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AMERICAN CAPITAL HOLDINGS INC
Form 10QSB
February 01, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 August 31, 2004
Commission File Number 000-50776

AMERICAN CAPITAL HOLDINGS, INC.

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

Florida

65-0895564

(State or other jurisdiction of
incorporation or organization)

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

100 VILLAGE SQUARE CROSSING, SUITE 202
PALM BEACH GARDENS, FLORIDA 33410

(Address of principal executive offices)

(561) 207-6395

(Registrant's telephone number, including area code)

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

As of August 31, 2004 the issuer had 15,723,903 shares of common stock,
\$.0001 Par Value, outstanding.

Transitional Small Business Disclosure format: Yes [] No [X]

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FAX (561) 626-3453

Independent Accountants' Report

To the Board of Directors and Stockholders
American Capital Holdings, Inc.
Palm Beach Gardens, Florida

We have reviewed the accompanying consolidated balance sheet of American Capital Holdings, Inc. as of August 31, 2004 and the related consolidated statements of operations and cash flows for the three months ended August 31, 2004 and 2003, and statement of changes in shareholders' equity from June 1, 2003 through August 31, 2004, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of American Capital Holdings, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/Wieseneck, Andres & Company, P.A.

North Palm Beach, Florida
November 17, 2004

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AMERICAN CAPITAL HOLDINGS, INC. CONSOLIDATED BALANCE SHEET

	AUGUST 31, 2004	MAY 31, 2004
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 220,873	\$ 22,614
Notes Receivable	141,212	138,952
Loans Receivable Related Parties (net)	388,936	27,067
Prepaid Expenses	95,162	87,197
Marketable Securities	2,495,065	2,963,178
Other Current Assets	100,000	-
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Total Current Assets	3,441,248	3,239,008
Property and Equipment, net	40,862	43,472
Other Assets		
Intangible Assets, net	1,887,116	2,960,668
Goodwill	8,209,071	8,209,071
Security Deposit	3,110	3,110
Total Other Assets	10,099,297	11,172,849
TOTAL ASSETS	\$ 13,581,407	\$ 14,455,329
LIABILITIES & STOCKHOLDERS' EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 23,235	\$ 27,806
Accrued Expenses	12,879	11,021
Loan Payable Related Parties	318,954	57,681
Current Portion of Notes and Loans Payable	1,059,977	834,977
Total Current Liabilities	1,415,045	931,485
Total Liabilities	1,415,045	931,485
Stockholders' Equity		
Common Stock \$.0001 par value, 100 million shares authorized, 15,723,903 shares issued and outstanding, 1,325,000 unissued	1,705	1,702
Paid-in-Capital	14,711,360	14,686,363
Accumulated Deficit	(917,386)	(651,224)
Accumulated Comprehensive Loss	(1,629,317)	(512,997)
Total Stockholders' Equity	12,166,362	13,523,844
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 13,581,407	\$ 14,455,329

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED
AUGUST 31, 2004 AND 2003

	AUGUST 31, 2004	AUGUST 31, 2003
Revenues		
Net Sales	\$ 66	\$ -
Cost of Sales	(4,010)	-
Gross Profit	(3,944)	-
Operating Expenses		
General and Administrative	243,862	-
Sales and Marketing	13,551	-

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Amortization	1,299	-
Total Operating Expenses	258,712	-
Loss from Operations	(262,656)	-
Other Income (Expense)		
Interest Income	2,464	-
Interest Expense	(12,604)	-
Gain on Disposition of Marketable Securities	6,636	-
Net Other Expenses	(3,506)	-
Net Loss Before Other Comprehensive Losses	(266,162)	-
Other Comprehensive Income / (Loss)		
Unrealized Holding Loss During Period	(1,116,320)	-
Total Comprehensive Loss	(1,116,320)	-
Net Loss	\$ (1,382,482)	\$ 0
Basic and Diluted Net Loss Per Common Share	\$ (.09)	\$ -
Weighted Average Shares Outstanding	15,723,903	5

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FROM JUNE 1, 2003 THROUGH AUGUST 31, 2004

	Number of Shares Issued	At Par Value \$.0001	Add'l Paid in Capital & Treasury Stock	Retained Earnings (Loss)	Accum. other Comprehen- sive Inc.	Total Stockholder Equity
Balance 6/01/03	5	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cancellation of Common Stock held by eCom eCom	(5)	(0)	(0)	0	0	0
Issuance of Common Stock To eCom eCom.com Inc. shareholders	2,497,756	250	-	-	-	250
Issuance of Common Stock for the acquisition of ACHI, Inc. assets.	13,226,147	1,322	13,176,443	-	-	13,177,765

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Issuance of detachable warrants	-	-	10,050	-	-	10,050
Purchase of IS Direct Agency NY for 800,000, subscribed but unissued shares	-	80	999,920	-	-	1,000,000
Conversion of \$500,000 Debt to stock - unissued	-	50	499,950	-	-	500,000
Accumulated other Comprehensive loss	-	-	-	-	(512,997)	(512,997)
Net Operating Loss	-	-	-	(651,224)	-	(651,224)
Balance 5/31/04	15,723,903	1,702	14,686,363	(651,224)	(512,997)	13,523,844
Sale of 25,000 shares of Common Stock - unissued	-	3	24,997	-	-	25,000
Accumulated other Comprehensive Loss	-	-	-	-	(1,116,320)	(1,116,320)
Net Operating Loss	-	-	-	(266,162)	-	(266,162)
Balance 8/31/04	15,723,903	\$1,705	\$14,711,360	\$(917,386)	\$(1,629,317)	\$12,166,362

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 31, 2004 AND 2003

	AUGUST 31, 2004	AUGUST 31, 2003
Cash Flows From Operating Activities		
Cash received from customers	\$ 66	\$ -
Cash paid to suppliers of goods and services	(270,080)	-
Income Taxes Paid	-	-
Interest Paid	(10,616)	-
Interest Received	204	-
Net Cash Flows Used in Operating Activities	(280,426)	-
Cash Flows From Investing Activities		
Purchase of Equipment	(1,400)	-
Deposit Made on Insurance Carrier in Escrow	(100,000)	-
Sale of Marketable Securities	776,636	-
Purchase of Marketable Securities	(375,000)	-
Net Cash Flows Provided By (Used In) Investing Activities	300,236	-

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Cash Flows From Financing Activities		
Loans from Related Companies	1,084,993	-
Repayment of Loans from Related Companies	(906,543)	-
Proceeds from Sale of Stock	25,000	-
Payments on Notes Payable	(25,000)	-
Net Cash Flows Provided By Financing Activities	178,450	-
Net Increase / (Decrease) in Cash	198,260	-
Cash and Cash Equivalents at Beginning of Period, June 1, 2004 and 2003		
	22,614	0
Cash and Cash Equivalents at End of Period, August 31, 2004 and 2003		
	\$ 220,874	\$ 0

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 31, 2004 AND 2003

Reconciliation of Net Loss to Net Cash Flows Used in Operating Activities

	AUGUST 31, 2004	AUGUST 31, 2003
Net Income (Loss)	\$ (1,382,482)	\$ -
Cash was increased by:		
Increase in accrued expenses		
Other Comprehensive Income	1,116,320	-
Valuation Loss		
Amortization	1,299	-
Depreciation	4,010	-
Increase in Accrued Expenses	1,858	-
Cash was decreased by:		
Gain on Sale of Marketable Securities	(6,636)	-
Decrease in Accounts Payable	(4,571)	-
Increase in Notes Receivable	(2,260)	-
Increase in Prepaid Expenses	(7,964)	-
Net Cash Flows Used in Operating Activities	\$ (280,426)	\$ -

Supplemental Disclosures

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Of Non Cash Investing and
Financing Activities:

On February 29, 2004 the Company acquired approximately \$137,000 in notes receivable, common and preferred stock in various entities valued at \$3.1 million, equipment of \$47,000, intangible assets of \$6,000, intellectual property valued at \$3.5 million, various prepaid assets valued at \$92,000, goodwill of \$7.2 million and assumed \$1,005,000 in debt for the issuance of 13,226,147 shares of the Company's common stock.

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2004

NOTE A - NATURE OF OPERATIONS

American Capital Holdings, Inc. (the "Company") was incorporated in the State of Florida on January 27, 1999 as U S Amateur Sports Company, a wholly owned subsidiary of eCom eCom.com, Inc. ("eCom") which trades on the OTC/Bulletin Board under the symbol 'ECEC.' On March 19, 2003, the Company changed its name to USA SportsNet Company, and on December 12, 2003 changed its name to American Capital Holdings, Inc. in connection with its spin off by eCom and its acquisition of certain assets of a company formerly known as American Capital Holdings, Inc. (now known as ACHI, Inc.) The Company's main office is located at 100 Village Square Crossing, Suite 202, Palm Beach Gardens, Florida 33410, and the telephone number is (561) 207-6395.

IS Direct Agency, Inc. ("ISDA") was incorporated in the State of Florida on May 20, 2004. On May 21, 2004 ISDA acquired the assets of IS Direct Agency, Inc., a New York Corporation. ISDA provides internet based term life insurance quotes.

While a wholly owned subsidiary of eCom, the Company developed an e-commerce Internet infrastructure. This product provided an affordable, user-friendly technological platform and professional resources to facilitate web business development. It also operated an on-line business as a test model using Company developed e-commerce concepts to sell sports products.

The Spin-Off. The Company was one of ten wholly owned subsidiaries of eCom, with varying business plans. In recent years, eCom concluded that it did not have the financial resources necessary to develop all of its ten business units collectively. eCom decided to spin off its subsidiaries into independent companies in the belief that independent companies, each with a distinct business, would be better able to obtain necessary funding and develop their business plans. This belief was based in part on eCom's experience with potential business partners which sought involvement with only one of eCom's subsidiaries, rather than involvement with the multi-faceted eCom.

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On December 1, 2003, the Board of Directors of eCom approved the spin-off of the Company. They voted to issue to the shareholders of eCom one share of the Company for every one share of eCom owned as of the record date of January 5, 2004. Fractional shares will be purchased by the Company. No payment was required of the eCom shareholders.

Acquisition from American Capital Holdings. After the spin off of the Company was completed, the Company was presented with an opportunity to acquire certain assets of American Capital Holdings, Inc. (now known as, and referred to hereafter as ACHI). On January 12, 2004, the Company entered into an Asset Purchase Agreement with ACHI whereby the Company acquired certain assets of ACHI in return for the issuance of common stock of the Company in an amount equal to 84.1% of the total ownership of the Company. In order to accomplish this transaction, the Company effected a 20 to 1 reverse stock split, which reduced its outstanding stock to 2,497,756 shares, and agreed to issue to ACHI

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2004

NOTE A - NATURE OF OPERATIONS (CONTINUED)

49,955,112 shares. ACHI agreed to accept the issuance of 13,561,804 shares at closing, and assigned its right to receive the 13,561,804 shares to its principle, Barney A. Richmond, now the President of the Company. The remaining 36,393,308 shares were reserved for issuance by the Company in connection with future acquisitions and financings. The Company then changed its name to American Capital Holdings, Inc., and ACHI changed its name to ACHI, Inc. Of the 36,393,308 shares reserved for future issuance, 2,162,099 shares have now been issued to the shareholders of Spaulding Ventures, LLC, in replacement of shares of ACHI to be issued to Spaulding in connection with a prior acquisition of assets by ACHI from Spaulding.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation, Use of Estimates

The Company maintains its accounts on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue and Dividends from investments is recognized at the time the investment dividends are declared payable by the underlying investment. Capital Gains and losses is recorded on the date of sale of the investment.

Cash

Cash consists of deposits in banks and other financial institutions having original maturities of less than ninety days.

Allowance for Doubtful Accounts

It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

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Depreciation

Property and equipment is recorded at cost and is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method.

Amortization

The accounting for a recognized intangible asset acquired after June 30, 2001 is based on its useful life to the Company. If an intangible asset has a finite life, but the precise length of that life is not known, that intangible

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

asset shall be amortized over management's best estimate of its useful life. An intangible asset with a indefinite useful life is not amortized. The useful life to an entity is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of that entity.

Investments

Investments are stated at the lower of cost and market value.

NOTE C - NOTES RECEIVABLE

Notes Receivable at August 31, 2004 consist of the following:

An 8% non-collateralized note that matures in December 2004, interest is payable quarterly. Included in the balance is \$13,971 of accrued interest receivable.	\$113,971
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A 4% non-collateralized note due on demand. Included in the balance is \$2,241 of accrued interest receivable.	27,241
--	--------

Total Notes Receivable	----- \$141,212 =====
------------------------	-----------------------------

Management has made a determination that all of the notes receivable are collectable and therefore, has not established an allowance for doubtful accounts.

NOTE D - LOANS RECEIVABLE RELATED PARTIES

The three loans receivable from related corporate entities are non-collateralized, non-interest bearing and are due on demand.

The loans due as of August 31, 2004 are as follows:

A Super Deal.com, Inc	\$ 10,000
Swap and Shop.net Corp.	10,000
A Classified Ad, Inc.	10,000
AAB National Company	10,000
Pro Card Corporation	10,000
USAS Digital, Inc.	10,000
eSecureSoft Company	10,000

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eCom eCom.com Inc.	65,016
Freedom 4 Wireless, Inc.	597,915
Less bad debts	(343,995)

Total	\$ 388,936
	=====

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 THREE MONTHS ENDED AUGUST 31, 2004

NOTE E - INVESTMENTS

The Company accounts for its investments in common stock using the equity method for those investments which the Company does not own a controlling interest. These investments are currently recorded at cost. The Company's share of the investors earnings or losses, if any, are not available at the date of these financial statements. No quoted market price is available for these investments.

The Company accounts for investments in common stock for which there is a quoted market price as an Available-for-Sale security under Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities.

On August 31, 2004, investments consisted of the following:

Equity Method of Accounting

Investment Securities at Cost

@Visory, LLC	\$ 112,500
Brilliant Coatings, Inc.	250,000
Century Aerospace Corporation	285,000
eSmokes, Inc.	100,000
Efficien, Inc.	287,000
Smartpill Diagnostics, Inc.	345,000
Metroflex, Inc.	900,000

Total Equity Method Securities at Cost	2,279,500
--	-----------

Available-for-Sale method of accounting

eCom eCom.com Inc.	215,565

Total Available-for-Sale securities	215,565

Total Investment Securities	\$ 2,495,065
	=====

Equity Method Securities:

@Visory, LLC is a limited liability company located in East Aurora NY. The Company owns 250,000 Series A units of @Visory LLC. The Company's investment amounts to 1.2% of the outstanding units of @Visory, LLC. @Visory, LLC is taxed as a partnership, not publicly traded. As of August 31, 2004 @Visory, LLC had investments in the following companies: Appraisal.com; SmartPill Diagnostics; Efficien; Liquid Matrix; Saturn Internet Reservations; StudentVoice; Synacor; and Yipee, Inc.

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See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2004

NOTE E - INVESTMENTS (CONTINUED)

Brilliant Coatings is a Nevada Corporation. The Company owns 15,000,000 common shares of Brilliant Coatings. The Company's investment amounts to 2.3% of the outstanding common shares of Brilliant Coatings Inc.

Century Aerospace is a Delaware Corporation. The Company owns 57,000 common shares of Century Aerospace. The Company's investment amounts to .7% of the outstanding common shares of Century Aerospace

eSmokes, Inc is a Florida Corporation. The company owns 300,000 common shares of eSmokes, Inc. The Company's investment amounts to 3.3% of the outstanding shares of eSmokes, Inc.

Efficien, Inc. is a Delaware Corporation. The Company owns 500,000 common shares of Efficien. The Company's investment amounts to 11.9% of the outstanding common shares of Efficien, Inc. Efficient specializes in the development of internet based applications to improve the efficiency of hospital supply and material flow through an integrated application service provider (ASP) solution.

SmartPill Diagnostics, Inc. is a Delaware Corporation. The Company owns 1,194,824 Series A preferred shares of SmartPill Diagnostics, Inc. The Company's investment amounts to 11.60% of the outstanding shares of SmartPill Diagnostics, Inc. SmartPill Diagnostics is a leading developer of SmartPill Capsule endoscopy technology. About the size of a vitamin pill, the SmartPill Capsule is a capsule endoscopy device that uses patented technology to measure peristaltic pressure, pH and transit time, and determine real-time location; factors that aid Gastroenterologists in the diagnosis of such GI motility disorders as Gastroparesis and Dyspepsia. The patient benefits from a more accurate diagnosis and a more comfortable, non-invasive, non-surgical approach to GI exploratory examinations. On June 28, 2004 the Company sold all 1,194,824 shares for \$776,635.60, resulting in a gain on sale of \$6,635.60. On June 30, 2004 the Company purchased 175,909 shares for \$375,000.

Metroflex, Inc. is a Delaware Corporation. The Company owns 900,000 common shares of Metroflex, Inc. Metroflex's MetroFlexCard operates as a MasterCard debit card. The card enables employers to set up programs through which employees can pay for commuter expenses-mass transit and parking expenses on a pretax basis.

Available-for-Sale Securities:

eCom eCom.com, Inc. is a Florida Corporation and trades on the OTC/BB:ECEC. The company which was the former parent of USA SportsNet Company now American Capital Holdings, Inc., owns 1,437,100 common shares of eCom. The Company's

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2004

NOTE E - INVESTMENTS (CONTINUED)

investment amounts to 2.9% of the outstanding shares of eCom. The cost for this investment as of August 31, 2004 was \$235,071. On May 31, 2004 the market value based on a closing bid price of 0.16 per share was \$215,565. The difference in cost versus market value is recorded as a deficit in Accumulated Other Comprehensive Income of \$19,506.

NOTE F - PROPERTY AND EQUIPMENT

Equipment consisting of various Cisco routers, switches, cables, and dual speed hubs were acquired from a company owned by a majority stockholder of American Capital Holdings, Inc. The equipment is being used to support a hosting operations center. Additional equipment was purchased by IS Direct Agency during the quarter ending August 31, 2004. Depreciation expense of \$4,010 has been recorded for the quarter ending August 31, 2004. Accumulated depreciation at August 31, 2004 is \$7,962.

NOTE G - PREPAID EXPENSES

Prepaid expenses consist principally of amounts paid for auditing work for the Company, along with marketing and research material to be used for investor relations.

NOTE H - INTANGIBLE ASSETS

On February 29, 2004, the Company received intellectual property rights when it acquired 53,910,922 common shares of Air Media Now, Inc. from a related company. The fair value of the publicly traded shares at date of receipt was \$3,469,622. The Intellectual property rights were not amortized at February 29, 2004. Management reviews intangible assets for impairment annually. Intangible assets with a finite useful life acquired after June 30, 2001 are amortized over their useful lives to the company. Intangible assets acquired after June 30, 2001 having a infinite useful life are recovered at their fair value and are not amortized. Management reviews all intangible assets for impairment annually. Market value of the Air Media Now property decreased between February 29, 2004 and August 31, 2004. This decrease has been recorded has been recorded as comprehensive loss, unrealized holding loss during the period totaling approximately \$1.6 million.

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2004

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NOTE I - OTHER ASSETS

Other assets consist primarily of security deposits on the lease of office facilities.

NOTE J - PROMISSORY NOTES

Promissory Notes as of August 31, 2004 consisted of:

	August 31, 2004

Four interest bearing, non-collateralized loans. The loans have various maturities throughout 2004.	\$ 469,950

Total Notes Payable	469,950
Less Current Portion	(469,950)

Net Long-term Debt	\$ 0
	=====
The short-term notes payable mature as follows:	
August 31, 2004	\$ 469,950
	=====
An additional non-interest bearing, non-collateralized loan.	\$ 590,027

Total promissory notes and loans payable	\$1,059,977
	=====

The notes and loans can be converted to shares of the Company's \$.0001 par value common stock at the option of the holder. The notes pay interest at 10% per annum. Interest is paid quarterly. The loan can be converted at 80% of the average closing price of Company's common stock for the preceding five (5) consecutive trading days with a floor of \$1. The holder of a \$500,000 10% note payable with accrued interest of \$9,315 agreed on May 7, 2004 to convert their debt to common shares. By Agreement, the shares of common stock at conversion will not be issued until the effective date of the Company's filings with the United States Securities & Exchange Commission.

NOTE K - WARRANTS

The Company has issued 1,005,000 (505,000 + 500,000) detachable warrants for each dollar of debt as described in Note J above. Management has determined that the value of the detachable warrants to be \$.01 on the date of issuance and

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 THREE MONTHS ENDED AUGUST 31, 2004

NOTE K - WARRANTS (CONTINUED)

have charged paid in capital \$10,050 during the period. Each warrant entitles the holder to purchase one (1) share of common stock at \$.01. The Company also issued 400,000 warrants to one of the former owners of IS Direct Agency for

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providing his insurance licensing in all fifty states. The warrants can be exercised for \$.01 each. An additional 216,209 warrants were issued in connection with the Spaulding acquisition, each unit of Spaulding entitled the owner to one warrant with an exercise price of \$6.00 each.

The following is a summary of warrants through August 31, 2004:

Outstanding warrants at the beginning of the year	1,621,209
Warrants issued	0
Warrants expired	0
Warrants exercised	0

Warrants outstanding at August 31, 2004	1,621,209

NOTE L - COMMITMENTS AND CONTINGENCIES

The Company leases approximately 1200 feet office facilities in Palm Beach Gardens, Florida under an operating lease of \$3,297 per month which expires on January 31, 2005. ISDA leases approximately 200 square feet of office facilities in Buffalo, NY under a month to month agreement of \$425.00 per month. Future minimum lease payments including sales tax as of August 31, 2004 are:
Fiscal Years ending:

May 31, 2005	16,908

Total Minimum Lease Payments	\$ 16,908

Rent expense for the three month period ending August 31, 2004 was \$10,074.

NOTE M - INCOME TAXES

No provision for federal and state income taxes has been recorded because the Company has incurred net operating losses since inception. The Company's net operating loss carry-forward as of August 31, 2004 totals approximately \$753,600. These carry-forwards, which will be available to offset future taxable income, expire beginning in May 31, 2024.

The Company does not believe that the realization of the related net deferred tax asset meets the criteria required by generally accepted

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2004

NOTE M - INCOME TAXES (CONTINUED)

accounting principles and, accordingly, the deferred income tax asset arising from such loss carry forward has been fully reserved.

The Company accounts for income taxes in accordance with FASB Statement No. 109, Accounting for Income Taxes (FASB 109). Under FASB 109, income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to certain income and expenses recognized in different periods for financial and income tax reporting purposes. Deferred tax assets and liabilities represent

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the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses and tax credits that are available to offset future taxable income and income taxes, respectively. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax assets will not be realized.

NOTE N STOCKHOLDERS' EQUITY

To facilitate the purchase of the assets of ACHI, the Company recorded a one for twenty reverse split on the Effective Date of the currently outstanding common stock, while maintaining the conversion and exercise prices of the Senior Notes, the Secured Notes, the Subordinated Notes and the related warrants. All prior period share and per-share amounts have been restated to account for the reverse split. Any fractional shares remaining after the reverse split will be paid out in cash to the shareholder on the Effective Date.

Warrants were granted to Promissory Noteholders with detachable warrants. Management has determined that the fair value of each warrant is \$0.01.

The computation of diluted loss per share before extraordinary item for the three months ended August 31, 2004 does not include shares from potentially dilutive securities as the assumption of conversion or exercise of these would have an antidilutive effect on loss per share before extraordinary items. In accordance with generally accepted accounting principles, diluted loss per share from extraordinary item is calculated using the same number of potential common shares as used in the computation of loss per share before extraordinary items.

NOTE O - DEFERRED TAX ASSET

Deferred income taxes are provided for temporary differences between the financial reporting and income tax basis of the Company's assets and liabilities. Temporary differences, net operating loss carry forwards and valuation allowances comprising the net deferred taxes on the balance

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2004

NOTE O - DEFERRED TAX ASSET (CONTINUED)

sheets is as follows:

	August 31, 2004
Loss carry forward for tax purposes	\$ 753,600
Deferred tax asset (34%)	256,224
Valuation allowance	(256,224)
Net deferred tax asset	\$ -

No provision for federal and state income taxes has been recorded because the Company has incurred net operating losses since inception. The Company's net operating loss carry-forward as of August 31, 2004 was approximately

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\$753,600. These carry-forwards, which will be available to offset future taxable income, will expire through the year 2024.

The Company does not believe that the realization of the related net deferred tax asset meets the criteria required by generally accepted accounting principles and, accordingly, the deferred income tax asset arising from such loss carry forward has been fully reserved.

NOTE P - RELATED PARTY TRANSACTIONS

The Company has accounts receivables due from nine related company entities. eCom eCom.com, Inc. owes \$65,016 for services paid to the Company's transfer agent and accountant. Freedom 4 Wireless, Inc. owes the Company \$597,915 for working capital and inventory purchased by ACHI, subsequently purchased by the Company on February 29, 2004. Addition advances were made of \$10,000 into each of the following seven spin-off of eCom; A Super Deal.com, Inc, Swap and Shop.net Corp, A Classified Ad, Inc, AAB National Company, Pro Card Corporation, USAS Digital Inc, and eSecureSoft Company. These related party transactions totaled \$388,936 on August 31, 2004. The Company has received loans from Loans and Officer and Directors. As of August 31, 2004, the company owes \$285,066 to Barney A. Richmond and \$1,372 to Richard C. Turner. The company has received loans of \$32,516 from other shareholders.

NOTE Q - RECENT ACCOUNTING PRONOUNCEMENTS

The FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations with an effective date for financial statements issued for fiscal years beginning after June 15, 2002. The statement addresses financial accounting and reporting for obligations related with the retirement of tangible long-lived assets and the costs associated with asset retirement. The statement requires the recognition of retirement obligations which will, therefore, generally increase liabilities; retirement costs will be added to the carrying value of

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2004

NOTE Q - RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

long-lived assets, therefore, assets will be increased; and depreciation and accretion expense will be higher in the later years of an assets life than in earlier years. The Company adopted SFAS No. 143 at January 1, 2002. The adoption of SFAS No. 143 had no impact on the Company's operating results or financial positions.

The FASB also issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets and is effective for financial statements issued for fiscal years beginning January 1, 2002. This statement addresses financial accounting and reporting for the impairment or the disposal of long-lived asset. An impairment loss is recognized if the carrying amount of a long-

lived group exceeds the sum of the undiscounted cash flow expected to result from the use and eventual disposition of the asset group. Long-lived assets should be tested at least annually or whenever changes in circumstances indicate that its carrying amount may not be recoverable. This statement does not apply to goodwill and intangible assets that are not amortized. The Company adapted SFAS No. 144 in the first quarter of 2002. The adoption

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of SFAS No. 144 had no impact on the Company's operating results or financial position.

In April 2002, the FASB issued SFAS No. 145, "Rescission of the FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections" ("SFAS No. 145"). SFAS No. 145 eliminates the requirement to classify gains and losses from the extinguishment of indebtedness as extraordinary, requires certain lease modifications to be treated the same as a sale-leaseback transaction, and makes other non-substantive technical corrections to existing pronouncements. SFAS No. 145 is effective for fiscal years beginning after May 15, 2002. SFAS No. 145 was adopted on June 1, 2003 and did not have a material effect on the Company's financial position or results of operations.

The FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" and is effective for financial instruments entered into after May 31, 2003. This Statement establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability because that financial instrument embodies an obligation of the issuer. The Company has adopted SFAS No. 150 and the adoption has had no impact on the Company's operating results or financial position.

Goodwill and intangible assets acquired prior to July 1, 2001 will continue to be amortized and tested for impairment in accordance with pre- SFAS No. 142 requirements until adoption of SFAS No. 142. Under the provision of SFAS

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2004

NOTE Q - RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

No.142, intangible assets with definite useful lives will be amortized to their estimated residual values over those estimated useful lives in proportion to the economic benefits consumed. Such intangible assets remain subject to the impairment provisions of SFAS No. 121. Intangible assets with indefinite useful lives will be tested for impairment annually in lieu of being amortized. The impact of adopting SFAS Nos. 141 and 142 will not cause a material change in the Company's consolidated financial statements as of the date of this report.

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.

ITEM 2. Management's Discussion and Analysis or Plan of Operation

American Capital Holdings, Inc., ("ACH") is a holding company which owns five (5) proprietary financial products. These products are known as Guaranteed Principle Insured Convertible Securities ("GPICS (TM)"), Energy Tax Incentive Preferred Securities ("ETIPS(TM)"), Equipment Tax Incentive Convertible Securities ("ETICS(TM)"), Guaranteed Pension Accounting Contract Solutions ("GPACS(TM)") and Government Pension Accounting Contract Solutions ("GPACS(TM)"). The GPACS(TM) products are designed to provide solutions for unfunded government and private sector pension plan liability. The GPICS(TM), ETIPS(TM) and ETICS(TM) products are investment structures designed to facilitate the use of energy and depreciation tax incentives while insuring the capital investment through guarantees of principal. Our Chairman, Barney A. Richmond, has applied for a patent for one of these products, known as Government Pension Accounting Contract Solutions (GPACS(TM)). If and when the patent is granted, Mr. Richmond will assign the patent to ACH.

The GPACS(TM) and some of our other products use insurance as a part of their structures. The insurance contracts will be written through several licensed insurance carriers. We intend to underwrite insurance policies through three subsidiaries, through which we intend to conduct our primary business operations. These subsidiaries are IS Direct Agency, Inc. ("IS Direct"), Universe Life Insurance Company ("Universe") and Cosmopolitan Life Insurance Company ("Cosmopolitan").

IS Direct is a wholly-owned subsidiary of ACH, and is a licensed insurance agency through which we will sell our products. IS Direct is currently licensed in twenty three states. Chris Dillon, president of IS Direct, is authorized to do business as an individual agent in 47 states and in the District of Columbia. Mr. Dillon is currently applying for licenses in the three remaining states of Alaska, Wyoming and Washington. IS Direct expects to obtain the necessary licenses for it to operate in all 50 states. In addition to placing the

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insurance components of our financial products, IS Direct will also sell term life products, annuities and other traditional insurance products. We expect most of the insurance products sold by IS Direct will be eventually underwritten by Universe. However, we also plan to use IS Direct to sell additional products of other licensed insurance carriers.

Universe is another wholly-owned subsidiary of ACH, which has been acquired in escrow pending approval of the change in control by the Insurance Commissioner of the State of Idaho. Universe is a life, health and annuities insurance carrier, which is currently licensed to operate in 23 states. Universe is in the application process to become licensed in all remaining states, and expects to obtain the necessary licenses to operate in all 50 states in the near future. We expect Universe to be domiciled in the State of South Carolina, with its principal offices in Charleston.

On October 30, 2004, we entered into an agreement to purchase 80% of Cosmopolitan Life Insurance Company. We expect to close our acquisition of Cosmopolitan in January 2005, upon approval by the Insurance Commissioner of

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AMERICAN CAPITAL HOLDINGS, INC.

Arkansas. Cosmopolitan Life Insurance Company is a stipulated premium insurer chartered in 1931 in the State of Arkansas. Since 1998, Cosmopolitan has offered both direct and re-insurance coverage related to health and dental care plans, with a specialty in providing stop-loss coverage for self-funded employer plans.

ACH's principal executive offices are located at 100 Village Square Crossing, Suite 202, Palm Beach Gardens, FL 33410, and our telephone number is (561) 207-6395. The Company's fiscal year ends May 31, 2005.

Business Strategy

We intend to use the financial products of our subsidiaries as solutions, addressing the needs of governmental and private sector businesses regarding unfunded pension liabilities and other post-employment benefit ("OPEB") liabilities. We also plan to sell annuities and other insurance products, through our subsidiaries, to both the public and private sectors. We also intend to invest and/or sell our proprietary ETIPS(TM) and ETICS(TM) products in the public marketplace.

Our GPACS(TM) products, which refers to both the Guaranteed Pension Accounting Contract Solutions product and the Government Pension Accounting Contract Solutions product, relate to a business method of adjusting the balance sheet of a business or governmental organization, and particularly to a system for organizing the unfunded obligations of the organization so that the liability on the balance sheet becomes offset by an asset. The product also provides a systematic investing capability to enhance the profitability of the organization and the improved treatment of tax obligations.

GPACS was created in response to the General Accounting Standards Board ("GASB") Statement 45, which generally requires state and local governmental employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as currently required pension obligations. Annual OPEB costs for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of Statement 45 do not require governments to fund their OPEB plans.

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An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation. However, the unfunded actuarial liability is required to be amortized over future periods. Statement 45 is effective for periods beginning after December 15, 2006, 2007, or 2008, depending on the size of the government entity based on annual revenues used for GASB 34 implementation requirements.

In May of 2004, the GASB issued a corresponding "plan" statement, Statement 43 - Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. Statement 43 is effective one year prior to Statement 45. This statement requires a statement of plan net assets, statement of changes in plan net assets, schedule of funding progress, and schedule of employer contributions in the stand-alone financial reports of OPEB plans, as well as in the financial statements of governments having OPEB trust funds.

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AMERICAN CAPITAL HOLDINGS, INC.

Actuarial services will be required one year earlier if the "plan" Statement 43 is applicable, unless an alternative measurement method is utilized. However, the alternative measurement method is only an option for plans with a total membership of fewer than one hundred. Many OPEB plans are currently paying benefits on a pay-as-you-go basis. If a government does not have an acceptable trust or equivalent arrangement established, actuarial valuations will not be necessary until Statement 45 is effective. Establishing a trust may be an option for funding OPEB benefits; employers should consider the impact of required actuarial services.

Our GPICS(TM), ETIPS(TM) and ETICS(TM) products are each investment structures designed to maximize the benefit of energy and equipment tax incentives, in order to facilitate investment in energy related and other business enterprises. An essential feature of these products is a guarantee of the principal invested, as a result of the structuring of the investment.

Our plan of operation includes the underwriting of the insurance aspects of our products through our subsidiaries. Pending approvals of our recent acquisitions of Universe and Cosmopolitan, we will use third party insurance carriers. However, upon receiving the approvals, which are expected in due course, we will retain as much premium and commission money as possible within our subsidiaries.

IS Direct currently sells primarily term and whole life insurance products. However, upon the completion of our pending proposed acquisition of Universe, the scope of products available for sale by IS Direct is expected to broaden. Universe is a life insurance company which we expect to use to underwrite the insurance policies required by our GPACS products.

Until 1998, Cosmopolitan was engaged exclusively in providing burial / final expense insurance, and was operated as a small stipulated premium carrier in association with the funeral home business. In 1998, Cosmopolitan was acquired by Stephen E. Whitwell and J. Matt Lile, who implemented plans to grow the company. In 1998 a dental insurance product was file-approved and marketing commenced. Cosmopolitan also became involved in providing specific stop-loss coverage for self-funded employer plans for which there was a retro-session agreement. In 2001, Cosmopolitan introduced a new product, Employers Choice Health Plan, referred to as ECHP. Recently, most of Cosmopolitan's revenues have been realized from re-insurance assumed, while its dental product has been a small but profitable segment for the company. Cosmopolitan sees great opportunity for each product to expand and to have great growth potential with the added authority by way of either obtaining Certificate of Authority in additional jurisdictions or by affiliating with an issuing carrier with authority in other jurisdictions to enter into a quota share agreement.

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Results of Operations

Comparison of the three months ended August 31, 2004 with the three months ended August 31, 2003.

Revenue for the three month period ended August 31, 2004 was \$66 compared to no revenue recorded during the same period of the prior year. Revenues were recorded from commission received by our insurance subsidiary IS Direct Agency.

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AMERICAN CAPITAL HOLDINGS, INC.

Gross profit reflects a loss of \$3,944 in the current year versus no loss for the prior years three month period. Depreciation expense contributed \$4,010 to the current years deficit in gross profit.

General and administrative costs of \$243,862 for the current three month period reflect costs of staffing our administrative and sales offices. Consulting costs contributed \$114,672; rent contributed \$10,074; and travel contributed \$37,851 of the total \$243,862 administrative expenses for the current three month period.

Our operations for the three months ended August 31, 2004 resulted in a net loss of \$262,162 . Unrealized holding losses during the current three month period of \$1,116,320 was the result of a decline in the market value of both the Company's holdings in eCom eCom.com and Air Media Now, Inc. A \$43,113 decline in the eCom market value plus a \$1,073,207 decline in the Air Media Now market value combined for the \$1,116,320 loss the three months ended August 31, 2004.

Realized gains and losses during the current three month period of \$6,636 resulted from the the company's sale of its 1,194,824 share holding of Smart Pill Diagnostics, Inc.

Liquidity and Capital Resources

As of August 31, 2004 current assets totaled \$3,441,248 compared to \$3,239,008 at the end of the prior fiscal year. The \$202,240 increase in total current assets was the result of an increase in cash of \$198,259 as the company borrowed funds from shareholders.

Accounts Payable decreased from \$27,806 to \$23,235 during the current three months. Current liabilities increased from \$931,485 at the end of the prior fiscal year to \$1,415,045 at the end of the current quarter, an increase of \$483,560 due to the increase of short term borrowing.

To the extent that additional funds are required to support operations or to expand our business, we may sell additional equity, issue debt or obtain other credit facilities through financial institutions. Any sale of additional equity securities will result in dilution to our shareholders.

ITEM 3. CONTROLS AND PROCEDURES

Evaluation of the Company's Disclosure Controls and Internal Controls:
Within the 90 days prior to the date of this Quarterly Report on Form 10-QSB, the Company evaluated the effectiveness of the design and operation of its 'disclosure controls and procedures' ("Disclosure Controls"). This 'evaluation' ("Controls Evaluation") was done under the supervision and with the

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participation of management, including the Chief Executive Officer/Chairman ("CEO") and Chief Financial Officer ("CFO"). As a result of this review, the Company adopted guidelines concerning disclosure controls and the establishment of a disclosure control committee made up of senior management.

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AMERICAN CAPITAL HOLDINGS, INC.

Limitations on the Effectiveness of Controls:

The Company's management, including the CEO/CHAIRMAN and CFO, does not expect that its Disclosure Controls or its 'internal controls and procedures for financial reporting' ("Internal Controls") will prevent all error and all fraud. A control system, no matter how well conceived and managed, can provide only reasonable assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Conclusions:

Based upon the Controls Evaluation, the CEO/CHAIRMAN and CFO have concluded that, subject to the limitations noted above, the Disclosure Controls are effective to timely alert management to material information relating to the Company during the period when its periodic reports are being prepared.

In accordance with SEC requirements, the CEO/CHAIRMAN and CFO note that, since the date of the Controls Evaluation to the date of this Quarterly Report, there have been no significant changes in Internal Controls or in other factors that could significantly affect Internal Controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

The Company is not a party to any legal proceedings.

ITEM 2. Unregistered sales of equity securities and use of proceeds.

In February 2004, the Company issued 162,099 shares for Spaulding, in connection with the company's acquisition of certain assets from that company (See "Description of Business - Acquisition of American Capital Holdings"). Inasmuch as American Capital Holdings had access to comprehensive information about the

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AMERICAN CAPITAL HOLDINGS, INC.

Company, the shares were issued in reliance upon Section 4(2) of the Securities Act. A legend was placed on the certificates stating that the securities were not registered under the Securities Act and setting forth appropriate restrictions on their transfer or sale.

ITEM 3. Defaults Upon Senior Securities.

None

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

None

ITEM 5. Other Information.

Board of Directors Vote

On November 15, 2004 the Board of Directors of American Capital Holdings made a motion which was passed to appoint the following individuals to the Board of Directors; Barney A. Richmond, Richard C. Turner, Matt Salmon, Michael Camilleri, Douglas Sizemore, Norman E. Taplin, and Barry M. Goldwater, Jr. Mr. Richmond will serve as Chairman, President and Secretary and Mr. Turner will serve as Treasurer.

On November 15, 2004 the Board of Directors of American Capital Holdings amended the Articles of Incorporation. Article Four was changed to increase the authorized shares of the corporation from one hundred million shares to three hundred million shares.

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

(a) Exhibits:

Exhibit 3.1	Amended Articles of Incorporation dated November 15, 2004 (incorporated by reference to the Company's Form 10-SB/A filed January 11, 2005)	
Exhibit 3.2	Bylaws of the Company (incorporated by reference to the Company's Form 10-SB filed May 24, 2004)	
Exhibit 31.1	Certification required under Section 302 of the Sarbanes-Oxley Act of 2002 by the CEO on page	28
Exhibit 31.2	Certification required under Section 302 of the Sarbanes-Oxley Act of 2002 by the CFO on page	29
Exhibit 32	Section 1350 Certification on page	30

(b) Reports on Form 8-K:

None

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AMERICAN CAPITAL HOLDINGS, INC.

SIGNATURES

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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 hereunder duly authorized.

January 31, 2005

By: /s/ Barney A. Richmond
Barney A. Richmond,
Chief Executive Officer

January 31, 2005

By: /s/ Richard C. Turner
Richard C. Turner,
Chief Financial Officer

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AMERICAN CAPITAL HOLDINGS, INC.

SIGNATURES AND CERTIFICATIONS

EXHIBIT 31.1

CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
I, Barney A. Richmond, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of American Capital Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of

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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 report;

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

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

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

c) presented in this 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 controls.

6. The registrant's other certifying officer and I have indicated in this 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: January 31, 2005

/s/ Barney A. Richmond

Barney A. Richmond
President

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EXHIBIT 31.2

CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard C. Turner, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of American Capital Holdings, 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

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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 report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

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

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

6. The registrant's other certifying officer and I have indicated in this 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: January 31, 2005

/s/ Richard C. Turner

Richard C. Turner
Chief Financial Officer

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EXHIBIT 32

CERTIFICATIONS OF CEO AND CFO PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of American Capital Holdings Inc., a Florida corporation (the "Company"), on Form 10-QSB for the period ending August 31, 2004 as filed with the Securities and Exchange Commission

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(the "Report"), Barney A. Richmond, President of the Company and Richard C. Turner, Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Barney A. Richmond

Barney A. Richmond
President
Date: January 31, 2005

/s/ Richard C. Turner

Richard C. Turner
Chief Financial Officer
Date: January 31, 2005

[A signed original of this written statement required by Section 906 has been provided to American Capital Holdings, Inc. and will be retained by American Capital Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

Exhibits to Form 10-QSB will be provided to shareholders of the Registrant upon written request addressed to American Capital Holdings, Inc., 100 Village Square Crossing, Suite 202, Palm Beach Gardens, Florida 33410. Any exhibits furnished are subject to a reasonable photocopying charge.

The Securities and Exchange Commission has not approved or disapproved of this Form 10-QSB nor has it passed upon its accuracy or adequacy.