

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of August 3, 2001, there were 38,626,543 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 X

1

ANZA CAPITAL, INC.

TABLE OF CONTENTS

PART I

Item 1	Description of Business
Item 2	Description of Property
Item 3	Legal Proceedings
Item 4	Submission of Matters to a Vote of Security Holders

PART II

Item 5	Market for Common Equity and Related Stockholder Matters
Item 6	Management's Discussion and Analysis or Plan of Operations
Item 7	Financial Statements
Item 8	Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

PART III

Item 9	Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.
Item 10	Executive Compensation
Item 11	Security Ownership of Certain Beneficial Owners and Management.

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

- Item 12 Certain Relationships and Related Transactions.
- Item 13 Exhibits and Reports on Form 8-K.

2

PART I

EXPLANATORY NOTE

In response to comments from the United States Securities and Exchange Commission, Anza Capital, Inc. has restated its Annual Statement on Form 10-KSB. This Annual Statement is for the year ended April 30, 2001, was originally filed with the Commission on August 16, 2001, and was amended on February 27, 2002 and again on March 5, 2002. Effective on January 2, 2002, the Company changed its name from e-Net Financial.com Corporation to Anza Capital, Inc. References throughout this Annual Statement are accurate as of the date originally filed, and other than on the front page, references to the Company as e-Net Financial.com Corporation have been left as originally drafted. The Company has not undertaken to update all of the information in this Annual Report, but instead has updated only those areas requested by the Commission. Please read all of the Company's filings with the Commission in conjunction with this Annual Report.

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

GENERAL

e-Net Financial.Com Corporation ("e-Net" or the "Company") was incorporated in the State of Nevada on August 18, 1988 as Solutions, Incorporated. On July 11, 1994, the Company filed a Registration Statement on Form 10-SB with the Securities and Exchange Commission, which was declared effective on December 22, 1994. At that time, the Company became a reporting company under Section 12(g) of the Securities Exchange Act of 1934, as amended. On August 16, 1996, the Company changed its name to Suarro Communications, Inc., and on February 12, 1999, May 12, 1999 and on January 18, 2000, the Company changed its name to e-Net Corporation, e-Net Financial Corporation and e-Net.Com Corporation, respectively. On February 2, 2000, the Company changed its name to e-Net Financial.Com Corporation. In November of 1999, the Company forward-split its Common Stock on a two-for-one basis, and all references in this Annual Report reflect such forward split.

e-Net has had a rapid sequence of name changes which reflected significant acquisitions that shifted the Company's primary business operations over very

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

short periods of time. Management has decided that one generic name would have been preferable. As such, effective January 2, 2002, e-Net has changed its name to ANZA Capital, Inc.

3

BUSINESS OVERVIEW

The Company is a holding company which currently operates through four (4) subsidiaries, namely AMRES, Expidoc, BravoRealty.com, and Titus Real Estate. Since March 1, 1999, the Company has acquired a total of nine companies, six of which have failed, and five of these subsidiaries have never generated any net revenue. e-Net has never developed a business of its own. Of the nine companies purchased by e-Net since March 1, 1999, six were purchased from then-current officers and directors, or parties affiliated with then-current officers and directors, including EMB. The total dollar value attributed to the purchase of these nine companies is approximately \$4,400,000.

AMRES and Expidoc represent our only significant operations and greater than 95% of our consolidated revenue. Please see further discussion of AMRES and Expidoc below.

We have never been profitable, and our net losses have been significant. For the year ended April 30, 2001, our net loss was \$6,745,207, or \$0.30 per share. For the ten months ended April 30, 2000, our net loss was \$1,796,899, or \$0.22 per share. See our discussion in Item 6 - Management's Discussion and Analysis or Plan of Operations, for further details concerning our financial results.

RECENT CHANGES IN BUSINESS STRATEGY AND CHANGE IN CONTROL

Effective March 1, 1999, the Company acquired e-Net Mortgage Corporation, a Nevada corporation ("e-Net Mortgage"), and City Pacific International, U.S.A., Inc., a Nevada corporation ("City Pacific"). Pursuant to the Share Exchange Agreement and Plan of Reorganization dated March 1, 1999, regarding e-Net Mortgage, its shareholders received 2,000,000 shares of Common Stock of the Company in exchange for all of the issued and outstanding stock of e-Net Mortgage, which became a wholly owned subsidiary of the Company. Pursuant to the Share Exchange Agreement and Plan of Reorganization, dated March 1, 1999, regarding City Pacific, its shareholders received 500,000 shares of Common Stock of the Company in exchange for all of the issued and outstanding stock of City Pacific, which became a wholly owned subsidiary of the Company. Effective as of that date, Michael Roth, who had owned 100% of e-Net Mortgage, became Chairman, CEO, President, a director, and the owner of 44% of the common stock of the Company. Also effective as of that date, Al Marchi, who had owned 100% of City Pacific, became a director and the owner of 11% of the outstanding common stock of the Company. Following this transaction, the Company entered into a series of acquisitions as part of its strategy of horizontal market penetration and in an effort to increase revenues.

On November 29, 1999, the Company issued Paul Stevens 250,000 shares of its Common Stock in exchange for Mr. Stevens' transfer to the Company of 500,000 shares of Common Stock of EMB Corporation ("EMB") that he owned (the "Stevens EMB Shares"). On December 21, 1999, and in connection with that exchange, the Company entered into agreements with Digital Integrated Systems, Inc. ("DIS"), and EMB to acquire their respective 50% interests in VPN.COM JV Partners, a Nevada joint venture ("VPN Partners") involved in vertically integrated communications systems. In consideration of the purchase of the interests, the Company issued a one-year promissory note to DIS in the amount of \$145,000 (the

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

"DIS Note") and tendered to EMB the Stevens EMB Shares. At the time of such transactions, Mr. Stevens was the sole owner of DIS and the President and Chief Executive Officer of VPN Partners. Upon closing of the acquisitions, VPN Partners was integrated with VPNCOM.Net, Inc. (previously known as City Pacific), the other communications entity then owned by the Company. At the time of the transaction, our management believed that VPN Partners and Mr. Stevens would contribute materially to the planned expansion of the Company.

4

On January 12, 2000, as revised on April 12, 2000, the Company entered into an agreement (the "Amended and Restated Purchase Agreement") with EMB to acquire two of its wholly owned subsidiaries, namely American Residential Funding, Inc., a Nevada corporation ("AMRES"), and Bravo Real Estate, Inc., a California corporation ("Bravo Real Estate"). At the time of the acquisition, AMRES was the principle operating company of EMB, and EMB had previously acquired AMRES from AMRES Holding LLC ("AMRES Holding"), a company controlled by Vincent Rinehart (now an officer and director of the Company) and in which Mr. Rinehart currently holds his e-Net common stock, in exchange for EMB common stock. The purpose of the acquisition was to acquire market share, revenues, and certain key management personnel. The Company also acquired all of EMB's rights to acquire Titus Real Estate LLC, a California limited liability company ("Titus Real Estate") from its record owners. Titus Real Estate is the management company for Titus Capital Corp., Inc., a California real estate investment trust (the "Titus REIT"), in which the Company has no ownership interest. Titus REIT currently holds 10 apartment buildings in Long Beach, California, six of which are in escrow to be sold.

On February 11, 2000, the Company executed a purchase agreement (the "Titus Purchase Agreement") for the acquisition of Titus Real Estate and issued 100,000 shares of its Class B Convertible Preferred Stock (the "B Preferred") to AMRES Holding/Rinehart, and 300,000 shares of its Common Stock to Scott A. Presta, in their capacities as the owner-members of Titus Real Estate. Mr. Rinehart and Mr. Presta were not, at the time, otherwise affiliated with the Company in any way, but both became members of Management in April 2000 (see Item 9). Upon closing, Titus Real Estate became a wholly owned subsidiary of the Company. The consideration given was valued at \$1.6 million, all of which was allocated to Goodwill to be amortized over a period of 10 years. Management had hoped that the acquisition of Titus Real Estate would increase the Company's overall revenue stream. The Company took a charge for impairment of goodwill in the amount of \$1,155,057 in the fourth quarter 2000 with respect to its investment in Titus Real Estate.

On February 14, 2000, in our continuing efforts to expand, the Company acquired all of the common stock of LoanNet Mortgage, Inc., a Kentucky corporation ("LoanNet"), a mortgage broker with offices in Kentucky and Indiana. Pursuant to the Stock Purchase Agreement dated February 14, 2000, the Company issued 250,000 shares of its Common Stock, valued at \$2.3 million, to the selling shareholders of LoanNet, which became a wholly-owned subsidiary of the Company. As of the closing of the transaction, LoanNet also had 400 shares outstanding of 8% non-cumulative, non-convertible preferred stock, the ownership of which has not changed. The preferred stock is redeemable for \$100,000. As of February 28, 2001, all three LoanNet offices have been closed. The Company took a charge for impairment of goodwill in the amount of \$1,985,012 in the fourth quarter 2000 with respect to its investment in LoanNet.

On March 1, 2000, the Company sold VPNCOM.Net, Inc., which had proven to be unprofitable and inconsistent with the Company's changing business structure, to Al Marchi, its then-President. The sales consideration consisted of his 30-day promissory note in the principal amount of \$250,000 (paid in full on April 15,

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

2000), the assumption of the DIS Note, and the return of 250,000 shares of Company Common Stock owned by him.

On March 17, 2000, the Company acquired all of the common stock of ExpiDoc.com, Inc., a California corporation ("ExpiDoc"). ExpiDoc is an Internet-based, nationwide notary service, with over 6,500 affiliated notaries, that provides document signing services for various mortgage companies. Pursuant to the Stock Purchase Agreement dated February 14, 2000, the Company issued 24,000 shares of Common Stock of the Company, valued at \$196,510, to the selling shareholders of ExpiDoc, which became a wholly owned subsidiary of the Company. As of the closing of the acquisition, the Company entered into management and consulting agreements with ExpiDoc's owners and management, including Mr. Rinehart and Mr. Presta. Mr. Rinehart and Mr. Presta were not, at the time, otherwise affiliated with the Company in any way, but both became members of Management in April 2000 (see Item 9)

5

On April 12, 2000, the Company closed the acquisition of AMRES and Bravo Real Estate. Pursuant to the Amended and Restated Purchase Agreement, the Company issued 7.5 million shares of Common Stock to EMB, representing nearly 40% of the then issued and outstanding common stock of the Company, paid \$1,595,000, and issued a promissory note in the initial amount of \$2,405,000, and AMRES and Bravo Real Estate became wholly owned subsidiaries of the Company. As of April 30, 2001, the remaining principal balance of the promissory note was \$1,055,000, and the note was cancelled in its entirety effective June 27, 2001, (see discussion of Global Settlement below). AMRES was the acquirer for financial reporting purposes. Since Bravo Real Estate had no operations or net assets, management determined that a nominal value of \$1,000 be attributed to its name. The fair value attributable to the 7.5 million shares of common stock of e-Net on April 12, 2000 was \$3,838,000 based on the fair value of assets acquired. Because the purchase was accounted for as a reverse acquisition, the \$4.0 million in cash and notes issued to EMB were treated as a deemed distribution with a charge to the Company's accumulated deficit. On April 12, 2000, James E. Shipley, the former CEO of EMB, was elected Chairman of the Board of Directors of the Company and Vincent Rinehart was elected a Director, President, and Chief Executive Officer of the Company. Bravo Real Estate never commenced operations, had no assets, and is no longer an operating subsidiary.

Mr. Shipley was the CEO, President, and a less than 5% owner of EMB at the time of the sale of AMRES and Bravo from EMB to e-Net. Mr. Shipley resigned as Chairman of EMB and became Chairman of e-Net in April 2000 (replacing Mr. Roth as Chairman), and resigned as an officer of e-Net on December 31, 2000, when Mr. Rinehart became Chairman.

Mr. Rinehart was never an officer or director of EMB, but was the owner of 2,000,000 shares of EMB common stock, making him an approximate 10% owner of EMB at the time of the sales in April 2000, and continues as an officer and director of the Company (e-Net) and as an officer of all wholly-owned subsidiaries of the Company.

On April 12, 2000, in accordance the provisions of the Certificate of Designations, Preferences and Rights of Class B Convertible Preferred Stock, AMRES Holding/Rinehart demanded that its B Preferred be repurchased by the Company for an aggregate of one million dollars. On April 20, 2000, the Company, AMRES Holding/Rinehart, and Mr. Presta amended the Titus Purchase Agreement to provide for the return of 100,000 shares of the Company's preferred stock issued to AMRES Holdings and Mr. Presta upon the issuance of 1,000,000 shares of common stock to them.

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

On May 24, 2000, Michael Roth and Jean Oliver, the sole remaining officers and directors of prior management, resigned their remaining positions with the Company. On that date, Mr. Presta, an executive officer and director of Titus Real Estate, was elected a Director and Secretary of the Company.

6

EVENTS SUBSEQUENT TO FISCAL YEAR END

BRIDGE FINANCING

On June 27, 2001, the Company entered into an Investment Agreement and related documents with Laguna Pacific Partners, LLP. Under the terms of the agreements, in exchange for \$225,000 received by the Company from Laguna Pacific, the Company

(i) executed a promissory note in favor of Laguna Pacific in the principal sum of \$200,000, bearing interest at the rate of 7% per annum, secured by all of the assets of the Company, and payable on the earlier of nine months from its issuance date or the date the Company's common stock is listed on the NASDAQ Small Cap market. The purpose of this bridge financing was to finance the proposed start-up of Anza Properties and to provide working capital to the Company, and

(ii) executed a Warrant Agreement which entitled Laguna Pacific to acquire up to \$225,000 worth of e-Net common stock for the total purchase price of \$1.00, calculated at 70% of the closing stock price on the date immediately preceding the exercise date. The issuance of the warrant was negotiated between Laguna Pacific and e-Net.

Other than as set forth above, there is no affiliation between the Company and Laguna Pacific or any of their respective officers or directors.

FORMATION OF ANZA PROPERTIES, INC.

Also on June 27, 2001, in transactions related to the agreements with Laguna Pacific, the Company formed a wholly-owned subsidiary, Anza Properties, Inc., a Nevada corporation ("Anza") capitalized with \$75,000 from the proceeds of the bridge loan, which

(i) executed a Bond Term Sheet with e-Net outlining the proposed terms of an offering to raise up to \$5,000,000. The purpose of this offering was to obtain capital on behalf of Anza Properties to acquire income producing real estate. This real estate would then provide the Company with improved cash flow and net worth, on a consolidated basis.

(ii) entered into an Employment Agreement with Thomas Ehrlich beginning thirty days from the date of the agreement and ending upon the earlier to occur of the liquidation of the real estate portfolio to be owned by Anza or the completion of a NASDAQ Small Cap listing by e-Net. The Employment Agreement provides for a salary of \$20,000 per month, payable only by Anza and specifically not guaranteed of e-Net. Mr. Ehrlich will serve as Anza's Vice President and will be a director thereof. In connection with the Employment Agreement, e-Net executed a Stock Option Agreement which entitled Ehrlich to acquire up to 2,000,000 shares of e-Net common stock at the closing price on the date of the Option Agreement, vesting equally over the 12 months following the date of the Employment Agreement, and exercisable only in the event Anza is successful in raising a minimum of \$2,000,000 in a contemplated \$5,000,000 bond offering, and the holders thereof converting at least \$2,000,000 of the bonds into equity of e-Net (any amounts less than \$2,000,000 will be applied,

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

pro-rata, to the total options exercisable under the Option Agreement). Mr. Ehrlich is to be involved in the identification of potential investment opportunities, the acquiring of capital, and the operation of Anza Properties.

7

(iii) entered into a Consulting Agreement with Lawrence W. Horwitz to provide services to Anza. The Consulting Agreement provides for compensation of \$20,000 to be paid on its date of execution, and \$5,000 per month for eight months beginning September 1, 2001, guaranteed by e-Net. In addition, e-Net executed a Stock Option Agreement which entitled Horwitz to acquire up to 1,000,000 shares of e-Net common stock on terms identical to those of Ehrlich, described above. Mr. Horwitz is a licensed California attorney. Mr. Horwitz is providing legal services to e-Net and Anza Properties.

(iv) entered into an Operating Agreement with e-Net concerning the operations of Anza Properties, Inc. The Operating Agreement specifies in material part that Vince Rinehart will be the President of Anza Properties, that Mr. Rinehart and Mr. Ehrlich will be the directors, that the signatures of both Mr. Rinehart and Mr. Ehrlich will be required on all checking accounts, and that the assets of Anza Properties cannot be encumbered without the express written consent of Mr. Rinehart and Mr. Ehrlich.

See our Notes to the Consolidated Financial Statements for accounting treatment of options and warrants issued above.

The purpose of Anza Properties is primarily to improve the net worth of e-Net by acquiring income producing real estate. If Anza Properties is successful in acquiring such properties, its assets would be consolidated with the assets of e-Net, thereby improving the net worth of e-Net.

GLOBAL SETTLEMENT

As part of the acquisition of AMRES, e-Net was obligated to file and prosecute until completion a registration statement with the Securities and Exchange Commission for the purpose of registering 7,500,000 shares of e-Net common stock issued to EMB. Additionally, e-Net was obligated to pay the sum of \$4,000,000 under the terms of a promissory note issued to EMB.

In an unrelated transaction, Williams de Broe loaned the sum of \$700,000 to EMB, which remained unpaid at the time of the Global Settlement. In connection with a revision of the agreement between EMB and Williams de Broe, the then-chairman of e-Net executed a document on behalf of e-Net in favor of Williams de Broe, which Williams de Broe believed acted as a guarantee of EMB's obligation. e-Net disputed this assertion.

In order to settle the outstanding disputes among all the parties, on June 26, 2001, e-Net entered into a settlement agreement with EMB Corporation, AMRES Holding LLC, Vincent Rinehart, and Williams de Broe (the "Global Settlement"). As part of the Global Settlement:

(i) e-Net issued to EMB 1,500,000 shares of restricted common stock as consideration for EMB's waiver of its registration rights for 7,500,000 shares of e-Net common stock already held by EMB. The shares were valued at \$0.14 per share based on a 10% discount from the closing price on the date of the agreement. The Company will record a settlement expense of \$229,500 with regard to this issuance. e-Net issued to EMB a promissory note in the principal amount of \$103,404, which represents the reduced amount due to EMB by e-Net under a promissory note previously issued in connection with the AMRES acquisition, after giving effect to a principal reduction offset for amounts owed by EMB to Wdb, but which were satisfied by e-Net (see below). The note bears interest at

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

the rate of 10% per annum and is convertible into common stock of e-Net.

(ii) e-Net issued to Williams de Broe ("WdB") 3,000,000 shares of restricted common stock valued at \$459,000 as consideration for WdB's release of all claims against e-Net arising under the purported guarantee of EMB's obligation to WdB by e-Net. The parties agreed that the amount be credited as additional consideration to apply to the EMB notes payable. e-Net received relief of debt to EMB in the amount of \$624,766, but does not expect to receive any reimbursement from EMB.

8

(iii) EMB acknowledges its obligations to pay all outstanding leases covering equipment and/or furniture now in the possession of e-Net as contemplated by the agreement.

(iv) EMB assigns its rights of a portion of e-Net's note payable totaling \$485,446 to AMRES Holdings LLC, owned by Vincent Rinehart. The note bears interest at 10% per annum. This note is convertible into shares of common stock based on 80% of the closing stock price on the date of the conversion. The Company assigned a value of approximately \$54,000 to the beneficial conversion feature imbedded in this note. The entire principal balance, together with accrued interest, shall be due and payable, in full, on December 15, 2002.

(v) EMB forgave principal and interest totaling \$168,006. The balance of \$103,404 convertible notes was issued, bearing interest at 10% per annum. The note has a mandatory conversion into the Company's common stock on December 15, 2001.

EXECUTIVE COMPENSATION

On July 1, 2001, e-Net entered into an Employment Agreement with Vincent Rinehart. Under the terms of the agreement, the Company is to pay to Mr. Rinehart a salary equal to \$275,000 per year, subject to an annual increase of 10% commencing January 1, 2002, plus an automobile allowance of \$1,200 per month and other benefits, including life insurance. The agreement is for a term of five years and provides for a severance payment in the amount of \$500,000 and immediate vesting of all stock options in the event his employment is terminated for any reason, including cause. Mr. Rinehart was granted options to acquire 2,500,000 shares of e-Net common stock at the closing price on the date of the agreement, which shall vest over a three year period. The number of shares to be acquired upon exercise of the options shall not be adjusted for a stock split, and is limited to both a maximum value of \$1,900,000, and 20% of the outstanding common stock of the Company.

DISCUSSION OF OPERATIONS

BravoRealty.com, which is not affiliated with the now non-operational Bravo Real Estate, is an internet-based real estate brokerage which was incorporated in May 2000 and began operations in January 2001. AMRES owns 69% of BravoRealty.com, with the balance owned by Vincent Rinehart (15%), David Villarreal (15%), and Kevin Gadawski (1%). Bravorealty.com's business model targets real estate agents as its customers and offers 100% commission retention for the agent, while charging a minimal fixed fee per closed transaction. Bravorealty.com's web site is operational, but it is currently in need of funding to complete its launch and implement the required infrastructure. If e-Net is able to secure the required funding, e-Net will remain the majority shareholder. If the required funding is secured from outside investors, e-Net may retain only a minority ownership position.

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

Titus Real Estate is the management company of Titus REIT. Titus Real Estate, while currently operational, is not expected to provide significant revenues for e-Net. As stated above, Titus REIT is currently the owner of ten apartment buildings in Long Beach, California, six of which are in escrow to be sold. Titus REIT is in need of additional capital in order to expand its operations, and if it successful, the amount of revenue to e-Net through Titus Real Estate may increase.

9

LoanNet is not operating at this time. Due to insufficient capitalization, the Company decided to close all three offices previously in operations. While in operation, LoanNet recorded cumulative net losses and did not provide any cash flow for the Company. The Company wrote off its full investment in LoanNet in the third quarter of 2000.

AMERICAN RESIDENTIAL FUNDING, INC. ("AMRES")

GENERAL

The Company, through its wholly owned subsidiary, e-Net Mortgage, had, since 1999, engaged in business as a retail mortgage broker. However, e-Net Mortgage was not capitalized to the level that permitted it to expand its operations outside of its offices in San Jose, and Costa Mesa, California, and Las Vegas, Nevada. With the pending acquisition of American Residential Funding, Inc. ("AMRES"), e-Net Mortgage stopped conducting business in the fourth quarter of the fiscal year ended April 30, 2000. With the completion of the acquisition of AMRES, AMRES has become the principal operating mortgage subsidiary of the Company. It is the intent of the Company for AMRES to operate primarily as a mortgage banker and mortgage broker through an expansion of its existing company-owned and branch operations. AMRES has not been profitable, but management anticipates that it may achieve profitability in the next fiscal year.

The name "AMRES" is approved for use by American Residential Funding, Inc. by the California Department of Real Estate, the primary governing body of AMRES. An appropriate DBA filing of AMRES has been done, and the company is regularly referred to as "AMRES".

LOAN MAKING

AMRES is primarily a loan broker, arranging approximately \$50,000,000 a month in home loans. AMRES, through their agents in some 140 branches (1-8 agents in each branch) is licensed in 39 states to originate loans. Although AMRES has a \$2,000,000 line of credit with which to fund loans, less than 5% of total loan volume is funded this way. AMRES, through their loan agents, locates prospective borrowers from real estate brokers, home developers, and marketing to the general public. After taking a loan application, AMRES processes the loan package, including obtaining credit and appraisal reports. AMRES then presents the loan to one of approximately 200 approved lenders, who then approve the loan, draw loan documents and fund the loan. AMRES receives a commission for each brokered loan, less what is paid to each agent.

LOAN STANDARDS

Mortgage loans arranged by AMRES are generally loans with fixed or adjustable rates of interest, secured by first mortgages, deeds of trust or security deeds on residential properties with original principal balances that do not exceed 95% of the value of the mortgaged properties, unless such loans are FHA-insured or VA-guaranteed. Generally, each mortgage loan having a

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

loan-to-value ratio in excess of 80%, or which is secured by a second or vacation home, will be covered by a Mortgage Insurance Policy, FHA Insurance Policy or VA Guaranty insuring against default of all or a specified portion of the principal amount thereof. 95% of all loans originated by AMRES are brokered to lenders and not underwritten or funded by AMRES.

The mortgage loans are "one-to-four-family" mortgage loans, which are permanent loans (as opposed to construction or land development loans) secured by mortgages on non-farm properties, including attached or detached single-family or second/vacation homes, one-to-four-family primary residences and condominiums or other attached dwelling units, including individual condominiums, row houses, townhouses and other separate dwelling units even when located in buildings containing five or more such units. Each mortgage loan must be secured by an owner-occupied primary residence or second/vacation home, or by a non-owner occupied residence. The mortgaged property may not be a mobile home.

10

In general, no mortgage loan is expected to have an original principal balance less than \$30,000. While most loans will be less than \$700,000, loans of up to \$2,000,000 may be brokered to unaffiliated third-party mortgage lenders. Fixed rate mortgage loans must be repayable in equal monthly installments which reduce the principal balance of the loans to zero at the end of the term.

Credit, Appraisal and Underwriting Standards

Each mortgage loan must (i) be an FHA-insured or VA-guaranteed loan meeting the credit and underwriting requirements of such agency, or (ii) meet the credit, appraisal and underwriting standards established by the lender. For certain mortgage loans which may be subject to a mortgage pool insurance policy, the lender may delegate to the issuer of the mortgage pool insurance policy the responsibility of underwriting such mortgage loans, in accordance with the lender's credit appraisal and underwriting standards.

A lender's underwriting standards are intended to evaluate the prospective mortgagor's credit standing and repayment ability, and the value and adequacy of the proposed mortgaged property as collateral. In the loan application process, prospective mortgagors will be required to provide information regarding such factors as their assets, liabilities, income, credit history, employment history and other related items. Each prospective mortgagor will also provide an authorization to apply for a credit report which summarizes the mortgagor's credit history. With respect to establishing the prospective mortgagor's ability to make timely payments, the lender will require evidence regarding the mortgagor's employment and income, and of the amount of deposits made to financial institutions where the mortgagor maintains demand or savings accounts. In some instances, mortgage loans may be arranged by the lender under a Limited Documentation Origination Program. For a mortgage loan to qualify for the Limited Documentation Origination Program, the prospective mortgagor must have a good credit history and be financially capable of making a larger cash down payment in a purchase, or be willing to finance less of the appraised value, in a refinancing, than would otherwise be required by the Company. Currently, only mortgage loans with certain loan-to-value ratios will qualify for the Limited Documentation Origination Program. If the mortgage loan qualifies, the lender waives some of its documentation requirements and eliminates verification of income and employment for the prospective mortgagor. The Limited Documentation Origination Program has been implemented relatively recently and accordingly its impact, if any, on the rates of delinquencies and losses experienced on the mortgage loans so originated cannot be determined at this time.

The lender's underwriting standards generally follow guidelines acceptable

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

to FNMA ("Fannie Mae") and FHLMC ("Freddie Mac"). The lender's underwriting policies may be varied in appropriate cases. In determining the adequacy of the property as collateral, an independent appraisal is made of each property considered for financing. The appraiser is required to inspect the property and verify that it is in good condition and that construction, if new, has been completed. The appraisal is based on the appraiser's judgment of values, giving appropriate weight to both the market value of comparable homes and the cost of replacing the property. Over 95% of all loans processed are underwritten and funded by approved lenders of AMRES. Very few loans, approximately 5%, are funded by AMRES on their line of credit for future resell.

Title Insurance Policies

The lender will usually require that, at the time of the origination of the mortgage loans and continuously thereafter, a title insurance policy be in effect on each of the mortgaged properties and that such title insurance policy contain no coverage exceptions, except those permitted pursuant to the guidelines established by FNMA.

11

Applicability of Usury Laws

Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980 ("Title V"), provides that state usury limitations do not apply to certain types of residential first mortgage loans originated by certain lenders after March 31, 1980. The Federal Home Loan Bank Board is authorized to issue rules and regulations and to publish interpretations governing implementation of Title V, the statute authorizes any state to reimpose interest rate limits by adopting a law or constitutional provision which expressly rejects application of the federal law. In addition, even where Title V is not so rejected, any state is authorized by the law to adopt a provision limiting discount points or other charges on mortgage loans covered by Title V. As of the date hereof, certain states have taken action to reimpose interest rate limits and/or to limit discount points or other charges.

The above described laws do not have a material effect on the Company's operations because it acts primarily as a broker to direct lenders.

MORTGAGE SOFTWARE AND TECHNOLOGY

AMRES currently uses loan origination software developed by an independent third party, which is accessible by its Company-owned offices and at branch offices through an Intranet system. This software can quickly review the underwriting guidelines for a vast number of loan products, including those offered by Fannie Mae and Freddie Mac and select the appropriate loan product for the borrower. The software then allows the routing of pertinent information to the automated underwriting systems employed by Fannie Mae and Freddie Mac, the primary secondary-market purchasers of mortgages, and the automated systems of independent lenders such as IndyMac. Thus, in less than one hour, a borrower can receive loan approval, subject only to verification of financial information and appraisal of the subject property. The software also permits the contemporaneous ordering and review of preliminary title reports and escrow instructions. The AMRES Intranet system allows branch offices to have around-the-clock access to the system.

Customer Service and Support

AMRES provides branch owners with on-line technical support, training, consulting and implementation services. These services consist of the following:

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

Customer Education and Training

AMRES offers training courses designed to meet the needs of end users, integration experts and system administrators. AMRES also trains customer personnel who in turn may train end-users in larger deployments. Training classes are provided at the customers' offices or on-line with an on-line tutorial. No fees are charged the branch for these services.

System Maintenance and Support

The Company offers telephone, electronic mail and facsimile customer support through its central technical support staff at the Company's headquarters. The Company also provides customers with product documentation and release notes that describe features in new products, known problems and workarounds, and application notes.

12

EXPIDOC NATIONWIDE NOTARY SERVICES

ExpiDoc is an Internet-based nationwide notary service that specializes in providing mortgage brokers with a solution to assist with the final step of the loan process: notarizing signatures of the loan documents. This is accomplished through ExpiDoc's automation of the process, its knowledgeable, experienced staff, and proprietary technology. ExpiDoc provides its clients with real-time access to the status of their documents, 24 hours a day. ExpiDoc's proprietary software executes both the front office notary coordination and the back office administration. ExpiDoc currently employs 3 people, located in Costa Mesa.

SALES AND MARKETING

As of June 30, 2001, the Company marketed and sold its mortgage brokerage services primarily through a direct sales force of loan agents totaling approximately 24 persons based in Costa Mesa, California, as well as approximately 120 loan agents at branch locations. The Company maintains four Company-owned offices in Southern California and approximately 140 branch offices in 39 states.

The sales efforts of the Company to market its branch opportunities are located primarily in the Company's Costa Mesa, California headquarters office. Once a branch is opened, a branch manager supervises a licensed branch office and its employees, and receives a percentage of the profits of that branch. AMRES provides accounting, licensing, legal, compliance and lender access for each branch, retaining a percentage of commission generated by loan correspondents at each branch. The branch managers must follow all guidelines set forth by AMRES as well as all regulations of various government agencies and are independently responsible for the expenses incurred at the branch level, including personnel expenses.

COMPETITION

The Company faces intense competition in the origination, acquisition and liquidation of its mortgage loans. Such competition can be expected from banks, savings and loan associations and other entities, including real estate investment trusts. Many of the Company's competitors have greater financial resources than the Company.

PROPRIETARY RIGHTS AND LICENSING

The Company's success is dependent, to a degree, upon proprietary

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

technology. The Company may rely on a combination of copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions with its employees, consultants and business partners to protect its proprietary rights. The Company may seek to protect its electronic mortgage product delivery systems, documentation and other written materials under trade secret and copyright laws, which afford only limited protection. Despite the Company's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of the Company's systems or to obtain and use information that the Company regards as proprietary. While the Company is not aware that any of its systems infringe upon the proprietary rights of third parties, there can be no assurance that third parties will not claim infringement by the Company with respect to current or future products. Certain components of the electronic mortgage products delivery system currently employed by the Company are not proprietary to the Company and other competitors may acquire such components and develop similar or enhanced systems for the electronic delivery of mortgage products to mortgage brokers and borrowers.

In addition, the Company relies on certain software that it licenses from third parties, including software which is used in conjunction with the Company's mortgage products delivery systems. There can be no assurance that such firms will remain in business, that they will continue to support their products or that their products will otherwise continue to be available to the Company on commercially reasonable terms. The loss or inability to maintain any of these software or data licenses could result in delays or cancellations in of contracts with Net Branch operations until equivalent software can be identified and licensed or developed and integrated with the Company's product offerings. Any such delay or cancellation could materially adversely affect the Company's business, financial condition or results of operations.

13

ENVIRONMENTAL MATTERS

The Company has not been required to perform any investigation or clean up activities, nor has it been subject to any environmental claims. There can be no assurance, however, that this will remain the case in the future.

In the course of its business, the Company may acquire properties securing loans that are in default. Although the Company primarily lends to owners of residential properties, there is a risk that the Company could be required to investigate and clean up hazardous or toxic substances or chemical releases at such properties after acquisition by the Company, and may be held liable to a governmental entity or to third parties for property damage, personal injury and investigation and cleanup costs incurred by such parties in connection with the contamination. In addition, the owner or former owners of a contaminated site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from such property.

TRADE NAMES AND SERVICE MARKS

The Company will devote substantial time, effort and expense toward developing name recognition and goodwill for its trade names for its operations. The Company intends to maintain the integrity of its trade names, service marks and other proprietary names against unauthorized use and to protect the licensees' use against claims of infringement and unfair competition where circumstances warrant. Failure to defend and protect such trade name and other proprietary names and marks could adversely affect the Company's sales of licenses under such trade name and other proprietary names and marks. The Company knows of no current materially infringing uses.

EMPLOYEES

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

As of June 30, 2001, the Company employed a total of 143 persons. Of the total, 15 officers and employees were employed at the principal executive offices of the Company in Costa Mesa, California, all of whom were engaged in Finance and Administration. In addition, the Company, through its net branch operations employed 128 individuals, 29 of whom were engaged in loan administration and 99 of whom were engaged in loan production. None of the Company's employees is represented by a labor union with respect to his or her employment by the Company.

ITEM 2 - DESCRIPTION OF PROPERTY

Our principal place of business is in Costa Mesa, California, where we lease an approximately 6,800 square foot facility for \$190,000 per annum (subject to usual and customary adjustments), under a written lease which terminates in March 2003. This location houses our corporate finance, administration, and sales and marketing functions. ExpiDoc and the Costa Mesa office of AMRES sub-lease space at this facility from e-Net on a month-to-month basis for \$1,000 and \$4,000, respectively.

14

AMRES leases additional facilities: Long Beach, California (month-to-month, \$3,450 per month); Palmdale, California (month-to-month, \$ 1,911 per month), and Riverside, California (term expiring in 2003, \$2,117 per month).

All branch offices are leased in the name of its respective manager, with lease payments made from revenues generated by that branch. The Company does not undertake any liability for those locations.

We believe that our current facilities will be adequate to meet our needs, and that we will be able to obtain additional or alternative space when and as needed on acceptable terms.

The Company may also hold real estate for sale from time to time as a result of its foreclosure on mortgage loans that may become in default.

ITEM 3 - LEGAL PROCEEDINGS

The Company is not engaged in any legal proceedings.

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

No matters were submitted to a vote of the security holders during the fiscal year.

15

PART II

ITEM 5 - MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

The Common Stock of the Company is currently quoted on the OTC Bulletin Board of the National Association of Securities Dealers, Inc., under the symbol "ENNT".

When the trading price of the Company's Common Stock is below \$5.00 per share, the Common Stock is considered to be "penny stock" that are subject to

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

rules promulgated by the Securities and Exchange Commission (Rule 15g-1 through 15g-9) under the Securities Exchange Act of 1934. These rules impose significant requirements on brokers under these circumstances, including: (a) delivering to customers the Commission's standardized risk disclosure document; (b) providing to customers current bid and offers; (c) disclosing to customers the brokers-dealer and sales representatives compensation; and (d) providing to customers monthly account statements.

For several years prior to March of 1999, the market price of the Common Stock of the Company was either nominal or non-existent because the Company had no substantial assets and had little or no operations. However, after the Company entered into an acquisition agreement regarding the purchase of certain assets of e-Net Mortgage and City Pacific in March 1999, the Common Stock of the Company began trading. Following the execution of the initial agreement with EMB to acquire certain of its assets in January 2000, more active trading of the Company's Common Stock commenced.

The following table sets forth the range of high and low closing bid prices per share of the Common Stock as reported by Pink Sheets LLC (formerly known as the National Quotation Bureau, L.L.C.), for the periods indicated.

	HIGH	LOW
FISCAL YEAR ENDED APRIL 30, 1999:		
1st Quarter	\$.01	\$.01

2nd Quarter	\$.01	\$.01
3rd Quarter	\$.02	\$.01
4th Quarter	\$ 6.00	\$.02
FISCAL YEAR ENDED APRIL 30, 2000:		
1st Quarter	\$ 7.50	\$2.00

2nd Quarter	\$ 7.00	\$1.19
3rd Quarter	\$12.88	\$1.00
4th Quarter	\$15.63	\$3.25
FISCAL YEAR ENDED APRIL 30, 2001:		

1st Quarter	\$ 3.75	\$1.43
2nd Quarter	\$ 1.34	\$0.28
3rd Quarter	\$ 1.38	\$0.25
4th Quarter	\$ 0.43	\$0.11
Close on August 8, 2001	\$ 0.17	\$0.17

The Company is unaware of the factors which resulted in the significant fluctuations in the bid prices per share during the periods being presented, although it is aware that there is a thin market for the Common Stock, that there are frequently few shares being traded, and that any sales significantly impact the market.

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

HOLDERS

As of April 30, 2001, and August 3, 2001, there were 23,608,939 and 38,626,543 shares, respectively, of Common Stock issued and outstanding which as of August 3, 2001 were held by approximately 66 holders of record. As of April 30, 2001, and August 3, 2001, there were no shares of Class A Convertible Preferred Stock or Class B Convertible Preferred Stock outstanding and there were 20,000 and 18,693 shares, respectively, of Series C Convertible Preferred Stock outstanding. On July 13, 2001, 1,307 shares of Series C Convertible Preferred Stock were converted into 4,666,663 shares of e-Net common stock.

DIVIDEND POLICY

The Company has not paid any dividends on its Common Stock and does not expect to do so in the foreseeable future. The Company intends to apply its earnings, if any, in expanding its operations and related activities. The payment of cash dividends in the future will be at the discretion of the Board of Directors and will depend upon such factors as earnings levels, capital requirements, the Company's financial condition and other factors deemed relevant by the Board of Directors.

RECENT SALES OF UNREGISTERED SECURITIES

On May 2, 2000, the Company issued 666,667 shares of common stock to Jupiter European Special Situations Fund, an accredited investor, for which the investor paid \$2,000,000, or \$3.00 per share. As additional consideration, the Company issued to Jupiter warrants to acquire 333,334 shares of common stock at an exercise price of \$3.00 per share. The issuances were exempt pursuant to section 4(2) of the Securities Act of 1933.

In May 2000, the Company issued an aggregate of 60,000 shares of common stock to four (4) employees as consideration for services rendered to the Company. The issuances were exempt pursuant to section 4(2) of the Securities Act of 1933.

On April 26, 2001, the Company issued 2,500,000 shares of common stock to its wholly-owned subsidiary, AMRES, to provide capitalization under HUD requirements. The issuance was valued at \$0.13 per share. The issuance was exempt pursuant to section 4(2) of the Securities Act of 1933.

On April 27, 2001, the Company issued 150,000 shares of common stock to James E. Shipley, an accredited investor, in satisfaction of a \$300,000 note owed to him. The issuance was exempt pursuant to Section 4(2) of the Securities Act of 1933.

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

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "Risk Factors". The following discussion should be read together with our financial statements and the notes to those financial statements included elsewhere in this annual report.

OVERVIEW

Except for historical information, the materials contained in this Management's Discussion and Analysis are forward-looking (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

Exchange Act of 1934) and involve a number of risks and uncertainties. These include the Company's historical losses, the need to manage its growth, general economic downturns, intense competition in the financial services and mortgage banking industries, seasonality of quarterly results, and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission. Although forward-looking statements in this Annual Report reflect the good faith judgment of management, such statements can only be based on facts and factors currently known by the Company. Consequently, forward-looking statements are inherently subject to risks and uncertainties, actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. Readers are urged to carefully review and consider the various disclosures made by the Company in this Annual Report, as an attempt to advise interested parties of the risks and factors that may affect the Company's business, financial condition, and results of operations and prospects.

We have never operated profitably. However, our revenues continue to increase, and we have been successful through various strategies in reducing our outstanding debt, and as a result management believes that we may achieve profitability in the next fiscal year.

REVENUES

Revenues increased by \$6,302,080, or 130.4%, to \$10,991,250 for the year ended April 30, 2001, compared to \$4,689,170 for the ten (10) months ended April 30, 2000. The growth in revenues is primarily attributable to the expansion and growth of AMRES primarily through the brokering of loans. AMRES accounted for approximately 95.7% and 97.6%, of consolidated revenues in the year ended April 30, 2001 and the ten months ended April 30, 2000, respectively. AMRES, as did most of the mortgage industry, benefited greatly from the decline in interest rates over the last twelve months. Typically, as interest rates fall, the refinance market heats up expanding the market of interested borrowers beyond those borrowing for the purchase of their primary residence. AMRES benefited from this market upturn, as they had the capacity in terms of people and infrastructure to accommodate the additional business.

More significantly, the growth of the net branch program at AMRES was the major contributor to the growth in revenue. AMRES' net branch program comprised approximately 140 branches as of April 30, 2001, compared to less than ten branches as of April 30, 2000. For the twelve months ended April 30, 2001, the total revenue associated with the Net Branches was approximately \$6,947,000. The Company did not evaluate the performance of the NetBranches during the ten months ended April 30, 2000. The Net Branch program is expected to continue to be a primary growth vehicle for the Company in the future. In addition, the mortgage banking division of AMRES is expected to expand over the next six to nine months, as evidenced by the its growth in revenue to approximately \$218,000 for the year ending April 30, 2001, compared to no revenues for the ten months ended April 30, 2000.

Revenues for Expidoc also increased significantly, \$187,723 for the period ended April 30, 2001 compared to \$38,225 for the period ended April 30, 2000. The increase is primarily attributable to a full year of operating results being included in the consolidated revenues for the full-year ended April 30, 2001, whereas only approximately two months were included as of April 30, 2000 based on the timing of the acquisition of Expidoc in March 2000.

Revenues from Titus, approximately \$9,000, and Bravorealty.com ("Bravo"), approximately \$17,000, were not material for either period presented. See further discussion of Titus below in section titled Impairment of Goodwill -

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

Titus. Bravo became operational in January 2001. For the four months January through April 2001, the management of Bravo focused the majority of their time in attracting a qualified agent base and refining the technological infrastructure to allow the company to process the real estate transactions completed by their agents. During this period, Bravo completed two real estate transactions, earning revenue of approximately \$17,000. Management believes that Bravo will be a significant growth vehicle for the Company over the next 12 months, as evidenced by the steady increase in the number of listings and closed transactions generated by Bravo subsequent to year end.

Costs and Expenses

Commissions are paid to loan agents on funded loans. Commissions increased by \$4,116,153 or 121%, for the year ended April 30, 2001, and to \$7,527,903 from \$3,411,750 for the year ended April 30, 2000. This increase is primarily related to the increased revenues discussed above. As a percentage of revenue, the cost of revenue decreased by 4.3%, to 68.5% compared to 72.8% for the year ended April 30, 2001 and the ten months ended April 30, 2000, respectively. This decrease is attributable to the Company leveraging its increased revenues as the Company earns a higher commission split (compared to the loan agent) once certain revenue targets are reached.

Salaries and Wages

Salaries and wages totaled \$1,370,839 in fiscal 2001 compared to \$1,070,357 in the ten-month period ended April 30, 2000. The increase is directly related to the expansion of AMRES operations.

Selling, General and Administrative Expenses

Selling, general and administrative expenses totaled \$3,491,454 for the year ended April 30, 2001, compared to \$1,989,017 for the ten months ended April 30, 2000. This increase of \$1,502,432 can be attributed to several factors. In addition, the Company incurred costs at the corporate level related to professional services for items such as the filing of a registration statement, auditing and certain legal services. The increase in selling, general and administrative expenses can be primarily attributed to the business growth of the operating subsidiaries, namely AMRES, as additional personnel, office space and other administrative costs are required to handle the expansion. Effective in the first quarter of fiscal 2001, the Company had implemented significant cost reductions to reduce its administrative expenses at corporate offices.

Goodwill amortization relating to the Company's acquisitions of Expidoc, Titus, and LoanNet amounted to \$349,104 for the year ended April 30, 2001, compared to \$122,749 for the ten months ended April 30, 2000. The increase is attributable to the timing of the acquisitions as all of the acquisitions occurred in the fourth quarter of last year, and as such only partial years worth of amortization of goodwill was recorded for the period ending April 30, 2000.

Consulting Expenses

To date, the Company has not generated positive cash flow from operations, and as such has been forced to fund a portion of these costs through the use of its common stock paid to outside consultants. During the twelve months ended April 30, 2001, general and administrative costs paid in the form of stock to outside consultants totaled approximately \$1,855,915, representing 2,863,591 shares of common stock. For the ten months ended April 30, 2000, costs paid in the form of stock to outside consultants was immaterial. The breakout in terms of types of consulting services performed during the year ended April 30, 2001 is summarized in Note 11 in the Financial Statements.

Twelve Months Ended April 30, 2001

	Costs Incurred	Shares Issued
	-----	-----
Financial and Accounting Services.	\$300,512	630,500
Mergers and Acquisition Consulting	888,996	875,945
BravoRealty Start-up Costs	286,337	718,500
Information Technology Consulting.	41,650	71,000
Legal Services	338,425	567,646
Total	\$1,855,920	2,863,591
	=====	=====

Impairment of Goodwill - LoanNet

On February 14, 2000 the Company issued 250,000 shares of common stock for all the issued and outstanding stock of LoanNet Mortgage, Inc., a Kentucky corporation. The Company recorded goodwill in the amount of \$2,226,873 as part of the transaction. LoanNet had a limited and unprofitable operating history, but provided the Company with projections and representations which showed positive operational cash flow within the first year of operations. During the first and second quarters of year ended April 30, 2001, the officers of LoanNet began to express the need for a capital infusion of approximately \$300,000. These Officers indicated that without this infusion of capital, the business would likely fail.

The Company did not have the capital requested by the Officers of LoanNet, and was unable to raise additional capital primarily due to the market conditions and the decline in the Company's stock price. During the third quarter, the Company decided to close all three LoanNet offices and cease operations. On March 30, 2001, the Board of Directors of e-Net, none of whom were officers, directors or management of LoanNet, rescinded the acquisition of LoanNet due to misrepresentations by LoanNet's management, officers, and directors. E-Net management demanded the return of the 250,000 shares issued, and attempted to deliver the shares of common stock it received in connection with the acquisition to the original selling shareholder, whom is also the preferred stockholder, the chief executive officer and director of LoanNet. While in operation, LoanNet recorded cumulative net losses and did not provide any cash flow for the Company. The Company wrote off its full investment in LoanNet in the fourth quarter of 2001. LoanNet's preferred shareholder seized the remaining assets of LoanNet (estimated to be worth less than \$15,000), and assumed responsibility, due to his actions of taking assets subject to certain leases, of certain liabilities, the amounts of which are unknown to e-Net management. Management of e-Net is not aware of any claims against e-Net or its

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

subsidiaries in connection with LoanNet.

20

At that point, the Company deemed it appropriate to write off its remaining investment in LoanNet and as such, took a charge for the unamortized portion of goodwill amounting to \$1,985,012.

Impairment of Goodwill - Titus Real Estate

On February 11, 2000 the Company executed a purchase agreement for the acquisition of Titus Real Estate for \$1,600,000. The Company allocated the purchase price to goodwill associated with the transaction of \$1,600,000 (refer to Note 3 to the consolidated financial statements). Titus is the management company for Titus R.E.I.T. At the time of the acquisition of Titus Real Estate, the then-chairman of the Company was close to finalizing a commitment from investors to raise over \$30,000,000 in capital for the R.E.I.T. No commitment was obtained by the Company.

Unfortunately, as the securities markets deteriorated, so did the funding for the Titus R.E.I.T. During the year ended April 30, 2001, the Company focused the majority of its efforts on its other subsidiaries, namely AMRES, Expidoc, and Bravorealty.com, and as such, Titus did not provide the Company with any significant revenue or cash flow (approximately \$9,000 of revenue for the year ended April 30, 2001). Through April 30, 2001, management has been unsuccessful in obtaining capital for the Titus R.E.I.T. However management intends to actively seek capital for the Titus R.E.I.T. as management believes there is a significant opportunity to generate cash flows for e-Net; however, there are no assurance that such capital will be raised. Since we have been unsuccessful in our capital raising and operating efforts, we found it necessary to impair goodwill by an additional \$1,155,057 based on a current liquidation value of the Titus R.E.I.T of an estimated \$250,000.

Interest Expense

Interest expense was \$203,306 as of April 30, 2001, compared to \$27,343 as of April 30, 2000. This increase is associated with the interest on the notes payable to EMB Corporation relating the Company's acquisition of AMRES. The Company did not make any principal or interest payments on this note during the last eleven months of the year ending April 30, 2001. Subsequent to year end, the notes due to EMB, as well as certain other obligations owed by the Company, were satisfied as part of the "Global Settlement" agreed to by all parties. See further discussion of the Global Settlement in Events Subsequent To Year End beginning on page 6, and in Note 14 to the Consolidated Financial Statements.

Net Losses

The Company's net losses for the twelve and ten months ended April 30, 2001 and 2000 were (\$6,573,527), and (\$1,796,899), or (\$0.30) and (\$0.22) per share respectively. During the most recent twelve-month period, the non-cash expense component of the Company's net loss was significant. For the year ending April 30, 2001, non-cash expense relating to impairment of goodwill and stock paid to consultants and other non-cash expenses amounted to \$5,727,544, compared to \$1,145,139 for the ten months ended April 30, 2000. The impairment charges relating to goodwill are of a non-recurring nature and as such, the Company believes that with its continued growth in revenues and its ability to leverage its fixed costs against those revenues, it will be able to reduce its net losses in the future.

21

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was \$894,143 for the twelve months ending April 30, 2001 and the ten months ending April 30, 2000, respectively. For both periods, the Company incurred net losses from operations. Significant non-cash expenses impacting the loss from operations for the period ending April 30, 2001 were depreciation and amortization of \$393,439, permanent impairment of goodwill in the amount of \$3,140,069, and stock compensation paid to outside consultants and employees of \$2,025,825. Significant non-cash expenses impacting the loss from operations for the ten months ending April 30, 2000 were depreciation and amortization of \$132,440, and stock compensation recorded on the conversion of preferred shareholders in the amount of \$1,000,000.

Net cash used by investing activities were \$14,634 for the year ended April 30, 2001. Net cash provided by investing activities was 178,188 for the ten-month period ended April 30, 2000. The primary contributors to the cash provided by investing activities for the period ending April 30, 2000 were the issuance of a note receivable to a related party in the amount of \$39,400 and the net impact of the acquisitions of Titus, Expidoc, and LoanNet amounting to \$147,970.

Net cash provided by financing activities was \$716,080 and \$704,326 for the periods ending April 30, 2001 and April 30, 2000 respectively. Cash provided by financing for both periods relates primarily to net proceeds received from private placements of the Company's stock, reduced by payments made on the Company's note payable to EMB corporation related to the acquisition of AMRES. The net proceeds from private placements were \$1,699,973 and \$1,775,000, while the payments made on related party notes payable amounted to \$1,350,000 and \$1,530,000 for the periods ended April 30, 2001 and April 30, 2000, respectively. Additionally, the Company received \$459,326 during the 10-month period ended April 30, 2000 from the issuance of notes to related parties. During the year ended April 30, 2000, the Company drew down from its line of credit \$340,842.

On April 7 and May 2, 2000, we completed two private placements raising a total of \$4 million less costs of \$525,027. These funds were used to finance our current operations and reduce our indebtedness to EMB Corporation ("EMB") to approximately \$1.1 million as of April 30, 2001.

As part of the agreement for the April 7, 2000, private placement, we were required to file and cause to be declared effective a registration statement with the Securities and Exchange Commission by November 7, 2000. On August 4, 2000, we filed the registration statement and received an initial response from the Commission on or about September 7, 2000. As the private placement agreement called for the registration to be declared effective by November 7, 2000, we incurred monthly liquidated damages with the holders of the Class C Preferred of approximately \$40,000 for each full month subsequent to November 7, 2000 in which the registration statement was not declared effective. The Class C Preferred has elected to begin converting their holdings to common stock beginning in July of 2001.

On September 15, 2000, we received \$125,000 (less costs and fees of \$20,000) in exchange for a short-term note payable in the amount of \$150,000 due on January 15, 2001. The proceeds were used to fund current operations. The holder of the note payable granted an extension of the due date beyond January 15, 2001. As of August 8, 2001, \$39,150 remains due on the note, payable in nine equal monthly installments with no interest.

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

During fiscal 2001, the Company satisfied a note payable due a former related party in the amount of \$300,000 plus interest by issuing 150,000 shares of restricted common stock. The stock was valued at \$332,666 (the amount of the principal balance plus accrued interest) and no gain or loss was recorded on the settlement.

To date, the Company has not generated income from operations and has an accumulated deficit of \$13,301,068. The Company has financed a majority of its operations through the issuance of its common stock. Subsequent to year end, the Company executed a "Global Settlement" with its primary creditors (refer to Note 14 in the Consolidated Financial Statements). Pursuant to this agreement, the company issued 1,500,000 shares of restricted stock to EMB and 3,000,000 shares of restricted stock to Williams de Broe. These shares were tendered to, among other things, satisfy the remaining obligation owed by the Company to EMB relating to the acquisition of AMRES (approximately \$1.3 million including accrued interest as of April 30, 2001). This obligation is reflected in long-term liabilities on the Consolidated Financial Statements for the period ending April 30, 2001.

Also subsequent to year end, the Company secured "Bridge Financing" in the amount of \$200,000 and executed an investment agreement with Laguna Pacific Partners, LLP. In addition, in transactions related to the agreements with Laguna Pacific Partners, LLP, the Company formed a wholly-owned subsidiary, Anza Properties, Inc., which executed a Bond Term Sheet with e-Net outlining the proposed terms of an offering to raise up to \$5,000,000. Please refer to Note 14 of the Consolidated Financial Statements for further discussion.

Our consolidated financial statements have been prepared assuming the Company will continue as a going concern. Because the Company has incurred significant losses from operations and has excess current liabilities over current assets totaling approximately \$375,000, it requires financing to meet its cash requirements. Our auditors included an explanatory paragraph in their report raising substantial doubt about its ability to continue as a going concern. Subsequent to year-end, the Company executed relief from certain obligations by settlement of its creditors. Cash requirements depend on several factors, including but not limited to, the pace at which all subsidiaries continue to grow, become self supporting, and begin to generate positive cash flow, as well as the ability to obtain additional services for common stock or other non-cash consideration.

If capital requirements vary materially from those currently planned, the Company may require additional financing sooner than anticipated. At present, there are no firm commitments for any additional financing, and there can be no assurance that any such commitment can be obtained on favorable terms, if at all. Management has implemented a several reductions of costs and expenses to reduce its operating losses. Management plans to continue its growth plans to generate revenues sufficient to meet its cost structure. Management believes that these actions will afford the Company the ability to fund its daily operations and service its remaining debt obligations primarily through the cash generated by operations; however, there are no assurance that management's plans will be successful. No adjustments have been made to the carrying value of assets or liabilities as a result of these uncertainties.

23

ITEM 7 - FINANCIAL STATEMENTS

Index to Consolidated Financial Statements

e-Net Financial.Com Corporation

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

Report of McKennon Wilson & Morgan LLP	F-1
Consolidated Balance Sheets as of April 30, 2001	F-2
Consolidated Statements of Operations for the year ended April 30, 2001 and the ten months ended April 30, 2000	F-3
Consolidated Statements of Stockholder's Equity for year ended April 30, 2001 and the ten months ended April 30, 2001	F-4
Consolidated Statements of Cash Flows for the year ended April 30, 2001 and the ten months ended April 30, 2000	F-8
Notes to the Consolidated Financial Statements	F-11 to F-26

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

There have been no events required to be reported by this Item 8.

24

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 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.

Name	Age	Position(s)
-----	---	-----
Scott A. Presta.	29	Director
Vincent Rinehart	51	Director, Chairman, President, and Chief Executive Officer, Principal Accounting Officer

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

Mr. Presta has been a director of the Company since April 12, 2000. A former member of the National Association of Securities Dealers, Inc., he was the licensed General Securities Principal of Pacific Coast Financial Services, Inc., ("Pacific Coast"), a brokerage firm in Long Beach, California, from October of 1993 through November of 1995. Following his tenure with the brokerage firm, Mr. Presta formed a series of companies that were involved in the real estate and oil and gas industries, one of which, Titus, was acquired by the Company. Mr. Presta attended California State University Long Beach from 1989 through spring of 1992, when he became employed by Pacific Coast.

Mr. Rinehart has been a director and the President and Chief Executive Officer of the Company since April 12, 2000, and its Chairman since January 1, 2001. He also serves in the following capacities: Chairman of the Board of AMRES (commencing in 1997); Chief Executive Officer of Firstline Mortgage, Inc., a HUD-approved originator of FHA, VA, and Title 1 loans (commencing in 1985); and Chairman of the Board of Firstline Relocation Services, Inc., a three office enterprise that provides real estate sales, financing, destination, and departure services to Fortune 500 companies (commencing in 1995). Mr. Rinehart received his B.A. in Business Administration from California State University at Long Beach in 1972.

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.

To the Company's knowledge, none of the required parties are delinquent in their 16(a) filings.

25

Board Meetings and Committees

During the fiscal year ended April 30, 2001, the Board of Directors met on 20 occasions and took written action on numerous other occasions. All the members of the Board attended the meetings. The written actions were by unanimous consent.

The Company presently has no executive committee, nominating committee or audit committee of the Board of Directors.

ITEM 10 - EXECUTIVE COMPENSATION

Executive Officers and Directors

2000 Stock Compensation Program

The Company has reserved shares of Common Stock for issuance under its 2000 Stock Compensation Program (the "Plan"), as amended. At April 30, 2001, 3,803,059 shares of Common Stock had been granted and issued under the Plan. Our Plan was adopted by our board of directors in December 1999 and will be

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

presented to the stockholders for approval at the next annual meeting of stockholders. A total of 5,000,000 shares of common stock has been reserved for issuance under the Plan, as amended to date. The maximum number of shares of common stock which may be awarded under the Plan during any fiscal year to any participant is 600,000 shares.

The Plan is administered by the board of directors. The administrator has the power to determine the individuals to whom options, restricted shares or rights to purchase shares shall be granted, the number of shares or securities subject to each option, restricted share, purchase right or other award, the duration, times and exercisability of each award granted, and the price of any share purchase or exercise price of any option.

Options granted under the Plan are generally not transferable by the optionee except by will or the laws of descent and distribution, and each option is exercisable, during the lifetime of the optionee, only by the optionee. Options generally must be exercised within 30 days following the end of the optionee's status as an employee or consultant unless extended to 90 days in the discretion of the administrator. Options may be exercised for up to 6 months upon death or disability. However, in no event may an option be exercised later than the earlier of the expiration of the term of the option or five years from the date of the Plan.

The Plan may be amended, altered, suspended or terminated by the administrator at any time, but no such amendment, alteration, suspension or termination may adversely affect the terms of any option, restricted share, purchase right or other award previously granted without the consent of the affected participant. Unless terminated sooner, the Plan will terminate automatically in December of 2004.

Board Compensation

Directors of the Company receive no compensation as a Director but they are entitled to reimbursement for their travel expenses. The Company does not pay additional amounts for committee participation or special assignments of the Board of Directors.

Summary Compensation Table

The Summary Compensation Table shows certain compensation information for services rendered in all capacities for the fiscal years ended April 30, 2001 and 2000. 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.

SUMMARY COMPENSATION TABLE

Annual Compensation

Long Term Co

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

NAME AND PRINCIPAL POSITION	YEAR	SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)	Awards	
					RESTRICTED STOCK AWARDS (\$)	SECURITIES UNDERLYING OPTIONS SARS (#)
Vincent Rinehart, President (1)	2001	180,697.18	-0-	17,364.36	-0-	-0-
	2000					
Scott Presta (2)	2001	-0-	-0-	-0-	-0-	-0-
	2000	35,000	-0-	-0-	-0-	-0-

(1) In April of 2000, Mr. Rinehart was appointed Chief Executive Officer and President of the Company.

(2) Mr. Presta did not receive compensation from the Company in any years represented. However, he did receive wages totaling \$35,000 in 2000 for services performed at American Residential Funding.

OPTION/SAR GRANTS IN LAST FISCAL YEAR
(INDIVIDUAL GRANTS)

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS/SAR'S GRANTED FISCAL YEAR (#)	PERCENT OF TOTAL OPTIONS/SAR'S GRANTED TO EMPLOYEES IN (\$/SH)	EXERCISE OF BASE PRICE (\$/SH)
Vincent Rinehart	-0-	N/A	N/A
Scott Presta	-0-	N/A	N/A

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR
AND FY-END OPTION/SAR VALUES

NUMBER OF UNEXERCISED
SECURITIES UNDERLYING

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	OPTIONS/SARS AT FY-END (#) EXERCISABLE/UNEXERCISABLE	EXE
Vincent Rinehart	-0-	N/A	N/A	
Scott Presta	-0-	N/A	N/A	

ITEM 11 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of August 3, 2001, certain information with respect to the Company's equity securities owned of record or beneficially by (i) each Officer and Director of the Company; (ii) each person who owns beneficially more than 5% of each class of the Company's outstanding equity securities; and (iii) all Directors and Executive Officers as a group.

Common Stock

Title of Class	Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percent of Class (2)
Common Stock	Vincent Rinehart	1,067,500	2.7%
Common Stock	Scott A. Presta	115,000	0.3%
Common Stock	American Residential Funding, Inc. (AMRES) (3)	2,750,000	7.1%
Common Stock	EMB Corporation (4) 10159 E. 11th Street, Suite 415 Tulsa, Oklahoma 74128	9,000,000	23.3%
Common Stock	Willbro Nominees Ltd. (5) 6 Broadgate London, EC2M-2RP England	3,000,000	7.8%
Common Stock	All officers and directors as a group (2 persons)	1,182,500	3.0%

(1) Unless otherwise noted, the address of each beneficial owner is c/o e-Net Financial.com Corporation, 3200 Bristol Street, Suite 700, Costa Mesa,

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

California 92626.

(2) Based on 38,626,543 shares outstanding as of August 3, 2001.

28

(3) In May 2001, the Company issued 2,500,000 shares of common stock to its subsidiary, American Residential Funding, Inc., in order to appropriately capitalize AMRES. In April of 2000, the Company issued 250,000 shares of common stock to AMRES.

(4) To the best knowledge of the Company, these shares are under the control of the board of directors of EMB. Includes 1,500,000 shares issued to EMB as part of the Global Settlement (see Item 1 - Global Settlement, above). Vincent Rinehart is a shareholder of EMB. Vincent Rinehart holds a limited proxy for all of these shares until December 31, 2001.

(5) These shares were issued as part of the Global Settlement involving Williams de Broe (see Item 1 - Global Settlement, above).

Preferred Stock			
Title of Class.	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Series C . . . Preferred . . .	Cranshire Capital, L.P. c/o Downsview Capital, Inc. 666 Dundee Road, Suite 1901 Northbrook, Illinois 60062	6,531 (1)	36.3%
Series C . . . Preferred . . .	EURAM Cap Strat. "A" Fund Limited c/o JMJ Capital, Inc. 666 Dundee Road, Suite 1901 Northbrook, Illinois 60062	4,431 (1)	24.6%
Series C . . . Preferred . . .	Keyway Investments, Ltd 19 Mount Havlock Douglas, Isle of Man United Kingdom IM1 2QG;	4,531 (1)	25.2%
Series C . . . Preferred . . .	The dotCom Fund, LLC 666 Dundee Road, Suite 1901 Northbrook, Illinois 60062	2,491 (1)	13.9%
Series C . . . Preferred . . .	All officers and directors as a group (2 persons)	-0-	-0-%

(1) In April 2000, the Company issued 20,000 shares of Series C Convertible Preferred Stock, (the "C Preferred") for \$1,775,000, net of fees of \$225,000 in

a private placement. As additional consideration, the Company issued warrants to purchase 151,351 shares of the Company's common stock at an initial exercise price of \$6.73 per share. The C Preferred has a liquidation value of \$2,000,000 and the holder is entitled to receive cumulative dividends at an annual rate of \$7.00 per share (7% per annum), payable semi-annually. The C Preferred is convertible, at any time at the option of the holder, into shares of the Company's common stock at a price equal to the lesser of (a) \$6.91 per share or (b) 95% of the average closing bid price of the Company's common stock during the five trading days preceding the conversion after 150 days to 85% of the average closing bid price of the common stock during the five trading days immediately preceding such conversion after 240 days. The longer the C Preferred is held the greater discount on conversion into common stock. In the event the holders of C Preferred have not elected to convert at the time of mandatory conversion, the C Preferred will convert at an amount equal to 85% of the purchase price of the holder's C Preferred plus an amount equal to accrued and unpaid dividends, if any, up to and including the date fixed for redemption, whether or not earned or declared. As of July 13, 2001, 2,016 shares of Series C Preferred have been converted into 4,666,663 shares of e-Net common stock, leaving 17,984 shares outstanding.

29

ITEM 12 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain Relationships and Related Transactions

Effective March 1, 1999, the Company acquired e-Net Mortgage Corporation, a Nevada corporation ("e-Net Mortgage"), and City Pacific International, U.S.A., Inc., a Nevada corporation ("City Pacific"). Pursuant to the Share Exchange Agreement and Plan of Reorganization dated March 1, 1999, regarding e-Net Mortgage, its shareholders received 2,000,000 shares of Common Stock of the Company in exchange for all of the issued and outstanding stock of e-Net Mortgage, which became a wholly owned subsidiary of the Company. Pursuant to the Share Exchange Agreement and Plan of Reorganization, dated March 1, 1999, regarding City Pacific, its shareholders received 500,000 shares of Common Stock of the Company in exchange for all of the issued and outstanding stock of City Pacific, which became a wholly owned subsidiary of the Company. Effective as of that date, Michael Roth, who had owned 100% of e-Net Mortgage, became Chairman, CEO, President, a director, and the owner of 44% of the common stock of the Company. Also effective as of that date, Al Marchi, who had owned 100% of City Pacific, became a director and the owner of 11% of the outstanding common stock of the Company. Following this transaction, the Company entered into a series of acquisitions as part of its strategy of horizontal market penetration and in an effort to increase revenues.

On November 29, 1999, the Company issued Paul Stevens 250,000 shares of its Common Stock in exchange for Mr. Stevens' transfer to the Company of 500,000 shares of Common Stock of EMB Corporation ("EMB") that he owned (the "Stevens EMB Shares"). On December 21, 1999, and in connection with that exchange, the Company entered into agreements with Digital Integrated Systems, Inc. ("DIS"), and EMB to acquire their respective 50% interests in VPN.COM JV Partners, a Nevada joint venture ("VPN Partners") involved in vertically integrated communications systems. In consideration of the purchase of the interests, the Company issued a one-year promissory note to DIS in the amount of \$145,000 (the "DIS Note") and tendered to EMB the Stevens EMB Shares. At the time of such transactions, Mr. Stevens was the sole owner of DIS and the President and Chief Executive Officer of VPN Partners. Upon closing of the acquisitions, VPN Partners was integrated with VPNCOM.Net, Inc. (previously known as City Pacific), the other communications entity then owned by the Company. At the time of the transaction, our management believed that VPN Partners and Mr. Stevens

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

would contribute materially to the planned expansion of the Company.

On January 12, 2000, as revised on April 12, 2000, the Company entered into an agreement (the "Amended and Restated Purchase Agreement") with EMB to acquire two of its wholly owned subsidiaries, namely American Residential Funding, Inc., a Nevada corporation ("AMRES"), and Bravo Real Estate, Inc., a California corporation ("Bravo Real Estate"). At the time of the acquisition, AMRES was the principle operating company of EMB, and EMB had previously acquired AMRES from AMRES Holding LLC ("AMRES Holding"), a company controlled by Vincent Rinehart (now an officer and director of the Company) and in which Mr. Rinehart currently holds his e-Net common stock, in exchange for EMB common stock. The purpose of the acquisition was to acquire market share, revenues, and certain key management personnel. The Company also acquired all of EMB's rights to acquire Titus Real Estate LLC, a California limited liability company ("Titus Real Estate") from its record owners. Titus Real Estate is the management company for Titus Capital Corp., Inc., a California real estate investment trust (the "Titus REIT"), in which the Company has no ownership interest. Titus REIT currently holds 10 apartment buildings in Long Beach, California, six of which are in escrow to be sold.

30

On February 11, 2000, the Company executed a purchase agreement (the "Titus Purchase Agreement") for the acquisition of Titus Real Estate and issued 100,000 shares of its Class B Convertible Preferred Stock (the "B Preferred") to AMRES Holding/Rinehart, and 300,000 shares of its Common Stock to Scott A. Presta, in their capacities as the owner-members of Titus Real Estate. Mr. Rinehart and Mr. Presta were not, at the time, otherwise affiliated with the Company in any way, but both became members of Management in April 2000 (see Item 9). Upon closing, Titus Real Estate became a wholly owned subsidiary of the Company. Management had hoped that the acquisition of Titus Real Estate would increase the Company's overall revenue stream. The Company took a charge for impairment of goodwill in the amount of \$1,155,057 in the fourth quarter 2000 with respect to its investment in Titus Real Estate.

On February 14, 2000, in our continuing efforts to expand, the Company acquired all of the common stock of LoanNet Mortgage, Inc., a Kentucky corporation ("LoanNet"), a mortgage broker with offices in Kentucky and Indiana. Pursuant to the Stock Purchase Agreement dated February 14, 2000, the Company issued 250,000 shares of its Common Stock to the selling shareholders of LoanNet, which became a wholly-owned subsidiary of the Company. As of the closing of the transaction, LoanNet also had 400 shares outstanding of 8% non-cumulative, non-convertible preferred stock, the ownership of which has not changed. The preferred stock is redeemable for \$100,000. As of February 28, 2001, all three LoanNet offices have been closed. The Company took a charge for impairment of goodwill in the amount of \$1,985,012 in the fourth quarter 2000 with respect to its investment in LoanNet.

On March 1, 2000, the Company sold VPNCOM.Net, Inc., which had proven to be unprofitable and inconsistent with the Company's changing business structure, to Al Marchi, its then-President. The sales consideration consisted of his 30-day promissory note in the principal amount of \$250,000 (paid in full on April 15, 2000), the assumption of the DIS Note, and the return of 250,000 shares of Company Common Stock owned by him.

On March 17, 2000, the Company acquired all of the common stock of ExpiDoc.com, Inc., a California corporation ("ExpiDoc"). ExpiDoc is an Internet-based, nationwide notary service, with over 6,500 affiliated notaries, that provides document signing services for various mortgage companies. Pursuant to the Stock Purchase Agreement dated February 14, 2000, the Company issued 24,000 shares of Common Stock of the Company to the selling shareholders of

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

ExpiDoc, which became a wholly owned subsidiary of the Company. As of the closing of the acquisition, the Company entered into management and consulting agreements with ExpiDoc's owners and management, including Mr. Rinehart and Mr. Presta. Mr. Rinehart and Mr. Presta were not, at the time, otherwise affiliated with the Company in any way, but both became members of Management in April 2000 (see Item 9).

On April 12, 2000, the Company closed the acquisition of AMRES and Bravo Real Estate. Pursuant to the Amended and Restated Purchase Agreement, the Company issued 7.5 million shares of Common Stock to EMB, representing nearly 40% of the then issued and outstanding common stock of the Company, paid \$1,595,000, and issued a promissory note in the initial amount of \$2,405,000, and AMRES and Bravo Real Estate became wholly owned subsidiaries of the Company. As of April 30, 2001, the remaining principal balance of the promissory note was \$1,055,000, and the note was cancelled in its entirety effective June 27, 2001, (see discussion of Global Settlement below). On April 12, 2000, James E. Shipley, the former CEO of EMB, was elected Chairman of the Board of Directors of the Company and Vincent Rinehart was elected a Director, President, and Chief Executive Officer of the Company. Bravo Real Estate never commenced operations, had no assets, and is no longer an operating subsidiary.

31

Mr. Shipley was the CEO, President, and a less than 5% owner of EMB at the time of the sale of AMRES and Bravo from EMB to e-Net. Mr. Shipley resigned as Chairman of EMB and became Chairman of e-Net in April 2000 (replacing Mr. Roth as Chairman), and resigned as an officer of e-Net on December 31, 2000, when Mr. Rinehart became Chairman.

Mr. Rinehart was never an officer or director of EMB, but was the owner of 2,000,000 shares of EMB common stock, making him an approximate 10% owner of EMB at the time of the sales in April 2000, and continues as an officer and director of the Company (e-Net) and as an officer of all wholly-owned subsidiaries of the Company.

On April 12, 2000, in accordance the provisions of the Certificate of Designations, Preferences and Rights of Class B Convertible Preferred Stock, AMRES Holding/Rinehart demanded that its B Preferred be repurchased by the Company for an aggregate of one million dollars. On April 20, 2000, the Company, AMRES Holding/Rinehart, and Mr. Presta amended the Titus Purchase Agreement to provide for the return of 100,000 shares of the Company's preferred stock issued to AMRES Holdings and Mr. Presta upon the issuance of 1,000,000 shares of common stock to them.

On May 24, 2000, Michael Roth and Jean Oliver, the sole remaining officers and directors of prior management, resigned their remaining positions with the Company. On that date, Mr. Presta, an executive officer and director of Titus Real Estate, was elected a Director and Secretary of the Company.

On April 13, 2000, Mr. Shipley loaned the Company \$300,000 due April 12, 2001, together with interest at 10% per annum. This loan was satisfied by the issuance of 150,000 shares of common stock to Mr. Shipley on or about April 25, 2001. Based on a press release by EMB, effective July 25, 2001, James E. Shipley again became the Chief Executive Officer of EMB.

32

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

(A) EXHIBITS

EXHIBIT NO. -----	DESCRIPTION -----
2.1	Share Exchange Agreement and Plan of Reorganization dated March 1, 1999 between the Company and E-Net Mortgage Corporation is incorporated by reference to Exhibit 2.3 to the Annual Report on Form 10-KSB of the Registrant for the fiscal year ended April 30, 1999, filed on August 13, 1999 (the "1999 10-KSB").
2.2	Share Exchange Agreement and Plan of Reorganization dated March 1, 1999 between the Company and City Pacific International, U.S.A., Inc., is incorporated by reference to Exhibit 2.4 to the 1999 10-KSB.
3.1	Certificate and Articles of Incorporation, as filed with the Nevada Secretary of State on August 18, 1988 is incorporated by reference to the Exhibits to the Registration Statement on Form 10-SB of the Registrant filed on September 1, 1994.
3.2	Certificate of Amendment to Articles of Incorporation, as filed with the Nevada Secretary of State on July 29, 1997, is incorporated by reference to Exhibit 3.3 to the Annual Report on Form 10-KSB of the Registrant for the fiscal year ended April 30, 1997, filed on January 4, 1999.
3.3	Certificate of Amendment to Articles of Incorporation, as filed with the Nevada Secretary of State on February 19, 1999, is incorporated by reference to Exhibit 3.4 to the 1999 10-KSB.
3.4	Certificate of Amendment to Articles of Incorporation, as filed with the Nevada Secretary of State on May 12, 1999, is incorporated by reference to Exhibit 3.5 to the 1999 10-KSB.
3.5	Certificate of Amendment to Articles of Incorporation, as filed with the Nevada Secretary of State on January 18, 2000, are incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of the Registrant filed on January 27, 2000 (the "January 8-K").
3.6	Certificate of Amendment to Articles of Incorporation, as filed with the Nevada Secretary of State on February 2, 2000, is incorporated by reference to Exhibit 3.6 to the Annual Report on Form 10-KSB of the Registrant for the fiscal year ended April 30, 2000, filed on August 1, 2000 (the "2000 10-KSB").
33	
3.7	Certificate of Amendment to Articles of Incorporation, as filed with the Nevada Secretary of State on March 3, 2000, is incorporated by reference to Exhibit 3.7 of the 2000 10-KSB.
3.8	Amended and Restated By-laws of the Registrant is incorporated by reference to Exhibit 3.8 of the 2000 10-KSB.
4.1	Certificate of Designations, Preferences and Rights of Class A Convertible Preferred Stock, as filed with the Nevada Secretary of State on April 7, 2000, is incorporated by reference to Exhibit 4.1 of the 2000 10-KSB.
4.2	Certificate of Designations, Preferences and Rights of Class B Convertible Preferred Stock, as filed with the Nevada Secretary of State on April 7, 2000, is incorporated by reference to Exhibit 4.2 of the 2000 10-KSB.
4.3	Certificate of Designations, Preferences and Rights of Series C

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

Convertible Preferred Stock, as filed with the Nevada Secretary of State on April 7, 2000, is incorporated by reference to Exhibit 3.7 of the 2000 10-KSB.

10.1* Settlement Agreement dated June 26, 2001 by and between EMB Corporation, e-Net Financial.com Corporation, AMRES Holding LLC, Vincent Rinehart, and Williams de Broe.

10.2* Limited Irrevocable Proxy dated June 27, 2001.

10.3* Promissory Note dated June 27, 2001 executed by e-Net in favor of AMRES Holding LLC.

10.4* Promissory Note dated June 27, 2001 executed by EMB Corporation in favor of Williams de Broe.

10.5* Promissory Note dated June 27, 2001 executed by e-Net in favor of EMB Corporation (later terminated).

10.6* Promissory Note dated June 27, 2001 executed by e-Net in favor of EMB Corporation.

10.7* Redeemable Convertible 10% Promissory Note dated June 28, 2001 executed by e-Net in favor of EMB Corporation.

10.8* Registration Rights Agreement dated June 27, 2001 executed by e-Net in favor of Williams de Broe.

10.9* Investment Agreement dated June 27, 2001 by and between e-Net and Laguna Pacific Partners, LLP

10.10* Secured Promissory Note dated June 27, 2001 executed by e-Net in favor of Laguna Pacific Partners, LLP

34

10.11* Warrant Agreement dated June 27, 2001 by and between e-Net and Laguna Pacific Partners, LLP

10.12* Form of Warrant

10.13* Operating Agreement dated June 27, 2001 by and between e-Net and Anza Properties, Inc.

10.14* ENET Bond Term Sheet by and between e-Net and Laguna Pacific Partners, LLP

10.15* Employment Agreement dated June 27, 2001 by and between Anza Properties, Inc. and Thomas Ehrlich

10.16* Stock Option Agreement dated June 27, 2001 by and between e-Net and Thomas Ehrlich

10.17* Consulting Agreement dated June 27, 2001 by and between Anza Properties, Inc. and Lawrence W. Horwitz

10.18* Stock Option Agreement dated June 27, 2001 by and between e-Net and Lawrence W. Horwitz

10.19* Employment Agreement dated effective July 1, 2001 by and between e-Net and Vincent Rinehart.

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

* Incorporated by reference to the Company's Form 10-KSB filed with the Commission on August 16, 2001.

(B) REPORTS ON FORM 8-K

On March 15, 2001, the Company filed a Form 8-K/A, amending item 7(b) of its Current Report on Form 8-K filed with the Commission on April 19, 2000, to file unaudited pro forma condensed consolidated financial information for the Company reflecting the acquisition of American Residential Funding, Inc. on April 12, 2000.

35

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 18, 2002

Anza Capital, Inc.

/s/ Vincent Rinehart

By: Vincent Rinehart
Its: President and Chief
Executive Officer

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

Dated: April 18, 2002

/s/ Vincent Rinehart

By: Vincent Rinehart
Its: President, Chairman,
Chief Executive Officer,
Chief Financial Officer,
Chief Accounting Officer,
and Director

Dated: April 18, 2002

/s/ Scott A. Presta

By: Scott A. Presta
Its: Director

36

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

Consolidated Balance Sheet as of April 30, 2001	F-2
Consolidated Statements of Operations for the Ten Months Ended April 30, 2000, and the Year Ended April 30, 2001	F-3
Consolidated Statements of Stockholders' Equity (Deficit) for the Ten Months Ended April 30, 2000, and the Year Ended April 30, 2001	F-8
Consolidated Statements of Cash Flows for the Ten Months Ended April 30, 2000, and the Year Ended April 30, 2001	F-8 - F-11
Notes to the Consolidated Financial Statements	F-12 - F-28

F-1

REPORT OF INDEPENDENT AUDITORS

Board of Directors
e-Net Financial.Com Corporation

We have audited the accompanying consolidated balance sheet of e-Net Financial.Com Corporation ("e-Net") and subsidiaries (collectively, the "Company") as of April 30, 2001, and the related statements of operations, stockholders' equity (deficit) and cash flows for the ten months ended April 30, 2000, and for the year ended April 30, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of e-Net Financial.Com Corporation and subsidiaries as of April 30, 2001, and the results of their operations and their cash flows for the ten months ended April 30, 2000, and for the year ended April 30, 2001, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2, the Company restated its consolidated financial statements for the years ended December 31, 2000 and 2001 for the correction of

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

an error. The impact of the error had no effect on the Company's financial position, results of operations or cash flows.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred operating losses, has a working capital deficit and shareholders' deficit at April 30, 2001. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ McKennon, Wilson & Morgan LLP

Irvine, California
August 8, 2001

F-2

e-NET FINANCIAL.COM CORPORATION
Consolidated Balance Sheet

	April 30, 2001

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 92,886
Accounts receivable, net of allowance for doubtful accounts of \$74,123.	480,723
Loans held for sale	357,350
Advances to employees	65,250
Prepaid and other current assets.	84,604

Total current assets	1,080,813
Property and equipment, net of accumulated depreciation of \$78,385.	89,985
Goodwill, net of accumulated amortization and impairments of \$1,385,049.	425,247
Other assets.	11,307

	\$ 1,607,352
	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities:	
Accounts payable.	\$ 494,280
Line of credit.	340,842
Accrued liabilities	224,628
Commissions payable	260,313
Other current liabilities	135,707

Total current liabilities.	1,455,770

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

Note payable to related party.	1,055,000
Interest payable on notes to related party	129,876
Long-term note payable	150,000
Other liabilities.	1,088

Total liabilities.	2,791,734

Commitments and contingencies (Note 10).	-
Stockholders' deficit:	
Class C convertible preferred stock, no par value; liquidation value of \$2.00 per share;	
20,000 shares issued and outstanding	2,000,000
Common stock, \$0.001 par value; 100,000,000 shares authorized; 23,634,884 issued and outstanding.	23,635
Additional paid-in capital.	10,119,184
Accumulated deficit	(13,301,068)
Deferred compensation	(26,133)

Total stockholders' deficit.	(1,184,382)

	\$ 1,607,352
	=====

See accompanying notes to these consolidated financial statements

F-3

e-NET FINANCIAL.COM CORPORATION
Consolidated Statements of Operations

	Ten Months Ended April 30, 2000	Year Ended April 30, 2001
	-----	-----
Revenues:		
Broker commissions.	4,647,848	10,558,885
Other	41,322	432,365
	-----	-----
	4,689,170	10,991,250
	-----	-----
Cost of revenues-		
Commissions	3,411,750	7,527,903
	-----	-----
Gross profit.	1,277,420	3,463,347
	-----	-----
Sales and marketing		

Edgar Filing: E-NET FINANCIAL COM CORP - Form 10KSB/A

General and administrative..	1,989,017	5,434,369
Salaries and Wages	1,070,357	1,370,839
Loss on rescission of LoanNet acquisition.	-	1,838,012
Goodwill impairment of Titus	-	1,155,057
	-----	-----
Total costs and expenses.	3,059,374	9,858,277
	-----	-----
Operating loss.	(1,781,954)	(6,394,930)
Interest expense	(27,343)	(203,306)
Other income (expense), net.	12,398	24,709
	-----	-----
Net loss.	\$ (1,796,899)	\$ (6,573,527)
	=====	=====
Basic and diluted net loss per share of common stock	\$ (0.22)	\$ (0.31)
	=====	=====
Weighted average common shares outstanding	8,129,791	21,511,987
	=====	=====

See accompanying notes to these consolidated financial statements

F-4

e-NET FINANCIAL.COM CORPORATION
Consolidated Statements of Stockholders' Equity (Deficit)

For the Ten Months Ended April 30, 2000, and the year ended April 30,

	Class B		Class C
	Mandatory Redeemable Preferred		Convertible