

ADVANCED REFRIGERATION TECHNOLOGIES INC
Form 10QSB/A
January 21, 2004

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

FORM 10-QSB/A

- (X) Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2003
- () Transition report pursuant of Section 13 or 15(d) of the Securities Exchange Act of 1939 for the transition period ____ to_____

COMMISSION FILE NUMBER 000-25973

ADVANCED REFRIGERATION TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

| | |
|--|-----------------------------------|
| California | 68-0406331 |
| ----- | ----- |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |

5 Whatney, Irvine, Ca. 92618, Telephone (949) 837-8101

(Address of Principal Executive Offices, including Registrant's zip code and telephone number)

9309 Narnia Drive, Riverside, California 92503

Former name, former address and former fiscal year, if changed

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports,), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No []

The number of shares of the registrant's common stock as of September 30, 2003: 18,228,439 shares.

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

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ADVANCED REFRIGERATION TECHNOLOGIES, INC. & SUBSIDIARY
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2003 AND DECEMBER 31, 2002

| | SEPTEMBER 30, 2003 UN-AUDITED | DECEMBER 31, 2002 |
|------------------------------|----------------------------------|----------------------|
| | ----- | ----- |
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 127,358 | \$ 5,025 |
| Other receivables | 2,382 | -- |
| Prepaid expenses | 3,000 | -- |
| | ----- | ----- |
| Total current assets | 132,740 | 5,025 |
| Property and equipment (net) | 21,317 | 2,406 |
| | ----- | ----- |
| Total assets | \$ 154,057 | \$ 7,431 |
| | ===== | ===== |

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

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| | | | |
|---|----|-------------|-----------|
| Current liabilities: | | | |
| Accounts payable | \$ | 79,660 | \$ 9,718 |
| Accrued salaries and payroll taxes | | 197,528 | 81,811 |
| Accrued rent | | 35,000 | 54,000 |
| Loans from shareholders | | 89,597 | 62,577 |
| | | ----- | ----- |
| Total current liabilities | | 401,785 | 208,106 |
| Shareholders' equity: | | | |
| Preferred stock (no par value) 10,000,000 shares authorized; none issued | | -- | -- |
| Common stock (no par value) 50,000,000 shares authorized; at September 30, 2003 and December 31, 2002, 18,228,439 and 16,785,667 issued and outstanding, respectively | | 304,313 | 122,713 |
| Common stock subscribed, 2,694,600 shares | | 460,906 | -- |
| Accumulated deficit during development stage | | (1,012,947) | (323,388) |
| | | ----- | ----- |
| Total shareholders' equity (deficit) | | (247,728) | (200,675) |
| | | ----- | ----- |
| Total liabilities and shareholders' equity (deficit) | \$ | 154,057 | \$ 7,431 |
| | | ===== | ===== |

The accompanying notes are an integral part of these financial statements

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ADVANCED REFRIGERATION TECHNOLOGIES, INC. & SUSIDIARY
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS AND THREE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002
AND FOR THE PERIOD FROM INCEPTION MAY 23, 2001 TO SEPTEMBER 30, 2003
(UN-AUDITED)

| | FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 | FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 | FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2003 | FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2002 |
|----------------------------|---|---|--|--|
| | ----- | ----- | ----- | ----- |
| Income | | | | |
| Travel agent program | \$ 31,137 | \$ -- | \$ 10,204 | \$ -- |
| Operating expenses: | | | | |
| General and Administrative | 444,576 | 125,915 | 232,122 | 56,508 |
| Marketing and sales | 155,473 | 76,154 | 116,413 | 29,566 |
| | ----- | ----- | ----- | ----- |
| Total expenses | 600,049 | 202,069 | 348,535 | 86,074 |
| | ----- | ----- | ----- | ----- |

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| | | | | |
|--|--------------|--------------|--------------|-------------|
| Loss from operations | (568,912) | (202,069) | (338,331) | (86,074) |
| Interest expense | 4,705 | -- | 4,705 | -- |
| Provision for income taxes | -- | -- | -- | -- |
| Net loss | \$ (573,617) | \$ (202,069) | \$ (343,036) | \$ (86,074) |
| Net loss per share | \$ (0.04) | \$ (0.01) | \$ (0.02) | \$ (0.01) |
| Weighted average number of common shares outstanding | 15,561,366 | 13,741,169 | 18,228,439 | 13,763,794 |

The accompanying notes are an integral part of these financial statements

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ADVANCED REFRIGERATION TECHNOLOGIES, INC. & SUBSIDIARY
(A Development Stage Company)
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)
FROM INCEPTION MAY 23, 2001 TO SEPTEMBER 30, 2003

| COMMON STOCK | | | | |
|--|---------------------|--------|----------------------------------|-------------------------------|
| | Number of Shares | Amount | Additional Paid-in Capital | Common Stock Subscribed |
| Balance at inception - May 23, 2001 | -- | \$ -- | \$ -- | \$ -- |
| Stock issued for services | 16,715,000 | 16,715 | -- | -- |
| Net loss | -- | -- | -- | -- |
| Balance at December 31, 2001 | 16,715,000 | 16,715 | -- | -- |
| Stock issued various dates for cash at \$1.50 per share | 70,667 | 71 | 105,927 | -- |
| Net loss | -- | -- | -- | -- |
| Balance at December 31, 2002 | 16,785,667 | 16,786 | 105,927 | -- |
| Shares canceled by majority | | | | |

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| | | | | |
|---|--------------|------------|-----------|------------|
| Shareholder | (3,000,000) | -- | -- | -- |
| Common stock subscribed (3,000 shares) | -- | -- | -- | 4,500 |
| Stock issued various dates for cash at \$1.50 per share | 94,932 | 95 | 142,205 | -- |
| | ----- | ----- | ----- | ----- |
| Balance June 11, 2003 date of acquisition of Joystar, Inc. shares in a reverse merger | 13,880,599 | 16,881 | 248,132 | 4,500 |
| Cancel Joystar shares | (13,880,599) | -- | -- | -- |
| Advanced Refrigeration shares outstanding at June 11, 2003 | 3,322,840 | -- | -- | -- |
| Issue Advanced Refrigeration Technologies, Inc. shares | 13,880,599 | 248,132 | (248,132) | -- |
| Stock issued pursuant to the stock option plan June 11, 2003 at market value of stock \$0.03 per share | 810,000 | 24,300 | -- | -- |
| Stock issued for services | 215,000 | 15,000 | -- | -- |
| Common stock subscribed (2,691,600 shares) | -- | -- | -- | 1,420,073 |
| Common stock subscribed not expensed | -- | -- | -- | (158,667) |
| Common stock subscribed-deferred compensation | -- | -- | -- | (805,000) |
| Net loss | -- | -- | -- | -- |
| | ----- | ----- | ----- | ----- |
| Balance at September 30, 2003 (un-audited) | 18,228,439 | \$ 304,313 | \$ -- | \$ 460,906 |
| | ===== | ===== | ===== | ===== |

The accompanying notes are an integral part of these financial statements

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ADVANCED REFRIGERATION TECHNOLOGIES, INC. & SUBSIDIARY
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002
AND CUMULATIVE FROM INCEPTION MAY 23, 2001 TO SEPTEMBER 30, 2003
(UN-AUDITED)

| | | | | |
|--|------------------------------|------------------------------|--|--|
| | | | | CUMULATI AMOUNTS F INCEPTIO (MAY 23, 2 THROUGH |
| | FOR THE NINE MONTHS ENDED | FOR THE NINE MONTHS ENDED | | |

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| | SEPTEMBER 30, 2003 ----- | SEPTEMBER 30, 2002 ----- | SEPTEMBER 2003 ----- |
|---|--------------------------------|--------------------------------|----------------------------|
| Cash flows from operating activities: | | | |
| Net loss | \$ (573,617) | \$ (202,069) | \$ (897,005) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Amortization and depreciation | 1,068 | -- | 1,068 |
| Stock issued\subscribed for services | 116,806 | -- | 133,521 |
| Changes in assets and liabilities: | | | |
| Increase in prepaid expenses | (3,000) | -- | (3,000) |
| Increase in other receivables | (2,382) | -- | (2,382) |
| Increase in accounts payable | 24,000 | 20 | 33,718 |
| Increase in accrued salaries and payroll taxes | 115,717 | 20,668 | 197,528 |
| Increase (decrease) in rent accrual | (19,000) | 30,000 | 35,000 |
| | ----- | ----- | ----- |
| Net cash used in operations | (340,408) | (151,381) | (501,552) |
| | ----- | ----- | ----- |
| Cash flows used by investing activities: | | | |
| Acquisition of fixed assets | (19,979) | -- | (22,385) |
| | ----- | ----- | ----- |
| Net cash used by investing activities | (19,979) | -- | (22,385) |
| | ----- | ----- | ----- |
| Cash flows from financing activities: | | | |
| Issuance of common stock | 142,300 | 89,998 | 248,298 |
| Advances from shareholders | 27,020 | 63,532 | 89,597 |
| Subscribed stock not issued (294,600 shares) | 383,400 | -- | 383,400 |
| Payment of debt assumed in reverse acquisition | (70,000) | -- | (70,000) |
| | ----- | ----- | ----- |
| Net cash from financing activities | 482,720 | 153,530 | 651,295 |
| | ----- | ----- | ----- |
| Net increase (decrease) in cash | 122,333 | 2,149 | 127,358 |
| Cash, beginning of period | 5,025 | -- | -- |
| | ----- | ----- | ----- |
| Cash, end of period | \$ 127,358 | \$ 2,149 | \$ 127,358 |
| | ===== | ===== | ===== |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH | | | |
| INVESTING AND FINANCING ACTIVITIES: | | | |
| Issuance of stock for services | \$ 81,906 | \$ -- | \$ 100,348 |
| Issuance of stock for future services | 158,667 | -- | 158,667 |
| | ===== | ===== | ===== |

The accompanying notes are an integral part of these financial statements

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(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002
AND CUMULATIVE FROM INCEPTION MAY 23, 2001 TO SEPTEMBER 30, 2003
(UN-AUDITED)

1. BASIS OF PRESENTATION

On June 11, 2003, Advanced Refrigeration Technologies, Inc. a California corporation (" the Company") acquired all of the issued and outstanding common stock of Joystar, Inc., a Nevada corporation ("Joystar") in exchange for the issuance by the Company of a total of 13,880,599 newly issued restricted shares of common voting stock to the Joystar shareholders pursuant the Agreement an Plan of Reorganization dated as if June 10, 2003. Prior to the issuance of the shares, the Company had 3,322,840 shares of common stock issued and outstanding. Subsequent to the exchange there were 17,203,439 shares issued and outstanding. The shareholders of Joystar own 81% of the common stock outstanding of the Company after the issuance of the 13,880,599 shares.

The acquisition of Joystar by the Company on June 11, 2003 has been accounted for as a purchase and treated as a reverse acquisition since the former owners of Joystar controlled 81% of the total shares of Common Stock of the Company outstanding immediately following the acquisition.

On this basis, the historical financial statements prior to June 11, 2003 have been restated to be those of the accounting acquirer Joystar. The historical stockholders' equity prior to the reverse acquisition has been retroactively restated (a recapitalization) for the equivalent number of shares received in the acquisition after giving effect to any difference in par value of the issuer's and acquirer's stock. The original 3,322,840 shares of common stock outstanding prior to the exchange reorganization have been reflected as an addition in the stockholders' equity account of the Company on June 11, 2003.

The Company has been in the development stage since its inception May 23, 2001.

2. INTERIM FINANCIAL INFORMATION

The financial statements of Advanced Refrigeration Technologies, Inc. (the Company) as of September 30, 2003 and for the nine months ended September 30, 2003 and 2002 and related footnote information are un-audited. All adjustments (consisting only of normal recurring adjustments) have been made which, in the opinion of management, are necessary for a fair presentation. Results of operations for the nine months and three months ended September 30, 2003 and 2002 are not necessarily indicative of the results that may be expected for any future period. The balance sheet at December 31, 2002 was derived from audited financial statements.

Certain information and footnote disclosures, normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been omitted. These financial statements should be read in conjunction with the financial statements and notes for the year ended December 31, 2002 included in an 8-K filed with the Securities and Exchange Commission on August 26, 2003.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

The Company records revenues from travel related sales transactions where the Company both purchases from the supplier and sells to the customer the requested travel service. This is reflected in the Consolidated Statement of Operations at the net amount, which reflects the gross amount charged to the customer less the cost paid to the supplier. The Company also receives commissions from travel suppliers for processing reservations.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated useful life of the assets, which is seven years for furniture and equipment and three years for computer equipment. Depreciation for the nine months ended September 30, 2003 was \$1,068 and none for the nine months ended September 30, 2002.

USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INCOME TAXES

Deferred income taxes are reported using the liability method. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

NET LOSS PER SHARE

In February 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 128 "Earnings Per Share" which requires the Company to

present basic and diluted earnings per share, for all periods presented. The computation of loss per common share (basic and diluted) is based on the weighted average number of shares actually outstanding during the period. The Company has no common stock equivalents, which would dilute earnings per share.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments consist principally of cash and various current liabilities. The estimated fair value of these instruments approximates their carrying value.

4. GOING CONCERN

The accompanying financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America, contemplates the continuation of the Company as a going concern. However, the Company has been in the development stage since its inception (May 23, 2001), sustained significant losses and has used capital raised through the issuance of stock and debt to fund activities. Continuation of the Company as a going concern is contingent upon establishing and achieving profitable operations. Such operations will require management to secure additional financing for the Company in the form of debt or equity.

Management believes that actions currently being taken to revise the Company's funding requirements will allow the Company to continue its development stage operations. However, there is no assurance that the necessary funds will be realized by securing debt or through stock offerings.

5. CAPITAL STOCK

COMMON STOCK

On November 2, 2001, the Company issued 16,715,000 restricted shares of common stock at \$0.001 per share totaling \$16,715 for services rendered in connection with the start up of the Company.

At various dates in 2002, the Company issued for cash of \$105,998, 70,667 shares of common stock at \$1.50 per share through a private placement, pursuant to provisions of Section 4(2) of the Securities Act of 1933 and Rule 506 of Regulation D.

COMMON STOCK SPLIT

On November 1, 2001, the Board of Directors of the Company approved a stock split of the Company's common stock at a ratio of 1,000 for 1. All references in the accompanying financial statements to the number of common stock and per share amounts reflect the stock split.

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STOCK CANCELED

A majority shareholder canceled 3,000,000 shares of stock in anticipation of the acquisition of Advanced Refrigeration Technologies, Inc.

At various dates in 2003, the Company issued for cash of \$142,300, 94,932 shares of common stock at \$1.50 per share through a private placement, pursuant to provisions of Section 4(2) of the Securities Act of 1933 and Rule 506 of Regulation D.

STOCK ISSUED IN REVERSE MERGER JUNE 11, 2003

The Company acquired all of the issued and outstanding common stock of Joystar, Inc., a Nevada corporation ("Joystar") in exchange for the issuance by the Company of a total of 13,880,599 newly issued restricted shares of common dated as if June 10, 2003.

RECONCILIATION OF COMMON STOCK AT DECEMBER 31, 2002

Common stock at par value \$0.001 \$ 16,786
Additional paid in capital 105,927

\$ 122,713
=====

STOCK ISSUED UNDER STOCK OPTION PLAN AND FOR PAYMENT OF SERVICES

The Company issued 810,000 shares of common stock pursuant to the Company's Stock Option Plans on June 11, 2003 valued at the market price of the stock on that date \$0.03.

The Company issued 215,000 shares of common stock in payment of invoices for professional services in June, 2003.

On July 30, 2003 the Company approved an issuance of 400,000 shares of common stock to two consultants for services to be provided over a two and three year period. The services are valued daily based on the daily stock prices and the amount of shares earned each day. The Company recorded \$42,506 of expense for the period ended September 30, 2003, \$158,667 to common stock subscribed not earned and \$201,173 to common stock subscribed. The unearned shares are to be retired in the event of non-performance.

On July 30, 2003 the Company entered into a four-year employment agreement for a Vice President of Business Development. The agreement provides for 500,000 shares of restricted Common stock to be issued annually over the four years for a total of 2,000,000 shares. The value of the compensation was based on the stock price on the agreement date of \$0.42, a total of \$840,000. The Company recorded compensation expense of \$35,000 for period ended September 30, 2003 and 2,000,000 shares as stock subscribed \$840,000, and deferred compensation of \$805,000.

On July 30, 2003 the Company granted certain employees options to purchase 100,000 shares of common stock at \$1.90 per share, with a one year vesting period. The quoted market share price on the grant date of the options was \$.42

6. RELATED PARTY TRANSACTIONS

The Company received loans in the amount of \$85,000 and \$5,000 from two shareholders. The \$85,000 bears interest at 10% and is evidenced by a note payable to the shareholder and can be converted to common stock at \$1.50 per share. The \$5,000 bears interest at 10%, but is not evidenced by a note.

7. STOCK OPTIONS

The Board of Directors has approved in April, 2003 a Company stock option plan, which was amended by the Company in July, 2003. All the shares (480,000 shares) under 2002 Equity and Stock Option Plan were issued in June, 2003. In July, 2003, the Company approved 2003 Equity Compensation Plan which provides for the grant to directors, officers, employees and consultants of the Company of stock based awards and options to purchase up to an aggregate of 2,500,000 shares of Common Stock. No grants have been made yet under 2003 Equity Compensation Plan.

On June 11, 2003 the Company granted a total of 810,000 shares under the 2000 and 2002 stock compensation plans for services to the Company. The valuation of the shares issued were at the market price on the Grant date \$0.03.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

PRELIMINARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

ALL FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE DEEMED BY THE COMPANY TO BE COVERED BY AND TO QUALIFY FOR THE SAFE HARBOR PROTECTION PROVIDED BY THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. PROSPECTIVE SHAREHOLDERS SHOULD UNDERSTAND THAT SEVERAL FACTORS GOVERN WHETHER ANY FORWARD - LOOKING STATEMENT CONTAINED HEREIN WILL BE OR CAN BE ACHIEVED. ANY ONE OF THOSE FACTORS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED HEREIN. THESE FORWARD - LOOKING STATEMENTS INCLUDE PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS, INCLUDING PLANS AND OBJECTIVES RELATING TO THE PRODUCTS AND THE FUTURE ECONOMIC PERFORMANCE OF THE COMPANY. ASSUMPTIONS RELATING TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE AND MARKET CONDITIONS, FUTURE BUSINESS DECISIONS, AND THE TIME AND MONEY REQUIRED TO SUCCESSFULLY COMPLETE DEVELOPMENT PROJECTS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY AND MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. ALTHOUGH THE COMPANY BELIEVES THAT THE ASSUMPTIONS UNDERLYING THE FORWARD - LOOKING STATEMENTS CONTAINED HEREIN ARE REASONABLE, ANY OF THOSE ASSUMPTIONS COULD PROVE INACCURATE AND, THEREFORE, THERE CAN BE NO ASSURANCE THAT THE RESULTS CONTEMPLATED IN ANY OF THE FORWARD - LOOKING STATEMENTS CONTAINED HEREIN WILL BE REALIZED. BASED ON ACTUAL EXPERIENCE AND BUSINESS DEVELOPMENT, THE COMPANY MAY ALTER ITS MARKETING, CAPITAL EXPENDITURE PLANS OR OTHER BUDGETS, WHICH MAY IN TURN AFFECT THE COMPANY'S RESULTS OF OPERATIONS. IN LIGHT OF THE SIGNIFICANT UNCERTAINTIES INHERENT IN THE FORWARD - LOOKING STATEMENTS INCLUDED THEREIN, THE INCLUSION OF ANY SUCH STATEMENT SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE COMPANY OR ANY OTHER PERSON THAT THE OBJECTIVES OR PLANS OF THE COMPANY WILL BE ACHIEVED.

General

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Advanced Refrigeration Technologies, Inc. (the "Company") was incorporated in the State of California on February 5, 1998. It designed, manufactured and marketed an energy efficiency evaporator fan motor controller for walk-in refrigerators and freezers until June 11, 2003 when it acquired all of the issued and outstanding common stock of Joystar, Inc., a Nevada corporation ("Joystar") in exchange for the issuance by the Company of a total of 13,880,599 newly issued restricted shares of common voting stock to the Joystar shareholders pursuant the Agreement an Plan of Reorganization dated as if June 10, 2003. Prior to the issuance of the shares, the Company had 3,322,840 shares of common stock issued and outstanding. Subsequent to the exchange there were 17,203,439 shares issued and outstanding. The shareholders of Joystar own 81% of the common stock outstanding of the Company after the issuance of the 13,880,598 shares. Concurrent with the acquisition of Joystar the Company disposed of the fan control business extinguishing approximately \$125,000 of debt for \$105,000 of fan control assets.

Joystar was incorporated on May 23, 2001. Joystar is a provider of online and offline travel services for the leisure and small business traveler.

Joystar has been in the development stage since its inception, May 23, 2001. It is primarily engaged in raising capital to increase sales and marketing activity, licensing and product development, acquisitions and infrastructure development.

The restructuring and re-capitalization has been treated as a reverse acquisition with Joystar becoming the accounting acquirer. The accompanying financial statements represent Joystar's activity since inception May 23, 2001 through September 30, 2003. Advanced Refrigeration Technologies, Inc. now a shell has had no activity since June 11, 2003.

The following discussion should be read in conjunction with selected financial data and the financial statements and notes to financial statements.

Results of operations

The Company only had sales of \$31,137 for the nine months ended September 30 2003 as compared to none for the nine months ended September 30, 2002. Because the Company is in the development stage the periods are not comparable.

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General and administrative expenses for the nine months ended September 30, 2003 were \$444,576 as compared to \$125,915 for the nine months ended September 30, 2002, an increase of \$319,000 due primarily to the increase in salaries of \$198,000, professional fees of \$32,000 and dues and subscriptions of \$18,000. Salary were lower in the prior year due to the fall off of travel after September 11, 2001. The Company has increased its sales activities in 2003.

Marketing and sales expenses for the nine months ended September 30, 2003 were \$155,473 as compared to \$76,154 for the nine months ended September 30, 2002, an increase of \$79,000. This was due to increased marketing expenses of \$54,000 and telephone expenses of 13,000.

Liquidity and sources of capital

At September 30, 2003 our cash position required that we actively seek

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additional sources of capital. At September 30, 2003 the Company had available cash of \$127,358 that probably will only last till the end of November.

ITEM 3. Controls and Procedures

The Company has disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended) to ensure that material information contained in its filings with the Securities and Exchange Commission is recorded, processed, summarized and reported on a timely and accurate basis. Based on such evaluation, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures are effective at ensuring that material information is recorded, processed, summarized and reported on a timely and accurate basis in the Company's filings with the Securities and Exchange Commission. Since such evaluation there have not been any significant changes in the Company's internal controls, or in other factors that could significantly affect these controls

PART II. OTHER INFORMATION

Item 1. Legal proceedings

NONE

Item 2. Changes in securities and use of proceeds

During the quarter ended September 30, 2003, the Company sold in its private placement a total of 316,267 shares of its common stock at a purchase price of \$1.50 per share, for the total purchase price of \$474,400. During the quarter ended June 30, 2003, the Company sold 60,000 shares of its common stock at a purchase price of \$1.50 in its private placement. The shares of the Company's common stock were issued and sold in reliance upon the exemption provided by Section 4(2) and Section 506 of Regulation D of the Securities Act of 1933. The offers and sales in the Company's private placement were made to accredited investors only.

During the quarter ended September 30, 2003, the Company approved various employment and consulting agreements and the issuances of common stock and options to issue the Company's common stock for services to the Company pursuant to such agreements. See Financial Statements. None of the shares or options issuable pursuant to the above agreements were issued in the quarter ended September 30, 2003.

Item 3. Defaults on senior securities

NONE

Item 4. Submission of items to a vote

In June, 2003, the Company's majority shareholders (12,820,000 shares) voted to approve the Company's name to "Joystar, Inc.".

Item 5. Other information

NONE

Item 6.

(a) Exhibits

Exhibit No.

Exhibit 31

Description

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

Exhibit 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF

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FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT

- b) Reports on 8K during the quarter: There were no 8K filings in the quarter ended September 30, 2003.

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SIGNATURES

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

ADVANCED REFRIGERATION TECHNOLOGIES, INC.

Date: January 20, 2004

By /s/ William Alverson

President

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