

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

AMERICAN MILLENNIUM CORP INC
Form 10QSB
June 21, 2002

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 April 30, 2002

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)

1010 Tenth Street, Suite 100, Golden, CO 80401

(Address of principal executive offices)

(303) 279-2002

(Issuer's telephone number)

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: 44,781,977 at June 21, 2002.

Transitional Small Business Disclosure Format (Check one): Yes No

AMERICAN MILLENNIUM CORPORATION, INC.

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

FORM 10-QSB

INDEX

	PAGE
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements	
Balance Sheet - April 30, 2002 (Unaudited)	1
Statements of Operations - Three months ended April 30, 2002 and 2001 (Unaudited)	2
Statements of Operations - Nine months ended April 30, 2002 and 2001 (Unaudited)	3
Statements of Cash Flows - Nine Months ended April 30, 2002 and 2001 (Unaudited)	4
Notes to Financial Statements (Unaudited)	5
Item 2. Management's Discussion and Analysis or Plan of Operation	8
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings	12
Item 2. Changes in Securities	13
Item 3. Defaults Upon Senior Securities	13
Item 4. Submission of matters to a Vote of Securities Holders	13
Item 5. Other Information	13
Item 6. Exhibits and reports on Form 8-K	13

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The information required by Item 310(b) of Regulation SB is as follows:

AMERICAN MILLENNIUM CORPORATION, INC.
BALANCE SHEET (Unaudited)

April 30, 2002

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 769,477
Accounts receivable, less allowance for doubtful accounts of \$6,036	113,696
Inventories	32,244
Employee advances	3,888
Prepaid expenses	807

TOTAL CURRENT ASSETS

920,112

PROPERTY AND EQUIPMENT, NET

102,952

OTHER ASSETS

Securities in closely-held corporation	3,040
--	-------

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

Deposits.....	6,379
Other	760
Deferred income tax asset, less valuation allowance of \$5,484,412	--

TOTAL OTHER ASSETS	10,179

TOTAL ASSETS	\$ 1,033,243
=====	

LIABILITIES AND DEFICIENCY IN ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 566,125
Accrued payroll and related taxes	189,451
Other accrued liabilities	58,812
Accrued Warranty	15,000
Current portion of capitalized lease obligations	7,440
Notes payable to related parties	205,101
Notes payable to shareholder	39,971

TOTAL CURRENT LIABILITIES	1,081,900

LONG-TERM PORTION OF CAPITALIZED LEASE OBLIGATIONS.....	910

TOTAL LIABILITIES	1,082,810

DEFICIENCY IN ASSETS	
Preferred stock, 10,000,000 shares authorized; none issued	--
Common stock, \$.001 par value, 60,000,000 shares authorized; 44,781,977 and outstanding	44,782
Additional paid-in capital	18,840,110
Stock subscription receivable	(115,000)
Accumulated deficit.....	(18,819,459)

TOTAL DEFICIENCY IN ASSETS	(49,567)

TOTAL LIABILITIES AND DEFICIENCY IN ASSETS	\$ 1,033,243
=====	

See accompanying notes.

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

For the Three Months Ended April 30,	2002	2001

REVENUES.....	\$ 81,874	\$ 79,349
COST OF REVENUES	78,338	21,006

GROSS PROFIT.....	3,536	58,343

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Compensation to officers and directors	112,200	306,790
Consulting - others	40,053	48,124
Professional	14,909	35,020
Employee salaries	74,145	122,766

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

Employee benefits and payroll taxes	23,955	38,820
Travel	13,158	31,110
Telephone and utilities	10,545	10,261
Depreciation and amortization	7,595	37,645
Equipment and property rental	20,771	20,510
Warranty expense.....	80,400	-
Bad debts.....	--	8,489
Computer and internet.....	22,732	16,282
Other	17,595	23,357

TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ...	438,058	699,174

LOSS FROM OPERATIONS	(434,522)	(640,831)

OTHER INCOME (EXPENSE)		
Interest expense	(14,590)	(31,802)
Other miscellaneous income	17,061	(1,466)

TOTAL OTHER INCOME (EXPENSE).....	2,471	(33,268)

LOSS BEFORE INCOME TAXES	(432,051)	(674,099)
INCOME TAXES	--	--

NET LOSS	(432,051)	(674,099)
=====		
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.014)	\$ (0.031)
=====		
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
(BASIC AND DILUTED)	30,516,989	21,947,619
=====		

See accompanying notes.

2

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

For the Nine Months Ended April 30,	2002	2001
REVENUES.....	\$ 462,290	\$ 221,613
COST OF REVENUES	412,026	155,161

GROSS PROFIT.....	50,264	66,452

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Compensation to officers and directors	371,825	581,540
Consulting - others	196,078	256,810
Professional	37,676	108,093
Employee salaries	204,146	380,878
Employee benefits and payroll taxes	84,451	128,196
Travel	50,082	93,638
Telephone and utilities	25,857	34,208
Depreciation and amortization	57,831	90,160
Equipment and property rental	61,375	62,809
Warranty expense.....	80,400	-
Bad debts.....	43,348	8,872
Computer and internet.....	54,961	30,250
Other	55,834	76,455

TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ...	1,323,864	1,851,909

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

LOSS FROM OPERATIONS	(1,273,600)	(1,785,457)

OTHER INCOME (EXPENSES)		
Interest expense	(73,433)	(84,719)
Loan costs.....	--	(41,875)
Miscellaneous income	12,592	23,148
Impairment of asset	(20,417)	--

TOTAL OTHER INCOME (EXPENSES).....	(81,258)	(103,446)

LOSS BEFORE INCOME TAXES	(1,354,858)	(1,888,903)
INCOME TAXES	--	--

NET LOSS	(1,354,858)	(1,888,903)
=====		
BASIC AND DILUTED NET LOSS PER COMMON SHARE	\$ (0.044)	\$ (0.086)
=====		
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
(BASIC AND DILUTED)	30,516,989	21,947,619
=====		

See accompanying notes.

3

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

For the Nine Months Ended April 30,	2002	2001

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	\$(1,354,858)	\$(1,888,903)
Adjustments to reconcile net (loss) to net		
cash used by operating activities:		
Depreciation and amortization	57,831	90,160
Amortization of loan costs.....	--	41,875
Provision for bad debts	43,349	--
Loss on disposal of property and equipment		1,201
Common stock exchanged for services	24,260	54,691
Stock options issued as compensation.....	20,417	204,000
(Increase) decrease in assets:		
Accounts receivable	(60,666)	(32,199)
Inventory	5,514	(6,778)
Prepaid expenses	7,417	(23,504)
Other assets	13,791	(5,866)
Increase (decrease) in liabilities:		
Accounts payable	245,175	82,374
Accrued payroll and related taxes	110,090	(2,523)
Accrued liabilities	95,948	(71,398)

NET CASH USED BY OPERATING ACTIVITIES	(791,732)	(1,556,870)

CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts		
Proceeds from disposal of property and equipment....	--	400

RECEIPTS FROM INVESTING ACTIVITIES	--	400

Disbursements		
Acquisition of property and equipment	(3,105)	(138,895)

DISBURSEMENTS FROM INVESTING ACTIVITIES	(3,105)	(138,895)

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

NET CASH USED BY INVESTING ACTIVITIES	(3,105)	(138,495)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipts		
Proceeds from notes payable to officers	--	289,500
Proceeds from note payable stockholder	30,130	950,000
Proceeds from warrants exercised		25,000
Proceeds from issuance of common stock, net	1,535,000	583,000
RECEIPTS FROM FINANCING ACTIVITIES	1,565,130	1,847,500
Disbursements		
Payments on notes payable to officers		(190,000)
Payments on notes due related parties	(5,000)	(18,158)
DISBURSEMENTS FROM FINANCING ACTIVITIES	(5,000)	(208,158)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,560,130	1,639,342
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ...	765,293	(56,023)
CASH AND CASH EQUIVALENTS - BEGINNING	4,184	105,148
CASH AND CASH EQUIVALENTS - ENDING	\$ 769,477	\$ 49,125
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for:		
Interest	\$ --	\$ 84,719
Income taxes	\$ --	\$ --
In addition to amounts reflected above, common stock was issued for:		
Notes payable to related parties	\$ --	\$ --
Accrued consulting due officers	\$ --	\$ 298,498
Advances due to officers	\$ --	\$ 14,080
Notes payable to officers	\$ --	\$ 245,397
Accrued salary due officers	\$ --	\$ 89,208
Notes payable related parties	\$ 30,130	\$ --
Notes payable to shareholders	\$ 170,595	\$ --
Convertible debt	\$ 875,000	\$ --

See accompanying notes.

AMERICAN MILLENNIUM CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. GENERAL BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying unaudited financial statements of American Millennium Corporation, Inc. (AMCI) have been prepared in accordance with Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the Company has made all adjustments necessary for a fair presentation of the results of the interim periods, and such adjustments consist

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

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.

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 April 30, 2002, to purchase 19,385,516 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.

NOTE 2. RECLASSIFICATIONS

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 February 26, 2002, the Board of Directors authorized the issuance of 71,000 shares of restricted common stock to Lindy Amyx, an individual independent consultant, in settlement of an accounts payable for consulting services in the amount of \$4,260.

On March 16, 2002, the Board of Directors authorized the issuance of 301,300 shares of restricted common stock to Savitar Farms, LLC in full settlement of a promissory note payable dated August 8, 2001 in the amount of \$30,130.

On April 3, 2002, the Board of Directors authorized the issuance of 189,979 shares of restricted common stock to AlphaCom, Inc. a current shareholder, in partial settlement of a \$75,000 promissory note payable due to AlphaCom dated October 5, 2000. The balance of the note as of April 3, 2002 is \$40,595.

5

NOTE 4. COMMON STOCK

On March 1, 2002 the Board of Directors authorized the issuance of 5,800,000 shares of restricted common stock to one private investor pursuant to this investor exercising all of their outstanding warrants. The Company received net proceeds of \$100,000 from the exercise of these warrants along with a promissory note in the amount of \$150,000. The promissory note was to be paid only if the investor did not make an additional \$750,000 investment in the Company. On April 29, 2002 the same investor did make the additional investment, as described below, thus the promissory note was not due the Company.

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

On April 29, 2002 the Board of Directors authorized the issuance of 1,000,000 shares of restricted common stock to one private investor. The Company received net proceeds of \$750,000 from the sale of these shares. The investor will have the option to purchase additional shares for a period of five years as follows: 1,000,000 shares of common stock at a price of \$1.00 per share; 1,000,000 shares of common stock at a price of \$1.50 per share; and 1,000,000 shares of common stock at a price of \$2.00 per share.

On March 15, 2002, the holder of the Company's \$875,000 convertible debentures converted all debt to the Company's restricted common stock. 1,377,551 shares were converted at \$0.49 per share pursuant to a November 9, 2000 Convertible Note Agreement, and 909,090 shares were converted at \$0.22 per share pursuant to a Convertible Note Agreement dated April 18, 2001. The holder also exercised all available options and warrants associated with these convertible notes as follows: Two (2) 175,000 share options dated December 28, 2000 were exercised at a price of \$.05 per share; 502,500 warrants were exercised at a price of \$.05 per share pursuant to an agreement dated April 7, 2000; 352,941 warrants were exercised at a price of \$.05 per share pursuant to an agreement dated June 7, 2000; 1,377,551 warrants were exercised at a price of \$.05 per share pursuant to an agreement dated November 9, 2000 and 909,090 warrants were exercised at a price of \$.05 per share pursuant to an agreement dated April 18, 2001. The Company received net proceeds of \$30,633 from the options exercised and warrants, after paying in full a short-term note owed to the note holder of \$125,000, plus accrued interest of \$18,971.

6

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 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 (\$1,354,858 for the nine months ending April 30, 2002). In addition, the Company has used substantial working capital in its operations. As of April 30, 2002, current liabilities exceeded current assets by \$161,788. Because of these factors, there is substantial doubt as to our 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

On May 16, 2002, the Company completed the acquisition of 2,400,000 shares of stock from NSI Global, Inc for \$750,000 as required under the April 23, 2002 agreement. The Company has options to purchase an additional 14.1 million shares of NSI Global, Inc. for prices ranging from \$0.55 to \$0.61 that expire on various dates ending December 31, 2003.

On May 30, 2002, Telespazio Brasil announced its intention to work with the Company on the distribution of GlobalWave technology and products in South America. Under this expected agreement, Telespazio Brasil will use its considerable resources in South America to provide Vistar MT2000 terminals and satellite airtime to value added resellers, original equipment manufacturers and end users. The Company will provide the necessary capital

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

to acquire the regional operator hardware from Vistar and buy the satellite airtime.

7

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

SAFE HARBOR STATEMENT

Certain statements in this Form 10-QSB, including information set forth under this Management's Discussion and Analysis or Plan of Operations constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the Act). American Millennium Corporation, Inc. desires to avail itself of certain 'safe harbor' provisions of the Act and is therefore including this special note to enable us to do so. Forward-looking statements in this Form 10-QSB or included in other publicly available documents filed with the Securities and Exchange Commission, reports to our stockholders and other publicly available statements issued or released by us involve known and unknown risks, uncertainties and other factors which could cause our actual results, performance (financial or operating) or achievements to differ from the future results, performance (financial or operating) or achievements expressed or implied by such forward-looking statements. Such future results are based upon management's best estimates based upon current conditions and most recent results of operations.

OVERVIEW

AMCI provides easy, convenient and cost-effective Internet based services where customers can access information about various fixed and mobile assets through a custom internet based software application. With our SatAlarm backend server software application, customers can use their existing PC and Internet connection to select a particular asset, and obtain information from sensors located at that asset.

Through utilization of available two-way satellite communication, we can monitor currently isolated facilities and equipment. We have activated over four hundred of our Sentry systems for satellite monitoring of oil and gas production and pipeline equipment.

8

RECENT DEVELOPMENTS

In the nine months ended April 30, 2002, we have continued to implement our current product line and business strategy to enhance our ability to achieve profitability by focusing on our core business of remote asset monitoring.

In the nine months ended April 30, 2002, we shipped approximately 400 of our Sentry units to new and existing oil and gas customers. These shipments produced one time revenues of approximately \$352,000 and will produce monthly recurring revenues of approximately \$12,000.

On February 11, 2002 the Company entered into a Teaming Agreement with Telespazio Brasil to pursue a South American initiative involving satellite telecommunications.

On April 23, 2002, the Company was awarded the license to provide the GlobalWave system for satellite tracking and monitoring for South American from NSI Global, Inc. Under the agreement, NSI will provide a turnkey GlobalWave wireless packet

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

data system on an exclusive basis to the Company and Telespazio Brasil. The Company has issued NSI a five year option to purchase up to 10% of the company to be formed to provide GlobalWave services in South America. The exercise price of the option is the lower of 10% of the book value of the net assets at the time of the option exercise, and \$1,000,000. The Company also issued NSI a five-year warrant to purchase up to 1.5 million shares of the Company for \$.10 per share.

On April 29, 2002 we received net proceeds of \$750,000 from the sale of 1,000,000 shares of our common stock. These proceeds will be used to purchase 2.4 million shares of NSI Global, Inc . common stock pursuant to our agreement with them concerning the South American regional operator license.

RESULTS OF OPERATIONS

Revenue. Revenue consists of hardware and airtime sales and custom development of products for our customers. During the nine months ended April 30, 2002, revenues increased approximately 209% to \$462,290 compared to the same period in 2001. This increase in year over year revenue was due to a higher number of subscribers to our service.

Cost of Revenues. Costs of revenues principally consists of manufacturing costs and the purchase of satellite airtime. Cost of revenues was \$412,026 for the nine months ended April 30, 2002, compared to \$155,161 for the nine months ended April 30, 2001. Our cost of revenue increased primarily due to the increase in hardware and airtime costs relating to the increased revenue.

Payroll, Payroll Taxes and Related Benefits. Payroll, payroll taxes, and related benefits decreased by \$430,192 in the nine months ended April 30, 2002, as compared to April 30, 2001. This is attributable to the fact that we had three less employees during the nine months ended April 30, 2002, and that payroll and benefit administration was brought in house rather than contracting with a third party payroll administrator. The total number of employees as of April 30, 2002, is 10.

9

Consulting fees. Consulting fees decreased from \$256,810 to \$196,078 for the nine months ended April 30, 2001 and 2002, respectively. The decrease is primarily due to the fact that we have narrowed our development to the Sentry and Satalarm products, which are now commercially available.

Selling, General and Administrative. 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 an approximate 33% decrease in total selling, general and administrative expenses compared to the nine month period a year ago. During the quarter we experienced an unusually high level of warranty returns and repairs. Our mangement has met with production personnel and redesigned certain components to alleviate future occurrences. Selling, general and administrative expenses for the nine months ended April 30, 2002 and 2001 were \$1,323,864 and \$1,851,909, respectively. The decrease is primarily due to increased cost control efforts and the reduction in personnel.

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 nine months ended April 30, 2002 and 2001 was (\$81,258) and (\$103,446), respectively. The difference is due to the amortization of loan costs we incurred for the period ended April 30, 2001, and the impairment of asset of \$20,417 related to non-compete agreement

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

with Mr. Buntin during the quarter ended January 31, 2002.

Net Loss. We had a net loss of \$1,354,858 (or \$0.0444 per share) on revenues of \$462,290 for the nine months ended April 30, 2002, compared to a net loss of \$1,888,903 (or \$0.086 per share) on revenues of \$221,613 for the period ended April 30, 2001. The decrease in net loss was primarily attributable to increased revenues and a decrease in selling, general and administrative expenses.

10

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

We understand that cash and equivalents on hand at April 30, 2002, are not adequate to meet even our short-term capital needs. On April 29, 2002 we sold 1,000,000 shares of our common stock and we received net cash proceeds of \$750,000. This cash was subsequently used to purchase 2,400,000 shares of NSI Global, Inc pursuant to our agreement with NSI regarding the South American regional operation agreement.

As a result of net losses incurred, we have used substantial working capital in our operations. As of April 30, 2002, current liabilities exceeded current assets by \$161,788. There is substantial doubt as to our ability to continue as a going concern without additional financing or capital infusion.

During the last three months we have sold 5,800,000 shares of our common stock, pursuant to option and warrant agreements for net proceeds of \$100,000. Although we believe that our current and several new investors are committed to our future success, there can be no assurance that additional funds will be available when needed on commercially reasonable terms.

On March 1, 2002, 5,800,000 warrants for the purchase of the Company's restricted common stock were exercised. The Company received net proceeds of \$100,000 on March 1, 2002, along with a \$150,000 contingent promissory note receivable pursuant to a Letter Agreement dated February 28, 2002. The repayment of the \$150,000 note was contingent on the investor making a \$750,000 investment in the Company. On April 29, 2002 the \$750,000 investment was received by the Company, therefore the \$150,000 contingent note was not payable to the Company.

On March 15, 2002, all of the Company's convertible debt was converted into the Company's restricted common stock. 1,377,551 shares were converted at \$.49 per share pursuant to a November 9, 2000 Convertible Note Agreement and 909,090 shares were converted at \$.22 per share pursuant to an April 18, 2000 Convertible Note Agreement. Also on the same date, 3,492,082 options and warrants were exercised at a price of \$.05 per share for the Company's restricted common stock.

On March 18, 2002, the holder of a \$30,130 short term note of the Company converted the note into 301,300 shares of the Company's restricted common stock pursuant to a Short Term Note dated August 8, 2001.

Conditions have existed to limit our ability to market our products and services at amounts sufficient to recover an acceptable amount of operating and administrative costs. However, we anticipate that newly instituted controls and new products may reverse this condition within the next fiscal year.

We have over 500 Sentry units in the field currently being used for production purposes and under assessment by various customers and resellers. Within the next two calendar quarters, we anticipate several orders, which could have a

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

significant impact on our net sales and income.

We believe that recurring revenues derived from monthly satellite and paging monitoring charges should continue to build value for the shareholders. Our principal marketing efforts are directed toward the oil and gas industry, which has a need for monitoring high value assets. We anticipate that during the latter part of fiscal year year 2002, revenues should increase from the enrollment of subscribers based on our various initiatives underway with manufacturers of gas compressors. We will continue to market our services to those companies for deployment of our system on a fleet basis in order to optimize upon subscriber enrollment. We currently have over 500 satellite subscriber communicators (the industry term for transceivers) deployed in field operations. These units are currently monitoring a variety of assets although the bulk of them are on gas compressors in the southwest United States.

We have made no material commitments for capital expenditures and expect no significant changes in the number of employees. We will continue to outsource production and manufacturing. Research, development, and major marketing efforts will be performed by our existing employees.

11

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities.

On February 26, 2002, the Board of Directors authorized the issuance of 71,000 shares of restricted common stock to Lindy Amyx, an individual independent consultant, in settlement of an accounts payable for consulting services in the amount of \$4,260.

On March 1, 2002 the Board of Directors authorized the issuance of 5,800,000 shares of restricted common stock to Jerry D. Kennett, MD pursuant to this investor exercising all of their outstanding warrants. The Company received net proceeds of \$100,000 from the exercise of these warrants along with a promissory note in the amount of \$150,000. The promissory note was to be paid only if the investor did not make an additional \$750,000 investment in the Company. On April 29, 2002 the same investor did make the additional investment, as described below, thus the promissory note was not due the Company.

On March 15, 2002, Rodney R. Schoemman, the holder of the Company's \$875,000 convertible debentures converted all debt to the Company's restricted common stock. 1,377,551 shares were converted at \$0.49 per share pursuant to a November 9, 2000 Convertible Note Agreement, and 909,090 shares were converted at \$0.22 per share pursuant to a Convertible Note Agreement dated April 18, 2001. The holder also exercised all available options and warrants associated with these convertible notes as follows: Two (2) 175,000 share options dated December 28, 2000 were exercised at a price of \$.05 per share; 502,500 warrants were exercised at a price of \$.05 per share pursuant to an agreement dated April 7, 2000; 352,941 warrants were exercised at a price of \$.05 per share pursuant to an agreement dated June 7, 2000; 1,377,551 warrants were exercised at a price of \$.05 per share pursuant to an agreement dated November 9, 2000 and 909,090 warrants were exercised at a price of \$.05 per share pursuant to an agreement dated April 18, 2001. The Company received net proceeds of \$30,633 from the options exercised and warrants, after paying in full a short term note owed to the note holder of \$125,000 plus accrued interest of \$18,971.

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

On March 16, 2002, the Board of Directors authorized the issuance of 301,300 shares of restricted common stock to Savitar Farms, LLC in full settlement of a promissory note payable dated August 8, 2001 in the amount of \$30,130.

On April 3, 2002, the Board of Directors authorized the issuance of 189,979 shares of restricted common stock to AlphaCom, Inc. a current shareholder, in partial settlement of a \$75,000 promissory note payable due to AlphaCom dated October 5, 2000. The balance of the note as of April 3, 2002 is \$40,595.

On April 29, 2002 the Board of Directors authorized the issuance of 1,000,000 shares of restricted common stock to Jerry D. Kennett, MD. The Company received net proceeds of \$750,000 from the sale of these shares. The investor will have the option to purchase additional shares for a period of five years as follows: 1,000,000 shares of common stock at a price of \$1.00 per share; 1,000,000 shares of common stock at a price of \$1.50 per share; and 1,000,000 shares of common stock at a price of \$2.00 per share.

12

Item 3. Defaults Upon Senior Securities.

Not applicable.

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

No matters were submitted to a vote.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) No Reports on Form 8-K were filed during the quarter for which this report is filed.

13

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

American Millennium Corporation, Inc.

(Registrant)

Date: June 21, 2002

/s/ Garrett L. Thomas

Garrett L. Thomas, President
(Chief Executive Officer)

Date: June 21, 2002

/s/ Stephen F. Watwood

Edgar Filing: AMERICAN MILLENNIUM CORP INC - Form 10QSB

Stephen F. Watwood, Vice President of
Business Development

Date: June 21, 2002

/s/ Andrew F. Cauthen

Andrew F. Cauthen, Vice Chairman

Date: June 21, 2002

/s/ Bruce R. Bacon

Bruce R. Bacon, Chief Technology Officer,
Vice President of Engineering

Date: June 21, 2002

/s/ Shirley Harmon

Shirley Harmon, Corporate Secretary

Date: June 21, 2002

/s/ Ronald J. Corsentino

Ronald J. Corsentino, Controller,
Treasurer, Chief Financial Officer