

Edgar Filing: FUEL CENTERS INC - Form 10KSB

FUEL CENTERS INC
Form 10KSB
April 14, 2003

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

FORM 10-KSB

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 For the fiscal year ended December 31, 2002

[] 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: 000-33321

Fuel Centers, Inc.

(Exact name of registrant as specified in its charter)

Nevada 33-0967648

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

9323 Vista Serena, Cypress, California 90630

(Address of principal executive offices) (Zip Code)

(714) 220-1806

(Registrant's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Act:

Title of each class registered: Name of each exchange on which registered:

None

None

Securities registered under Section 12(g) of the Act:

Common Stock, Par Value \$.001

(Title of Class)

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), and (2) has been subject to such filing

Edgar Filing: FUEL CENTERS INC - Form 10KSB

requirements for the past 90 days. Yes No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

State issuer's revenues for its most recent fiscal year. \$0.

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act.) As of April 10, 2003, approximately \$0.

As of April 10, 2003, there were 12,550,450 shares of the issuer's \$.001 par value common stock issued and outstanding.

Documents incorporated by reference. There are no annual reports to security holders, proxy information statements, or any prospectus filed pursuant to Rule 424 of the Securities Act of 1933 incorporated herein by reference.

Transitional Small Business Disclosure format (check one):

Yes No

1

PART I

Item 1. Description of Business.

Our Background. We were incorporated in Nevada on April 9, 2001.

We have only generated minimal revenues to date. We were formed to offer a full range of business consulting services in the retail automobile fueling industry. Our plan has been to offer advice and assistance on issues of business strategy and development of high-volume, multi-revenue source, retail automobile fueling centers or "Superstations". Superstations typically include retail fueling facilities, quick service restaurants, car wash facilities and a convenience store. We intended to provide services to owners of existing fueling stations who desire to convert their facilities into a Superstation, as well as to parties who are not currently engaged in the retail sale of motor fuel but wish to establish fueling facilities. We anticipated that a majority of our revenue would be derived from fees paid by clients for our advice, services and business development products.

On June 26, 2002, we entered into a Letter of Intent with Linsang Manufacturing, Inc., a Delaware corporation ("LMI") and certain of its shareholders wherein we would acquire LMI in exchange for shares of our common stock, and as part of the same transaction we would conduct a private placement of our equity securities, and LMI would acquire contracts other business entities that would bring a certain net value in revenues.

Edgar Filing: FUEL CENTERS INC - Form 10KSB

As of November 2002, we decided to discontinue negotiating a definitive agreement with LMI due to market conditions. Therefore, we terminated the letter of intent and unwound the bridge financing transactions, which were reflected in notes payable by us of \$2,041,000 to two third parties, and a note receivable from LMI in the amount of \$2,000,000. In December 2002, we assigned our right to collect \$1,000,000 of the amount owed by LMI to us to one of the third-party holders referred to above, while retaining the right to receive the interest due to us from LMI through the date of that assignment. We assigned our right to collect the remaining amount of \$1,000,000 to the other third party holder, without retaining any right to receive interest due as of the date of the assignment. In exchange, both third parties holders agreed to release us from all obligations that we had pursuant to their respective notes.

Item 2. Description of Property.

Property held by us. As of the date specified in the following table, we held the following property:

Property	December 31, 2002
Cash	\$183

Our Facilities. Our headquarters are located at 9323 Vista Serena, Cypress, California 90630. Jack Muellerleile, our president, secretary and one of our directors, currently provides office space to us at no charge. We do not have a written lease or sublease agreement and Mr. Muellerleile does not expect to be paid or reimbursed for providing office facilities.

Item 3. Legal Proceedings.

There are no legal actions pending against us nor are any legal actions contemplated by us at this time.

Item 4. Submission of Matters to Vote of Security Holders

Not applicable.

PART II

Item 5. Market Price for Common Equity and Related Stockholder Matters.

Reports to Security Holders. We are a reporting company with the Securities and Exchange Commission, or SEC. The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street N.W., Washington, D.C. 20549. The public may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is <http://www.sec.gov>.

Edgar Filing: FUEL CENTERS INC - Form 10KSB

Prices of Common Stock. We participate in the OTC Bulletin Board, an electronic quotation medium for securities traded outside of the Nasdaq Stock Market, and prices for our common stock are published on the OTC Bulletin Board under the trading symbol "FCTE". This market is extremely limited and the prices quoted are not a reliable indication of the value of our common stock. Shares of our common stock were last traded October 29, 2002. As of that date, we had a bid price of \$0.50 and an ask price of \$1.00. Over the last 52 weeks, our common stock had a low closing price of \$1.00 per share and a high closing price of \$2.78 per share.

We are authorized to issue 50,000,000 shares of \$.001 par value common stock, each share of common stock having equal rights and preferences, including voting privileges. As of December 31, 2002, 12,550,450 shares of our common stock were issued and outstanding. We are also authorized to issue 5,000,000 shares of \$.001 par value preferred stock, none of which is issued and outstanding.

In November 2001, our registration statement on Form SB-2 to register 2,405,000 shares of common stock held by our shareholders was declared effective by the SEC. The approximate number of holders of record of shares of our common stock is thirty-seven. There are no outstanding options or warrants to purchase, or securities convertible into, shares of our common stock. There are 125,504 shares that can be sold pursuant to Rule 144 promulgated pursuant to the Securities Act of 1933. On June 17, 2002, we authorized a 2.09 to 1 split of our common stock by means of a dividend of 1.09 shares of common stock for each share of common stock for holders of record on June 21, 2002. As a result, we have 12,550,450 shares of common stock issued and outstanding.

There have been no cash dividends declared on our common stock. Dividends are declared at the sole discretion of our Board of Directors.

Penny Stock Regulation. Shares of our common stock are subject to rules adopted by the Securities and Exchange Commission that regulate broker-dealer practices in connection with transactions in "penny stocks". Penny stocks are generally equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the Nasdaq system, provided that current price and volume information with respect to transactions in those securities is provided by the exchange or system). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, deliver a standardized risk disclosure document prepared by the Securities and Exchange Commission, which contains the following:

- o a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- o a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to violation to such duties or other requirements of securities' laws;
- o a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the "bid" and "ask" price;
- o a toll-free telephone number for inquiries on disciplinary actions;
- o definitions of significant terms in the disclosure document or in the conduct of trading in penny stocks; and
- o such other information and is in such form (including language, type, size and format), as the Securities and Exchange Commission shall require by rule or regulation.

Prior to effecting any transaction in penny stock, the broker-dealer also must

Edgar Filing: FUEL CENTERS INC - Form 10KSB

provide the customer the following:

- o the bid and offer quotations for the penny stock;
- o the compensation of the broker-dealer and its salesperson in the transaction;
- o the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and
- o monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for a stock that becomes subject to the penny stock rules. Holders of shares of our common stock may have difficulty selling those shares because our common stock will probably be subject to the penny stock rules.

3

Item 6. Management's Discussion and Analysis of Financial Condition or Plan of Operation.

This following information specifies certain forward-looking statements of management of the company. Forward-looking statements are statements that estimate the happening of future events are not based on historical fact. Forward-looking statements may be identified by the use of forward-looking terminology, such as "may", "shall", "will", "could", "expect", "estimate", "anticipate", "predict", "probable", "possible", "should", "continue", or similar terms, variations of those terms or the negative of those terms. The forward-looking statements specified in the following information have been compiled by our management on the basis of assumptions made by management and considered by management to be reasonable. Our future operating results, however, are impossible to predict and no representation, guaranty, or warranty is to be inferred from those forward-looking statements.

The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. No assurance can be given that any of the assumptions relating to the forward-looking statements specified in the following information are accurate, and we assume no obligation to update any such forward-looking statements.

Critical Accounting Policy and Estimates. Our Management's Discussion and

Edgar Filing: FUEL CENTERS INC - Form 10KSB

Analysis of Financial Condition and Results of Operations section discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, accrued expenses, financing operations, and contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of our financial statements include estimates as to the appropriate carrying value of certain assets and liabilities which are not readily apparent from other sources. These accounting policies are described at relevant sections in this discussion and analysis and in the notes to them consolidated financial statements included in our Annual Report on Form 10-KS for the fiscal year ended December 31, 2002.

Liquidity and Capital Resources. We had cash of \$183 as of December 31, 2002. Our total current assets as of December 31, 2002 were \$43,371, of which \$7,880 was represented by prepaid expenses and \$35,308 was represented by interest receivable. Our total assets were \$43,371 as of December 31, 2002. We have no other property or assets. Our total current liabilities were \$31,652 as of December 31, 2002, which was represented by accounts payable and accrued expenses. As of December 31, 2002, we had no other commitments or contingencies.

Results of Operations.

Revenues. For the year ending December 31, 2002, we realized no revenues from providing consulting services. We do not believe we will be able to complete the acquisition of LMI, and therefore we will attempt to generate revenues by engaging clients to utilize our consulting services. In comparison, for the year ended December 31, 2001, we generated \$9,000 in revenues from our consulting services.

4

Operating Expenses. For year ending December 31, 2002, our total operating expenses were \$97,627. Those expenses were represented by \$9,104 in consulting services, \$84,503 in legal and professional fees, and \$4,020 office expenses. We also had \$70,617 in interest income and \$72,361 in interest expense, for net other expense of \$1,744. Therefore, for the year ending December 31, 2002, we experienced a net loss of before extraordinary item of \$99,371. After taking into consideration our gain of \$78,052 on the extinguishment of our debt, our net loss was \$21,319.

This is in comparison to the year ending December 31, 2001, where our total operating expenses were \$20,467. That amount was represented by \$3,550 in consulting services, \$21,952 in legal and professional fees, and \$3,965 office expenses. Our net loss for the year ending December 31, 2001 was \$20,467. The increase in our operating expenses during the year ended December 31, 2002 compared to the prior year was due to the significant legal and professional

Edgar Filing: FUEL CENTERS INC - Form 10KSB

fees we incurred in connection with the preparations to acquire LMI.

Our Plan of Operation for the Next Twelve Months. In November 2002, we concluded that we would not be able to complete the transaction to acquire LMI as described herein. We cannot guaranty that we will acquire any other third party in lieu of LMI, or that in the event that we acquire another entity, this acquisition will increase the value of our common stock. We intend to continue providing our business consulting services to the retail automotive fueling industry.

We had cash of \$183 as of December 31, 2002. In the opinion of management, available funds are not sufficient to satisfy our working capital requirements, however, we believe that our management will continue to pay our operating expenses for the next twelve months. Our forecast for the period for which our financial resources will be adequate to support our operations involves risks and uncertainties and actual results could fail as a result of a number of factors. Because we were not able to complete the proposed acquisition of LMI as described, we anticipate that we may need to raise additional capital to continue operations. Such additional capital may be raised through public or private financing as well as borrowings and other sources. We cannot guaranty that additional funding will be available on favorable terms, if at all. If adequate funds are not available, then our ability to expand our operations may be adversely affected. If adequate funds are not available, we anticipate that our officers and directors will contribute funds to pay for our expenses, although we cannot that guaranty that our officers will pay those expenses.

We are not currently conducting any research and development activities and do not anticipate conducting such activities in the near future. We do not anticipate hiring additional employees or independent contractors unless we are able to expand our current operations. Until recently, we had been focusing our efforts on completing the acquisition of LMI. We do not anticipate that we will purchase or sell any significant equipment.

We have only generated \$9,000 in revenues from our operations since our inception. In our management's opinion, to effectuate our business plan in the next twelve months, the following events should occur or we should reach the following milestones in order for us to become profitable:

1. We must continue to market our consulting services and obtain consulting agreements. We have provided proposed consulting service contracts to several new client candidates, although none of those agreements have been executed. Based on our meetings and discussions with potential clients including those to whom we have forwarded proposed consulting service contracts, we believe that some of those potential clients will retain us to provide consulting services. Within three to six months, we should be providing consulting services to multiple clients.
2. We must continue to attend meetings with petroleum industry professionals and develop relationships with those professionals. We believe that major oil company executives can provide lists of properties considered surplus along with the name of the client candidate, which they believe may benefit from our services. Within three to six months, we should have knowledge of several additional properties considered surplus by major oil companies.

Edgar Filing: FUEL CENTERS INC - Form 10KSB

3. We must develop relationships with business brokers who advertise locations for sale in newspapers and trade journals as well as real estate brokers who list properties for sale. We believe that those brokers will become sources of referrals. Within six to nine months, we should have developed relationships with several brokers who will be sources of referrals.
4. We must develop our website for use as a marketing tool to inform and persuade customers to engage our services. Within six to nine months, we should have developed our website to provide information about our services as well as our beliefs about the industry.
5. We must seek joint venture partners for our development of Superstations. We will seek partners who are willing to contribute capital for the development of Superstations and we will furnish the deal making and operational expertise. During the next twelve months, we want to develop relationships with potential joint venture partners.

Since our inception, we have marketed our services to owners and operators of retail fueling stations who we believe are potential clients. Our belief that we will engage clients is based on the discussions that we have had with petroleum industry professionals. Our plan of operation is materially dependent on our ability to generate revenues. Any additional revenues generated will be used to expand our operations.

Item 7. Financial Statements

The financial statements required by Item 7 are presented in the following order:

6

FUEL CENTERS, INC.

REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

FUEL CENTERS, INC.

CONTENTS

	PAGE

Independent Auditor's Report	9
Financial Statements	
Balance Sheet	10
Statement of Operations	11
Statement of Changes in Stockholders' Equity	12
Statement of Cash Flows	13
Notes to Financial Statements	14

INDEPENDENT AUDITORS' REPORT

March 25, 2003

To the Stockholders of
Fuel Centers, Inc.

Edgar Filing: FUEL CENTERS INC - Form 10KSB

We have audited the accompanying balance sheet of Fuel Centers, Inc. as of December 31, 2002, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Fuel Centers, Inc. for the year ended December 31, 2001, were audited by other auditors whose report dated February 12, 2002, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fuel Centers, Inc. as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

HALL & COMPANY
Irvine, California

9

FUEL CENTERS, INC.

BALANCE SHEET

DECEMBER 31, 2002

ASSETS

CURRENT ASSETS

Cash	\$	183
Prepaid expenses		7,880
Interest receivable		35,308

Total current assets		43,371
----------------------	--	--------

Edgar Filing: FUEL CENTERS INC - Form 10KSB

OTHER ASSETS		---

Total assets	\$	43,371
		=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$	31,652

Total current liabilities		31,652
STOCKHOLDERS' EQUITY		
Preferred stock, \$.001 par value;		
Authorized shares-- 5,000,000		
Issued and outstanding shares-- 0		---
Common stock, \$.001 par value;		
Authorized shares-- 50,000,000		
Issued and outstanding shares-- 12,550,450		12,550
Additional paid-in capital		40,955
Accumulated deficit		(41,786)

Total stockholders' equity		11,719

Total liabilities and stockholders' equity	\$	43,371
		=====

See accompanying notes to financial statements.

10

FUEL CENTERS, INC.

STATEMENTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2002 AND THE PERIOD
APRIL 9, 2001 (INCEPTION) THROUGH DECEMBER 31, 2001

		2002		2001
		-----		-----
NET REVENUES	\$	---	\$	9,000

Edgar Filing: FUEL CENTERS INC - Form 10KSB

OPERATING EXPENSES		
Consulting services	9,104	3,550
Legal and professional fees	84,503	21,952
Office expense	4,020	3,965
	-----	-----
Total operating expenses	97,627	29,467
	-----	-----
LOSS FROM OPERATIONS	(97,627)	(20,467)
OTHER INCOME (EXPENSE)		
Interest income	70,617	---
Interest expense	(72,361)	---
	-----	-----
Total other income (expense)	(1,744)	---
	-----	-----
LOSS BEFORE PROVISION FOR INCOME TAXES	(99,371)	(20,467)
PROVISION FOR INCOME TAXES	---	---
	-----	-----
NET LOSS BEFORE EXTRAORDINARY ITEM	(99,371)	(20,467)
GAIN ON EXTINGUISHMENT OF DEBT	78,052	---
	-----	-----
NET LOSS	\$ (21,319)	\$ (20,467)
	=====	=====
NET INCOME PER COMMON SHARE-- BASIC AND DILUTED	\$ ---	\$ ---
	=====	=====
WEIGHTED AVERAGE OF COMMON SHARES-- BASIC AND DILUTED		
	12,550,450	11,957,600
	=====	=====

See accompanying notes to financial statements.

FUEL CENTERS, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEAR ENDED DECEMBER 31, 2002 AND THE PERIOD
APRIL 9, 2001 (INCEPTION) THROUGH DECEMBER 31, 2001

Edgar Filing: FUEL CENTERS INC - Form 10KSB

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT
	SHARES	AMOUNT		
Balance, April 9, 2001	---	\$ ---	\$ ---	\$ ---
Issuances of common stock	6,005,000	6,005	18,145	
Expenses paid by officer	---	---	6,419	
Net loss/comprehensive loss	---	---	---	(2)
Balance, December 31, 2001	6,005,000	6,005	24,564	(2)
Expenses paid by officer	---	---	22,936	
Issuance of forward common stock split	6,545,450	6,545	(6,545)	
Net loss/comprehensive loss	---	---	---	(2)
Balance, December 31, 2002	12,550,450	\$ 12,550	\$ 40,955	\$ (41)

See accompanying notes to financial statements.

12

FUEL CENTERS, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2002 AND THE PERIOD
APRIL 9, 2001 (INCEPTION) THROUGH DECEMBER 31, 2001

	2002
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (21,311)
Adjustments to reconcile net loss to net cash used in operating activities	
Gain on extinguishment of debt	(78,050)
Expenses paid with common stock	--
Expenses paid by officer	22,936
Changes in operating assets and liabilities	
(Increase) in prepaid expenses	(7,880)
(Increase) in interest receivable	(35,300)
Increase in accounts payable and accrued expenses	29,110
Net cash used in operating activities	(90,500)

Edgar Filing: FUEL CENTERS INC - Form 10KSB

CASH FLOWS FROM INVESTING ACTIVITIES	
Payment in exchange of 8% convertible note receivable	(2,000,00)

Net cash used in investing activities	(2,000,00)

CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of common stock	--
Proceeds from issuance of 8% convertible notes payable	2,041,00
Assignment of 8% convertible note	37,05

Net cash provided by financing activities	2,078,05

NET INCREASE (DECREASE) IN CASH	(12,45)
CASH, beginning of period	12,63

CASH, end of period	\$ 18
=====	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Income taxes paid	\$ --
=====	
Interest paid	\$ --
=====	

See accompanying notes to financial statements.

FUEL CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

Note 1 - BUSINESS DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES

Business Description - Fuel Centers, Inc. (the "Company") was incorporated in the state of Nevada on April 9, 2001. The Company is business consulting firm that specializes in strategy and development of high-volume, multi-revenue source, retail fuel service stations for the automobile industry. The Company is headquartered in Cypress, California.

Cash Equivalents - For purposes of the balance sheet and statement of cash flows, the Company considers all highly liquid debt instruments purchased with

Edgar Filing: FUEL CENTERS INC - Form 10KSB

maturity of three months or less to be cash equivalents. At December 31, 2002, the Company had no cash equivalents.

Fair Value of Financial Instruments - The carrying amount of the Company's financial instruments, which includes cash and accounts payable and accrued expenses approximate their fair value due to the short period to maturity of these instruments.

Recognition of Revenue - The Company records revenues of its consulting services when they are complete, fee is fixed and determinable, and collectibility is reasonably assured. The Company will also provide an allowance for returns when experience is established.

Income Taxes - The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

Net Loss per Common Share - The Company has adopted the provisions of Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128"). SFAS 128 requires the reporting of basic and diluted earnings/loss per share. Basic loss per share is calculated by dividing net loss by the weighted average number of outstanding common shares during the period.

Comprehensive Loss - The Company applies Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). SFAS 130 establishes standards for the reporting and display of comprehensive income or loss, requiring its components to be reported in a financial statement that is displayed with the same prominence as other financial statements. For the period ended December 31, 2002, the Company had no other components of its comprehensive income or loss other than the net loss as reported on the statements of operations.

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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.

FUEL CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

Edgar Filing: FUEL CENTERS INC - Form 10KSB

As shown in the accompanying financial statements, the Company has incurred a net operating loss of \$41,786 since inception through December 31, 2002.

Management's plans to mitigate its losses in the near term through the significant reduction of legal and professional fees that were incurred upon incorporation; for the presentation for the preparation of the Company's Private Offering Memorandum; for the performance of audit and review services; and for the negotiations with Linsang. By having completed its registration process over the last twelve months. In addition, should management determine it necessary, the Company will seek to obtain additional financing through the issuance of common stock and increase of ownership equity, and from contributions of its officers.

NOTE 3 - ACCRUED EXPENSES

Accrued Wages and Compensated Absences - The Company currently does not have any employees. The majority of development costs and services have been provided to the Company by the officers and outside, third party vendors. As such, there is no accrual for wages or compensated absences as of December 31, 2002.

NOTE 4 - COMMON STOCK

On April 10, 2001, the Company issued 3,550,000 shares of its common stock to an officer and founder for consulting services and 1,500,000 shares of its common stock to various individuals for legal services rendered in connection with the initial organization costs incurred. Since there was no readily available market value at the time the services were rendered, par value of \$0.001 per share was considered as a reasonable estimate of fair value by all parties.

On June 30, 2001, the Company completed a "best efforts" offering of its common stock pursuant to the provisions of Section 4(2) of the Securities Act of 1933 and Rule 506 of Regulation D promulgated by the Securities and Exchange Commission. In accordance with the Private Placement Memorandum Offering, which was initiated on June 11, 2001, the Company issued 955,000 shares of its common stock at \$0.02 per share for a total of \$19,100 from June 17th through June 30th 2001.

On June 17, 2002, the Company's board of directors declared a two and nine hundredths to one (2:09:1) forward stock split to the stockholders of record as of June 21, 2002. The stock dividend was paid on June 24, 2002 and resulted in an increase of the Company's issued and outstanding common stock to 12,550,450 shares.

FUEL CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

Edgar Filing: FUEL CENTERS INC - Form 10KSB

NOTE 5 - INCOME TAXES

At December 31, 2002, the Company has available for federal income tax purposes a net operating loss carryforward of approximately \$80,000, expiring at various times through 2002, that may be used to offset future taxable income. Therefore, no provision for income taxes has been provided.

In addition, the Company has deferred tax assets of approximately \$19,000 at December 31, 2002. The Company has not recorded a benefit from its net operating loss carryforward because realization of the benefit is uncertain and, therefore, a valuation allowance of (\$19,000) has been provided for the deferred tax assets.

NOTE 6 - RELATED PARTY TRANSACTIONS

On April 10, 2001, the Company issued 3,550,000 shares of its common stock to a current officer for services as described in Note 4.

The Company occupies office space provided by its officer. Accordingly, occupancy costs have been allocated to the Company based on the square foot percentage assumed multiplied by the officer's total monthly costs. These amounts are shown in the accompanying statements of operations for the years ended December 31, 2002 and 2001 and are considered additional contributions of capital by the officer and the Company.

NOTE 7 - GAIN ON EXTINGUISHMENT OF DEBT

On June 26, 2002, the Company entered into a Letter of Intent to acquire all of the outstanding common stock of Linsang Manufacturing, Inc., a Delaware corporation ("LMI"), in a tax-free reverse merger in exchange for 12,500,000 shares of common stock of the Company. On November 19, 2002, the Company terminated its negotiations for a definitive agreement with LMI. As a result, on December 5, 2002, the Company assigned its interest in the bridge financing transactions of a \$2,000,000, 8% convertible note receivable and corresponding 8% convertible notes payable. In connection with these transactions, the Company recorded an extraordinary gain of \$78,052.

Item 8. Changes in and Disagreements with Accountants.

On November 11, 2002, our Board of Directors, voted to replace our independent accountant, Quintanilla Accountancy Corporation ("Quintanilla"). Effective November 11, 2002, our new independent accountant is Hall & Company, certified public accountants ("Hall & Company"). We retained the accounting firm of Hall & Company on November 11, 2002, to make an examination of our financial statements the 2002 fiscal year. We authorized Quintanilla to respond fully to any inquiries from Hall & Company and to make its work papers available to Hall & Company.

Edgar Filing: FUEL CENTERS INC - Form 10KSB

The reports of Quintanilla from April 9, 2001, the date of our inception, through November 11, 2002, did not contain any adverse opinion, disclaimer of opinion, or qualification or modification as to the certainty, audit scope or accounting principles. During April 9, 2001 through November 11, 2002, there were no disagreements between us and Quintanilla on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure. During our two most recent fiscal years or any subsequent interim period prior to engaging Hall & Company, we did not consult with Hall & Company regarding any accounting or auditing concerns stated in Item 304(a)(2) of Regulation S-B. In addition, during April 9, 2001 through November 11, 2002, there were no "reportable events" within the meaning of Item 304 of the Securities and Exchange Commission's Regulation S-K.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons.

Executive Officers and Directors. We are dependent on the efforts and abilities of certain of our senior management. The interruption of the services of key management could disrupt our operations, reduce profits and hinder future development, if suitable replacements are not promptly obtained. We anticipate that we will enter into employment agreements with each of our key executives. We cannot guaranty that each executive will remain with us during or after the term of his or her employment agreement. In addition, our success depends, in part, upon our ability to attract and retain other talented personnel. Although we believe that our relations with our personnel are good and that we will continue to be successful in attracting and retaining qualified personnel, we cannot guaranty that we will be able to continue to do so. Our officers and directors will hold office until their resignations or removal.

15

Our directors and principal executive officers are as specified on the following table:

Name	Age	Position
Jack Muellerleile	60	president, secretary, director
K. John Shukur	31	treasurer, director

Jack Muellerleile. Mr. Muellerleile is our president, secretary and one of our directors since our inception. Mr. Muellerleile brings expertise and experience in commercial real estate, business brokerage, franchising and entrepreneurship and the oil business. From 1990 to the present, Mr. Muellerleile has been the owner of Site Location Solutions, a firm specializing in the petroleum, food service and entertainment industries. During the last ten years, he handled over 275 successful engagements acquiring a location or transaction in each target

Edgar Filing: FUEL CENTERS INC - Form 10KSB

area, whether purchase, lease, or joint venture. Mr. Muellerleile is an expert in lease and purchase analyses and negotiations, major oil company management thinking and supply contracts and competitive allowances and restaurant and entertainment related transactions. Mr. Muellerleile enjoyed a distinguished 23-year career with Mobil Oil during which he held thirteen different positions culminating in responsibility for all real estate activities throughout the western two-thirds of the United States. He was responsible for the acquisition and retention, by lease or purchase, of thousands of properties, several hundred divestments, as well as numerous other business opportunity buy/sell agreements, lease renewals, exercise of options, market evaluations, competitive analyses and strategic decision making regarding wide-area distribution agreements. During the past five years, Mr. Muellerleile has specialized in Superstation developments that involve multiple profit centers and industry-leading revenues. Mr. Muellerleile earned his Bachelor of Science degree in business from University of Missouri in 1964. Mr. Muellerleile is not an officer or a director of any other reporting company.

K. John Shukur. Mr. Shukur is our Treasurer and one of our directors since June 2001. Mr. Shukur has significant experience in the retail food industry. From 1994 to the present, Mr. Shukur has been the operator of Samurai Harry's, a chain of Japanese-American food restaurants located in Southern California. Mr. Shukur earned his Bachelor of Science degree in Environmental Analysis and Design from University of California, Irvine in 1994. Mr. Shukur is not an officer or a director of any other reporting company.

There is no family relationship between any of our officers or directors. There are no orders, judgments, or decrees of any governmental agency or administrator, or of any court of competent jurisdiction, revoking or suspending for cause any license, permit or other authority to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining any of our officers or directors from engaging in or continuing any conduct, practice or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security, or any aspect of the securities business or of theft or of any felony, nor are any of the officers or directors of any corporation or entity affiliated with us so enjoined.

Our directors will serve until the next annual meeting of stockholders. Our executive officers are appointed by our Board of Directors and serve at the discretion of the Board of Directors.

Section 16(a) Beneficial Ownership Reporting Compliance. Our officers, directors, and principal shareholders have filed all reports required to be filed on, respectively, a Form 3 (Initial Statement of Beneficial Ownership of Securities), a Form 4 (Statement of Changes of Beneficial Ownership of Securities), or a Form 5 (Annual Statement of Beneficial Ownership of Securities).

Item 10. Executive Compensation

Any compensation received by our officers, directors, and management personnel will be determined from time to time by our board of directors. Our officers, directors, and management personnel will be reimbursed for any out-of-pocket expenses incurred on our behalf.

Edgar Filing: FUEL CENTERS INC - Form 10KSB

Summary Compensation Table. The table set forth below summarizes the annual and long-term compensation for services in all capacities to us payable to our Chief Executive Officer and our other executive officers whose total annual salary and bonus are anticipated to exceed \$50,000 during the year ending December 31, 2002. Our Board of Directors may adopt an incentive stock option plan for our executive officers which would result in additional compensation.

Name and Principal Position	Year	Annual Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	All Other Compensation (\$)
Jack Muellerleile - president, secretary	2002	None	None	None	None
K. John Shukur - treasurer	2002	None	None	None	None

Compensation of Directors. Our current directors are also our employees and receive no extra compensation for their service on our board of directors.

Employment Contracts. We anticipate that we will enter into an employment agreement with Jack Muellerleile, although we do not currently know the terms of that employment agreement.

Stock Option Plan. We anticipate that we will adopt a stock option plan, pursuant to which shares of our common stock will be reserved for issuance to satisfy the exercise of options. The stock option plan will be designed to retain qualified and competent officers, employees, and directors. Our Board of Directors, or a committee thereof, shall administer the stock option plan and will be authorized, in its sole and absolute discretion, to grant options thereunder to all of our eligible employees, including officers, and to our directors, whether or not those directors are also our employees. Options will be granted pursuant to the provisions of the stock option plan on such terms, subject to such conditions and at such exercise prices as shall be determined by our Board of Directors. Options granted pursuant to the stock option plan shall not be exercisable after the expiration of ten years from the date of grant.

Item 11. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth certain information regarding the beneficial ownership of our common stock as of April 10, 2003 by each person or entity known by us to be the beneficial owner of more than 5% of the outstanding shares of common stock, each of our directors and named executive officers, and all of our directors and executive officers as a group.

Title of Class	Name of Beneficial Owner	Amount of Beneficial Owner
Common Stock	Jack Muellerleile 9323 Vista Serena, Cypress, CA 90630	7,419,500 shares president, secretary, director

Edgar Filing: FUEL CENTERS INC - Form 10KSB

Common Stock	K. John Shukur 5 Hidalgo Rancho Santa Margarita, CA 92688	104,500 shares treasurer, director
Common Stock	Brown Brothers Harriman & Co 140 Broadway New York, NY 10274	1,194,999 shares
Common Stock	All directors and named executive officers as a group	7,524,000 shares

=====
 (1) We have attempted to obtain information on the beneficial holders of the stock held by Brown To the best of our knowledge, there are no beneficial owners of 5% or over holding stock in the n Harriman & Co.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. In accordance with Securities and Exchange Commission rules, shares of our common stock which may be acquired upon exercise of stock options or warrants which are currently exercisable or which become exercisable within 60 days of the date of the table are deemed beneficially owned by the optionees. Subject to community property laws, where applicable, the persons or entities named in the table above have sole voting and investment power with respect to all shares of our common stock indicated as beneficially owned by them.

17

Changes in Control. Our management is not aware of any arrangements which may result in "changes in control" as that term is defined by the provisions of Item 403(c) of Regulation S-B.

Item 12. Certain Relationships and Related Transactions.

 Related Party Transactions. There have been no related party transactions, except for the following:

Jack Muellerleile, our president, secretary, and one of our directors, is the father of Michael J. Muellerleile, one of our shareholders and an employee of MC Law Group, which serves as our legal counsel.

Jack Muellerleile, our president, secretary and one of our directors, currently provides office space to us at no charge.

With regard to any future related party transaction, we plan to fully disclose any and all related party transactions, including, but not limited to, the following:

- o disclosing such transactions in prospectuses where required;
- o disclosing in any and all filings with the Securities and Exchange Commission, where required;

Edgar Filing: FUEL CENTERS INC - Form 10KSB

- o obtaining disinterested directors consent; and
- o obtaining shareholder consent where required.

Item 13. Exhibits and Reports on Form 8-K

(a) Exhibit No.

- | | |
|-----|----------------------------|
| 3.1 | Articles of Incorporation* |
| 3.2 | Bylaws* |

* Included in the registration statement on Form SB-2 filed on August 10, 2001.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the last quarter of the period covered by this annual report on Form 10-KSB, except for the following:

On November 11, 2002, our Board of Directors, voted to replace our independent accountant, Quintanilla Accountancy Corporation ("Quintanilla"). Effective November 11, 2002, our new independent accountant is Hall & Company, certified public accountants ("Hall & Company"). We retained the accounting firm of Hall & Company on November 11, 2002, to make an examination of our financial statements the 2002 fiscal year. We authorized Quintanilla to respond fully to any inquiries from Hall & Company and to make its work papers available to Hall & Company.

The reports of Quintanilla from April 9, 2001, the date of our inception, through November 11, 2002, did not contain any adverse opinion, disclaimer of opinion, or qualification or modification as to the certainty, audit scope or accounting principles. During April 9, 2001 through November 11, 2002, there were no disagreements between us and Quintanilla on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure. During our two most recent fiscal years or any subsequent interim period prior to engaging Hall & Company, we did not consult with Hall & Company regarding any accounting or auditing concerns stated in Item 304(a)(2) of Regulation S-B. In addition, during April 9, 2001 through November 11, 2002, there were no "reportable events" within the meaning of Item 304 of the Securities and Exchange Commission's Regulation S-K.

Item 14. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures. We maintain controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon their evaluation of those controls and procedures performed within 90 days of the filing date of this report, our chief executive officer and the principal

Edgar Filing: FUEL CENTERS INC - Form 10KSB

financial officer concluded that our disclosure controls and procedures were adequate.

(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 the evaluation of those controls by the chief executive officer and principal financial officer.

19

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 in the City of Cypress, California, on April 10, 2003.

Fuel Centers, Inc.
a Nevada corporation

By: /s/ Jack Muellerleile

Jack Muellerleile

Its: principal executive officer
president, secretary, and a director

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Jack Muellerleile April 10, 2003

Jack Muellerleile

Its: principal executive officer
president, secretary and a director

By: /s/ K. John Shukur April 10, 2003

K. John Shukur

Its: principal accounting officer
treasurer and a director

20

Edgar Filing: FUEL CENTERS INC - Form 10KSB

CERTIFICATIONS

I, John R. Muellerleile, certify that:

1. I have reviewed this annual report on Form 10-KSB of Fuel Centers, Inc.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual 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 annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether 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: April 10, 2003

/s/ John R. Muellerleile

Edgar Filing: FUEL CENTERS INC - Form 10KSB

John R. Muellerleile
Chief Executive Officer

21

CERTIFICATIONS

I, K. John Shukur, certify that:

1. I have reviewed this annual report on Form 10-KSB of Fuel Centers, Inc.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual 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 annual report (the "Evaluation Date"); and
 - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in

Edgar Filing: FUEL CENTERS INC - Form 10KSB

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; and

6. The registrant's other certifying officers and I have indicated in this annual report whether 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: April 10, 2003

/s/ K. John Shukur

K. John Shukur
Chief Financial Officer

22

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

In connection with the Annual Report of Fuel Centers, Inc. a Nevada corporation (the "Company") on Form 10-KSB for the year ending December 31, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), John R. Muellerleile, Chief Executive Officer of the Company, certifies to the best of his knowledge, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (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/ John R. Muellerleile

John R. Muellerleile
Chief Executive Officer
April 10, 2003

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

In connection with the Annual Report of Fuel Centers, Inc. a Nevada corporation (the "Company") on Form 10-KSB for the year ending December 31, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), K. John Shukur, Chief Financial Officer of the Company, certifies to the best of his knowledge, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (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/ K. John Shukur

K. John Shukur
Chief Financial Officer
April 10, 2003