

SPEDEMISSIONS INC  
Form 10KSB  
March 30, 2004

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Form 10-KSB**

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the fiscal year ended December 31, 2003**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

**Commission file number: 000-49688**

**Speedemissions, Inc.**

(Name of small business issuer in its charter)

**Florida**

(State or other jurisdiction of  
incorporation or organization)

**33-0961488**

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

**1139 Senoia Road, Suite B**

**Tyrone, Georgia**

(Address of principal executive offices)

**30290**

(Zip Code)

**Issuer s telephone number (770) 306-7667**

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

**Common stock, par value \$0.001**

(Title of class)

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 .

Check if there is no disclosure of delinquent filers pursuant 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. The issuer s revenues for the year ended December 31, 2003 were \$612,948.

State the aggregate market value of 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 prices 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.) \$2,627,791, based on the closing price of \$0.65 for our common stock on March 16, 2004.

State the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date. As of March 15, 2004, there were 19,166,937 shares of common stock, par value \$0.001, issued and outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

If the following documents are incorporated by reference, briefly describe them and identify the part of the form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to rule 424(b) or (c) of the Securities Act of 1933 ( "Securities Act" ). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1990). None.

Transitional Small Business Disclosure Format (check one):

Yes  No

**Speedemissions, Inc.**

**TABLE OF CONTENTS**

<b>PART I</b>	<b>3</b>
<b>ITEM 1 - DESCRIPTION OF BUSINESS</b>	<b>3</b>
<b>ITEM 2 - DESCRIPTION OF PROPERTY</b>	<b>8</b>
<b>ITEM 3 - LEGAL PROCEEDINGS</b>	<b>9</b>
<b>ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</b>	<b>9</b>
<b>PART II</b>	<b>10</b>
<b>ITEM 5 - MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS</b>	<b>10</b>
<b>ITEM 6 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION</b>	<b>12</b>
<b>ITEM 7 - FINANCIAL STATEMENTS</b>	<b>17</b>
<b>ITEM 8 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</b>	<b>18</b>
<b>ITEM 8A - DISCLOSURE CONTROLS AND PROCEDURES</b>	<b>18</b>
<b>PART III</b>	<b>19</b>

ITEM 9 -	DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT	19
ITEM 10 -	EXECUTIVE COMPENSATION	22
ITEM 11 -	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	24
ITEM 12 -	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	25
ITEM 13 -	EXHIBITS AND REPORTS ON FORM 8-K	27
ITEM 14 -	CONTROLS AND PROCEDURES	30
ITEM 15 -	PRINCIPAL ACCOUNTANT FEES AND SERVICES	30

## PART I

This Annual Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934 (the Exchange Act ). These statements are based on management's beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning possible or assumed future results of operations of the Company set forth under the heading Management's Discussion and Analysis of Financial Condition or Plan of Operation. Forward-looking statements also include statements in which words such as expect, anticipate, intend, plan, believe, estimate, consider or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. The Company's future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

### ITEM 1 - DESCRIPTION OF BUSINESS

#### Introduction

We were incorporated as SKTF Enterprises, Inc. in the State of Florida on March 27, 2001. Effective September 5, 2003, after our acquisition of our wholly owned subsidiary, we changed our name to Speedemissions, Inc.

Our original business plan was to develop, market and distribute branded and licensed hats and clothing at major events such as sporting events, concerts, and conventions. However, our management abandoned our original business plan, and on June 16, 2003, we acquired Speedemissions, Inc., a Georgia corporation.

#### Our Principal Services and Markets

We currently operate 17 vehicle emissions testing centers in two separate markets, greater Atlanta, Georgia and Houston, Texas. In addition, we have two more testing stations under construction in the Atlanta area.

## **Recent Acquisitions**

On January 21, 2004, we acquired all of the assets of the businesses known and operated as NRH Enterprises/Procam Emissions and Georgia Emissions, which consisted primarily of five emissions testing centers in the Atlanta, Georgia area. On January 30, 2004, we acquired all of the assets of the businesses known and operated as \$20 Emission, which consisted primarily of seven emissions testing centers in the Atlanta, Georgia area. We intend to operate all of the recently acquired centers under the Speedemissions name.

## **Our Typical Site**

The typical testing site is located inside of a structure similar to a typical lube or tire change garage with doors at both ends so vehicles can drive-through the facility. We also have structures that resemble a bank drive-through facility. A computerized testing system is located in the building. There are two types of primary tests that are performed, the Accelerated Simulated Model (ASM) and the On-Board Diagnostic (OBD). In selected markets a vehicle safety inspection must also be performed. These tests apply to vehicles generally manufactured from 1980 through 2001, depending on the state. The ASM test is done on vehicles 1995 and older, while the OBD test is conducted on vehicles 1996 and newer. In all new sites, we expect to operate two testing lanes. The cost of equipment for operating one ASM and two OBD machines is approximately \$55,000. The cost of facilities varies, depending on location and market rates in that area. Generally, we do not expect to own any land or buildings. Instead, although we own the land and building at one of our sites, in the future we intend to lease or sublease all of the land and the buildings that we use in our business. We expect the total cost for a new emissions testing site will be approximately \$150,000, including emission testing equipment and related installation, deposits and prepaid items such as certificates, furniture and office equipment, renovations if necessary, signage, and capital necessary to fund operations during the first year. Such amount does not include future years costs, such as rent and utilities or other operating costs.

3

---

## **Our Growth Strategy**

Our objective is to become a national provider of vehicle emissions tests and safety inspections where applicable.

We intend to grow using three methods. First, we intend to continue opening and operating company-owned testing stations. Second, we intend to continue acquiring competitors in favorable markets. Third, we intend to offer franchises in selected markets. Currently, in addition to the Atlanta and Houston areas, we have targeted the following areas for application of our three growth strategies: Dallas, Texas; Charlotte, North Carolina; Northern Virginia; Pittsburgh and Philadelphia, Pennsylvania; Southern California; New York City; and Boston, Massachusetts. We intend to create brand awareness in each of these areas through a standard building style and facade, consistent color schemes, signs, employee uniforms, and limited local advertising.

## **Industry Background Government and Regulatory Overview**

Presently, the American Automobile Motor Vehicle Association reports that 34 states and the District of Columbia are required by the United States Environmental Protection Agency to have vehicle emissions testing. According to the 2000 census, these states constitute 72% of the U.S. population, or about 206 million citizens. The major metropolitan areas of these states represent 141 million citizens and 87.1 million vehicles. Each state, in turn, has its own regulatory structure for emissions testing with which we must comply.

Public awareness of air pollution and its hazardous effects on human health and the environment has increased in recent years. The U.S. Environmental Protection Agency estimates that in the United States alone approximately 46 million persons live in areas where air quality levels fail to meet the EPA's national air quality standards. Increased awareness of air pollution and its hazardous effects on human health and the environment has led many governmental authorities to pass more stringent pollution control measures. One especially effective measure that many governmental authorities have adopted is vehicle emissions testing. Vehicle emissions produce approximately 35% to 70% of the ozone air pollution and nearly all of the carbon monoxide air pollution in metropolitan areas. The EPA estimates that enhanced emissions testing on motor vehicles is approximately 10 times more cost-effective in reducing air pollution than increasing controls on stationary pollution sources such as factories and utilities. Consequently, the EPA has made emissions testing an integral part of its overall effort to reduce air pollution by ensuring that vehicles meet emissions standards.

In general, these vehicle emissions tests are performed either in a centralized program or in a decentralized program. In a centralized program, a select number of emissions testing operators are licensed by the state or are operated by certain states to perform vehicle emissions testing. These operators are authorized to perform emissions tests, but generally they are prohibited from repairing vehicles that fail to pass an emissions test.

On the other hand, in a decentralized program, a wider range of persons may perform emissions tests, including those engaged primarily in other businesses, such as automotive repair shops, automobile dealers and others. For many of these operators, performing emissions tests is not their primary business.

4

---

The EPA has granted state governmental authorities the discretion to determine how best to establish and operate a network of emissions testing facilities, including the flexibility to choose either a centralized or a decentralized program. Nineteen states have implemented decentralized programs and twelve states and the District of Columbia have implemented centralized programs. There are three states that have implemented a hybrid program, whereby there are both decentralized and centralized testing stations. The percentage of programs that are either centralized or decentralized has remained relatively constant since 1991.

Vehicle emissions control requirements have become progressively more stringent since the passage of the Clean Air Act in 1970. The 1990 Amendments, in particular, emphasized the need for effective emissions control programs and, in 1992, the EPA adopted regulations that required areas across the United States to implement certain types of emissions control programs by certain dates, depending on the area's population and their respective levels of air pollution. The EPA has the authority under the Clean Air Act to withhold non-safety related federal highway funds from states that fail to implement such mandated programs by prescribed deadlines. To date, the EPA has been willing, in certain circumstances, to grant extensions of these deadlines. However, there are also examples where it has withheld non-safety related highway funding. This occurred for a period of two years in Georgia because of Atlanta's high vehicle emissions (New York Times, January 4, 2001).

More recently, on July 31, 1998, the EPA issued a final study that concluded that more stringent air quality standards for motor vehicle emissions are needed, and that such standards should be implemented as it becomes technologically feasible and cost-effective to do so. We believe that the setting of such standards will be the most important EPA regulatory initiative affecting motor vehicles since the passage of the 1990 Amendments. We believe that the EPA study is likely to result in more stringent standards that will have the effect of increasing the number of areas that must implement emissions testing programs and thereby potentially increasing the market for our service.

Since 1977, when federal legislation first required states to comply with emissions standards through the use of testing programs, California has been a leader in testing procedures and technical standards. California has approximately 23 million vehicles subject to emissions testing, more than two times that of any other state. California's testing program is overseen by the California Bureau of Automotive Repair. The Bureau has revised its emissions testing standards three times: in 1984, 1990 and, most recently, in 1997. With each of these revisions, the Bureau has required the use of new, more sophisticated and more accurate emissions testing and analysis equipment, which must be certified by the Bureau. California's testing standards have become the benchmark for emissions testing in the United States. All states with decentralized programs and many states with centralized programs require emissions testing and analysis equipment used in their programs to be either BAR-84, BAR-90, or BAR-97 certified, with all newly implemented enhanced programs requiring BAR-97 certification.

As emissions testing equipment has become more technologically advanced, government regulators have required that testing facilities use this more advanced equipment. The most significant technological advance that has occurred in the emissions testing industry over the past decade is the development of enhanced testing systems. Prior to 1990, the EPA required government agencies to test vehicles only for emissions of carbon monoxide and hydrocarbons, which form smog. During this basic test, a technician inserts a probe in the vehicle's tailpipe while the vehicle is idling and emissions analyzers then measure pollution levels in the exhaust. These basic tests worked well for pre-1981, non-computerized vehicles containing carburetors because typical emission control problems involved incorrect air/fuel mixtures and such problems increase pollution levels in the exhaust even when the vehicle is idling.

However, today's vehicles have different emissions problems. For tests on modern vehicles to be effective, the equipment must measure nitrogen oxide emissions that also cause smog and must test the vehicle under simulated driving conditions. The EPA now requires these enhanced tests in the major metropolitan areas of the 34 states and the District of Columbia. A technician conducts these Accelerated Simulated Mode (ASM) tests on a dynamometer, a treadmill-type device that simulates actual driving conditions, including periods of acceleration, deceleration and cruising, or the On Board Diagnostic (OBD) by plugging into the vehicle's computerized operation system.

#### *Emissions Testing in the State of Georgia*

As a result of a rapidly increasing population, which has caused the levels of smog to escalate sharply, the 13 counties that make up the metro Atlanta area have been identified by the EPA as target sites for a mandatory vehicle inspection and maintenance program. In 1996, the Environmental Protection Division of the State of Georgia initiated Georgia's Clean Air Force program that requires testing of certain vehicles in a 13 county area surrounding Atlanta, Georgia, for certain emission levels. These rules are set forth in Sections 391-3-20-.01 through .22 of the Rules of the Georgia Department of Natural Resources, Environmental Protection Division.

Georgia's program is a decentralized program. All operators performing emissions testing in Georgia must have their technicians attend and complete certain state certified training, and report to the state on their emissions testing activities every month. Testing stations may be licensed to test all vehicles, which is known as an ALL VEHICLES WELCOME station, or only vehicles not more than five years old, known as a NEW VEHICLES ONLY station. All the stations we currently operate in Georgia, are ALL VEHICLES WELCOME stations.

The Georgia Clean Air Force Program initially required a basic test of exhaust gases every two years. In 1997, the program was changed to include enhanced testing, which combines the simple exhaust test with a simulated road test using a dynamometer. Prior to January 1, 2000, Georgia required that vehicles in the 13 covered counties undergo an emissions test once every two years. In December 1999, however, Georgia amended this rule so as to require testing

on an annual basis, with an annual exemption for the three most recent model years.

The market for emissions testing in Georgia is highly fragmented and generally consists of services provided by independent auto repair service providers, service stations, oil and tire repair stores, and independent test-only facilities. According to the State of Georgia, there were approximately 700 licensed test sites, and 1,983,327 tests were performed in Georgia under the Georgia Clean Air Force Program during the calendar year 2002.

Under Georgia law, the price that a testing station may charge per test may not be less than \$10 nor more than \$25. A fee of \$6.95 must be paid by the station operator to the state. The balance of the current charge, or \$18.05 assuming the maximum price of \$25 is charged, is retained by the station operator. If a vehicle fails an emissions test, it may be retested at no additional charge for up to 30 days after the initial test, so long as the subsequent test is performed at the same facility.

If a vehicle fails to pass an emissions test, the owner of the vehicle must have repair work performed to correct the deficiency, up to a total cost of \$647 under current law. If a vehicle fails a re-inspection despite the maximum expenditure required by law, the owner must apply for a compliance waiver from the state.

Georgia law mandates compliance with its vehicle emissions testing program. For vehicles subject to the state's emissions law, a successful test, or a waiver from the state, is required to obtain a vehicle registration in Georgia.

#### *Emissions Testing in the State of Texas*

The market in Texas is highly fragmented and consists of testing services implemented under the current guidelines in May 2002. The Texas Department of Public Safety manages the vehicle emissions testing and safety inspection for the state. The emissions tests conducted are the same as in Georgia. The fee is set at a maximum of \$39.50 for both the emissions test and the safety inspection. The operator is charged \$8.00 for the ASM sticker, and \$14.00 for the OBD sticker. The safety inspection cost is included in these amounts. Vehicles are required to be tested on an annual basis, with an annual exemption for the two most recent model years. According to the American Automobile Motor Vehicle Association, there are 4.6 million eligible vehicles in the state.

6

---

If a vehicle fails, the operator must provide a free re-test at the same facility within 15 days. Texas also has provisions for those vehicles that cannot pass an emissions test, with no limit on the amount of repairs. The owner may apply to the state for a compliance waiver.

Texas law mandates compliance with its vehicle emissions and safety inspection program. For a vehicle to obtain a sticker for yearly registration the owner must have a successful emissions and safety inspection, or a waiver.

#### **Operating Strategy**

Our operating strategy focuses on (a) increasing the number of sites we operate in a given market, (b) increasing the volume of business at each site, (c) creating brand awareness for our services, and (d) creating repeat customer sales, all of which are designed to enhance our revenue and cash flow. To achieve these goals, we:

- Seek to secure and maintain multiple stations at well-traveled intersections and other locations that are easily reachable by our customers;

- Coordinate operations, training and advertising in each market to enhance revenue and maximize cost efficiencies within each market;
- Implement regional management and marketing initiatives in each of our markets;
- Seek to acquire existing testing sites where significant volume potential exists; and
- Tailor each facility, utilize limited local advertising and the services we offer to appeal to the broadest range of consumers.

Most of our emissions testing stations are open for business during weekdays between the hours of 8:00 am and 6:00 pm, and from 8:30 am to 5:00 pm on Saturdays, for a total of 58.5 hours per week. Our stations are closed on Sundays. The average emissions test in Georgia takes approximately 8 to 12 minutes to complete. In Texas, because of the safety inspection, the completion time is slightly longer. Therefore, each of our stations with one testing bay can test anywhere from three to four vehicles per hour. Assuming steady demand throughout the day, six days a week, each of our stations would have the capacity to test approximately 234 vehicles per week (58.5 hours times 4 vehicles per hour), or 936 vehicles per month (234 vehicles per week times 4 weeks). Based upon our calculations involving our existing emissions stations, stations with one testing bay need to receive payment for 450 emissions tests per month to cover the costs associated with its operation, while stations with two testing bays need 475 tests per month to break even.

We currently purchase our raw materials, such as filters, hoses, etc., from 2 suppliers, and because these raw materials are readily available from a variety of suppliers, we do not rely upon any one supplier for a material portion of our materials. Certificates of Emission Inspection are purchased from the Georgia Clean Air Force, and emission and safety inspection stickers are purchased from the Texas Department of Public Safety.

### **Intellectual Property**

We have registered the trade name Speedemissions in Fulton County, Georgia, and Austin, Texas, and are thereby authorized to conduct our business in Georgia and Texas under the name Speedemissions. We have filed a Federal Service Mark Registration for the name and logo of Speedemissions, Inc., and for the tag line The Fastest Way to Keep Your Air Clean.

7

---

### **Competition**

The emissions testing industry is full of small owner-operators. Auto repair shops, tire stores, oil change stores, muffler shops, service stations, and other emissions testing stations all offer the service. Competition is fierce, and we expect competition from local operators at all of our locations. There are no national competitors at this time. Our market share is too small to measure. We intend to compete by creating brand awareness through advertising, a standard building style and facade, and consistent color schemes and uniforms. Because most families own more than one vehicle, and they are required to have their vehicle tested on a regular basis, we anticipate that we can retain repeat customers.

### **Research and Development**

We have not spent any material amount of time or money on research and development, and do not anticipate doing so in the future.

### **Compliance with Environmental Laws**



There are no environmental laws applicable to the vehicle emissions and safety inspection business.

## Employees

We currently employ 40 individuals. Of these 40 employees, 4 are employed in administrative positions at our headquarters, including our sole officer, Richard A. Parlontieri, while 36 are employed on-site at our testing locations. 38 of our employees are full-time, while 2 are employed on a part-time basis.

## ITEM 2 - DESCRIPTION OF PROPERTY

### Corporate Office

We rent our general corporate offices located at 1139 Senoia Road, Suite B, Tyrone, Georgia, which consists of 1,200 square feet of office space. The rent for our office space is \$1,250 per month, including utilities, with a term that expires on July 15, 2005, with a 2-year renewal option. We believe that this space is adequate for our current needs.

### Testing Facilities

We lease the land and buildings we use in connection with 16 of our existing emissions testing facilities, and we own one building and the associated land. In addition, we have two testing facilities under construction. All of our facilities are believed to be in adequate condition for their intended purposes and adequately covered by insurance.

8

Site	City	State	Monthly Rent	Lease Expiration
<b>Georgia Facilities</b>				
27 East Crogan Street	Lawrenceville	GA	Company owned	N/A
100 Peachtree Parkway	Peachtree City	GA	\$1,705	May 2006
8405 Tara Boulevard*	Jonesboro	GA	\$1,500	January 2008
Highway 85*	Riverdale	GA	\$2,250	January 2008
4853 Canton Road	Marietta	GA	\$1,000	September 2008
2720 Sandy Plains Road	Marietta	GA	\$3,031	December 2004
8437 Roswell Road	Atlanta	GA	\$2,750	November 2003
9072 Highway 92	Woodstock	GA	\$1,800	April 2007
14865 Highway 92	Woodstock	GA	\$1,700	April 2008
2887 Canton Road	Marietta	GA	\$2,500	July 2008
213 Riverstone Parkway	Canton	GA	\$1,300	November 2007
731 Powder Springs Street	Marietta	GA	\$2,700	month to month
1869 Cobb Parkway	Marietta	GA	\$2,756	August 2004
2625 S. Cobb Drive	Smyrna	GA	\$2,800	March 2005

Edgar Filing: SPEDEMISSIONS INC - Form 10KSB

2909 N. Druid Hills	Decatur	GA	\$1,500	month to month
3826 Clairmont Road	Chamblee	GA	\$3,500	March 2005

\* Under construction

**Texas Facilities**

11831 Jones Road	Houston	TX	\$2,500	June 2004
12160 Bissonnet Street	Houston	TX	\$2,560	September 2004
5130 State Highway 6	Houston	TX	\$2,120	May 2005

**ITEM 3 - LEGAL PROCEEDINGS**

In the ordinary course of business, we may be from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our management, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

**ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

There have been no events that are required to be reported under this Item.

9

**PART II**

**ITEM 5 - MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

**Market Information**

Our common stock became eligible for trading on the Over the Counter Bulletin Board on December 19, 2002 under the symbol SKTE. Beginning September 5, 2003, in connection with our name change to Speedemissions, Inc., our common stock was eligible for trading under the symbol SPEM. There have been a limited number of trades in our common stock.

The following table sets forth the high and low bid information for each quarter since we first became eligible for trading, as provided by the Nasdaq Stock Markets, Inc. The information reflects prices between dealers, and does not include retail markup, markdown, or commission, and may not represent actual transactions.

	High	Low
	<u>          </u>	<u>          </u>
<b>Fiscal year ended December 31, 2002:</b>		
Fourth Quarter	\$ 0.00	\$ 0.00
<b>Fiscal year ended December 31, 2003:</b>		
First Quarter	\$ 0.00	\$ 0.00
Second Quarter	\$ 0.00	\$ 0.00

Edgar Filing: SPEDEMISSIONS INC - Form 10KSB

Third Quarter	\$	0.25	\$	0.00
Fourth Quarter	\$	0.60	\$	0.20

**Fiscal year ended December 31, 2004:**

First Quarter (through February 27, 2004)	\$	1.01	\$	0.30
---	----	------	----	------

The Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure relating to the market for penny stocks in connection with trades in any stock defined as a penny stock. The Commission has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than \$5.00 per share, subject to a few exceptions which we do not meet. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated therewith.

### Holders

As of December 31, 2003 and March 15, 2004, there were 16,270,619 and 19,166,937 shares, respectively, of our common stock issued and outstanding and held by approximately 71 and 84 shareholders of record. As of December 31, 2003 and March 15, 2004, there were zero and 2,500,000 shares, respectively, of our preferred stock issued and outstanding and held of record by one shareholder.

### Dividends

We have not paid any dividends on our common stock and do not expect to do so in the foreseeable future. We intend to apply our earnings, if any, in expanding our operations and related activities. The payment of cash dividends on our common stock in the future will be at the discretion of the Board of Directors and will depend upon such factors as earnings levels, capital requirements, our financial condition and other factors deemed relevant by the Board of Directors.

10

---

We are obligated to pay cumulative quarterly dividends on our Series A Convertible Preferred Stock in amount equal to seven percent (7%) per annum. The dividends are to be paid, in our discretion, in either additional shares of Series A Convertible Preferred Stock, or in common stock based on the market price.

### Securities Authorized for Issuance Under Equity Compensation Plans

On May 15, 2001, our directors and shareholders approved the SKTF, Inc. 2001 Stock Option Plan, effective June 1, 2001. At our annual shareholders meeting on August 27, 2003, our shareholders approved an amendment to the plan, changing its name to the Speedemissions, Inc. 2001 Stock Option Plan, and increasing the number of shares of our common stock available for issuance under the plan from 600,000 shares to 1,000,000 shares. The plan offers selected employees, directors, and consultants an opportunity to acquire our common stock, and serves to encourage such persons to remain employed by us and to attract new employees. As of March 15, 2004, we have issued options to acquire 485,000 shares of our common stock under the plan at prices ranging from \$0.25 to \$0.40 per share, and we have issued 50,000 shares of common stock under the plan.

As of December 31, 2003, the plan information is as follows:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights			Weighted-average exercise price of outstanding options, warrants and rights			Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))		
	(a)			(b)			(c)		
Equity compensation plans approved by security holders		430,000		\$	0.25			570,000	
Equity compensation plans not approved by security holders		25,000		\$	0.01			N/A	
<b>Total</b>		<b>455,000</b>		<b>\$</b>	<b>0.24</b>			<b>570,000</b>	

### Recent Sales of Unregistered Securities

In October 2003, we issued 300,000 shares of common stock, restricted in accordance with Rule 144, to The Lebrecht Group, APLC, our securities counsel, for services rendered. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the shareholder was an accredited investor.

In October 2003, we issued 300,000 shares of common stock, restricted in accordance with Rule 144, to the designees of V2R, LLC, a consulting firm owned by one of our directors, Bahram Yusefzadah, for services rendered. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the shareholder was an accredited investor.

In December 2003, we issued 5,670,619 shares of our common stock, restricted in accordance with Rule 144, to GCA Strategic Investment Fund Ltd., our principal shareholder, upon the conversion of \$1,587,770 in outstanding convertible debentures and accrued interest. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the shareholder was an accredited investor.

In January 2004, we issued 180,000 shares of our common stock, restricted in accordance with Rule 144, to a consultant for services rendered. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the shareholder was a sophisticated purchaser.

In January 2004, as part of the consideration paid for our acquisition of \$20 Emission, we issued 956,318 shares of our common stock, restricted in accordance with Rule 144, to the sellers, Twenty Dollar Emission, Inc. and Kenneth Cameron, and the sellers designee. The issuance was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, and the shareholders were accredited investors.

In March 2004, we issued 1,710,000 shares of our common stock, along with warrants to purchase a total of 855,000 shares of our common stock at \$0.75 per share, to thirteen (13) accredited investors in a private placement exempt from registration pursuant to Rule 506 of Regulation D promulgated under the Securities Act of 1933.

## **ITEM 6 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

### **Disclaimer Regarding Forward Looking Statements**

Our Management's Discussion and Analysis contains not only statements that are historical facts, but also statements that are forward-looking (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Forward-looking statements are, by their very nature, uncertain and risky. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks that might be detailed from time to time in our filings with the Securities and Exchange Commission.

Although the forward-looking statements in this Annual Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this report and in our other reports as we attempt to advise interested parties of the risks and factors that may affect our business, financial condition, and results of operations and prospects.

### **Overview**

We currently operate 17 vehicle emissions testing centers in two separate markets, greater Atlanta, Georgia and Houston, Texas. In addition, we have two more testing stations under construction in the Atlanta area. We do not provide automotive repair services at our centers because we believe that it inhibits our ability to provide timely customer service and creates a perception that our test results might be compromised.

We charge a fee for each test, whether it passes or not, and a portion of that fee is passed on to the state governing agency. In Georgia, the maximum fee that we can charge is \$25, and a fee of \$6.95 is paid to the State of Georgia. In Texas, the maximum fee that we can charge is \$39.50, for both an emissions test and a safety inspection, and a blended fee of \$11.00 is paid to the State of Texas.

We want to grow. We have recently completed two acquisitions, which added 12 testing centers. Those acquisitions were completed after December 31, 2003, and thus are not included in the financial statements included with this Annual Report. We intend to close more acquisitions, and to continue to open company-owned stations, in 2004.

As a result of our growth plans, our biggest challenge will be managing our growth and integrating our acquisitions. We have tried to attract qualified personnel to assist us with this growth, while keeping our overhead expenses

manageable. We have not operated at a profit, nor have we operated on a break-even cash flow basis. However, if we are successful in implementing our growth strategy, we believe that both of these financial goals are achievable in the next 12 months. Until that time, we will have to continue to fund our operations, and our acquisitions, with capital raised from selling our stock.

Explanatory Paragraph in Report of Our Independent Certified Public Accountants

Our independent accountants have included an explanatory paragraph in their most recent report, stating that our audited financial statements for the period ending December 31, 2003 were prepared assuming that we will continue as a going concern. However, they note that we have not yet generated significant revenues, that we have a large accumulated working capital deficit, and that there are no assurances that we will be able to meet our financial obligations in the future.

Our independent accountants included the explanatory paragraph based primarily on an objective test of our historical financial results. Although we agree that this explanatory paragraph is applicable when the objective test is applied, we believe that if we can successfully implement our business plan in the next fiscal year, future audit reports might be issued without this explanatory paragraph. Until such time, however, our going concern paragraph may be viewed by some shareholders and investors as an indication of financial instability, and it may impair our ability to raise capital.

**Year ended December 31, 2003 compared to the year ended December 31, 2002**

**Results of Operations**

Introduction

Our operations reflect a significantly different company in 2003 versus 2002. At the beginning of 2002 we were a privately held company operating two emissions testing stations in Georgia. During 2002 we closed one of our Georgia stations, opened another Georgia station and opened, in the second half of 2002, three new stations in Texas. During 2003 we were acquired by a public company in a reverse acquisition. As a result, our operating expenses during 2003 were significantly greater than 2002 due to the legal, accounting and administrative expenses associated with all of the above actions.

Revenues and Loss from Operations

Our revenue, cost of emission certificates (our cost of goods sold), general and administrative expenses, and loss from operations for the year ended December 31, 2003 as compared to the year ended December 31, 2002 are as follows:

	Year Ended December 31, 2003	Year Ended December 31, 2002	Percentage Change
Revenue	\$ 612,948	\$ 320,676	91%
Cost of Emission Certificates	173,495	95,976	81%
General & Administrative Expenses	1,781,370	742,018	140%

Loss from Operations	(1,341,917)	(517,318)	159%
----------------------	-------------	-----------	------

Our revenues increased in 2003 because all five of the stations we owned at the time were open the entire year. In 2002, we closed one station and opened four new stations, but the new stations were only open part of the year.

Our cost of emission certificates increased \$77,519 during 2003 and were \$173,495, or 28% of revenues, compared to \$95,976 or 30% of revenues, during 2002.

Our general and administrative expenses during 2003 were \$1,781,370, an increase of \$1,039,352, or 140% as compared to 2002. This increase in general and administrative expenses was primarily due to a \$225,000 acquisition cost resulting from the reverse acquisition with SKTF Enterprises, Inc., increased professional fees resulting from the reverse acquisition with SKTF, increased operating costs associated with the emission testing stations which opened in 2002 being opened for all of 2003, stock issued for services valued at \$120,000 paid to consultants, amortization of approximately \$112,000 in deferred financing costs and approximately \$63,000 in consulting fees and expense reimbursements paid to V2R.

#### Interest Expense, Taxes, and Net Loss

Our interest expense, income tax benefit, and net loss for the year ended December 31, 2003 as compared to the year ended December 31, 2002 are as follows:

	Year Ended December 31, 2003	Year Ended December 31, 2002	Percentage Change
Interest Expense	\$ 137,276	\$ 91,562	50%
Income Tax Benefit	-	-	-
Net Loss	(1,479,193)	(608,880)	143%
Basic and Diluted Loss per Share	(0.16)	(0.09)	78%

Our interest expense during 2003 was \$137,276, a \$45,714, or 50% increase compared to \$91,562 for 2002. The increase was due to interest costs associated with \$450,000 and \$390,000 in new convertible debentures and promissory notes, respectively, issued during 2003.

During 2003, we had a net loss of \$1,479,193 or \$0.16 per weighted-average share. During 2002, we reported a net loss of \$608,880 or \$0.09 per weighted-average share. The \$870,313 increase in net loss for 2003 was primarily due to a \$225,000 acquisition cost resulting from the reverse acquisition with SKTF, increased professional fees resulting from the reverse acquisition with SKTF, increased operating costs associated with the emission testing stations which opened in 2002 being opened for all of 2003, a stock bonus valued at \$120,000 paid to consultants, amortization of approximately \$112,000 in deferred financing costs and approximately \$63,000 in consulting fees and expense reimbursements paid to V2R., partially offset by an increase of \$214,753 in revenue less cost of emission certificates, due to the opening of new stores, for 2003 compared to 2002.

#### **Three Months Ended December 31, 2003 Compared to the Three Months Ended December 31, 2002**

Revenues and Loss from Operations

Our revenue, cost of emission certificates (our cost of goods sold), general and administrative expenses, and loss from operations for the quarter ended December 31, 2003 as compared to the quarter ended September 30, 2003 and the quarter ended December 31, 2002 are as follows:

	Quarter Ended December 31, 2003	Quarter Ended September 30, 2003	Quarter Ended December 31, 2002
Revenue	\$ 145,213	\$ 146,715	\$ 132,201
Cost of Emission Certificates	43,115	43,581	40,072
General & Administrative Expenses	600,237	490,962	228,738
Loss from Operations	(498,139)	(387,828)	(136,609)

Our revenues have remained relatively consistent during the last two full quarters of this year, and increased by \$13,012, or almost 10%, when compared to the fourth quarter of 2002. Accordingly, our cost of emission certificates has remained relatively consistent during the last two quarters of this year and when compared to the fourth quarter of 2002. The cost of emission certificates as a percentage of revenues was 30% for all periods.

Our general and administrative expenses during the fourth quarter of 2003 were \$109,275, or 22% higher than in the immediately previous quarter (the quarter ended September 30, 2003). The cause of this increase is the same as reported for the year ended 2003, above, and consists of expenses associated with the acquisition of SKTF and operating expenses associated with being a public company.

Interest Expense, Taxes, and Net Loss

Our interest expense, income tax benefit, and net loss for the quarter ended December 31, 2003 as compared to the quarter ended September 30, 2003 and the quarter ended December 31, 2002 are as follows:

	Quarter Ended December 31, 2003	Quarter Ended September 30, 2003	Quarter Ended December 31, 2002
Interest Expense	\$ 33,606	\$ 39,976	\$ 28,318
Income Tax Benefit	-	-	-
Net Loss	(531,745)	(427,624)	(164,927)
Basic and Diluted Loss per Share	(0.05)	(0.04)	(0.03)

Our interest expense during the fourth quarter of 2003 was \$6,370, or 16% less than in the immediately preceding quarter (the quarter ended September 30, 2003). This decrease reflects convertible debentures that were converted into our common stock in December 2003. Our interest expense was \$5,288, or 19% higher than during the fourth quarter of 2002, reflecting debentures issued in 2003 in connection with our acquisition of SKTF and other increased operating expenses.



During the fourth quarter of 2003, we had a net loss of \$531,745 or \$0.05 per weighted-average share, as compared to a net loss of \$427,624, or \$0.04 per share during the immediately preceding quarter, and \$164,927 and \$0.03 per share during the fourth quarter of 2002. The cause of this increase is the same as reported for the year ended 2003, above, and consists of expenses associated with the acquisition of SKTF and operating expenses associated with being a public company.

## Liquidity and Capital Resources

### Introduction

During 2003, we did not generate positive operating cash flows. As the acquisitions described above are assimilated, and as we continue to implement our growth strategy, we anticipate an increase in our operating cash flow, but with the increased costs of expanding our operations, may not achieve positive operating cash flow during 2004. Therefore, subsequent to December 31, 2003, we raised \$427,500 from the sale of common stock and warrants, the proceeds of which were used for working capital expenses. To date, the Company has funded operations and acquisitions primarily through the issuance of equity securities to related parties. We anticipate raising additional capital during the second quarter of 2004 from the sale of our equity securities, although the terms of this offering have not been determined.

Our two acquisitions were funded from the private placement of \$2,500,000 of our Series A Convertible Preferred Stock and warrants to GCA Strategic Investment Fund Limited, an existing affiliate shareholder.

Our cash, current assets, total assets, current liabilities, and total liabilities as of December 31, 2003 as compared to September 30, 2003 were:

	As of December 31, 2003	As of September 30, 2003	Change
Cash	\$ 9,231	\$ 31,132	\$ (21,901)
Total current assets	27,629	37,533	(9,904)
Total assets	548,206	629,180	(80,974)
Total current liabilities	1,243,997	2,002,576	(758,579)
Total liabilities	1,243,997	2,552,576	(1,308,579)

### Cash Requirements

For the year ended December 31, 2003 our net cash used in operating activities was (\$761,766), as compared to (\$402,535) for the year ended December 31, 2002. Negative operating cash flows during 2003 were primarily created by a net loss from operations of \$1,479,193, partially offset by depreciation and amortization of \$207,476, an increase of \$136,815 in accrued interest, an acquisition fee of \$125,000 which was paid with a promissory note, stock issued for services valued at \$120,000 and an increase of \$135,061 in accounts payable and accrued liabilities. Because of our rapid growth, we do not have an opinion as to how indicative these results will be of future results.

Negative operating cash flows in 2002 were primarily created by a net loss from operations of \$608,880, partially offset by an increase of \$91,561 in accrued interest, depreciation and amortization of \$90,733 and an increase of

\$36,897 in accounts payable and accrued liabilities.

### Sources and Uses of Cash

Net cash used in investing activities was \$47,809 and \$219,772, respectively, for the years ended 2003 and 2002. The investing activities involved primarily the purchase of machinery and equipment to operate new emission testing station locations.

Net cash provided by financing activities was \$682,000 and \$660,000, respectively, for the years ended 2003 and 2002. Net cash provided in 2003 resulted from the \$417,000 in proceeds from the sale of convertible debentures, net of associated financing costs and an increase of \$265,000 in promissory notes.

On October 3, 2003, we filed a Registration Statement on Form SB-2 for an offering of 5,000,000 shares of our common stock at a price to be determined. On October 21, 2003, we filed a notification with the SEC withdrawing the Registration Statement due to market and economic conditions.

On December 18, 2003, the combined principal amount of \$1,450,000 and accrued interest amount of approximately \$135,000 outstanding under our convertible debenture agreements were converted into 5,670,619 shares of our common stock at an exchange rate of \$0.28 per common share.

We are not generating sufficient cash flow from operations to fund growth as we continue to acquire and open new emission testing stations. If we can successfully complete one or more acquisitions of profitable businesses, then we anticipate that we can operate at a profitable level. Until such time, however, and in order to complete the acquisitions, we will need to raise additional capital through the sale of our equity securities. If we are unsuccessful in raising the required capital, we may have to curtail operations.

### **Critical Accounting Policies**

The discussion and analysis of the Company's financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. In consultation with its Board of Directors, the Company has identified accounting policies related to valuation of its common stock for purposes of assessing possible beneficial conversion features associated with its convertible debt, for assessing whether any proceeds from the issuance of convertible debt should be allocated to the conversion feature and for assessing whether any value should be assigned to a warrant that it believes are key to an understanding of its financial statements. These are important accounting policies that require management's most difficult, subjective judgments.

### **ITEM 7 - FINANCIAL STATEMENTS**

Index to Financial Statements

Report of Independent Certified Public Accountants F-1

Consolidated Balance Sheets F-3

Consolidated Statements of Operations	F-4
Consolidated Statements of Stockholders' Deficit	F-5
Consolidated Statements of Cash Flows	F-6
Notes to Financial Statements	F-7

## **ITEM 8 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There have been no events that are required to be reported under this Item.

### **ITEM 8A DISCLOSURE CONTROLS AND PROCEDURES**

The Company's Chief Executive Officer and Chief Financial Officer (or those persons performing similar functions), after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of a date within 90 days prior to the filing of this annual report (the Evaluation Date ), have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective to ensure the timely collection, evaluation and disclosure of information relating to the Company that would potentially be subject to disclosure under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. There were no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent to the Evaluation Date.

## **PART III**

### **ITEM 9 - DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT**

#### **Directors and Executive Officers**

The following table sets forth the names and ages of the current directors and executive officers of the Company, the director nominees, and the principal offices and positions with the Company held by each person and the date such person became a director or executive officer of the Company. The executive officers of the Company are elected annually by the Board of Directors. The directors serve one-year terms until their successors are elected. The executive officers serve terms of one year or until their death, resignation or removal by the Board of Directors. Unless described below, there are no family relationships among any of the directors and officers, and none of our officers or directors serves as a director of another reporting issuer.

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Richard A. Parlontieri	58	Director, President, Secretary, and Treasurer (2003)
Bahram Yusefzadeh	58	Director (2003)
Bradley A. Thompson	39	Director (2003)

**Richard A. Parlontieri** was appointed to our Board of Directors and as an officer in connection with the recent acquisition of Speedemissions, Inc., a Georgia corporation, our subsidiary of which Mr. Parlontieri is a founder and President/CEO. He was the founder, Chairman and Chief Executive Officer of ebank.com, Inc., a publicly held bank holding company headquartered in Atlanta. ebank.com, which began as a traditional bank designed to deliver banking services in a non-traditional way, was the first internet bank to provide banking services focusing on small business owners. The Company opened in August 1998, and was named one of The Best 100 Georgia Companies in May 2000, by the Atlanta-Journal Constitution.

Prior to starting ebank, Mr. Parlontieri was President/CEO of Habersham Resource Management, Inc., a consulting firm with over 16 years experience in the financial services, mortgage banking, real estate, home health care and capital goods industries. While at Habersham, Mr. Parlontieri co-founded and organized banks (including Fayette County Bank which was sold to Regions Financial Corporation) and completed strategic acquisitions or divestitures for banks, mortgage companies and real estate projects.

Mr. Parlontieri currently serves on the Georgia Emissions, Industry Advisory Board as Secretary. He also is a member of the Georgia Emissions Testing Association (GETA). Over the past several years he has spoken or given presentations at various conferences concerning the financial services industry and the Internet. These include the American Banker Online Financial Services in Cyberspace Conference, the Phoenix International Users Banking Conference, GE Capital Management Conference and the eFinancial World Conference.

Mr. Parlontieri is an active participant in community and civic organizations, including serving as a three-term city councilman in suburban Atlanta, a past two-term President of the local chapter of the American Heart Association, and was an Organizer/Director of the suburban YMCA.

**Bahram Yusefzadeh** was elected to our Board of Directors at our annual shareholders meeting in August 2003. Mr. Yusefzadeh is currently the founder and Managing Director of V2R, LLC. V2R is a strategic, multi-faceted consulting firm that assists both United States and international organizations with increasing their value and accelerating their growth through C-Level services and capital investment. To further support their clients, V2R provides strategic management services across mission critical business areas, including sales and marketing, finance, legal, and human resources management.

A seasoned businessman and entrepreneur, Mr. Yusefzadeh's career began in 1969 when he co-founded a banking software company, Nu-Comp Systems, Inc., and developed the Liberty Banking System. This system was marketed by IBM as the IBM Banking System from 1981 through 1985. He served as Nu-Comp's Chief Executive Officer and President through Broadway & Seymour, Inc.'s acquisition of the company in June 1986 and remained with Broadway

& Seymour as their Chairman of the Board through November 1986.

From 1986 to 1992, he served in various capacities at The Kirchman Corporation, first as President of the product and marketing strategies division, where he was instrumental in bringing innovative bank automation products to market. He later served as President of both the independent banking group, which focused on delivering products in-house, and the outsourcing division, where the focus was on data center operations.

In 1993, he founded Phoenix International, a provider of integrated, client/server based software applications for the global financial services industry. Mr. Yusefzadeh served as their Chairman and Chief Executive Officer and was instrumental in Phoenix's successful initial public offering in 1996, secondary offering in 1997 and acquisition by London Bridge Software Holdings plc in 2001.

Mr. Yusefzadeh has also provided his expertise to numerous boards. From 1997 to 2001, he served on the board of Towne Services, Inc. (now merged with Private Business, Inc.), a provider of a merchant sales and payment transaction processing system. He also chaired Towne Services' audit committee and was a member of the compensation committee.

Today, Mr. Yusefzadeh serves as a member of an advisory board to Capital Appreciation Partners, a venture fund that invests in stage II technology focused companies in the United States. He is also Chairman of the Board of Trustees for the International Center for Automated Information Research, a capital fund sponsored by the University of Florida College of Law and the Warrington Graduate School of Business that invests in early stage technology companies focused on enhancing the law and accounting professions.

Throughout his career, Mr. Yusefzadeh has been dedicated to community involvement. Prior to moving to Central Florida, he actively participated in various economic and community development organizations in Minneapolis. Since joining the Central Florida community, he has served as director of the Seminole County/Lake Mary Chamber of Commerce and co-chair of the Economic Development Counsel Technology Roundtable. He has also funded an Endowed Teaching Chair at Seminole Community College and serves on the advisory boards for the Central Florida Festival of Orchestra and BETA Center.

**Bradley A. Thompson** was elected to our Board of Directors at our annual shareholders meeting in August 2003. Mr. Thompson is currently the Chief Investment Officer and Chief Financial Analyst for Global Capital Advisors, LLC, an affiliate of GCA Strategic Investment Fund, Limited. Mr. Thompson's responsibilities include in-depth analysis of target company's financial statements, balance sheets and cash flow statements; evaluation of the target company's business plan & financial projections and how it relates to their historical financial statements; and written analysis and risk assessment of the target company's short-term, mid-term, and long-term financial condition. Mr. Thompson is also the Chief Operating Officer and Secretary for Global Capital Management Services, Inc. the Corporate General Partner and Managing Partner of Global Capital Funding Group, LP, a licensed SBIC.

Mr. Thompson, born August 15, 1964, has over 17 years of experience in commercial banking, investment management, bond credit underwriting, financial analysis, and business management. Mr. Thompson received his Bachelors of Business Administration degree in Finance from the University of Georgia in 1986. Mr. Thompson is also a level III candidate in the Chartered Financial Analyst (CFA) Program sponsored by the Association for Investment Management and Research. Brad has received additional specific course training sponsored by the American Institute of Banking in the areas of Commercial Lending, Analyzing Financial Statements, Officer Calling Skills, Trust Business, Estate Planning, Cash Management, Interest Rate and Duration Gap Analysis, Asset/Liability

Management and Commercial Bank Financial Management. He has also completed the Merrill Lynch Asset Management School and the Merrill Lynch Sales/Consulting School.

Mr. Thompson began his career in banking with Trust Company Bank, now SunTrust Bank, as a financial analyst. He later joined the firm of Merrill Lynch, Pierce Fenner & Smith in the securities industry managing retirement, profit sharing, pension, trust, and individual investment portfolios. While at Merrill Lynch, Mr. Thompson received his NASD Series 7 (General Securities) and Series 63 (State Securities) License, both of which have now expired. Mr. Thompson subsequently performed the duties of financial analyst and bond underwriter managing the bond programs of over 45 accounts and managing a portfolio in excess of \$750 million for SAFECO Insurance Company of America. At SAFECO, Mr. Thompson was responsible for the financial analysis and credit evaluations of the prospective and current bond accounts, and was ultimately responsible for the credit decision with a single line of credit approval authority ranging from \$1 million to \$10 million and an aggregate line of authority on specific accounts in excess of \$175 million.

Prior to joining GCA, Mr. Thompson was self-employed managing his own small business enterprises. Mr. Thompson was the President and sole owner of Time Plus, an automated payroll accounting services firm for small to mid sized companies. Mr. Thompson successfully negotiated the sale of Time Plus, a sole proprietorship, for a 328% annualized return on investment. Mr. Thompson was also 50% owner and Vice President, Chief Financial Officer of AAPG, Inc., a specialty retail sporting goods firm. Mr. Thompson has since sold his interest in AAPG, Inc.

Mr. Thompson currently serves on the Board of Directors of Axtive Inc., (OTC:BB- AXTV), a publicly traded technology consulting firm that acquires and operates various technology product and service companies. Mr. Thompson is also a Director on the Board of Speedemissions, Inc. (OTC:BB SPEM), a publicly traded firm that develops and operates vehicle emission testing stations throughout Texas and Georgia with nationwide expansion plans. Mr. Thompson Serves on the Audit and Compensation Committees on the Board of both of these Companies. Mr. Thompson also serves as a Director on the Board of GCA Strategic Investment Fund, and he is a former Director and Secretary on the Board of Directors of AdMark Systems, LLC., a privately held marketing firm.

### **Board Committees**

On August 26, 2003, an Audit Committee, established in accordance with section 3(a)(58)(A) of the Exchange Act, of the Board of Directors was formed. The Audit Committee has held two meetings. In accordance with a written charter adopted by the Company's Board of Directors, the Audit Committee assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the Company's financial reporting process, including the system of internal controls. The directors who are members of the Audit Committee are Bradley A. Thompson and Bahram Yusefzadeh, both of whom are considered audit committee financial experts, but neither of which are considered independent directors under Section 121(A) of the AMEX listing standards.

On August 26, 2003, a Compensation Committee of the Board of Directors was formed. The Compensation Committee consists of Bradley A. Thompson and Bahram Yusefzadeh. The Compensation Committee has held one meeting, and has approved the employment agreement of Richard Parlontieri.

### **Compliance with Section 16(a) of the Securities Exchange Act of 1934**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers and persons who own more than ten percent of a registered class of the Company's equity securities to file with the SEC

initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

During the two most recent fiscal years, to the Company's knowledge, the following delinquencies occurred:

Name	No. of Late Reports	No. of Transactions Reported Late	No. of Failures to File
Richard A. Parlontieri	2	2	-0-
Bahram Yusefzadeh	1	1	-0-
Bradley A. Thompson	1	1	-0-
GCA Strategic Investment Fund Ltd.	2	2	-0-

#### Code of Ethics

We have not adopted a written code of ethics, primarily because we believe and understand that our officers and directors adhere to and follow ethical standards without the necessity of a written policy.

#### ITEM 10 - EXECUTIVE COMPENSATION

During 2001 and 2002, our former president elected to forego a salary, and also provided office space for us. We estimated the value of these services to be \$5,125 and \$1,500 for the year ended December 31, 2002 and for the period from inception (March 27, 2001) to December 31, 2001, respectively. As of December 31, 2002 and 2001, we had amounts due to our former president of \$5,125 and \$nil, respectively, which are recorded in accounts payable and accrued liabilities in our financial statements.

The Summary Compensation Table shows certain compensation information for services rendered in all capacities for the fiscal years ended December 31, 2003 and 2002. In addition, the table shows compensation for our current sole executive officer. Other than as set forth herein, no executive officer's salary and bonus exceeded \$100,000 in any of the applicable years. The following information includes the dollar value of base salaries, bonus awards, the number of stock options granted and certain other compensation, if any, whether paid or deferred.

Name and	Annual Compensation		Long Term Compensation	
			Awards	Payouts
			Restricted	Securities

Edgar Filing: SPEEDEMISSIONS INC - Form 10KSB

<b>Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Other Annual Compensation (\$)</b>	<b>Stock Awards (\$)</b>	<b>Underlying Options SARs (#)</b>	<b>LTIP Payouts (\$)</b>	<b>All Other Compensation (\$)</b>
Richard A. Parlontieri	2003	180,000	-0-	5,400	-0-	410,000	-0-	-0-
Chairman, President,	2002	155,000	10,000	7,200	-0-	-0-	-0-	-0-
Secretary, CFO	2001	60,000	10,000	7,500	-0-	-0-	-0-	-0-
Carl M. Berg	2002	-0-	-0-	\$ 5,125				