="border-top: 1px dashed black;"/>		
RECEIPTS FROM FINANCING ACTIVITIES	2,628,000	705,130
<hr style="border-top: 1px dashed black;"/>		
Disbursements		
Payments on capitalized leases	(1,904)	--
Payments on notes payable to shareholders	(750,000)	--
Payments on notes due related parties	(4,494)	--
<hr style="border-top: 1px dashed black;"/>		
DISBURSEMENTS FROM FINANCING ACTIVITIES	(756,398)	--
<hr style="border-top: 1px dashed black;"/>		
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,871,602	705,130
<hr style="border-top: 1px dashed black;"/>		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,751)	1,497
<hr style="border-top: 1px dashed black;"/>		
CASH AND CASH EQUIVALENTS - BEGINNING	49,875	4,184
<hr style="border-top: 1px dashed black;"/>		
CASH AND CASH EQUIVALENTS - ENDING	\$ 15,124	\$ 5,681

SUPPLEMENTAL DISCLOSURES:

Cash paid during the period for:

Interest	\$ --	\$ --	--
Income taxes	\$ --	\$ --	--

In addition to amounts reflected above, common stock was issued:

In exchange for services	\$ 40,000	\$ 20,000	--
--------------------------------	-----------	-----------	----

See accompanying notes.

AMERICAN MILLENNIUM CORPORATION, INC. AND SUBSIDIARY NOTES TO FINANCIAL STATEMENTS (Unaudited)

NOTE 1. GENERAL BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying unaudited condensed financial statements of American Millennium Corporation, Inc. (AMCI) have been prepared in accordance with accounting principles generally accepted in the United States for interim information and with the instructions to Form 10-QSB and Regulation S-B. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments consisting of a normal and recurring nature considered necessary for a fair presentation have been included. Operating results for the three-month and nine-month period ended January 31, 2003, may not necessarily be indicative of the results that may be expected for the year ended July 31, 2003. ion of the results of the interim periods, and such adjustments consist of only normal recurring adjustments. The results of operations for such interim periods are not necessarily indicative of results of operations for a full year.

Basis of consolidation

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

The accompanying consolidated financial statements include the accounts of American Millennium Corporation, Inc. (AMCI) and its wholly-owned subsidiary, AMCI International, Inc. (AMCI Int'l). All significant intercompany accounts and transactions of American Millennium Corporation and Subsidiary (the Company) for the years presented have been eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basic and diluted net loss per common share

Basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding during each period. Available stock options at January 31, 2003, to purchase 13,400,600 shares were anti-dilutive and not considered common stock equivalents for purposes of computing loss per common share. In periods where losses are reported, the weighted average number of common shares outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

Revenue Recognition

AMCI develops and sells satellite communication systems. Revenue from sales of satellite communication systems is recorded at the time the goods are shipped or access is granted to the service. The Company provides satellite airtime to its customers on a month-to-month basis, which is recognized as revenue at the time the service is provided.

6

NOTE 2. RECLASSIFICATIONS AND RESTATEMENTS

Amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation of the current period financial statements.

NOTE 3. RELATED PARTY TRANSACTIONS

On December 6, 2002, Jerry D. Kennett, a current 10% shareholder, advanced the Company \$128,000 in the form of a one-year unsecured promissory note. The note provides for interest at the rate of 12% per annum, payable annually. The note is payable to the Missouri Cardiovascular Specialists Profit Sharing Plan FBO Jerry D. Kennett.

NOTE 4. COMMON STOCK

On November 4, 2002, the Board of Directors authorized the issuance of 500,000 shares of restricted common stock to Milestone Management Ltd., LLC, an investor relations firm. The shares were issued in connection with a contract dated November 7, 2002, in which Milestone Management would provide services related to management consulting, strategic planning and corporate development.

NOTE 5. OPERATING AND ECONOMIC CONDITIONS

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of the Company as a going concern. However, conditions have limited the ability of the

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

Company to market its products and services at amounts sufficient to recover its operating and administrative costs. The Company has continued to incur operating losses (\$961,958 for the six months ending January 31, 2003). As a result, the Company has used substantial working capital in its operations. Because of these factors, there is substantial doubt as to the Company's ability to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts or classifications of liabilities that might be necessary in the event the Company cannot continue in existence.

NOTE 6. SUBSEQUENT EVENTS

President and Chief Executive Officer Garrett L. Thomas resigned his positions of officer and director of American Millennium Corporation, Inc. ("the Company") effective February 19, 2003. The Board of Directors and Mr. Thomas mutually agreed that based on the Company's desired business direction, a change in the position of president and Chief Executive Officer would be in the best interest of both the Company and Mr. Thomas.

As part of the settlement agreement reached with Mr. Thomas, the Company assigned to Mr. Thomas the Purchase Agreement between the Company and Interlink Logistics, Inc. dated June 28, 2002. Also, as part the settlement agreement, the Company assigned to Mr. Thomas open accounts receivable due from Interlink Logistics, Inc. in the amount of \$105,064 in exchange for all accrued and unpaid compensation, all unpaid reimbursable expenses due Mr. Thomas and the forfeiture of all his stock compensation plans.

The Board of Directors decided to assign the Interlink contract to Mr. Thomas as part of the settlement agreement because the Interlink contract was outside the scope of our current business plan and the Board felt that Mr. Thomas would be best able to support the contract on an individual basis. We will continue to provide monthly engineering support for Interlink until an alternative solution can be found.

On February 21, 2003, the Board of Directors approved and tendered an offer to James Hamilton for the position of President and Chief Executive Officer of the Company. On February 22, 2003 Mr. Hamilton accepted the offer.

7

On February 24, 2003, the Board of Directors granted to James E. Hamilton, the Company's President and Chief Executive Officer the option to purchase 1,500,000 shares of the Company's restricted common stock for \$.10 per share. The options will vest in three equal increments as the Company's revenues reach \$2,500,000, \$5,000,000 and \$7,500,000. The options provide for a term of three years.

On February 24, 2003, the Board of Directors granted to Ronald J. Corsentino, the Company's Chief Financial Officer and Controller the option to purchase 1,000,000 shares of the Company's restricted common stock for \$.10 per share. The options will vest in three equal increments as the Company's revenues reach \$2,500,000, \$5,000,000 and \$7,500,000. The options provide for a term of three years.

On February 28, 2003, the Board of Directors issued 40,000 shares of Series A Non-Voting Cumulative Preferred Stock to LISSEN, LLC, one of our current shareholders. Holders of the Series A Preferred Stock are entitled to receive cumulative dividends on each share of Series A Preferred Stock at an annual rate of 12% of the original issued price per share, payable quarterly. Each share of Series A Preferred stock is convertible into a number of shares of common stock

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

equal to the original issue price, divided by \$.25. The Company received net proceeds of \$100,000 from the sale of the preferred stock.

On March 10, 2003, the Company received a commitment from LISSEN, LLC to purchase an additional 200,000 shares of Series A Non-Voting Cumulative Preferred Stock. The Company will receive the net proceeds of \$500,000 on or before March 20, 2003. LISSEN, LLC has also agreed to guarantee a letter of credit for the Company in an amount not to exceed \$500,000.

8

Item 2. Management's Discussion and Analysis or Plan of Operations

SAFE HARBOR STATEMENT

Certain statements in this section and elsewhere in this quarterly report on Form 10-QSB are forward-looking in nature and relate to our plans, objectives, estimates and goals. Words such as "expects," "anticipates," "intends," "plans," "projects," "forecasts," "believes," and "estimates," and variations of such words and similar expressions, identify such forward-looking statements. Such statements are made, pursuant to the safe harbor provisions of the private securities litigation reform act of 1995 and speak only as of the date of this report. The statements are based on current expectations, are inherently uncertain, are subject to risks and uncertainties and should be viewed with caution. Actual results and experience may differ materially from those expressed or implied by the forward-looking statements as a result of many factors, including, without limitation, those set forth under "business -- additional factors that may affect our business and future results" in our most recent annual report on Form 10-KSB and under "risk factors." We make no commitment to update any forward-looking statement or to disclose any facts, events, or circumstances after the date hereof that may affect the accuracy of any forward-looking statements.

OVERVIEW

We are an information management company specializing in the provision of services for monitoring high value assets located in remote areas using proprietary hardware and data management software and wireless communications. Through the use of our satellite-based hardware and software, we are able to provide these data communication services to areas in the United States and abroad that do not have telephone or cellular access.

We currently provide information management services for the oil and gas industry in North America. Our Sentry product line includes proprietary hardware and sensors that are placed at a gas compressor site. SatAlarm, our back-end server software, allows the end user to gather data and communicate directly with the Sentry hardware via a secure website. The essential function of this product line is to provide an alert when a gas compressor stops operating allowing our customers field maintenance personnel the opportunity to quickly go to the inoperative unit to try to resolve any problems with it.

We intend to provide similar products and services for the car telematics, fleet management/tracking, asset tracking, and fixed asset monitoring markets in South America.

RESULTS OF OPERATIONS

Revenue consists of hardware and airtime sales and custom development of products for our customers. During the six months ended January 31, 2003, revenues increased approximately 12% to \$424,741 compared to the same period in 2002. This increase in year over year revenue was due to the fact that we

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

released our new Sentry hardware product, which is Class I, Division 2 certified, on October 14, 2002. We had several orders pending that certification which lead to larger sales for this period.

Our cost of revenues decreased from \$333,670 in 2002 to \$282,196 in 2003, a decrease of \$51,474 or 15%. Gross profit for the six months ended January 31, 2003, was \$142,545 (34% of sales) compared to \$46,728 (12%) for the six months ended January 31, 2002. This decrease in cost of revenues and increase in gross profits primarily reflects less costs for testing and start up production costs as we are realizing the benefits of streamlining our production and manufacturing process. We expect our margins to increase as we gain economies of scale by producing and selling more hardware and by growing our customer base of residual airtime.

Payroll, payroll taxes, and related benefits increased by \$11,713 in the six months ended January 31, 2003, as compared to January 31, 2002. We have maintained our current number of employees over the past year in an effort to contain costs associated with payroll and related expenses. The total number of employees as of January 31, 2003, is 12.

9

Consulting fees increased from \$156,025 to \$249,238 for the six months ended January 31, 2002 and 2003, respectively. This is an increase of \$93,213 or 60%. The increase is due to the fact that we have engaged several consultants to assist us in engineering consulting work, sales and marketing, capital formation and developing the South American operations.

Professional fees increase from \$22,766 to \$119,684 for the six months ended January 31, 2002 and 2003, respectively. This is an increase of \$74,152 or 326%. This increase is due to the fact that we had a large increase in legal and accounting fees relating to SEC compliance work with regards to the Annual Report on Form 10-KSB and the Proxy Statement on Schedule 14A.

Selling, general and administrative expenses principally consist of compensation and related costs for personnel, fees for legal and other professional services and depreciation of equipment and software used for general corporate purposes. There was a \$140,307 or 16% increase in total selling, general and administrative expenses compared to the six month period a year ago. Selling, general and administrative expenses for the six months ended January 31, 2003 and 2002, were \$1,030,812 and \$890,505, respectively. The increase is primarily due to increased consulting and increased professional fees.

Other Income and Expenses. Other income (expenses) consisted of income from cash equivalents and short term investments, less interest expense related to financing obligations. Other income (expenses) for the six months ended January 31, 2003 and 2002, was (\$73,691) and (\$79,070), respectively. The increase in interest expense is associated with a \$750,000 short-term note that was advanced to us on June 24, 2002. This note was paid in full on October 11, 2002. The proceeds used to pay this note were from the sale of preferred stock detailed above in Note 4 of the consolidated financial statements.

Net Loss. We had a net loss of \$961,958 (or \$0.02 per share) on revenues of \$424,741 for the six months ended January 31, 2003, compared to a net loss of \$922,847 (or \$0.0 per share) on revenues of \$380,398 for the period ended January 31, 2002. The increase in net loss was primarily attributable to increased consulting and professional fees, and an increase in interest expense.

10

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Our current revenue consists of Sentry hardware sales and monthly airtime fees for satellite airtime and the use of our SatAlarm software system. Our goal is to acquire customers through hardware sales rendering residual income through monthly airtime fees. Our current business plan provides for 500 hardware unit sales per month until we reach a customer base of 6,000 units. At that level our current business plan projects that we will be able to meet our monthly overhead through current operating income. For the six months ended January 31, 2003, we averaged sales of 50 hardware units per month and as of March 15, 2003, we had a 620-unit customer base providing residual airtime revenues. For the six months ended January 31, 2003, 47% of our revenues were derived from hardware sales, 17% of our revenues were derived from recurring monthly charges for airtime and use of our SatAlarm software system and the remainder of our revenues consisted of engineering fees and software support fees relating to the Interlink agreement.

As of March 15, 2003, based on current operations, we do not have sufficient cash and liquid assets to satisfy our cash requirements on a monthly basis. While we generate income from hardware sales and monthly airtime fees, these proceeds are currently not sufficient to meet our current monthly overhead. We will require approximately \$1.5 million to cover our anticipated overhead and operational needs for the fiscal year ending July 31, 2003. Revenues from existing operations for the fiscal year ending July 31, 2003, are expected to offset operation overhead by only approximately \$1 million. While we have projected revenues from our existing operations of approximately \$1 million for the fiscal year ending July 31, 2003, there is no guarantee these projections will be achieved or that any revenue will be generated from these operations.

We will try to obtain additional financing through the sale of equity and/or debt securities. If we are successful in completing an equity financing, existing shareholders will experience dilution of their interest in us. In the event we are not successful in raising sufficient additional financing, it is anticipated that we will not be able to proceed with the business plan for the further development and marketing of the Sentry and SatAlarm systems nor will we be able to implement our South American operations. In addition, we may have to limit our operations to an extent not presently determinable by management, but which may include the sale of any assets owned or our ceasing to conduct business. The availability of other sources of cash may, or may not, materialize and thus, presents a significant risk that we will exhaust our financial resources in the short term, with no ability to pay for ongoing operational expenses, before our revenues can be developed to adequately cover our expenses. Because of these factors, there is substantial doubt as to our ability to continue as a going concern.

Item 3. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Our Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 240.15d-14(c)) as of a date within 90 days before the filing date of this quarterly report. Based on that evaluation, they have concluded that our current disclosure controls and procedures are effective in timely providing the material information required to be disclosed in the reports we file or submit under the Exchange Act.

Changes in Internal Controls. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date we carried out this evaluation.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

As discussed in our Annual Report on Form 10-KSB for the fiscal year ended July 31, 2002, we are a party to certain pending legal proceedings. There were no material developments in any such proceedings during the quarter ended January 31, 2003.

Item 2. Changes in Securities and Use of Proceeds

On November 4, 2002, the Board of Directors authorized the issuance of 500,000 shares of restricted common stock to Milestone Management Ltd., LLC, an investor relations firm. The shares were issued in connection with a contract dated November 7, 2002 in which Milestone Management would provide services related to management consulting, strategic planning and corporate development.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Securities Holders

No matters were submitted to a vote.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits

- 3.1 Articles of Incorporation, as amended (incorporated by reference to Exhibits 3(i), (ii), (iii) and (iv) to the Company's Amendment No. 3 to Registration Statement on Form SB-2 filed November 29, 2001)
- 3.2 Bylaws (incorporated by reference to Exhibit 3(v) to the Company's Amendment No. 3 to Registration Statement on Form SB-2 filed November 29, 2001)
- 4.1 Statement of Determination for Series A Non-Voting Cumulative Preferred Stock (incorporated by reference to the Company's Current Report on Form 8-K filed October 25, 2002)
- 4.2 Employee Stock Option Agreement dated February 23, 2003, between the Company and James E. Hamilton
- 4.3 Employee Stock Option Agreement dated February 23, 2003, between the Company and Ronald J. Corsentino
- 10.1 Agreement and Plan of Merger dated May 27, 1998, (incorporated by reference to the Company's Current Report on Form 8-K filed June 11, 1998, File No. 000-10841-D)

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

- 10.2 Management Consulting Agreement dated November 2, 2002, with Milestone Management Ltd., LLC
- 10.3 Promissory Note dated January 5, 2003 between American Millennium Corporation, Inc. and the Missouri Cardiovascular Specialists Profit Sharing Plan FBO Jerry D. Kennett
- 10.4 Resignation and Settlement Agreement, General Release and Covenant Not to Sue dated February 19, 2003 between the Company and Garrett L. Thomas (incorporated by reference to the Company's Current report on Form 8-K filed February 23, 2003)
- 99.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 99.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(B) Reports on Form 8-K:

- 1) On February 24, 2003, a report on form 8-K was filed with the Securities and Exchange Commission announcing that Garrett L. Thomas, the Company's Chief Executive Officer and President resigned on February 19, 2003, and James E. Hamilton was named the new Chief Executive Officer and President effective February 22, 2003.

13

SIGNATURES

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

AMERICAN MILLENNIUM CORPORATION, INC.

Dated: March 24, 2003

By: /s/ James E. Hamilton

James E. Hamilton
President and
Chief Executive Officer

Dated: March 24, 2003

By: /s/ Ronald J. Corsentino

Ronald J. Corsentino
Treasurer, Secretary and
Chief Financial Officer
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of this Registrant and in the capacities and on the dates indicated.

Dated: March 24, 2003

By: /s/ Bruce R. Bacon

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

Bruce R. Bacon
Director
Vice President of Engineering
and Chief Technology Officer

Dated: March 24, 2003

By: /s/ Stephen F. Watwood

Stephen F. Watwood,
Director
Vice President of Business
Development

Dated: March 24, 2003

By: /s/ Shirley M. Harmon

Shirley M. Harmon
Director

Dated: March 24, 2003

By: /s/ Andrew F. Cauthen

Andrew F. Cauthen
Director

14

CERTIFICATIONS

I, James E. Hamilton, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of American Millennium Corporation, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 24, 2003

/s/ James E. Hamilton

James E. Hamilton
President and
Chief Executive Officer

15

I, Ronald J. Corsentino, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of American Millennium Corporation, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 24, 2003

/s/ Ronald J. Corsentino

Ronald J. Corsentino
Treasurer, Secretary and
Chief Financial Officer
(Principal Accounting Officer)