FUEL CENTERS INC
Form 10QSB
August 14, 2003

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

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2003

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from ___________ to __________

Commission File Number: 000-33321

Fuel Centers, Inc.
(Exact name of small business issuer 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)

(714) 220.1806
(Issuer's Telephone Number)

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date. As of August 13, 2003, there were 12,550,450 shares of the issuer's $.001 par value common stock issued and outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FUEL CENTERS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2003 AND 2002

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FUEL CENTERS, INC.

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FUEL CENTERS, INC.

BALANCE SHEET

JUNE 30, 2003

(UNAUDITED)

ASSETS

CURRENT ASSETS

Cash	$ 87
Prepaid expenses	3,991
Interest receivable	35,308
Total current assets	39,386
OTHER ASSETS	---
Total assets	$ 39,386

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 16,360
Total current liabilities	35,000
NOTE PAYABLE	51,360
STOCKHOLDERS' DEFICIT	
Preferred stock, $.001 par value;	
Authorized shares -- 5,000,000	
Issued and outstanding share - 0	---
Common stock, $.001 par value;	
Authorized shares-- 50,000,000	
Issued and outstanding shares-- 12,550,450	12,550
Additional paid-in capital	42,165
Accumulated deficit	(66,689)
Total stockholders' deficit	(11,974)
Total liabilities and stockholders' equity	$ 39,386

See accompanying notes to financial statements.

FUEL CENTERS, INC.

STATEMENTS OF OPERATIONS

JUNE 30, 2003 AND 2002

(UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED
	2003	2002	2003
Net revenues	$ ---	$ ---	$ ---
Operating expenses			
Consulting services	---	---	---
Legal and professional fees	12,888	15,710	23,597
Occupancy	605	605	1,210
Office supplies and expense	48	366	96
Total operating expenses	13,541	16,681	24,903
Other income/(expense)			
Interest income	---	1,753	---
Interest expense	---	(1,789)	---
Total other income/(expense)	---	(36)	---
Loss from operations	(13,541)	(16,717)	(24,903)
Provision for income tax expense (benefit)	---	---	---
Net loss/comprehensive loss	$ (13,541)	$ (16,717)	$ (24,903)
Net loss/comprehensive loss per common share --- basic and diluted	$ ---	$ ---	$ ---
Weighted average of common shares --- basic and diluted	12,550,450	6,437,000	12,550,450

See accompanying notes to financial statements.

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FUEL CENTERS, INC.

STATEMENT OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2003 AND 2002

(UNAUDITED)

June 30

	2003
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (24,903)
Adjustments to reconcile net loss to net cash used in operating activities	
Expenses paid by officer	---
Occupancy cost contributed by officer	1,210
Changes in operating assets and liabilities	
Decrease (increase) in prepaid expenses	3,889
Increase in interest receivable	---
(Decrease) increase in accounts payable and accrued expenses	(15,292)
Increase in interest payable	---
Net cash used in operating activities	(35,096)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payment in exchange of 8% convertible note receivable	---
Net cash used by investing activities	---
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of note payable	35,000
Proceeds from issuance of 8% convertible note payable	---
Net cash provided by financing activities	35,000
NET DECREASE IN CASH	(96)
CASH, beginning of period	183
CASH, end of period	$ 87
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Income taxes paid	$ ---
Interest paid	$ ---

See accompanying notes to financial statements.

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FUEL CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003 AND 2002

(UNAUDITED)

NOTE 1 - NATURE OF OPERATIONS

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

NOTE 2 - BASIS OF PRESENTATION

The unaudited financial statements included herein have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Item 310(b) of Regulation S-B. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2003 and 2002 are not necessarily indicative of the results that may be expected for the years ended December 31, 2003 and 2002. For further information, these financial statements and the related notes should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2002 included in the Company's annual report on Form 10-KSB.

NOTE 3 - NOTE PAYABLE

On June 25, 2003, the Company entered into a loan agreement with an unrelated third party for a demand loan in the amount of $35,000. Simple interest on the loan accrues at an annual rate of 8%. Interest and principal are due in full on December 25, 2003.

NOTE 4 - COMMON STOCK

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.

NOTE 4 - RELATED PARTY TRANSACTIONS

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 three and six months ended June 30, 2002 and are considered additional contributions of capital by the officer and the Company.

ITEM 2. 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 AND 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. WE CANNOT GUARANTY 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 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 the financial statements included in our Quarterly Report on Form 10-QSB for the period ended June 30, 2003.

Our business is 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.

We have also contemplated acquiring a third party, merging with a third party or pursuing a joint venture with a third party in order to support our development. Accordingly, we have been researching potential acquisitions or other suitable business partners which will assist us in realizing our business objectives. In

that regard, during 2002 we entered into negotiations to acquire another entity and certain of its shareholders wherein we would acquire that entity n 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 the other entity would acquire contracts other business entities that would bring a certain net value in revenues. In November 2002, we concluded that we would not be able to complete the transaction to acquire that entity as described herein. We cannot guaranty that we will acquire any other third party in lieu of that transaction, 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.

LIQUIDITY AND CAPITAL RESOURCES. We had cash of $87 as of June 30, 2003, along with prepaid expenses of $3,991 and interest receivable of $35,308. Our total current assets as of June 30, 2003 were $39,386, as were our total assets. Our total current liabilities were $51,360 as of June 30, 2003, which was represented by accounts payable and accrued expenses of $16,360 and $35,000 in a note payable with an unrelated third party, which we entered into on June 25, 2003, which is due on December 25, 2003 and bears interest at the rate of 8%. We had no other long term commitments or contingencies.

FOR THE THREE MONTHS ENDED JUNE 30, 2003 AND 2002.

REVENUES. For the three month period ending June 30, 2003, we realized no revenues from providing consulting services.

OPERATING EXPENSES. For three month period ending June 30, 2003, our total operating expenses were $13,541. Those expenses were represented by $12,888 in legal and professional fees, and $605 in occupancy expenses and $48 in office supplies expenses. For the three month period ending June 30, 2003, we experienced a net loss of $13,541. This is in comparison to the three month period ending June 30, 2002, where our total operating expenses were $16,681. That amount was represented by $15,710 in legal and professional fees, and $605 in occupancy expenses and $366 in office supplies expenses. We also had $1,753 in interest income and $1,789 in interest expenses, making our net loss $16,717. During 2002, we entered into an agreement to acquire another company however, the transaction was never consummated. Our operation expenses were slightly lower for the three month period ending June 30, 2003, as compared to the same period ending June 30, 2002 because we were in the process of making arrangements to conclude that acquisition, for which we incurred significant general and administrative expenses. In order to either continue operations or enter into a similar agreement with another entity, we anticipate we will continue to incur significant general and administrative expenses.

FOR THE SIX MONTH PERIOD ENDING JUNE 30, 2003.

RESULTS OF OPERATIONS. For the six months ended June 30, 2003, we realized no revenue from operations. Our total operating expenses and net loss for the six months ended June 30, 2003 was $24,903. This is in comparison to the same period ending June 30, 2002, where our total operating expenses were $28,633, and net loss of $28,669. Our operating expenses and net losses were somewhat lower during the six months ending June 30, 2003 as compared to the same period ending June 30, 2002 because we were making arrangements to acquire another company.

OPERATING EXPENSES. For the six month period ended June 30, 2003, our operating expenses were $24,903. This was represented by legal and professional fees of $23,597, along with occupancy expenses of $1,210 and office supplies and expenses of $96. In comparison, for the six month period ended June 30, 2002, our operating expense were $28,633, which were represented mostly by legal and professional fees of $16,885, consulting expenses of $9,087, occupancy expenses of $1,210 and office expenses of $1,451. We also had interest income of $1,753 and interest expense of $1,789, making our net loss from operations $28,669. The decrease in operating expenses is due to the fact that during 2002 we were positioned to acquire another company.

OUR PLAN OF OPERATION FOR THE NEXT TWELVE MONTHS. We had cash of $87 and prepaid expenses of $3,991 as of June 30, 2003. In the opinion of management, available funds will not satisfy our working capital requirements through 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 during 2002 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 hope that our officers and directors will contribute funds to pay for our expenses, although we cannot guaranty that our officers will pay those expenses.

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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 described herein. We do not anticipate that we will purchase or sell any significant equipment.

ITEM 3. 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 as of June 30, 2003, our chief executive officer and the principal 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.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 2. CHANGES IN SECURITIES.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None.

SIGNATURES

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

Fuel Centers, Inc.,
a Nevada corporation

August 13, 2003 By: /s/ John R. Muellerleile

John R. Muellerleile
Chief Executive Officer, President,
Secretary, Director

CERTIFICATIONS

I, John R. Muellerleile, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Fuel Centers, Inc.;

2. Based on my knowledge, this 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 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 report;

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting , to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant`s internal control over financial reporting.

Date: August 13, 2003

/s/ John R. Muellerleile

John R. Muellerleile
Chief Executive Officer

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CERTIFICATIONS

I, K. John Shukur, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Fuel Centers, Inc.;

2. Based on my knowledge, this 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 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 report;

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting , to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(c) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(d) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant`s internal control over financial reporting.

Date: August 13, 2003

/s/ K. John Shukur

K. John Shukur
Chief Financial Officer