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JLM COUTURE INC
Form 10QSB
June 19, 2003

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

FORM 10-QSB

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 2003

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

For the transition period from _____ to _____.

Commission file number 0-19000

JLM COUTURE, INC.

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

Delaware	13-3337553
-----	-----
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

225 West 37th Street, New York, New York 10018

(Address of principal executive offices)

(212) 921-7058

(Issuer's telephone number)

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

The number of shares outstanding of the issuer's common stock,
par value \$.0002 per share, as of June 19, 2003 was 1,903,360.

Transitional Small Business Disclosure Format (check one):

Yes ☐ No ☒

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The Exhibit Index is located on page 15.

JLM COUTURE, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

JLM COUTURE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

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	April 30, 2003	October 31, 2002
	-----	-----
	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 229,322	\$ 958,810
Accounts receivable, net of allowances for doubtful accounts and trade discounts - \$501,000 at April 30, 2003 and \$451,000 at October 31, 2002	5,134,117	3,596,205
Inventories	3,642,311	3,747,357
Prepaid expenses and other current assets	378,754	531,712
	-----	-----
Total current assets	9,384,504	8,834,084
Equipment and leasehold improvements net of accumulated depreciation and amortization of \$456,638 at April 30, 2003 and \$412,053 at October 31, 2002	570,501	460,264
Goodwill	211,272	211,272
Samples, net of accumulated amortization of \$192,435 at April 30, 2003 and \$132,493 at October 31, 2002	261,579	261,037
Other assets	94,415	49,540
	-----	-----
	\$10,522,271	\$9,816,197
	=====	=====

See accompanying notes to condensed consolidated financial statements.

JLM COUTURE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

April 30, 2003	October 31, 2002
-----	-----
(Unaudited)	

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Current liabilities		
Accounts payable	\$ 1,644,489	\$1,014,241
Accrued expenses and other current liabilities	566,896	786,099
Deferred income taxes	-	73,000
Income taxes payable	55,089	157,289
	-----	-----
Total current liabilities	2,266,474	2,030,629
	-----	-----
Deferred income taxes	664,000	664,000
Total liabilities	2,930,474	2,694,629
	-----	-----
Shareholders' equity		
Preferred stock - \$.0001 par value, authorized 1,000,000 shares; issued and outstanding - none		
Common stock - \$.0002 par value, authorized 10,000,000 shares; issued 2,330,530 at April 30, 2003 and 2,330,530 at October 31, 2002; Outstanding 1,903,360 at April 30, 2003 and 1,964,360 at October 31, 2002	465	465
Additional paid-in capital	3,653,642	3,653,642
Retained earnings	5,665,718	5,072,228
	-----	-----
	9,319,825	8,726,335
Less: Deferred compensation	(291,875)	(335,000)
Notes receivable and accrued interest	(317,390)	(365,265)
Treasury stock at cost: 427,170 shares at April 30, 2003 and 366,170 at October 31, 2002	(1,118,763)	(904,502)
	-----	-----
Total shareholders' equity	7,591,797	7,121,568
	-----	-----
	\$10,522,271	\$9,816,197
	=====	=====

See accompanying notes to condensed consolidated financial statements.

JLM COUTURE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE AND SIX MONTHS ENDED APRIL 30, 2003 AND 2002 (Unaudited)

Three Months Ended	Six Months Ended
April 30,	April 30,
2003	2003
2002	2002

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	-----	-----	-----	-----
Net sales	\$7,834,684	\$7,608,472	\$13,316,517	\$12,108,748
Cost of goods sold	4,713,779	4,808,220	7,954,475	7,493,040
	-----	-----	-----	-----
Gross profit	3,120,905	2,800,252	5,362,042	4,615,708
Selling, general and administrative expenses	2,434,051	2,132,581	4,327,550	3,656,891
	-----	-----	-----	-----
Operating income	686,854	667,671	1,034,492	958,817
Interest Income (expense), net	1,131	(6,712)	3,998	(10,014)
	-----	-----	-----	-----
Income before provision for income taxes	687,985	660,959	1,038,490	948,803
Provision for income taxes	295,000	280,000	445,000	400,000
	-----	-----	-----	-----
Net income	\$ 392,985	\$ 380,959	\$ 593,490	\$ 548,803
	=====	=====	=====	=====
Net income per weighted average number of common shares				
Basic	\$ 0.21	\$ 0.19	\$ 0.31	\$ 0.27
	=====	=====	=====	=====
Diluted	\$ 0.19	\$ 0.19	\$ 0.29	\$ 0.27
	=====	=====	=====	=====
Weighted average number of common shares				
Basic	1,908,999	2,027,333	1,920,708	2,063,359
	=====	=====	=====	=====
Diluted	2,060,727	2,035,560	2,069,912	2,070,741
	=====	=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

JLM COUTURE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED APRIL 30, 2003 and 2002

	2003	2002
	-----	-----
Cash Flows from Operating Activities		

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Net income	\$ 593,490	\$ 548,803
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and goodwill amortization	44,585	47,206
Amortization of deferred compensation	43,125	50,626
Provision for doubtful accounts and trade discounts	50,000	125,000
Changes in operating assets and liabilities		
(Increase) in accounts receivable	(1,587,912)	(1,703,215)
Decrease (increase) in inventories	105,046	(261,786)
Decrease in prepaid expenses and other current assets	152,958	106,359
(Increase) decrease in samples	(542)	43,069
(Increase) in other assets	(44,875)	-
Increase in accounts payable	630,248	916,599
(Decrease) in accrued expenses and other current liabilities	(219,203)	(10,045)
(Decrease) increase in taxes payable	(175,200)	256,000
(Decrease) in long term liabilities	-	(8,239)
	-----	-----
Net cash (used in) provided by Operating Activities	(408,280)	110,377
	-----	-----
Cash Flows From Investing Activities		
Purchase of property and equipment	(154,822)	(168,930)
Net payments of notes receivable	47,875	-
	-----	-----
Net cash used in Investing Activities	(106,947)	(168,930)
	-----	-----
Cash Flows from Financing Activities		
Net proceeds from short term borrowing	-	200,000
Purchase of treasury stock	(214,261)	(167,266)
	-----	-----
Net cash (used in) provided by Financing Activities	(214,261)	32,734
	-----	-----
Net (decrease) in cash	(729,488)	(25,819)
Cash, beginning of period	958,810	204,647
	-----	-----
Cash, end of period	\$ 229,322	\$ 178,828
	=====	=====

See accompanying notes to condensed consolidated financial statements.

JLM COUTURE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED
APRIL 30, 2003 and 2002
(Unaudited)

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Supplemental Disclosures of Cash Flow Information;

	2003 -----	2002 -----
Cash paid during the period for:		
Interest	\$ 9,360 =====	\$ 27,257 =====
Income taxes	\$520,000 =====	\$140,000 =====

See accompanying notes to condensed consolidated financial statements.

JLM COUTURE, INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1. Basis of Presentation

The condensed consolidated balance sheet as of April 30, 2003, the condensed consolidated statements of income for the three and six month periods ended April 30, 2003 and 2002 and the condensed consolidated statements of cash flows for the six month periods ended April 30, 2003 and 2002 have been prepared by the Company, without audit. In the opinion of management, all adjustments necessary to present fairly the financial position, results of operations and cash flows, as of April 30, 2003 and for all periods presented have been made. The results of operations are not necessarily indicative of the results to be expected for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-KSB for its fiscal year ended October 31, 2002, which was filed with the Securities and Exchange Commission.

The Company has elected to apply Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its stock options issued to employees (intrinsic value) and has adopted the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, Accounting for Stock-Based Compensation. Had the Company elected to recognize compensation cost based on the fair value of the options granted at the grant date as prescribed by SFAS No. 123, the Company's net income and income per common share would have been as follows:

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Six months ended April 30,	2003	2002
Net income - as reported	\$593,490	\$548,803
Add: Stock based employee compensation expense included in reported net income, net of related tax effects	125,132	-
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	62,063	59,483

JLM COUTURE, INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Six months ended April 30,	2003	2002
Net income pro forma	\$656,559	\$489,320
Basic income per share as reported	\$ 0.31	\$ 0.27
Basic income per share pro forma	\$ 0.34	\$ 0.24
Diluted income per share as reported	\$ 0.29	\$ 0.27
Diluted income per share pro forma	\$ 0.32	\$ 0.24

Three months ended April 30,	2003	2002
Net income - as reported	\$392,985	\$380,959
Add: Stock based employee compensation expense included in reported net income, net of related tax effects	125,132	-
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	20,167	-

Net income pro forma	\$497,950	\$380,959
Basic income per share as reported	\$ 0.21	\$ 0.19
Basic income per share pro forma	\$ 0.26	\$ 0.19

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Diluted income per share	as reported	\$ 0.19	\$ 0.19
Diluted income per share	pro forma	\$ 0.24	\$ 0.19

Note 2. Inventories

Inventories are stated at the lower of cost (first in, first out) or market and include material, labor and overhead.

Inventories consisted of the following:

	April 30, 2003	October 31, 2002
	-----	-----
Raw materials	\$2,493,539	\$2,782,515
Work-in-process	483,301	354,114
Finished Goods	665,471	610,728
	-----	-----
	\$3,642,311	\$3,747,357
	=====	=====

Raw materials are shown net of \$260,000 obsolescence reserve at April 30, 2003 and October 31, 2002.

JLM COUTURE, INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 3. Goodwill

Effective November 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 requires that an intangible asset with a definite life be amortized over its useful life and that goodwill and intangible assets with indefinite lives are not to be amortized but are to be evaluated for impairment.

The Company concluded, as of April 30, 2003, that there was no impairment to goodwill, and, pursuant to SFAS 142, goodwill is no longer being amortized.

The following pro-forma information reconciles net income reported for the three month and six month periods ended April 30, 2003 and 2002 to adjusted net income reflecting the adoption of SFAS No. 142.

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2003	2002	2003	2002
	-----	-----	-----	-----
Reported net income	\$392,985	\$380,959	\$593,490	\$548,803

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Addback: Goodwill				
amortization	-	3,521	-	7,042
Adjusted net income	\$392,985	\$384,480	\$593,490	\$555,845

Basic income per share:

Reported net income	\$.21	\$.19	\$.31	\$.27
Addback: Goodwill				
amortization	-	-	-	-
Adjusted net income	\$.21	\$.19	\$.31	\$.27

Diluted income per share:

Reported net income	\$.19	\$.19	\$.29	\$.27
Addback: Goodwill				
and amortization	-	-	-	-
Adjusted net income	\$.19	\$.19	\$.29	\$.27

JLM COUTURE, INC. AND SUBSIDIARIES

Note 4. Revolving Line of Credit

The Company had an available line of credit of up to \$500,000 with a financial institution. Borrowings are collateralized by the Company's cash, accounts receivable, securities, deposits and general intangibles. At April 30, 2003 and October 31, 2002 the Company had no outstanding balances under the revolving line of credit.

Note 5. Treasury Stock

During the six month period ended April 30, 2003 the Company purchased 61,000 shares of Common Stock at a total cost of \$214,261. Treasury stock is reflected on the balance sheet as a reduction of shareholder equity.

Additionally, during the six month period ended April 30, 2003, the Company, in conjunction with its stock repurchase program, repurchased 206,000 stock options from employees for \$208,554. These costs were reflected as a charge to income in the current period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Critical Accounting Policies

The preparation of our condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, net sales and expenses, and the related disclosures. We base our estimates on historical experience, our

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knowledge of economic and market factors and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies are affected by significant estimates, assumptions and judgments used in the preparation of our condensed consolidated financial statements.

JLM COUTURE, INC. AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. (Continued)

Allowances for Doubtful Accounts -----

We maintain an allowance for doubtful accounts for losses that we estimate will arise from our customers inability to make required payments. We make our estimates of the uncollectability of our accounts receivable by analyzing historical bad debts, specific customer creditworthiness and current economic trends. At April 30, 2003 the allowance for doubtful accounts was \$501,000 and at October 31, 2002 it was \$451,000.

Inventory Valuation -----

We regularly assess the valuation of our inventories and write down those inventories which are obsolete or in excess of our forecasted usage to their estimated realizable value. Our estimates of realizable value are based upon our analyses and assumptions including, but not limited to, forecasted sales levels by product, expected product lifecycle, product development plans and future demand requirements. If market conditions are less favorable than our forecasts or actual demand from our customers is lower than our estimates, we may be required to record additional inventory write-downs. If demand is higher than expected, we may sell our inventories that had previously been written down. At April 30, 2003 and October 31, 2002 we maintained an obsolescence reserve of \$260,000.

Impairment of Goodwill -----

In determining the recoverability of goodwill, assumptions must be made regarding estimated future cash flows and other factors to determine the fair value of the asset. If these estimates or their related assumptions change in the future, the Company may be required to record charges not previously recorded. Effective November 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets". Under the provisions of SFAS No. 142, the cost of certain intangibles will no longer be subject to amortization but was reviewed for potential impairment during the first six months of Fiscal 2003 and on an annual basis thereafter. The

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Company concluded, as of April 30, 2003, that there was no impairment to goodwill, and, pursuant to SFAS 142, goodwill is no longer being amortized.

Results of Operations

Six months ended April 30, 2003 as compared to six months ended April 30, 2002 and three months ended April 30, 2003 as compared to three months ended April 30, 2002.

For the first six months of the Company's fiscal year ending October 31, 2003 ("Fiscal 2003"), revenues increased to \$13,316,517 from \$12,108,748, an increase of 10% over the same period a year ago. This increase was due to increased market penetration of the Company's products. Gross profit as a percentage of sales increased to 40.3% from 38.1% as a larger percent of sales was from higher margin products. Net income was \$593,490, an increase of 8% from net income of \$548,803 in the first six months of Fiscal 2002. The increase in net income, due to the increase in sales, was tempered by a pre-tax expense of \$208,554 for the repurchase of stock options from employees. Per share earnings for the current six months was \$0.31 per basic share and \$0.29 per diluted share as compared to \$0.27 a basic and diluted share a year ago. Selling, general and administrative expenses as a percentage of sales increased to 32.5% of sales as compared to 30.2% in fiscal 2002 largely due to the expense relating to the payment made to cancel certain stock options.

For the quarter ended April 30, 2003, revenues increased to \$7,834,684 from \$7,608,472, an increase of 3% over the same period a year ago. Gross profit as a percentage of sales increased to 39.8% from 36.8% as a larger percent of sales was from higher margin products. Net income was \$392,985, an increase of 3% from net income of \$380,959 in the second quarter of Fiscal 2002. The increase in net income, due to the increase in sales and gross margin, was tempered by a pre-tax expense of \$208,554 for the repurchase of stock options from employees. Per share earnings for the current quarter was \$0.21 per basic share and \$0.19 per diluted share as compared to \$ 0.19 a basic and diluted share a year ago. Selling, general and administrative expenses as a percentage of sales increased to 31.1% of sales as compared to 28% in Fiscal 2002 largely due to the expense relating to the payment made to cancel certain stock options.

Liquidity and Capital Resources

The Company's working capital increased to \$7,118,030 at April 30, 2003 from \$6,803,455 at October 31, 2002. The Company's current ratio decreased to 4.1 to 1 at April 30, 2003 from 4.4 to 1 at October 31, 2002.

During the six months ended April 30, 2003, the Company used \$408,280 in operations as compared to being provided \$110,377 of cash in the year earlier as the Company was more prompt with payments to vendors in the current period. The Company also made \$520,000 in tax payments in the current period as compared to \$140,000 last year. The Company used \$106,947 in investing activities in the current year compared to \$168,930 a year earlier. The Company

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used \$214,261 in financing activities during the six months ended April 30, 2003 as compared being provided \$32,734 a year earlier. Last year the Company borrowed funds during the six months ended April 30, 2002 as compared to this year.

On December 22, 1998, the Company issued an executive of the Company 200,000 shares of Common Stock at a price of \$2.25 per share, which was the fair value on the issuance date. The executive executed a ten-year promissory note due to the Company in the amount of \$450,000, with \$45,000 principal and accrued interest payments due annually on December 22, until repaid. The promissory note bears interest at 5% per annum. The outstanding principal and interest balance at April 30, 2003 and October 31, 2002 was \$271,500 and \$319,375 respectively. The annual principal payment of \$45,000 due on December 22, 2002 was paid.

Safe Harbor Statement

Statements which are not historical facts, including statements about the Company's confidence and strategies and its expectations about new and existing products, technologies and opportunities, market and industry segment growth, demand and acceptance of new and existing products are forward looking statements that involve risks and uncertainties. These include, but are not limited to, product demand and market acceptance risks; the impact of competitive products and pricing; the results of financing efforts; the loss of any significant customers of any business; the effect of the Company's accounting policies; the effects of economic conditions and trade, legal, social, and economic risks, such as import, licensing, and trade restrictions; the results of the Company's business plan and the impact on the Company of its relationship with its lenders.

Item 3. Controls and Procedures.

Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

PART II. OTHER INFORMATION

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

(a) Exhibits.

- 3.1 Certificate of Incorporation of the Company as amended dated December 30, 1994, incorporated by reference to Exhibit 3.1 of the Company's annual Report on Form 10-KSB filed for its fiscal year

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ended October 31, 1995 ("1995 10-K").

- 3.2 The Company's By-Laws are incorporated by reference to Exhibit 3.03 of Registration Statement No. 33-10278 NY filed on Form S-18 ("Form S-18").
- 99.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.2 Certification 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.

None.

SIGNATURE

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

JLM COUTURE, INC.,
Registrant

Dated: June 19, 2003

By:/s/Joseph L. Murphy

Joseph L. Murphy
President (Authorized officer
and Principal Financial
Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph L. Murphy, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of JLM Couture, 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

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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 officers 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 have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its condensed 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 officers and I have disclosed, based 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 functions):

(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.

6. The registrant's other certifying officers 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: June 19, 2003

/s/Joseph L. Murphy
Name: Joseph L. Murphy
Title: Chief Executive Officer
(Principal Executive Officer)

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CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jerrold Walkenfeld, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of JLM Couture, 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 officers 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 have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its condensed 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 officers and I have disclosed, based 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 functions):

(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.

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that

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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: June 19, 2003

/s/Jerrold Walkenfelfd

Name: Jerrold Walkenfelfd
Title: Principal Accounting Officer
(Principal Financial Officer)