

Edgar Filing: AMERITYRE CORP - Form 10QSB

AMERITYRE CORP
Form 10QSB
May 19, 2003

1

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 March 31, 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: 33-94318-C

AMERITYRE CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA

87-0535207

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1501 INDUSTRIAL ROAD, BOULDER CITY, NEVADA

89005

(Address of principal executive offices)

(Zip Code)

(702) 294-2689

(Registrant's telephone number, including area code)

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

The number of shares outstanding of each of the issuer's classes of common
stock, was 15,057,368 shares of common stock, par value \$0.001, as of May 14,
2003.

2

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited financial statements have been prepared in
accordance with the instructions to Form 10-QSB pursuant to the rules and
regulations of the Securities and Exchange Commission and, therefore, do not
include all information and footnotes necessary for a complete presentation of

Edgar Filing: AMERITYRE CORP - Form 10QSB

our financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature.

Our unaudited balance sheet as of March 31, 2003 and our audited balance sheet as of June 30, 2002; and the related unaudited statements of operations for the three and nine month periods ended March 31, 2003 and unaudited statement of cash flows for the nine month period ended March 31, 2003, are attached hereto and incorporated herein by this reference.

3

AMERITYRE CORPORATION		
BALANCE SHEETS		
ASSETS		
	MARCH 31, 2003	JUNE 30, 2002
	----- (Unaudited)	-----
CURRENT ASSETS		
Cash	\$ 92,687	\$ 774,345
Accounts receivable - net	137,888	102,996
Inventory	388,118	407,136
Prepaid expenses	93,436	56,228
	-----	-----
Total Current Assets	712,129	1,340,705
	-----	-----
PROPERTY AND EQUIPMENT		
Leasehold improvements	116,419	41,613
Equipment	1,558,182	1,499,512
Furniture and fixtures	51,706	19,730
Vehicles	31,541	31,541
Less - accumulated depreciation	(1,103,028)	(976,840)
	-----	-----
Total Property and Equipment	654,820	615,556
	-----	-----
OTHER ASSETS		
Construction in progress	418,495	-
Patents and trademarks - net	91,070	82,080
Deposits	43,180	7,180
	-----	-----
Total Other Assets	552,745	89,260
	-----	-----
TOTAL ASSETS	\$ 1,919,694	\$ 2,045,521
	=====	=====

The accompanying notes are an integral part of these unaudited financial

Edgar Filing: AMERITYRE CORP - Form 10QSB

statements.

4

AMERITYRE CORPORATION
BALANCE SHEETS (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	MARCH 31, 2003	JUNE 30, 2002
	----- (Unaudited)	-----
CURRENT LIABILITIES		
Accounts payable	\$ 209,551	\$ 95,584
Accrued expenses	9,894	10,992
Stock subscription deposit	89,020	9,000
	-----	-----
Total Current Liabilities	308,465	115,576
	-----	-----
Total Liabilities	308,465	115,576
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock: 5,000,000 shares authorized of \$0.001 par value, -0- shares issued and outstanding	-	-
Common stock: 25,000,000 shares authorized of \$0.001 par value, 14,907,708 and 14,187,731 shares issued and outstanding, respectively	14,908	14,188
Additional paid-in capital	21,519,613	20,090,261
Stock subscriptions receivable	(192,095)	(562,721)
Expenses prepaid with common stock	(172,375)	(150,750)
Deferred consulting	(48,950)	(103,433)
Deficit accumulated during the development stage	(14,831,189)	(14,831,189)
Deficit accumulated subsequent to the development stage	(4,678,683)	(2,526,411)
	-----	-----
Total Stockholders' Equity	1,611,229	1,929,945
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,919,694	\$ 2,045,521
	=====	=====

The accompanying notes are an integral part of these unaudited financial statements.

5

AMERITYRE CORPORATION
Statements of Operations
(Unaudited)

Edgar Filing: AMERITYRE CORP - Form 10QSB

	For the Three Months Ended March 31,	
	2003	2002
NET SALES	\$ 291,295	\$ 136,988
COST OF SALES	294,385	103,380
GROSS (DEFICIT) MARGIN	(3,090)	33,608
EXPENSES		
Consulting	128,636	39,755
Payroll and payroll taxes	254,818	236,876
Depreciation and amortization	7,846	55,044
Selling, general and administrative	346,358	239,902
Total Expenses	737,658	571,577
LOSS FROM OPERATIONS	(740,748)	(537,969)
OTHER INCOME (EXPENSE)		
Interest income	3,488	5,180
Other Income	117	209
Gain on disposal of assets	-	-
Interest expense	-	(203)
TOTAL OTHER INCOME (EXPENSE)	3,605	5,186
NET LOSS	\$ (737,143)	\$ (532,783)
BASIC LOSS PER SHARE	\$ (0.05)	\$ (0.04)
WEIGHTED AVERAGE NUMBER OF SHARES	14,701,603	13,828,282

The accompanying notes are an integral part of these unaudited financial statements.

6

AMERITYRE CORPORATION
Statements of Operations (Continued)
(Unaudited)

	For the Nine Months Ended March 31,	
	2003	2002
NET SALES	\$ 731,296	\$ 227,367
COST OF SALES	755,728	164,971
GROSS (DEFICIT) MARGIN	(24,432)	62,396
EXPENSES		
Consulting	237,106	265,408
Payroll and payroll taxes	726,783	650,955
Depreciation and amortization	127,380	164,295
Selling, general and administrative	1,051,664	853,616

Edgar Filing: AMERITYRE CORP - Form 10QSB

Total Expenses	2,142,933	1,934,274
	-----	-----
LOSS FROM OPERATIONS	(2,167,365)	(1,871,878)
	-----	-----
OTHER INCOME (EXPENSE)		
Interest income	14,367	50,043
Other Income	726	209
Gain on disposal of assets	-	18,036
Interest expense	-	(203)
	-----	-----
TOTAL OTHER INCOME (EXPENSE)	15,093	68,085
	-----	-----
NET LOSS	\$ (2,152,272)	\$ (1,803,793)
	-----	-----
BASIC LOSS PER SHARE	\$ (0.15)	\$ (0.13)
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES	14,460,457	13,807,929
	=====	=====

The accompanying notes are an integral part of these unaudited financial statements.

7

AMERITYRE CORPORATION
Statements of Cash Flows
(Unaudited)

For the Nine Months Ended
March 31,

	2003	2002
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,152,272)	\$ (1,803,793)
Adjustments to reconcile net loss to net cash (used) by operating activities:		
Depreciation and amortization	127,380	164,295
(Gain) on disposition of assets	-	(90,425)
Common stock issued for services	260,518	325,000
Stock options issued for services	2,870	-
Services provided in lieu of cash payment on subscriptions receivable	14,249	-
Interest on subscriptions receivable	(20,229)	(9,571)
Exercise of stock options for services	23,592	-
Amortization of expenses prepaid with common stock	287,875	-
Amortization of deferred consulting expense	4,483	-
Changes in assets and liabilities:		
(Increase) in accounts receivable and accounts receivable - related	(34,892)	(52,833)
(Increase) decrease in inventory	19,018	(144,613)
(Increase) decrease in prepaid expenses	(37,208)	159,269
(Increase) in other assets	(36,000)	-
Increase in accounts payable and accrued expenses	112,867	27,923
	-----	-----
Net Cash (Used) by Operating Activities	(1,427,749)	(1,424,748)
	-----	-----

Edgar Filing: AMERITYRE CORP - Form 10QSB

CASH FLOWS FROM INVESTING ACTIVITIES

Cash paid for patents	(10,180)	(33,265)
Proceeds from sale of fixed assets	-	322,920
Purchase of equipment	(583,947)	(45,786)
	-----	-----
Net Cash Provided (Used) by Investing Activities	\$ (594,127)	\$ 243,869
	-----	-----

The accompanying notes are an integral part of these unaudited financial statements.

8

AMERITYRE CORPORATION Statements of Cash Flows (Continued) (Unaudited)

	For the Nine Months Ended March 31,	
	2003	2002
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of subscriptions receivable	\$ 391,168	\$ 267,914
Increase (decrease) in stock subscription deposit	80,020	(25,000)
Common stock issued for cash	869,030	635,999
	-----	-----
Net Cash Provided by Financing Activities	1,340,218	878,913
	-----	-----
NET (DECREASE) IN CASH	(681,658)	(301,966)
	-----	-----
CASH AT BEGINNING OF PERIOD	774,345	530,052
	-----	-----
CASH AT END OF PERIOD	\$ 92,687	\$ 228,086
	=====	=====

SUPPLEMENTAL SCHEDULE OF CASH FLOW ACTIVITIES

CASH PAID FOR:

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

NON-CASH FINANCING ACTIVITIES

Common stock issued for services rendered	\$ 260,518	\$ 325,000
Common stock issued for prepaid expenses	\$ 309,500	\$ 370,000
Common stock issued in lieu of debt and interest	\$ -	\$ 30,000

Edgar Filing: AMERITYRE CORP - Form 10QSB

The accompanying notes are an integral part of these unaudited financial statements.

9

AMERITYRE CORPORATION
Notes to the Unaudited Financial Statements
March 31, 2003 and June 30, 2002

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim condensed financial statements include normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed financial statements be read in conjunction with the Company's most recent audited financial statements and notes thereto included in its June 30, 2002 Annual Report on Form 10-KSB. Operating results for the three month and nine months ended March 31, 2003 are not necessarily indicative of the results that may be expected for the year ending June 30, 2003.

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has historically incurred significant losses which have resulted in a total accumulated deficit of approximately \$19.5 million at March 31, 2003 which raises substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result from the outcome of this uncertainty. It is the intent of management to create additional revenues through the development and sales of its patented tires and to obtain additional equity financing if required to sustain operations until revenues are adequate to cover the costs.

NOTE 3 - MATERIAL EVENTS

During the three month period ended March 31, 2003, the Company issued 339,515 shares of its restricted common stock for cash of \$679,030 and 12,500 shares of its restricted common stock for a subscription deposit of \$25,000, or \$2.00 per share.

During the three month period ended March 31, 2003, the Company issued 12,500 shares of its restricted common stock to an unrelated consultant for services. The shares were valued at the market price on the date of issue, or \$1.95 per share.

10

Edgar Filing: AMERITYRE CORP - Form 10QSB

AMERITYRE CORPORATION
Notes to the Unaudited Financial Statements
March 31, 2003 and June 30, 2002

NOTE 3 - MATERIAL EVENTS (Continued)

During the three month period ended March 31, 2003, the Company issued 50,000 shares of its common stock to an unrelated consultant for prepaid services through April 30, 2003. The shares were valued at the market price on the date of issue, or \$1.95 per share. The unamortized balance of \$24,375 is included as part of expenses prepaid with common stock and reflected as a reduction in stockholders' equity.

During the nine months ended March 31, 2003, the Company issued 200,000 shares of its restricted common stock to its Chief Executive Officer for payment of compensations expense of \$318,000 for the nine months ended March 31, 2003 and prepayment of \$106,000 in compensation expense for the remaining three months ending June 30, 2003 (which amount is included as a part of expenses prepaid with common stock and reflected as a reduction in Stockholders' Equity).

In August 2002, the Company issued a purchase order to have a rotary molding machine built by an unrelated party for a total of \$425,000. The purchase order calls for the Company to make three equal installment payments of \$106,250 during the construction of the equipment, after which, the remaining \$106,250 is to be paid upon completion and installment of the machine. The first payment was made in August 2002, the second in October 2002 and the third in January 2003. The Company expects to take possession of the machine during the fourth quarter of the 2003 fiscal year.

The Company has paid an additional \$99,745 in costs related to expansion and installation. All payments have been classified as "Other Assets - Construction-in-progress" at March 31, 2003 and will be reclassified to equipment and depreciated upon completion, installation and commencement of usage of the equipment.

On October 15, 2002, the Company entered into a lease for a new corporate headquarters and manufacturing facility. The lease has a five year term with monthly payments of \$16,000 and annual \$500 per month increases each year beginning the second year. A deposit of \$36,000 was made to secure the facility and the Company has capitalized a total of \$74,807 in leasehold improvements.

NOTE 4 - SUBSEQUENT EVENTS

In April and May 2003, the Company issued a total of 149,660 shares of its restricted common stock for cash of \$299,320, or \$2.00 per share.

11

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

Cautionary Statement Regarding Forward-looking Statements

This report may contain "forward-looking" statements. Examples of forward-looking statements include, but are not limited to: (a) projections of our revenues, capital expenditures, growth, prospects, dividends, capital structure and other financial matters; (b) statements of our plans and objectives; (c) statements of our future economic performance; (d) statements of assumptions underlying other statements and statements about us and our business relating to the future; and (e) any statements using the words

Edgar Filing: AMERITYRE CORP - Form 10QSB

"anticipate," "expect," "may," "project," "intend" or similar expressions.

We were incorporated as a Nevada corporation on January 30, 1995 under the name American Tire Corporation, to take advantage of certain proprietary and nonproprietary technology available for the manufacturing of Flatfree(TM) tires from polyurethane. In December 1999 we changed our name to Amerityre Corporation. Since our inception, we have developed additional proprietary technology relating to Flatfree(TM) tires so that we have completed the fundamental technical development of the processes to manufacture non-highway use Flatfree(TM) tires for markets such as bicycle, wheelbarrow, wheelchair, riding lawnmowers and golf cars (the "Products").

Historically, we have essentially been a technology company in the development stage, manufacturing a limited number of products for the purpose of validating our Flatfree(TM) tire technology. During the past year we have developed, demonstrated and tested various Products for Original Equipment Manufacturers (OEM) with "low-duty" needs. Understanding that most OEMs utilize a lengthy evaluation process, in October 2001, we began implementing a plan to place a limited number of our Products into the replacement tire aftermarket (i.e., bicycle shops, hardware stores and tire stores throughout the United States) through regional sales representatives.

In the fall of 2002, we hired an independent consultant to assist us in evaluating (1) the cost of goods and equipment utilization and requirements of our manufacturing operations, and (2) our sales and marketing plan on a product sector basis. In January 2003, we began to incorporate revisions to our methods, processes and costs in order to achieve necessary manufacturing efficiencies (i.e., line automation, reduced material costs, reduced product weights, etc.). It is our expectation that it will take approximately 12 months to fully implement these efficiencies. Beginning in April 2003, we also began to incorporate revisions to our sales and marketing plan to emphasis a sector by sector market driven approach to achieve distribution and sell thru support to maintain distribution. As a result, our sales focus has shifted from regional sales representatives calling on individual customer accounts to salesmen working directly with original equipment manufacturers and distributors. In addition, we have implemented an in-house telemarketing program to maintain contact with existing dealer accounts. We believe that this program will be fully implemented by the end of June 2003.

12

Our Results of Operations for the Three and Nine Month Periods ended March 31, 2003 compared to the Three and Nine Month Periods ended March 31, 2002

Net sales and cost of sales: Our net sales for the three and nine month periods ended March 31, 2003 were \$291,295 and \$731,296, respectively, compared to \$136,988 and \$227,367 for the comparable periods ended March 31, 2002. Cost of sales for the three and nine months ended March 31, 2003 were \$294,385 and \$755,728, or 101% and 103% of sales, respectively. Our cost of sales for three and nine month periods ended March 31, 2002 were \$103,380 and \$164,971, or 75.5% and 72.5% of sales, respectively. We believe that our cost of sales as a percent of sales will be reduced as our volume of Product sales exceeds the costs of Product production (i.e., labor, raw material and related component costs). In addition, we are analyzing our Product costs and we will eliminate manufacturing Products that have lower margins and replace them with new Products with acceptable margins. We believe we currently have sufficient employees to merit a substantial increase in production without incurring a proportionately equivalent increase in labor costs. In addition, we continue to negotiate reductions in material costs from our chemical and component suppliers.

Edgar Filing: AMERITYRE CORP - Form 10QSB

The Company knows of no other predictable events or uncertainties that may be reasonably expected to have a material negative impact on the net sales revenues or income from continuing operations other than the general downturn in the U.S. economy over the past several months and any reduced consumer confidence resulting therefrom.

Operating Expenses: Our total operating expenses for the three and nine months ended March 31, 2003 were \$737,658 and \$2,142,933, respectively. These expenses consisted of: consulting expenses of \$128,636 and \$237,106; payroll and payroll taxes of \$254,818 and \$726,783; depreciation and amortization of \$7,846 and \$127,380; and general and administrative expenses of \$346,358 and \$1,051,664, resulting in losses from operations of \$740,748 and \$2,167,365, respectively. Our total operating expenses for the three and nine month periods ended March 31, 2002, were \$571,577 and \$1,934,274, respectively. These expenses consisted of: consulting expenses of \$39,755 and \$265,408; payroll and payroll taxes of \$236,876 and \$650,955; depreciation and amortization expenses of \$55,044 and \$164,295; and general and administrative expenses of \$239,902 and \$853,616, resulting in losses from operations of \$537,969 and \$1,871,878, respectively.

The overall increase in our operating expenses during the current nine month period compared to the same period the prior year can almost entirely be attributed to increases in payroll and payroll taxes and selling, general and administrative expenses associated with the addition of executive and marketing personnel. These expenses were offset by reduced consulting fees and a reduction in depreciation on our manufacturing equipment. We expect our operating expenses to remain relatively constant for the remainder of the fiscal year at an estimated \$230,000 per month.

Other Income and Expense. During the three and nine month periods ended March 31, 2003, we had interest income of \$3,488 and \$14,367, respectively, compared to \$5,180 and \$50,043, respectively, for the comparable periods in 2002. Our interest income is derived from our cash held in interest bearing accounts.

13

We experienced a net loss of \$737,143 and \$2,152,272, respectively, for the three and nine months ended March 31, 2003, with a basic loss per share of \$0.05 and \$0.15 per share, based on the weighted average number of shares outstanding of 14,701,603 and 14,460,457. In the prior year periods, we experienced a net loss of \$532,783 and \$1,803,793, respectively, for the three and nine months ended March 31, 2002, with a basic loss per share of \$0.04 and \$0.13, based on the weighted average number of shares outstanding of 13,828,282 and 13,807,929.

Liquidity and Capital Resources

We had current assets of \$712,129 and current liabilities of \$308,465, for a working capital surplus of \$403,664 at March 31, 2003. Current assets consisted of cash of \$92,687, accounts receivable of \$137,888, inventory of \$388,118, and prepaid expenses of \$93,436. Net cash used in operations was \$1,427,749 and \$1,424,748 for the nine month periods ended March 31, 2003 and 2002, respectively. Our operations for the nine months ended March 31, 2003 have been funded primarily by accounts receivables, the sale of common stock and the issuance of common stock for services and salary. Our operations for the comparative period ended March 31, 2002 were also funded primarily by the sale of common stock and the issuance of common stock for services and salary.

At March 31, 2003, we had net property and equipment of \$654,820 after deduction of \$1,103,028 in accumulated depreciation, a net increase of \$39,264

Edgar Filing: AMERITYRE CORP - Form 10QSB

compared to June 30, 2002. The increase was a direct result of our consolidating the location of our administrative and manufacturing facilities to Boulder City, Nevada. At March 31, 2003, we had property and equipment consisting of manufacturing equipment, \$1,558,182; leasehold improvements, \$116,419; furniture & fixtures, \$51,706; and vehicles of \$31,541. We have classified \$418,495 of payments for "construction in progress" of new equipment under Other Assets and these payments will be reclassified to equipment and depreciated upon completion, installation and commencement of usage of the equipment.

Because we had an accumulated deficit during the development stage of \$14,831,189, and an additional deficit of \$2,526,411 accumulated subsequent to the development stage, our audit report at June 30, 2002 contains a going concern modification as to our ability to continue as a going concern. At March 31, 2003, the deficit accumulated subsequent to the development stage is now \$4,678,683. We are currently taking steps to maintain our operating and financial requirements in an effort to enable us to operate as a going concern until such time as revenues from the sale of our Products are adequate to cover our expenses, including:

- (1) affecting certain Product and pricing refinements, gaining production-level manufacturing capability and related efficiencies;
- (2) revising our distribution, sales and marketing approach;
- (3) developing new technology for the production of higher margin flatfree tires for the lawn and garden market and golf cart/turf equipment market;

14

- (4) obtaining additional funding through the collection of subscriptions receivable for common stock and/or private placement of our common stock to qualified investors; and

- (5) issuing common stock in lieu of cash for legal and other professional services.

We anticipate that we will need an additional \$690,000 through June 30, 2003 to implement our plan and to meet our working capital requirements. We expect to raise the working capital we need through the private placement of our equity securities, but we have no commitment for such funding at this time. We do not anticipate expending any substantial sums for new research and development during the balance of our fiscal year ending June 30, 2003.

Impact of Inflation

At this time we do not anticipate that inflation will have a material impact on our current or future operations.

Principal Customers

Sunrise Medical accounted for approximately 41.1% of our sales revenue during the three month period from January 31, 2003 to March 31, 2003. For the nine month period ended March 31, 2003, Sunrise Medical accounted for approximately 23% of our revenues.

Seasonality

Because the significant portion of our current customers reside in the United States, we anticipate that sales of certain of our lawn and garden Products to those customers located in Northern portion of the United States could be

Edgar Filing: AMERITYRE CORP - Form 10QSB

reduced as a result of fall and winter climate and weather conditions.

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

We believe our disclosure controls and procedures (as defined in Sections 13a-14(c) and 15d-14(c) of the Securities Exchange Act of 1934, as amended) are adequate, based on our evaluation of such disclosure controls and procedures on February 10, 2003.

(b) Changes in internal controls.

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

15

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES

During the three month period ended March 31, 2003, the Company issued 339,515 shares of its restricted common stock for cash of \$679,030 and 12,500 shares restricted of its common stock for a subscription deposit of \$25,000, or \$2.00 per share.

During the three month period ended March 31, 2003, the Company issued 12,500 shares of its restricted common stock to an unrelated consultant for services. The shares were valued at the market price on the date of issue, or \$1.95 per share.

All of our shares issued in the foregoing transactions were issued in reliance on the exemption from registration and prospectus delivery requirements of the Act set forth in Section 3(b) and/or Section 4(2) of the Securities Act and the regulations promulgated thereunder.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

Effective April 28, 2003, Norman H. Tregenza accepted an appointment to the Board of Directors. Mr. Tregenza, age 66, has over 40 years experience in corporate finance, including 12 years as an investment officer in the securities division of TIAA-CREF, New York City. Mr. Tregenza co-founded Tempo Enterprises, Inc. in 1976 to act as a common carrier for Turner Communication's Superstation's signal to the RCA satellite. Tempo obtained a listing on the American Stock Exchange in 1986. Before being sold to Telecommunications, Inc. (TCI) in 1988, Tempo owned several cable TV companies, radio stations and its own satellite TV network while supplying the Superstation's signal to approximately 50 million homes. TCI was acquired by

Edgar Filing: AMERITYRE CORP - Form 10QSB

AT&T in 2000.

16

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS.

Exhibit 99.01 - CERTIFICATION OF RICHARD A. STEINKE PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

Exhibit 99.02 - CERTIFICATION OF DAVID K. GRIFFITHS 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.

SIGNATURES

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

Dated: May 19, 2003

AMERITYRE CORPORATION

/S/RICHARD A. STEINKE

President and Chief Executive Officer

Dated: May 19, 2003

AMERITYRE CORPORATION

/S/DAVID K. GRIFFITHS

Secretary/Treasurer and
Principal Accounting Officer

17

CERTIFICATIONS

I, Richard A. Steinke, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Amerityre Corporation;

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

Edgar Filing: AMERITYRE CORP - Form 10QSB

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 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 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 control.

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there was 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: May 19, 2003 /S/ Richard A. Steinke

18

I, David K. Griffiths, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Amerityre Corporation;

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 is made known to us by others within

Edgar Filing: AMERITYRE CORP - Form 10QSB

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 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 control.

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there was 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: May 19, 2003 /S/ David K. Griffiths