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MILITARY RESALE GROUP INC  
Form 10QSB/A  
June 09, 2003

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

Form 10-QSB/A  
Amendment No. 3

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 For the quarterly period ended June 30, 2002

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934  
For the transition period from ----- to -----

Commission File Number 000-26463  
-----

MILITARY RESALE GROUP, INC.

-----  
(Name of small business issuer as specified in its charter)

New York

11-2665282

-----  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

2180 Executive Circle  
Colorado Springs, Colorado 80906

-----  
(Address of principal executive offices)

(719) 391-4564

-----  
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section  
13 or 15(d) of the Exchange Act during the past 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  No

As of June 30, 2002, there were 9,672,127 shares of the issuer's common stock  
outstanding.

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

MILITARY RESALE GROUP, INC.

FORM 10-QSB/A  
AMENDMENT NO. 3

INDEX

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INTRODUCTORY NOTE.....

PART I. Financial Information

Item 1. Financial Statements

Notes to Financial Statements.....

Signatures .....

Certifications .....

i

INTRODUCTORY NOTE

We are filing this Form 10-QSB/A in order to add a new footnote to the financial statements as required by paragraph 37 of Accounting Principles Board Opinion No. 20. This Form 10-QSB/A does not necessarily reflect events occurring after the filing of Amendment No. 2 to Form 10-QSB for the quarter ended June 30, 2002.

ii

ITEM 1. FINANCIAL INFORMATION

The notes to our financial statements are hereby amended to include the following additional note.

NOTE 4 - RESTATEMENT

We restated our statement of operations, statement of cash flows, and statement of stockholders' equity (deficit) for the three and six month periods ended June 30, 2002 to eliminate the recognition of certain interest expense for the beneficial conversion feature of \$150,000 aggregate principal amount of convertible promissory notes issued in the first quarter of 2002 and which were converted into shares of our common stock in the second quarter of 2002

We restated our statement of operations, statement of cash flows, and statement of stockholders' equity (deficit) for the three and six month periods ended June 30, 2002 to properly disclose the beneficial conversion feature resulting from the issuance of \$20,000 and \$225,000 aggregate principal amount of convertible promissory notes in the three and six month periods ended June 30, 2002,

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respectively. When convertible debt is issued with a beneficial conversion feature, a portion of the proceeds should be allocated to the intrinsic value of the conversion feature, and the resulting discount should be amortized as additional interest expense. The discounts should be amortized from the date the security issued to the date it first becomes convertible. The intrinsic value of the conversion feature for the three and six month periods ended June 30, 2002 was \$20,000 and \$225,000, respectively, and have been allocated to additional paid in capital. The expense associated with this beneficial conversion feature is disclosed on the statement of cash flows as an adjustment in the reconciliation of net loss and cash used in operations as well as the statement of operations as interest expense.

We restated our statement of operations, statement of cash flows, and statement of stockholders' equity (deficit) for the three and six month periods ended June 30, 2002 to properly disclose the issuance of shares of our common stock in the three months ended June 30, 2002 to certain consultants of the Company, including Edward T. Whelan, our Chief Executive Officer.

As a result of these restatements, net loss decreased by \$119,935 for the three month period ended June 30, 2002 and increased by \$85,065 for the six month period ended June 30, 2002. Net loss per common share decreased by \$0.01 for the three month period ended June 30, 2002 and was unchanged for six month period ended June 30, 2002.

1

### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in Colorado Springs, Colorado on June 9, 2003.

MILITARY RESALE GROUP, INC.

By: /s/ Ethan D. Hokit

-----  
Name: Ethan D. Hokit  
Title: President (Principal  
Accounting Officer and  
Principal Financial Officer)

2

Certification of Principal Executive Officer  
Pursuant to 18 U.S.C. 1350  
(SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)

I, Edward T. Whelan, certify that:

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1. I have reviewed this Amendment No. 3 to our quarterly report on Form 10-QSB/A of Military Resale Group, Inc.;

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

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

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

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

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

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

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent 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

3

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

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

By: /s/ Edward T. Whelan

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Name: Edward T. Whelan  
Title: Chief Executive Officer

June 9, 2003

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4

Certification of Principal Financial Officer  
Pursuant to 18 U.S.C. 1350  
(SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)

I, Ethan D. Hokit, certify that:

1. I have reviewed this Amendment No. 3 to our quarterly report on Form 10-QSB/A of Military Resale Group, Inc.;

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

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

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

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

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

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

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent 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

5

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

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

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By: /s/ Ethan D. Hokit

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Name: Ethan D. Hokit  
Title: Chief Financial Officer

June 9, 2003